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Teva Pharmaceutical Industries Ltd.

(TEVA)

Q2 2026 Earnings Call

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MANAGEMENT DISCUSSION SECTION

Operator: Hello, everybody, and welcome to the Q2 2026 Teva Pharmaceutical Industries Earnings Conference Call. My name is Elliot. I'll be coordinating your call today. [Operator Instructions]

I would now like to hand over to Christopher Stevo. Please go ahead.

Christopher J. Stevo

Senior Vice President-Investor Relations & Competitive Intelligence, Teva Pharmaceutical Industries Ltd.

Thank you, Elliot. Good morning and good afternoon, everyone. Thank you for joining us on our second quarter call. Obviously, our materials are posted to our website this morning. So, please see those. And before I turn the call over to our CEO, Richard Francis, I'd like to remind everyone that we'll be making forward-looking statements on this call. The company cautions investors that any forward-looking statement involves risks and uncertainties and is not a guarantee of future performance.

Actual results may differ materially from those expressed or implied in the forward-looking statements due to a variety of factors. These factors are described in our earnings press release and our most recent Forms 10-Q and 10-K filed with the SEC. Any statements that we make are only as of today and we undertake no obligation to update these statements subsequently.

With that, Richard Francis.

Richard Francis

President, Chief Executive Officer & Director, Teva Pharmaceutical Industries Ltd.

Thanks, Chris, and good morning and good afternoon, everybody. Thank you for joining the call today. And joining me in the call today will be Dr. Eric Hughes, Head of Global R&D and Chief Medical Officer; and Eli Kalif, our Chief Financial Officer. Now, moving on to the slide I always start with, the Pivot to Growth slide, our strategy that we launched in 2023 that's based on these four pillars.

We'll summarize how we've performed against these four pillars in quarter two, but just to give you a quick overview. On deliver on our growth engines, AUSTEDO, AJOVY and UZEDY, all delivered strong Q2 performance, and we are raising our full year revenue guidance for these products. It's worth reminding that the innovative portfolio is reshaping our financial profile with stronger revenue growth, margins and free cash flow.

As you move on to the second pillar, step up innovation, our pipeline this year will provide eight major milestones, and this now includes ecopipam, and this gives us the potential for five submissions over the next five years. With regard to creating a generics powerhouse, biosimilars are becoming a growth platform within generics. We now have 15 products in the market and 14 in our pipeline, and we see additional opportunities through further partnerships.

And on our final pillar, focus the business, I think we made great progress on our capital allocation. [ph] We've had one of the agencies upgrade us, Fitch, to Investment Grade, and we see the other two doing this in the not-too-distant future. We also allocated capital to the acquisition of Emalex. We closed that deal in June, and we're expecting the launch next year if FDA approves. And then finally, the conversion of the ADS to ordinary shares and the ability to list on the New York Stock Exchange should make investing in Teva accessible to more investors.

Now, moving on to the financials. Now, I'm really proud of this slide, and you may ask why. But let me walk you through why. Now, we have stable revenues despite nearly 8% of headwinds from generic Revlimid loss year-over-year. We're growing our profit margin as well 80 basis points, improving gross margins year-over-year driven by strong innovative growth despite this loss of generic Revlimid. We're actually growing our EBITDA, obviously, excluding the Emalex acquisition, and our free cash flow is up 31% as a result of our disciplined capital allocation.

Now, if I go on to the next slide, I'll give you a bit more detail. As you can see, the innovative portfolio had had a strong quarter, up 43% year-on-year. AUSTEDO up 40%, UZEDY up 43% and AJOVY up 56%. Generics is down 15%, and this is largely due to lower generics Revlimid contribution versus 2025. But if I now go into a bit more detail starting with AUSTEDO, a core growth driver here. This is another strong quarter. In the US, revenue reached $676 million, up 33% (sic) [37%] (00:04:10) year-over-year, and global revenue up 40%.

Demand remains strong, with TRx up 14% and milligram growth up 21%, supported by new patient starts and adherence. AUSTEDO XR now represents over 60% of new patients, strengthening convenience, adherence and long-term durability. And because of this strong quarter, we're now increasing our outlook by $50 million at the midpoint. So, it's now $2.45 billion to $2.6 billion.

It's worth noting that the midpoint there is $2.5 billion, which was the target we gave ourselves for 2027. So, we have a chance of beating this year early. But I think more importantly, we see continued momentum and a significant untreated population that still could benefit from AUSTEDO, and hence, our confidence in greater than $3 billion of peak sales.

Now, moving on to UZEDY. UZEDY continues to grow with strong momentum. It is the fastest-growing long-acting injectable treatment for schizophrenia amongst atypical LAIs. Revenue grew 43% to $77 million in Q2 based on strong demand, and that was reflected in our TRx MoT up 63% year-over-year. The commercial execution has been impressive, and this can be seen with UZEDY nearly doubling the risperidone long-acting share and it's now gone from 5% to nearly 10%. And UZEDY is capturing nearly 80% of the risperidone LAI market.

And because of this strong performance, we're increasing the outlook by $15 million at the midpoint. So, the new guidance is $270 million to $290 million. Now, this continued excellent execution has given us great confidence in the upcoming launch of olanzapine, which I'll now move on to. So, olanzapine represents a meaningful next growth opportunity, with FDA action and US launch anticipated in Q4 of this year. The unmet medical need is significant. Olanzapine holds roughly 20% of US oral prescriptions, while olanzapine LAI use is less than 1% of the LAI market.

Now, we know this market. We can really leverage the synergies with UZEDY, but also the deep knowledge of the schizophrenia market, whether that's physicians, patients, nurse practitioners or some of the long-term care facilities. Our direction of travel is clear, to deliver a best-in-class launch that expands treatment options and reinforces our leadership in the LAIs. Olanzapine, together with UZEDY, gives us a compelling path to an expected peak sales of $1.5 billion to $2 billion of revenue.

Now, moving on to AJOVY. AJOVY demonstrates our ability to execute in competitive, innovative markets wherever they may be. We continue to outpace the injectable market growth, and we lead in many of the markets despite entering late. Q2 global revenue reached $244 million, up 56% year-over-year. The US revenue grew 83%, driven by improved contracting, favorable gross-to-net and market share gains.

Ex-US momentum remains strong, supported by volume growth and leading brand shares across Europe and international markets. Because of this strong quarter, we're increasing our outlook by $90 million at the midpoint. So, now the range is $850 million to $870 million. And looking beyond 2026, we see a clear path to $1 billion peak sales for AJOVY.

Now, moving on to the newest member of the innovative family, ecopipam, a first-in-class opportunity with compelling efficacy and favorable tolerability in Tourette syndrome, a serious pediatric neurological disorder with limited treatment options. We've already filed with the FDA, with a potential launch in the first half of 2027.

Now, the unmet medical need is clear. There are 100,000 pediatric patients who live with Tourette syndrome. Only 50,000 are treated and only 20% to 30% remain on therapy after one year. So, this shows there is a real need for a product like ecopipam with compelling efficacy and favorable tolerability. Now, we're well-positioned to execute on this, leveraging our CNS capabilities and the experience we've garnered with AUSTEDO, UZEDY and soon to be long-acting olanzapine.

Now, this moves on to a slide which I've never been able to show before actually in my rather long career, and I apologize for the small font, but we had to get everything on one slide. And what this highlights is just the innovative pipeline we have and our potential to launch one asset per year for the next five years, transforming Teva into a leading biopharma company.

The near-term launches are clearly sequenced, olanzapine in 2026, ecopipam in 2027, followed by DARI, emrusolmin, Duvakitug through 2028 to 2030, obviously, all subject to regulatory approvals. But looking up to 2035, we see further upside from the additional indications that we've announced there for Duvakitug, as well as

the additional indications of anti-IL-15, as well as our TSLP/IL-13. We also are pursuing more business opportunities as well, business development opportunities that is.

Now, moving into our pipeline slide, I'll try and be short on this and allow Eric to talk more through this. But there are some points which I think are worth mentioning. One is this is a near-term pipeline with many catalysts, as I mentioned in my opening remarks. We've got anti-IL-15. We saw the vitiligo data. We're going to see the celiac data in the second half of the year.

We've got this near-term launches with olanzapine and ecopipam filed. DARI is progressing well. We've announced two new indications for Duvakitug. So, together, all these assets represent over $10 billion of peak sales, although I have realized we said that before and that was prior to actually adding ecopipam to this slide, as well as the two new indications of ecopipam. So, I must remember to update it.

Now, what does this all do for Teva? Well, it fundamentally transforms our growth profile. Our growth is really accelerating with revenue moving from $4.9 billion (sic) [$14.9 billion] (00:10:14) in 2022 to an expected $16.5 billion to $16.8 billion (sic) [$16.85 billion] (00:10:19) this year. And our portfolio is shifting towards higher value innovation, with innovative revenue expected to reach 22% of total revenue in 2026, up from 9%, and you can see where it's heading to 2030. Now, with regards to margins, we are creating stronger margins, with gross margins expected to expand from 54% to more than 60% by 2030-plus, and this is once again fueled by our innovative portfolio.

Now, moving on to our generics business. Our generics business is down 15% versus Q2 2025, but I don't think that tells the full story. If you exclude generic Revlimid, our generic business remains stable. Global generics was down 2%, the US up 1%, and our ex-US decrease mainly was due to lower product launches this year and a softer cough and cold season.

While 2026 is expected to be somewhat softer, we continue to see a stable generics business capable of delivering 1% to 2% annual growth over the long-term, supported by steady flow of our new product launches. I remain very excited about the future of our generics business, and one of the main reasons I'm confident is the growth rate that is starting to emerge from our biosimilar portfolio and pipeline.

Let me move on to this now. So, biosimilars are transforming our generics portfolio. Before Pivot to Growth, we had three biosimilars. Today, we have 15 in the market, and in the next few years, we expect to double it. It's not just the size of our portfolio. It's the execution. In the US, two out of our five products are ranked number one, and a third is neck-and-neck and I believe soon to become a number one. In the EU, where we have just launched three biosimilars, early signs are very positive.

We continue to seek partnering to increase this portfolio, and I believe we are becoming the partner of choice because of this excellent execution. And based on our current momentum, we are on track to exceeding our $800 million by 2027. To conclude before I hand over to Eric, we're on track to hit our 2027 financial growth targets of mid-single revenue growth, non-GAAP operating income target of 30%, and the net debt to EBITDA of below 2% (sic) [2x] (00:12:30) and cash [ph] compared to (00:12:31) earnings of 80%.

And with that, I will hand over to Eric.

Eric A. Hughes

Executive Vice President-Global R&D & Chief Medical Officer, Teva Pharmaceutical Industries Ltd.

Thank you, Richard. Now, moving on to our first slide here, I know Richard showed this briefly. But I first want to just say it's become very complicated, but it's become very complicated in a great way. We're looking at five potential submissions over five years.

I'll just highlight a few important things on this slide. We've now added ecopipam, which was submitted in June for Tourette syndrome, and we've now added two new indications for Duvakitug. That's hidradenitis suppurativa and fibrostenotic Crohn's disease, two very important indications that I'll get into with a little bit more detail later on. But it's great to see this pipeline, and we're executing on it every day.

First, I'll start with olanzapine LAI. We are on track for the action date in the fourth quarter of this year. We've had our EU MAA accepted earlier this year, and we've just presented a number of different abstracts at the Psych Elevate Conference and the PAGE Conference. So, all things are go right now on olanzapine LAI, and we're looking forward to an approval at the end of this year.

On to ecopipam. Now, one of the things that gets me excited first that this is a mechanism, a brand-new first-in-class mechanism of a D1 antagonist. But even more importantly, this is the first dedicated launch for a treatment for Tourette syndrome. So, I think that's going to be a very important aspect of this launch with disease awareness and providing a new treatment for a large unmet medical need.

I mean, I'm proud of the fact that we have two well-controlled studies, the Phase 2 showing a decrease in the tic syndrome, not only statistically significant, but clinically meaningful reductions, and we also showed in Phase 3 a decrease in the relapse rate. It's both significantly statistically and clinically with a 50% reduction. See, they're all very good signs. But most importantly, this is a treatment that is well-tolerated and durable. 66% of the patients in the long-term follow-up remained on treatment with a sustained tic reduction, and we're looking forward to that approval next year. So, something to look forward to.

Now, moving on to our DARI program, the dual-action rescue inhaler for asthma, we have fully enrolled this study, over 2,700 patients, which includes pediatrics, adolescents and adults. We're right on track to see that final event. This is an event-driven study. Our forecast is at the end of this year, and we'll be able to present that data in the early half of 2027.

But this is a really great program for patients with asthma. It's answering an unmet medical need, answering the need and the treatment that's dictated in the guidelines. We'll be providing a great treatment with a dual-action rescue here with a dry powder inhaler that's easy to use and with a label that includes pediatrics potentially.

Now, moving on to Duvakitug. Very exciting, this year, we had our publication of our induction data in The Lancet for both – two parallel manuscripts for ulcerative colitis and Crohn's disease. It's great to see the team's work being recognized by such a high-impact journal, and it's kudos to their great work. So, congratulations to the team.

But now, furthermore on Duvakitug, our Phase 3 program being run with our partner Sanofi is right on track. Our SUNSCAPE and STARSCAPE program in ulcerative colitis and Crohn's disease. But today, we're very proud to announce the fact that we're adding two new indications into our research that includes hidradenitis suppurativa, which will unlock that non-T2-based indication group, and fibrostenotic Crohn's disease, which unlocks the fibrotic bucket of indications, but also expands and doubles down on our intention and labeling for IBD in the future.

So, this is a very exciting announcement that we're doing with our partner Sanofi. I'll get into a little bit more about the importance of these two indications next. First, hidradenitis suppurativa. This is an area I've worked in before.

It's an important unmet medical need. This is a result of painful inflammatory abscesses that form in skinfolds in the body. These people suffer in silence with many different aspects of the disease, can be disfiguring and really impact their daily life.

It's not uncommon. It's about 1% of the adult population. And there are treatments out there that had been approved, but there's a long way to go with the amount of efficacy we can achieve. Anti-TL1A therapy in this area, I think, is perfectly suited. It's a complex disease with multiple different pathways involving both Th1 and Th17 cells, and it has a significant fibrotic component to it. So, the pleiotropic effects of TL1A therapy might really be suited well for this. It's also important to note that 15% of people with IBD actually have hidradenitis suppurativa as well. So, there's a lot of scientific rationale here and it's an important market that we can grow in.

In addition, we talked about fibrostenotic Crohn's disease. Now, this is a very important aspect of people with Crohn's disease. We've already posted Phase 2 data with great efficacies in our Phase 2 study with Duvakitug. But now, we're looking at even worse cases of Crohn's disease. 50% of people with Crohn's disease have this fibrostenotic component. And this is where fibrosis, inflammation and edema causes almost total obstructions of the gut.

This leads to more hospitalizations, more surgeries, increased healthcare costs. It's really a driver of some of the worst parts of Crohn's disease. So, we're very happy to advance the science. No one has been approved for this indication at this point, and I think this is showing our confidence in Crohn's disease and how we want to double down and make that label as patient-friendly as possible. So, I'm very excited to be exploring this indication with Duvakitug.

Now, moving on, we showed some great data from our proof of concept study earlier last month with patients with vitiligo in our anti-IL-15 program. I always like to start off by saying first and foremost, it was great to see the patients' perception of their disease change. So, 75% of the patients reported an improvement in their facial vitiligo. And here, I'm showing two patients who gave a special consent to show the results that they've seen in this study.

Now, remember, these two patients just had two shots of our anti-IL-15 antibody. And over a 24-week period, you can see quite a change in both the woman on the left and the gentleman on the right. Almost total depigmentation of the cheeks on the woman filled in very nicely over 24 weeks. And then, the patient on the right, some dramatic changes from total depigmentation with a darker skin color. So, these are results that changed the perception of a patient and is very conveniently done with just two shots.

But as happy as I am about the perception change for the patients, we also met the important regulatory endpoints. The numbers we posted for the F-VASI50, the F-VASI75 and the T-VASI are very competitive for systemic therapies in this area. And this really drove the fact that we went right into our Phase 2b/3 study, which will be executed and started this year. So, we're moving at speed. We're excited to see the data, and we're moving as quickly as possible.

And finally, I'll just mention what's coming up next. So, we'll have a readout in the second half of this year in our second celiac proof of concept study. This study is important, because it's actually looking at biopsy result after a gluten challenge. So, remember, the basic pathology of celiac disease is the fact that when you have an immune reaction to gluten, there's destruction of the normal villi in the gut.

Where you had this nice high surface area of villous that absorbs nutrients in the gut, when a patient with celiac disease takes gluten, there's almost a complete destruction of that normal villous on – that you see on histology.

And we hope to see in this gluten challenge by the biopsies that in fact we protect the villi from that destruction when we use the anti-IL-15 treatment. So, we're looking forward to the readout. That will be the second half of this year, but I think this will be a great advance for patients with celiac potentially based on that data.

So, on my final slide, I just want to walk through the fact that we are marching through our milestones in 2026. We showed the maintenance data first this year for Duvakitug. We did the filing for ecopipam, our new player on the field. And then, we also showed the vitiligo data just recently for our anti-IL-15 program. We'll have the celiac data in the second half of this year. DARI is on track for that last event, that last exacerbation by the end of this year, and we'll have that data to talk about in the early part of 2027.

Emrusolmin is on track to have the futility analysis at the end of the year. We're looking forward to the approval of olanzapine LAI at the end of this year. And then, we'll have some anti-PD-1/IL-2 human data by the end of this year as well. So, very exciting. We keep executing and we're looking forward to all these events this year.

And with that, I'm going to pass it off to my colleague, Eli Kalif.

Eli Kalif

Executive Vice President & Chief Financial Officer, Teva Pharmaceutical Industries Ltd.

Thank you, Eric, and good morning and good afternoon to everyone. I would like to start my review of Q2 2026 results with the following key messages. First, we delivered solid second quarter results, driven once again by the continued strength of our innovative portfolio. Second, with the increasing mix of innovative revenues, together with our Transformation programs, we remain on track to achieve our 30% operating margin target by 2027.

And lastly, our disciplined capital allocation strategy and the execution is increasingly recognized by the leading credit rating agencies, including the recent upgrade to Investment Grade by Fitch. Now, moving to slide 34. Before I discuss our Q2 results, let me briefly recap the Emalex Biosciences acquisition, which closed in June. As Richard highlighted earlier, ecopipam further [ph] strengthens (00:23:16) our position in CNS, where we already have strong commercial and development capabilities.

From an accounting perspective, as we discussed last quarter, the transaction was treated as an asset acquisition. As a result, we recorded $724 million as IPR&D expenses during the second quarter. This included the upfront cash consideration, net liabilities acquired, as well as the transaction costs. The upfront consideration flow through cash flow from investing activities, and therefore, does not impact free cash flow. As I go through our Q2 performance, I will be making reference to the Emalex-related impact on our financials to provide a better view of our underlying performance.

Now, starting with our Q2 GAAP performance on slide 35. Q2 revenues were approximately $4.1 billion, down 1% in US dollars or 3% in local currency compared to Q2 2025. This decrease was largely driven by lower generics, mainly generics Revlimid, and was largely offset by continued strong growth of our key innovative products, AUSTEDO, AJOVY and UZEDY. GAAP net loss and loss per share were $576 million and $0.49, respectively.

Turning now to our non-GAAP performance. Our non-GAAP gross margin in Q2 2026 was 55.4%, an increase of 80 basis points, reflecting a strong growth in our innovative portfolio. Non-GAAP operating margin was 9%, including the impact of Emalex-related expenses of $726 million. Excluding Emalex, our non-GAAP margin would have been 26.6%, slightly below Q2 last year, mainly reflecting higher planned investments in sales and marketing in the first half of this year to support our innovative growth.

Overall, we ended the quarter with a non-GAAP EPS of $0.02. The impact from Emalex on EPS was $0.61, without which our non-GAAP EPS would have been $0.63. Our free cash flow in Q2 was strong at $622 million, up 31% versus last year. To provide you with some additional color, our Q2 2025 results included $318 million revenue and $223 million EBITDA contribution from our generics Revlimid. Our financial results this quarter reflected a strong underlying performance if you exclude the impact of generics Revlimid.

Moving to the next slide. As a reminder, our operating margin expansion to 30% is driven by two structural elements. The first is the portfolio shift towards higher growth, higher margin innovative products. The second is our Transformation programs. All together, this is approximately 400 basis points of improvement since we announced these programs in May last year, despite the impact of generics Revlimid. This is our core of our financial transformation, moving from a company historically driven by generics to a biopharma company. We continue to make progress to achieve these targets, as reflected in our 2026 guidance.

Moving to slide 37. Looking at the first half of 2026, the underlying business continued to demonstrate the strength of our strategy and execution. As you can see, the first half revenue performance reflects strong growth in our innovative portfolio and biosimilars, offsetting more than $600 million of revenue impact from generics Revlimid. Our non-GAAP operating margin in the first half also demonstrate ongoing improvements in our gross margin profile.

As I highlighted last quarter, we expected higher operating expenses in the first half this year versus the second half, mainly due to the timing of planned investment to support our growing innovative portfolio and upcoming launches. We expect OpEx to normalize with operating leverage and higher impact of the Transformation programs savings in the second half.

Moving to slide 38. Our balance sheet continued to improve, and this is a key enabler of our Pivot to Growth strategy, driving EPS and free cash flow. Over the last few years, we have [ph] made – significantly (00:28:12) improved our leverage profile. At the end of Q2, our net debt was $12.9 billion, with a net debt to EBITDA ratio of 2.8 times. Excluding Emalex, our net debt to EBITDA would have been 2.3 times, well on track to achieve our 2 times target by 2027.

As we continue to pay down our debt, it is expected to result in significantly lower finance expenses by 2030. At the same time, we have continued to transform our working capital management, driving significant improvement as a percentage of revenue, resulting in lower cash conversion cycle. These efforts, combined with a fast-growing innovative portfolio and Transformation programs, are expected to drive long-term earnings and free cash flow growth.

As you can see on the next slide, our execution is increasingly recognized by our leading credit rating agencies. In May, Fitch upgraded Teva to an Investment Grade rating, marking Teva return to IG for the first time since 2017. This was our third upgrade from Fitch in less than two years, underscoring Teva Transformation journey.

About two quarters ago, S&P and Moody's had also upgraded Teva rating and outlook, respectively. These upgrades are another validation of our disciplined execution and stronger financial profile. With our continued transition to an innovative biopharma company, we are well-positioned to get additional rating upgrades.

Now, turning to our 2026 outlook on slide 40. Based on our solid first half results and visibility into the second half, we are raising the midpoint of our full year revenue guidance range by $75 million and reaffirming the outlook range for operating profit, adjusted EBITDA, EPS and free cash flow. Let me provide you some color on our

guidance assumption starting with the revenue. First, our innovative portfolio is performing strongly across all three products, AUSTEDO, AJOVY and UZEDY.

With the first strong half of performance, we're increasing the combined guidance of these products by approximately $150 million at the midpoint, reflecting a combined 2026 revenue outlook of approximately $3.7 billion and growth of approximately 17% over 2025. On the other hand, we expect our global generics revenue for the full year to be flat to down low single-digit in local currency compared to 2025, excluding the impact of generics Revlimid and the divestment of Japan business. This is mainly due to a fewer high-value launches in 2026, lower seasonal on OTC and increased competition in some markets.

Moving to the other elements of our financial outlook. We continue to expect 2026 non-GAAP gross margin to be in the range of 54.5% to 55.5%. In addition to the Emalex-related expenses this year, our operating expenses are expected to be approximately 28% of the revenue for the full year. This is at the higher range on our overall 27% to 28% OpEx, reflecting a deliberate investment we are making to support our growing innovative portfolio and our biosimilars.

Our guidance range for the operating income and EBITDA reflect this higher growth investment in OpEx and also a less favorable FX expected in the second half. Now, let me provide you some additional thoughts on our quarterly phasing for the rest of the year. Overall revenue is expected to be increased over the rest of the year. For AUSTEDO, we continue to see elevated levels of inventory in the channel and expected normalization of this excess inventory in the next two quarters.

We also continue to expect AUSTEDO revenue in Q4 2026 to be down year-over-year due to the expected changes in purchasing patterns and pricing environments ahead of the IRA implementation in January. In addition, we are preparing for a Q4 launch for our olanzapine LAI. Since the initial volume is expected to be largely samples or vouchers as we establish the payer coverage, you should expect no revenue in Q4.

On non-GAAP margin, we expect improvements in the second half, in line with revenue, as well as higher savings from ongoing Transformation programs. While gross margins are expected to decline slightly in Q4 versus Q3 due to the anticipated revenue dynamics related to AUSTEDO, our operating margin are expected to improve sequentially in Q4, driven by the OpEx savings.

Moving to the next slide on capital allocation. Over the last few years, we have made significant progress in strengthening our balance sheet. This progress allow us the financial flexibility to invest in our innovative portfolio and pipeline, evaluating value-accretive BD opportunities along with the optionality of returning capital to our shareholders through buybacks when appropriate.

And lastly, I would like to briefly touch on our planned transition to direct ordinary share listing on the New York Stock Exchange. We believe this change will make Teva shares more accessible to a broader investor base, who will be able to buy ordinary shares directly in a seamless manner, in addition to the potential inclusion in leading indexes. We look forward to completing this transition in September and believe it represents another example of our focus on creating long-term shareholder value.

With that, I will now hand it back to Richard for his closing remarks.

Richard Francis

President, Chief Executive Officer & Director, Teva Pharmaceutical Industries Ltd.

Thank you, Eli. So, once again, I want to just highlight the fact that we're at a really exciting time at Teva, delivering on our acceleration phase of the Pivot to Growth strategy. As you can see from this slide, we have multiple opportunities to drive the revenue in the short-term, medium and long-term, and this innovative portfolio is very extensive. I'd also like to add the number of biosimilars we'll be adding as we start to launch these into the market as well going forward.

So, in the near future, our incremental growth will come from the next generation of innovation, but we'll have much more to come after that. And so, to conclude, we continue on our growth journey. Three themes are very clear. In a critical year for Teva, we delivered exactly what we said we were going to do, our pipeline is advancing at speed, and our ruthless disciplined capital allocation, we believe, is what sets us apart.

And with that, I look forward to answering some of your questions with the team here. Thank you very much.

Christopher J. Stevo

Senior Vice President-Investor Relations & Competitive Intelligence, Teva Pharmaceutical Industries Ltd.

While Elliot is queuing up the questions, I just want to remind everyone, if you could try to ask one question and one brief follow-up, and we'll be happy to take you back into the queue if you want to ask subsequent questions, but just so as many people get a chance to ask questions as possible. So, Elliot, whenever you're ready, we can go ahead.

QUESTION AND ANSWER SECTION

Operator: Thank you. [Operator Instructions] First question comes from Jason Gerberry with Bank of America. Your line is open. Please go ahead.

Jason M. Gerberry

Analyst, BofA Securities, Inc.

Q

Hey, guys. Thanks for taking my question and congrats on the quarter. So, I just wanted to follow up. So, strong performance on AUSTEDO. I think you mentioned 60% new patient start share. Trying to get a sense of your confidence level going into next year that AUSTEDO won't be disadvantaged in formularies as a lower WAC price drug, that the payers will be observant of the fact that they shouldn't be using the IRA negotiated price point to advantage the competitor drug. So, just wanted to get your overall sense there. And just as my brief follow-up, any comments on the tariff update in the US and how the supply chain is configured to potentially manage that risk. Thanks.

Richard Francis

President, Chief Executive Officer & Director, Teva Pharmaceutical Industries Ltd.

A

Thanks, Jason. Sorry. Could you repeat the last question? I just missed it.

Jason M. Gerberry

Analyst, BofA Securities, Inc.

Q

Yeah, sorry. The last question was just any thoughts on Trump's proposed tariffs in the US and how the supply chain is configured to mitigate that risk.

Richard Francis
President, Chief Executive Officer & Director, Teva Pharmaceutical Industries Ltd.

A

Okay. Thanks for the question, Jason. So, I'm glad you sort of recognized the strong performance of AUSTEDO, up 40%. I do want to maybe slightly correct you. I think you said 60% of new starts. I just want to – the 60% I referred to was 60% of new AUSTEDO starts are on the AUSTEDO XR, just as a clarification. That said, we still have very good TRx growth and very good milligram growth, highlighting the impact that AUSTEDO XR does have on the ability for patients to get on the optimal dose and adhere and comply better.

And then, to your question on the payer dynamics for 2027, I think this is something that we've spent a lot of time looking at. There's a few, obviously, scenarios that can play out this way. But it's worth highlighting that all Medicare plans are required to cover IRA negotiated products in their Part D formularies. That'd be like obviously AUSTEDO XR. And so, based on that, I think – and based on the product profile and the significant patient demand, as well as the physician excitement around AUSTEDO XR, I think we remain confident in our ability to continue to make sure we can capture a significant amount of patients as we move into 2027.

Obviously, how this impacts revenue, we're not really talking about that. We've highlighted the fact that we will give guidance when we give guidance on the company. We'll get more data as we go through, and obviously, we end up having more discussions with some of the payers towards the end of the year. But remain very confident about that. And I'd just like to highlight what I said in my notes, very committed and – to above $3 billion of peak sales based on the significant untreated patient population, and clearly, the momentum that we have around the brand and the execution of the team.

Now, with regard to your second question on the recent announcement from the administration on the Trump tariffs, obviously, this news has only just come out. So, we're digesting this and understanding what that could look like. But I would also point out that we do have a number of factories in the United States, [ph] six, and (00:39:55) I think we're one of the largest generic manufacturers in the US. But we have a bit of time to work this one out and understand what the administration is trying to do. And as you can imagine, we've always been in close discussions with the administration, being such a contributor to the healthcare system in the United States. So, thanks for your question.

Jason M. Gerberry
Analyst, BofA Securities, Inc.

Q

Great. Thank you.

Operator: We now turn to Umer Raffat with Evercore ISI. Your line is open. Please go ahead.

Umer Raffat
Analyst, Evercore ISI

Q

Hi, guys. Thanks for taking my question. I just wanted to spend a second on the IL-15 ahead of the celiac readout and just drill down a couple of dimensions. One, I believe the last patient in was April 7, which means they should have been done by early June with the week 8 endpoint. So, I'm just trying to understand sort of the timing of data. I would have thought it could have been as early as today perhaps along with earnings. I realize that's not what the expectation was, but just wanted to understand the timing and sort of where you are in data analysis.

Also, there's some prior disclosure you've shown on a Phase 1b exploratory celiac study, which shows this separation versus placebo. But the biomarker that it was shown for on the Y axis was not laid out. What was the

biomarker? And then finally, could you remind us what's the amount of gluten per day background that's being used in your ongoing celiac study or your already completed celiac study? Thank you very much.

Richard Francis
President, Chief Executive Officer & Director, Teva Pharmaceutical Industries Ltd.

A

Thanks for the question, Umer. I feel you're almost as demanding as I am with regard to wanting to see results as fast as possible. But with that, I'll hand it over to Eric to answer.

Eric A. Hughes
Executive Vice President-Global R&D & Chief Medical Officer, Teva Pharmaceutical Industries Ltd.

A

Yeah. Thank you, Umer. Thank you for the very specific and up-to-date questions. So, first, the question about the enrollment. So, the enrollment that you see on ClinicalTrials.gov and the changes you see there don't always correlate to when we're doing the database lock. So, that's the simple answer I have there. So, there's nothing slow or fast about it. It's just as it is. So, we'll have that data in the second half of this year.

With regards to the question about the biomarker in the first POC. So, that was a [ph] SSBP (00:42:06) free acid-binding protein. I think I got that right, free acid-binding protein. And that's a biomarker that's not uncommonly used to measure gut inflammation. And that separation we saw from placebo versus active upon that gluten challenge is really – I mean, it was exciting to me to see that, because that really indicated that we're having an impact.

And one of the things I always like to mention, if you speculate or over-read the data, not only did we protect the gut with this biomarker by that readout, but it [ph] seemed to (00:42:39) actually get better from the baseline. So, whether we are treating a smoldering celiac in those patients is something fun to speculate about. So, it was this free acid-binding protein in that study.

And then, your final question was the amount of gluten challenge we're giving in the biopsy study that's going to read out in the second half of this year. So, we're giving 3 grams every day for six weeks. That's a significant challenge in that study. And I think that the team thought about – there's various different ways you can do it, but that's a significant amount. And I'm always impressed to see that we can enroll patients that are willing to do that. So, hopefully, that answers all your questions.

Richard Francis
President, Chief Executive Officer & Director, Teva Pharmaceutical Industries Ltd.

A

Thanks for the question, Umer. Next question.

Operator: We now turn to Louise Chen with Scotiabank. Your line is open. Please go ahead.

Louise Chen
Analyst, Scotiabank

Q

Hi. Thanks for taking my question. Congrats on the quarter. I wanted to ask you about your biosimilars opportunity. You seem to be talking about that more. I'm just curious if you could give us a little bit more color on why the growth opportunity is becoming more meaningful now to you. And is there anything in the US market that's changing here? Any potential actions from the regulators or payers on the horizon that could open up this market even more? Thank you.

Richard Francis
President, Chief Executive Officer & Director, Teva Pharmaceutical Industries Ltd.

A

Hi, Louise. Thanks for the question. So, you're right. We are excited – I am excited about the biosimilars. We've been working on this hard to get the portfolio and to get this to market. And I think there are a couple of reasons why I'm excited. One is just the performance of the team we have in the US in the market. And to give you some context, we have not always been first to the market. But what we've shown and what I highlighted today is two out of our five products in the US market are number one, and I think a third one is about to become number one.

And that just shows, I think, our capability, which leads a bit into part of your second question, what is changing in the US market? Well, actually nothing really is changing. It's actually a very difficult, complex, fragmented market. And why do I sound somewhat positive about that? I'm not. But what I know is with Teva, because of our reach and our scale and our scope of what we do, we're able to navigate what is a very fragmented, complex market. And I think that's why you're seeing my excitement about the performance we have in the US.

If this changes, I think that'll be a positive as well, because we'll benefit from that. But we have more and more products coming to the US. Now, in Europe, where we really have been starved of biosimilars, and now we start to launch them in Europe. What we're seeing is the first indications are that when we launch them, as you would expect once again from Teva, which is a major player in all European markets, our ability to perform very well early on, early signs are saying that we can do that.

So, the reason why, in totality, I'm excited is, as you put these 15 biosimilars together, another 14 that are coming through, and more partnerships we're doing, I think this will be a major growth driver for our generics business as a whole. And so, that's where my enthusiasm lies. And I hope we'll have a lot more data points to highlight that. Maybe to conclude, we did set ourselves a target for $800 million by 2027. As I said today in the call, we're well on track to exceed that already. So, thanks for the question, Louise.

Operator: We now turn to Dennis Ding with Jefferies. Your line is open. Please go ahead.

Dennis Ding
Analyst, Jefferies LLC

Q

Hey. Good morning. I had a question on celiac. So, you guys have talked about using Forte's Phase 1b as the bar on Vh:Cd, but that was 0.127 placebo-adjusted and had very wide error bars. So, this is actually a two-part question. Number one, why shouldn't we use the [ph] Calypso (00:46:26) data as the bar, which is around, I think, 0.4 to 0.45? And then, number two, if you can comment on the interpretability of your data if you get, let's say, 0.15, 0.2 or 0.3, if you would consider that clinically meaningful, or is there anything else in your data disclosure that you should point us to? Thanks so much.

Richard Francis
President, Chief Executive Officer & Director, Teva Pharmaceutical Industries Ltd.

A

Over to you, Eric.

Eric A. Hughes
Executive Vice President-Global R&D & Chief Medical Officer, Teva Pharmaceutical Industries Ltd.

A

Yeah. Thank you, Richard. So, Dennis, we're using the bars that we can report against. I'm sorry. Forte is the one that's reported the number of 0.127. The [ph] Calypso (00:47:03) data, I'm not sure if that's something readily available to us right now. So, if we can get that data, that would be great to compare to. I think the important thing

is that you have to remember these are all somewhat artificial gluten challenge [ph] studies. They are (00:47:16) different from study to study.

We designed a study that we think will give a nice result based on a single dose. Remember, we're doing a single dose, looking at a six-week challenge with a pretty good burden of gluten. The important thing is that we see that delta between the placebo, which should change the most, and hopefully, the active will stay similar. So, the one that's documented the most and I think is the most comparable is the Forte result of 0.127 that you mentioned, and that's the delta between placebo and active. So, I'm still kind of saying that that's going to be what we're going to measure ourselves against with regards to the results that we have access to.

The [ph] Calypso (00:48:01) data, I'm not familiar with that. I'm not sure if that was posted or is available right now. So, maybe we can follow up with you on comparing that. There's a lot of different things we're going to get – we're going to learn from this study, not only the biopsy data, which is critically important for determining how we set up the Phase 2 and 3 studies, but also experiential or symptomatology data. So, a lot to come there. But I think we're going to stick with comparing to Forte at this point.

Richard Francis A
President, Chief Executive Officer & Director, Teva Pharmaceutical Industries Ltd.

Thanks, Eric.

Dennis Ding Q
Analyst, Jefferies LLC

Got it. Thank you.

Richard Francis A
President, Chief Executive Officer & Director, Teva Pharmaceutical Industries Ltd.

Thanks for the question, Dennis.

Operator: We now turn to David Amsellem with Piper Sandler. Your line is open. Please go ahead.

David Amsellem Q
Analyst, Piper Sandler & Co.

Thanks. So, one on TEV-'408 and then one on ecopipam. On TEV-'408, particularly with Forte getting acquired, I wanted to get your thoughts, Eric, on how you view TEV-'408 mechanistically versus compounds that focus on CD122 and act on IL-15 and IL-2 and how you think those agents may or may not have an advantage with respect to TEV-'408. So, that's a broad question, and I guess multiple indications encompassing vitiligo and celiac and maybe others.

And then secondly on ecopipam, can you talk to positioning in the marketplace? As you think about D1 antagonism activity, do you think that there's potential that this could be used ahead of the currently approved antipsychotics that are primarily D2 acting? How do you think about that and particularly considering that those agents are generically available? Thanks a lot.

Richard Francis A
President, Chief Executive Officer & Director, Teva Pharmaceutical Industries Ltd.

Okay. Eric, do you want to start on anti-IL-15?

Eric A. Hughes

Executive Vice President-Global R&D & Chief Medical Officer, Teva Pharmaceutical Industries Ltd.

A

Yes. Okay. Thank you for the question. So, first, maybe discuss the competition and how we approach the development of anti-IL-15 versus how Forte has approached it. There's nothing wrong with the two different approaches. You can hit the receptor like Forte has done or you can hit the ligand like we have with an anti-IL-15. There's a couple of things that we consider strategically when we design molecules. We like to go after the ligand. It's clean. You hit the free ligand and the cytokine in the system. When you hit a receptor, you run the risk of creating some off-target complications doing that. So, we just by strategy do it a different way. But there's nothing wrong with either way.

One other more subtle thing that you can do when you hit the ligand is you can measure target engagement. We measure the free anti-IL-15 level in the system. So, that gives us a good idea of how much activity we are seeing at any one point over time. So, we've shown the suppression of free IL-15 for out to 80 or 90 days on a single dose. That really drives evidence-based way of choosing your dose selection and schedule. That's why we are interrogating a dose given once every three months. This is a quarterly shot that we're developing as a subcutaneous shot.

So, there's just strategic differences. Whether one is better than the other, we don't know. I'm just very confident in our modeling and simulation of how we'll move forward with a simple-to-give subcutaneous shot every three months. So, those are the biggest differences I see. It's great to see the acquisition. I mean, it shows the value people are putting in these indications like vitiligo and celiac disease. I'm fairly confident these will be indications that grow, just like we saw psoriasis grow, just like we saw atopic dermatitis. Once we get good treatments that are easy to give, they will be used and the market will increase. So, that's your first answer.

For ecopipam, the positioning of ecopipam, right now, people go through these first behavioral treatments for Tourette's disease. Then, they try off-label drugs like [ph] guanfacine (00:52:13) and other treatments that aren't approved, but actually have some modest effect. They're not great, but they're well-tolerated. Then, they advance on to antipsychotics, which have activity, but their tolerability is poor, particularly in a pediatric population.

So, the differentiation, I think, we're bringing to the table with ecopipam is a brand-new mode of action. It's a D1 antagonist. It's much more tolerable [indiscernible] (00:52:41). It was very tolerable in the Phase 3s and Phase 2 studies. And we think that at first, they might not be first-line therapies. But over time, when people see the tolerability and the efficacy that it would probably advance over time. So, that's how I see the order of entry and the value proposition that we have with ecopipam.

Richard Francis

President, Chief Executive Officer & Director, Teva Pharmaceutical Industries Ltd.

A

Yeah. And if I can add to that, Eric, I think the numbers back it up. As I said, there's 100,000 pediatric patients who suffer from Tourette syndrome. Only 50% are treated. And I think that highlights why are they not treated, and I think it goes to that there isn't a product that gives efficacy and safety. And then, that theory is further endorsed by the fact that only 20% to 30% remain on therapy.

Once again, an assumption around that is, I'm not sure parents want their children to be on an antipsychotic long-term or some of the other drugs don't work that effectively. So, either way you look at it, I think there's a big unmet medical need for an efficacious, safe, well-tolerated product. And I combine that with the expertise we have in the US with AUSTEDO, UZEDY and AJOVY, and to how to treat certain patient populations and our experience with

psychiatrists and neurologists. And I think that's why we have a lot of excitement around how we can help these patients, these children with this very distressing condition. [indiscernible] (00:54:07).

Operator: We now turn to Ash Verma with UBS. Your line is open. Please go ahead.

Ashwani Verma
Analyst, UBS Securities LLC

Q

Great. Yeah. Thanks for taking our questions. Can you talk about the TL1A new indication, just for the fibrostenotic Crohn's indication that you mentioned, what type of addressable market is that in terms of US and European patients? And then, for HS, what would be the development path and trial design look like? Is it typical Phase 2, Phase 3 with a focus on HiSCR50 as the primary endpoint? Thanks.

Richard Francis
President, Chief Executive Officer & Director, Teva Pharmaceutical Industries Ltd.

A

Hi, Ash. Thanks for the question. I'll hand that one to Eric. You're having a busy day today.

Eric A. Hughes
Executive Vice President-Global R&D & Chief Medical Officer, Teva Pharmaceutical Industries Ltd.

A

Yeah. So, thanks for the question. The two indications – I'm very excited about these two indications. And just to review how we think about the indications with our partner Sanofi, first, the scientific justification has to be there, the market opportunity, the possibility of regulatory success, and of course, the speed. Those are the four benchmarks we use when choosing it.

So, why then HS and fibrostenotic Crohn's disease? HS, there's a lot of great science around the fact that TL1A is upregulated in these disease areas, the fact that Th1 and Th17 cells are involved. You need a drug like Duvakitug that has potential effects on multiple different pathways. And then, you add in the fact that there's a potential direct effect on fibrosis. All those things add up to the fact that HS is probably a very good indication to go into, not to mention the fact that 15% of patients who have IBD also have HS. So, there's a lot of science and reason to believe that this is a good treatment.

HS is another market that's growing. You see this out there with the competition. It's a high unmet medical need. This will continue to grow. So, the market opportunity is definitely there. I think we have a good chance on the probability of success, and it's something we can execute very quickly. Usually, these primary endpoints are around 16 weeks. That's how we'll approach it most likely. And at this point in the development, we'll do a traditional Phase 2b study that will drive then a Phase 3 program. So, that's what the timelines are looking at for HS.

Now, turning to fibrostenotic Crohn's disease, this is another one I really think is a great idea. This is an area that's a great unmet medical need. There's no approved therapies for the indication of fibrostenotic Crohn's disease. And this is really one of the main drivers of the complications of Crohn's disease, where you have a potential obstruction. You have hospitalizations. You have increased costs, increased symptomatology.

So, if you can have a drug that potentially not only blocks the inflammation, but then it really starts to work on these majorly obstructive, fibrotic, edematous lesions in patients with Crohn's disease. That's a major differentiator for a drug launching into IBD. So, hopefully someday, we're not just talking about turning off inflammation in Crohn's disease. We're talking about changing the structure and the major complications within the disease. So, when I think about the opportunity here, it's not just scientifically unlocking fibrosis. It's driving a

better label, a broader opportunity for patients and a broader opportunity for the market for the company. So, that's the thinking behind the two indications. I think that they're spot-on.

Richard Francis
President, Chief Executive Officer & Director, Teva Pharmaceutical Industries Ltd.

A

Thanks, Eric. Thanks, Ash. I think we have time for one more question. Is that right? Yeah?

Operator: Our next question comes from [ph] Sneha Muthe (00:57:44) with Barclays. Your line is open. Please go ahead.

Glen Santangelo
Analyst, Barclays Capital, Inc.

Q

Yeah. This is Glen Santangelo. I think you got the name wrong. But essentially, Eli, I just had two quick questions for you, if I could. I mean, essentially, last quarter, I think you talked about the AUSTEDO inventory sort of issues, and I thought the expectation was that those inventory levels would come down a little bit this quarter. But it seems like that wasn't the case. And I think you suggested that those inventory levels remain sort of elevated.

So, how should we think about that in 3Q and 4Q within the guidance expectations that you laid out? And then secondly, I did want to ask about EBITDA. I mean, given the strength in the innovative brands this quarter and how well you did on revenues and gross margin, you maintained the EBITDA guidance. And I was just kind of curious if there was anything different in terms of your expense outlook that's kind of worth calling out, given that you maintained that EBITDA guidance. Thanks so much.

Richard Francis
President, Chief Executive Officer & Director, Teva Pharmaceutical Industries Ltd.

A

Hi, Glen. Richard. Thanks for the question. I'll start with AUSTEDO, and then I'll hand to Eli for the EBITDA question. So, with regard to this inventory, you're right. Yeah, we had that inventory build in Q4 2025, and we're expecting the drawdown. We saw some of that drawdown occur in the first half of the year, but not fully complete. And so, we need to see the rest of that come down in the second half of the year and Q4. And then, just to reiterate what I think we've also been saying is how will Q4 inventory levels play out anyway, knowing that the IRA price fluctuation comes in in Q1 2026. And I think that sort of is something that we also are keeping in mind when we think about guidance in AUSTEDO.

And then, I go back to the fundamentals. Is the TRx good? Yes. Are the milligrams growth good? Yes. Is our breadth and depth of prescribers good? Yes. So, I think that gives us obviously confidence about where the product is heading, why we feel confident about $3 billion-plus in peak sales. But just those are dynamics as we manage through this inventory, both the early part of it from Q4 2025 and then understanding how that's going to play out in Q4 of this year. And then, on the EBITDA, I'll hand that one to Eli.

Eli Kalif
Executive Vice President & Chief Financial Officer, Teva Pharmaceutical Industries Ltd.

A

Thanks for the question. Yes. So, look, as I mentioned in our prepared remarks and you saw from the slides, the three main products, AUSTEDO, AJOVY and UZEDY, at the midpoint now moving to $150 million. But net-net-net, what you see on the top of our top line, you see a midpoint of $75 million, and this is related to kind of an offset that we see due to some softness in generics, as I mentioned. All-in-all, it's very important to remember like this is a really strong performance, mainly when you think about the context on the tough prior year comps with removing $1.1 billion revenue and $700 million equivalent EBITDA from Revlimid.

Now, if you go to the range on the EBITDA [ph] that we sustained (01:00:50), we need to understand that – I mentioned that we're going to be at the higher range of the OpEx, around 28%, and this is related to some continuous investment that we're doing in order to make sure that our innovative portfolio and biosimilars are performing. And also, we had a slightly – a bit on less favorable FX I will mention and some other in-license costs that we had in our first half and going to have in the second half. You saw the Polpharma announcement on OCREVUS, and small here, small there. So, it's kind of a maybe very small 20, 30 basis point on the total if you look on annual revenue. But this is all dynamics related to investment related to supporting our innovative and biosimilars portfolio.

Richard Francis A
President, Chief Executive Officer & Director, Teva Pharmaceutical Industries Ltd.

Thanks for the question, Glen.

Glen Santangelo Q
Analyst, Barclays Capital, Inc.

Great. Thank you.

Richard Francis A
President, Chief Executive Officer & Director, Teva Pharmaceutical Industries Ltd.

And I've realized that we're actually going to take some more questions there, two more questions. So, next question?

Operator: We now turn to Matt Dellatorre with Goldman Sachs. Your line is open. Please go ahead.

Matt Dellatorre Q
Analyst, Goldman Sachs & Co. LLC

Great. Good morning, guys, and thanks for squeezing me in. Maybe going back to TL1A, it seems like you guys are leaning kind of fairly heavily into these fibrosis-heavy diseases. So, I guess maybe how far could you go in that direction in terms of additional fibrotic indications? Are you going to kind of see how these play out and then go from there?

And then, Eric, you touched on this briefly. But I guess how should we think about FSCD in the sense of, would this be primarily a differentiator on your CD label or could it be a separately indication, different label? And then, maybe just briefly touching on the commercial side, I know you guys are prepping for two major launches over the next 12 months with LAI olanzapine and ecopipam. Maybe just walk us through launch preparations so far and what you guys are most focused on from an execution perspective for both of those launches. Thank you.

Richard Francis A
President, Chief Executive Officer & Director, Teva Pharmaceutical Industries Ltd.

Hi, Matt. thanks for the questions. I'll let Eric start with the TL1A Duvakitug. Over to you, Eric.

Eric A. Hughes A
Executive Vice President-Global R&D & Chief Medical Officer, Teva Pharmaceutical Industries Ltd.

Yeah. So, thanks for the questions, Matt. And first to start with the TL1A, the choice of HS and fibrostenotic Crohn's disease, first and foremost, they are inflammatory diseases with a major fibrotic component to it. So,

these are great ways to get into the field and show whether we're having a true effect. We still have to prove that TL1A has that anti-fibrotic effect. But these are great avenues to get in there and learn.

Once we've shown that, yes, maybe we could in the future go to truly only anti-fibrotic – or fibrotic diseases such as IPF or something like that. But right now, we need to prove the principle. And these are great indications because they, on the way to learning those things, will show great value in indications that have a high unmet medical need.

Now, going on to the question of fibrostenotic Crohn's disease and what is our hope for what those will do in the future, I believe and I hope to have that as a labeled indication someday if we show good results. So, that's the intention of those. So, that really could differentiate us within the space of inflammatory bowel disease. So, that's the intention there. And then, the question about the launch of the ecopipam and our preparations, maybe, Richard, did you want to take that?

Richard Francis
President, Chief Executive Officer & Director, Teva Pharmaceutical Industries Ltd.

A

Yes. Now, we do, as you framed it, Matt, have two major launches we're very excited about. I think with regard to olanzapine, I think it's worth noting that we've been preparing for this launch for some time, thinking about how best to approach it. But that preparation has really been high quality, not just because of the team's thinking, because we're out in the market every day understanding the physicians, the patients, the payers, the intricacies of this market. And so, the team has put a huge amount of effort into preparing for this, which is why we're very optimistic and enthusiastic about our ability to really help these patients who need a long-acting therapy for the severe schizophrenia patients. So, I think very confident and looking forward to seeing that launch.

With regard to ecopipam, based on the timeline of the FDA, this will probably – could come out in the later part of Q2 next year. So, once again, the asset's been transacted. We have it. We've been working and thinking about this for some time when we got close to the transaction. And we think this falls into our wheelhouse. Again, it's a rare disease, undertreated patient population, how do we get these patients motivated to seek therapy, how do we educate the physicians on a new therapy. This probably sounds very much like the things we've been saying around AUSTEDO, because it is. And so, that capability and that knowledge we'll leverage significantly.

Obviously, putting the resources in place and getting the right people in place, we're very good at that. The unmet need is significant. So, very excited about that. And I think the timing actually works out. These are over a year apart. And we've got to get used to this, because as I said in my remarks, we'll be launching a new product every year. So, this is a muscle that we've been building. We're enthusiastic about it. We're not in awe of it. We're leaning into it. And so, I think you'll see an excellent launch of ecopipam. But obviously, we'll give you more updates as we get closer to that. So, thanks for your questions, Matt. Next question, and I think – is this our last question, yeah? This is our last question. So, who is it?

Christopher J. Stevo
Senior Vice President-Investor Relations & Competitive Intelligence, Teva Pharmaceutical Industries Ltd.

A

I think next to last question.

Richard Francis
President, Chief Executive Officer & Director, Teva Pharmaceutical Industries Ltd.

A

Next to last? We have two more?

Christopher J. Stevo

Senior Vice President-Investor Relations & Competitive Intelligence, Teva Pharmaceutical Industries Ltd.

A

The penultimate.

Richard Francis

President, Chief Executive Officer & Director, Teva Pharmaceutical Industries Ltd.

A

All right. Okay. So, next question, please.

Operator: Our next question comes from Chris Schott with JPMorgan. Your line is open. Please go ahead.

Q

Thank you so much for squeezing me in. Just this is [ph] Katerina (01:06:39) on for Chris. Just two very quick ones. So, first just on the AJOVY, guidance for the year is coming up nicely. Just how much of this is volume versus price and any other kind of color you can provide in terms of the trends you're seeing for that product? And then, just on Europe very quickly, coming in a little lighter than expected. Just again anything to call out there and how should we think about results in the second half for Europe? Thanks.

Richard Francis

President, Chief Executive Officer & Director, Teva Pharmaceutical Industries Ltd.

A

Hi, [ph] Katerina (01:07:01). Thanks for your question. So, on AJOVY, yeah, very pleased with the performance of this, and as I said, this is across all markets. So, we've got good growth in international, good growth in Europe and good growth in the US. As I highlighted in my remarks, the US, there is some variability on the contracting and what we've done there on gross-to-net, but there's also market share gains in the US.

We've also got market share gains in Europe and in international markets. And it's important to note that we are growing above the market in all of our regions. So, that I think it gives us an underlying good trajectory across all regions. But some good work done. I always remind people, when we started this journey with Pivot to Growth, AJOVY had been forgotten about, and now we're talking a $1 billion asset. I think that's credit to the teams across all three regions that have been able to do that.

Now, you also asked a question around Europe and the softness in Europe, and I think this goes back to something I mentioned also, is we don't have as many high-value launches as we had last year. We also had a very low cough and cold season, and we have a particularly significant portfolio in cough and cold. So, that impacted us. On the positive side, we are launching more biosimilars. They've only just started. So, we haven't really seen the traction of those.

But we have more and more to come into Europe, which is a very attractive biosimilar market and it's one that I've been disappointed that we haven't been in. But we've done a lot of work on this portfolio, and we'll be bringing more and more biosimilars to the market almost year-on-year. As I said, we have 14 more to launch, and we're going to consistently add more to that portfolio and we'll end up with a portfolio mid-30s, close to 40. That's our ambition. So, hopefully, that answers your questions, [ph] Katerina (01:08:46), but thanks for the questions.

Richard Francis

President, Chief Executive Officer & Director, Teva Pharmaceutical Industries Ltd.

And then, did we have one more? I'm a bit confused. Nope, we don't have any more. So, thank you, everybody, for your time and attention today. Thanks for the questions, and thank you, as always, for the interest in Teva.

Operator: Ladies and gentlemen, today's call has now concluded. We'd like to thank you for your participation. You may now disconnect your lines.