

## **Lundbeck**

First Half Results 2025

14th August, 2025 | 11:00 CEST

Transcript

### **Speakers:**

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Charl van Zyl

Good morning, everyone, and welcome to our first half results for 2025. I want to at the outset also thank you for your flexibility to join the call at relatively short notice.

Of course, we are very pleased with the good news we're delivering today to you and it's again, in my view, a very strong validation of our focused innovator strategy. If we go to the next slide, please. As part of our forward looking statements and disclaimer, of course, what we discuss today is subject to change.

Then, if we could go to the next slide, please, just to orientate you to the agenda today. Of course, I'm joined here by my leadership team, who are really behind these results that we are showing to you today. We will be joined by our head of geographies, Tom Gibbs for the US and Michala for Europe international operations. Our pipeline and portfolio view will be shared from you with Johan Luthman, our head of R&D, and of course, Maria, who is our head of corporate and commercial strategy. Of course, the end will be concluded with Joerg giving us context around our financial results.

If we go to the next slide, of course, the headline says it all. We are seeing a very strong momentum that is continuing over the quarters of our strategy. These strong results really also lead us now to an upgrade in our earnings today. As I said from the outset, it is really a strong validation of our focused innovator strategy. The strategy has really these three pillars. Growth, innovation and how we fund that journey going forward.

On the growth side, again, this comes from really disciplined, strategic execution of our key assets, our strategic assets, across all our key geographies. You can see that clearly in the revenue of 14% and our strategic brands at 21% growth, which make up 77% of our total portfolio. Standing out there would be Vyepti at 56% and Rexulti at 28%.

Really, the efforts we have put in place over many quarters of sustaining that growth, investing in that growth in our commercial model, is certainly showing us durable results across all our key strategic brands.

When we think about innovation, again, what I would like to headline to you here is that we are seeing certainly an advance now in the pipeline. We have a mid-stage pipeline that is between five to six assets in the stage of phase II or III as we go into 2026, which are really important drivers of our strategy for the long-term sustainable growth of the company.

Of course, we have a strong foundation in neuropsychiatry, but I will just highlight a few points. On the scaling of our neuro-speciality position, we are expanding our filing in Asia for Vyepti,

already starting in South Korea and others to follow in this quarter.

We are also, of course, advancing anti-PACAP in -phase II. We have also today a discussion that will be led by Johan and Maria to highlight to you also our D1/D2 agonist in the space of Parkinson's and symptomatic treatments in Parkinson's. That's building a very strong neuro-speciality position.

We're also, of course, expanding into the neuro-rare space with high unmet need areas, there being Bexicaserin, as well as Amlenetug, with a lot of focus there on our clinical execution and enrolment of the phase III studies, while at the same time, we're starting to do early work on launch preparation for these assets.

Now, the third component of the strategies really are funding. Of course, here again I would say this is something we've consistently spoken to you about, but we also see with the capital reallocation potential that we can increase that based on what we know now to 1.3 to 1.5 billion by 2027. These programmes are really there to essentially fund either more innovation or more growth of the portfolio going forward.

With that, of course, it leads us to today's discussion around the guidance and that we have, of course, been able to upgrade the guidance today, both on revenue and adjusted EBITDA, based on what we've reported in our press release today.

This, again, confirms for us that we are in a solid position, strong fundamentals in place, and with that confidence, we feel we have really seen strong proof points of our focused innovator strategy going forward.

To talk more about the assets and the performance of the strategic portfolio, it's my pleasure to, of course, hand over to Tom Gibbs, our head of the US operations. Over to you, Tom.

Tom Gibbs

Hi. Thank you, Charl, and hello, everyone. As Charl just mentioned, we're pleased with our commercial performance for the first half of 2025, which is headlined by 21% growth of our strategic brands. Please turn to the next slide and I'll first review the performance details for Rexulti.

Rexulti continues to perform well and deliver consistent growth, propelled by the continued strong progress within the AADAD segment in the US. Reported revenue in the US increased 27% for the first half of 2025 versus prior year. Importantly, revenue growth in the US was driven by strong underlying TRx demand, delivering 23.3% growth during H1 2025 versus H1 2024.

Rexulti demand growth in the US accelerated through the second quarter of 2025, recording record highs in market share, ERx and NRx volume. This demand growth is attributable to

continued improvement in execution across the marketing mix, including salesforce execution across the alliance, optimised direct-to-consumer media mix and market access programmes.

Growth in the US was supplemented by continued strong demand growth in Europe and international operations, generating impressive growth of 30% versus the same period last year. Looking forward, we expect Rexulti to be a key driver of growth for Lundbeck, and this is primarily driven by continued expansion of the AADAD franchise, supported by solid growth of our base business in MDD.

Now, let's take a moment to look deeper at our progress in AADAD. Next slide, please. Rexulti AADAD volume is becoming increasingly important to the overall Rexulti brand growth and we expect this to continue through 2025 and beyond.

AADAD monthly TRx volume has increased 550% versus baseline and AADAD contribution to overall Rexulti demand has grown to nearly 22%. This represents more than one out of every five prescriptions based upon our most recently available patient claims data for May 2025, and our expectation is that AADAD will account for approximately two out of every five TRxs at peak.

Growth is being driven primarily by expansion of our HCP prescriber base, growing 438% since launch to nearly 14,200 prescribers. Rexulti AADAD market share of the total antipsychotic class has grown from 0.67 prelaunch to 3.99 share points, and this is based upon the most recent May claims data.

I think, importantly, we continue to see consistent growth on the non-AADAD side of the business, achieving 15.4% growth when we compare May 2025 TRx monthly claims to May 2024. We believe this accelerated performance reflects the positive impact of the exclusive focus of our psychiatry sales team on Rexulti, following the strategic decision to hand over full promotional responsibility of Trintellix back to Takeda in 2024.

The AADAD launch has really fuelled 1,058% growth in the 65-plus segment across all indications. The 65-plus segment now contributes 32.4% or nearly one out of every three Rexulti TRx claims, based upon the most recently available claims data. I believe this positive halo effect on the overall Rexulti 65-plus segment truly reflects the full value of the AADAD indication for this brand.

The team is continuing to focus on the levers to even further accelerate growth for Rexulti, and this is informed by our marginal return on investment quarterly analyses. As I shared with you last quarter, we are applying our dynamic resource allocation focused innovator principle to redirect a portion of our

AADAD direct-to-consumer funds to expand our primary care footprint to drive greater breadth and depth of prescribing.

The first wave of this expansion to our multispecialty salesforce team will take effect during 3Q 2025, and we expect to start seeing the impact of this expansion in the latter part of the fourth quarter.

I'll now transition to Vyepti, so next slide, please. Vyepti delivered strong results during the first half of 2025. This performance has really been powered by continued strong growth in the US and supported by robust adoption of Vyepti in our prioritised ex-US markets, including Canada, Italy, France, Spain and Germany.

Vyepti global net revenue for H1 2025 was 2.105 billion DKK, and this represents 56% growth over the same period last year. Net revenue for Vyepti in the US was 1.834 billion DKK, growing 54% over H1 2024.

Importantly, we are beginning to see a meaningful contribution to global sales by ex-US markets, with Vyepti now available in 30 markets. Vyepti growth in Canada and the major European markets exceeds the growth rate of the overall anti-CGRP market over the last 12 months, and we expect to see continued expanded usage of Vyepti across all ex-US markets.

Now, I want to focus a moment on the US. We continue to make purposeful investments in Vyepti through our disciplined capital allocation programme that Joerg will speak to later. These investments focus on HCP engagement, patient activation and patient support services to further enhance our speciality patient-centric commercial model.

We believe our model is a competitive advantage in the marketplace because it enables our team to appropriately support the patient throughout their patient journey. We continue to see accelerating demand by driving depth and breadth of prescribing of Vyepti and continued positive momentum in new patient starts, supported by a high written-to-infusion conversion ratio and best-in-class patient persistency.

Looking forward, we expect Vyepti to continue to deliver strong growth in the US, driven primarily by new patient starts and, based upon recent trends, we have confidence to raise our peak year sales projections in the US from greater than \$1 billion, which we communicated at the capital market event last year, to greater than \$1.1 billion dollars. Michala, over to you.

Michala Fischer-Hansen

Thank you, Tom. Next slide, please. There we are. Let's start with taking a look at the Brintellix performance in the first half of 2025, where we overall saw a revenue growth of 3%, now to the tune of 2.39 billion DKK compared to last year, and where we

also see several dynamics in play when we look at the regional performance.

If we start with the US, there also, as Tom was saying before, we experienced a 6% decrease, which is aligned with our expectations due to our transfer to Takeda. This is a move, as Tom was alluding to, that while it reduces our revenue, it enhances our profitability.

If we look at Europe and international operations, we saw a 7% increase and, again, made up with different dynamics, where we have Europe achieving an impressive growth of 15%, largely driven by outstanding results in Spain, Switzerland, Italy and France. Whereas international operations saw a 2% decrease compared to last year, which was affected by generic erosion across key international operations markets such as Canada.

Looking ahead, we anticipate to see continued solid demand growth in both Europe and Japan. It is worth noting that we have extended our market exclusivity in Japan by two years, now lasting until 2031. In Canada, we expect ongoing competition from generics following their recent entry. And in the US, we expect to see a continued decline in revenue, but improved profitability in the second half of 2025 due to the full impact of the transfer to Takeda.

I'd like to just highlight Japan for a moment as well, where we continue to see the robust growth in demand with 15% year-over-year increase. As I also mentioned last quarter, Trintellix holds the highest value market share in Japan at 23.6% in the MDD market. Next slide, please.

When we turn to the Abilify franchise performance in the first half, we also see here a solid result with 10% overall growth, which has been driven by the two-monthly formulation Abilify Asimtufii. In the US, Abilify saw a growth of 8% compared to the first half of 2024, where the franchise also gained 1.1 percentage points in market share.

Notably, Abilify Asimtufii has continued its strong trajectory, with 59% of patients converting from oral antipsychotics, other long-acting injectables or naive patients. We also saw a robust increase in TRx volume, which is up 63%, and with a conversion rate of 17%, an even stronger conversion rate when we look at our NBRx conversion rate reaching over 21%.

In Europe and international operations, the Abilify franchise delivered a strong 12% growth versus first half 2024, where we saw momentum in numerous markets, supported by the additional rollout of Abilify Asimtufii, or the two-monthly formulation, which is now launched in 20 countries.

The uptake of Abilify Asimtufii has been encouraging to watch, with an average conversion rate of 14% and several markets already having surpassed 20% conversion, with for example Spain at 32%. We also have research from Europe confirming that a significant portion of our new patients are coming from oral antipsychotics. Across several of our key markets, we see an overall growth of the Abilify LAI franchise volume market share at an average of two percentage points.

Looking ahead, we anticipate continued strong uptake of Abilify two-monthly, or Asimtufii, while we expect to see generic approval in Europe in the second half of 2025. That concludes the business update. I'd now like to hand over to Johan and Maria to give an R&D portfolio update.

Johan Luthman

Thank you, Michala, and thank you, Tom. It's great to see the momentum of our key brands across the markets. Let us turn to the pipeline highlights for the quarter.

First, let me comment on programmes within neurology speciality. For eptinezumab, the Vyepti brand, we have been very active last year in running additional supportive trials to expand its geographical reach and to further characterise its efficacy. Across the board, we have been seeing strong and consistent effects of the drug in migraine treatment.

These data are being communicated at a steady pace. For example, the SUNRISE trial, which is part of our Asia pivotal programme, and the phase IV RESOLUTION trial in severe migraine and medication overuse headache, we presented at the American Headache Society and the European Academy of Neurology meetings in June. The data from those trials are very well received.

Based on the positive outcome of the SUNRISE trial, filings in Asia are progressing as planned, with South Korea already filed this month. Encouraging regulatory agency pre-meetings have also been held in China and Japan, and the submission preparations are progressing as planned and filings are expected in the coming months.

Continuing with the migraine portfolio, enrolment is progressing very well in the PROCEED trial, a trial designed to establish dose response and route of administration information for the anti-PACAP antibody Lu 222.

The first part of the trial constituted a subcutaneous administration dose ranging evaluation. This part has been concluded after scheduled interim assessment, and we have now an ongoing intravenous administration dose finding part.

However, we have already been able to take a look at the outcome of the first part of the trial, the subcutaneous

administration. This data set is encouraging, showing dose dependency across readouts and provide important information that, combined with the previous HOPE trial, allows building an informative PKPD model. The model will be further strengthened after obtaining the next data set from the IV administration part.

Consequently, by early spring next year, we expect to have comprehensive information on dosing regimen. Provided the last data set comes out as expected, we will be able to design a robust, pivotal programme for initiation during H2 26.

In neurology speciality, I'd also like to mention that we obtained interesting data in the early development portfolio on Lu 996, an innovative symptomatic Parkinson's disease treatment. Maria and I will describe this a little bit more in a coming slide.

To build further on our neuro-rare presence, there are currently two pivotal programmes and one early development programme. For alpha-synuclein antibodies, Amlenetug, in development for multiple system atrophy, we have a highly innovative pivotal trial ongoing through which we have systematically built critical regulatory support, as well as obtained various orphan designations from key authorities.

In the now ongoing global MASCOT phase III trial, we have more sites activated and we are already seeing a very strong momentum in patient recruitment.

Now, turning to Bexicaserin for developmental epileptic encephalopathies. In the programme's two pivotal trials, DEEP SEA and DEEP OCEAN, we are rolling out regulatory approvals, site activations, while recruitments were initiated. For the DEEP OCEAN trial, which is in Lennox-Gastaut syndrome and other DEEs, the rollout started somewhat later and trial approval has just been obtained in key geographies.

I'd also like to mention the anti-ACTH antibody, Lu 909, which is in early studies in patients. The programme has received orphan drug designation in the US and Europe for the development in congenital adrenal hyperplasia. The Cushing disease part of the programme is also starting to generate important patient data.

Finally, a note on the July 18th Psychopharmacologic Drug Advisory Committee discussion on Otsuka's and Lundbeck's supplemental NDA for a combination treatment of brexpiprazole with sertraline in PTSD.

Based on the data from one exploratory phase II trial and two pivotal trials with somewhat different outcomes, the outcome vote was one to ten against that efficacy of brexpiprazole when initiated concurrently with sertraline has been established. The FDA has not indicated any decision date. Next slide please.

Returning to Vyepti. Let us take a look at an interim data cut from the so-called INFUSE study, a real-world setting study in a hard-to-treat patient population. In this study, we were able to demonstrate improvements in disability and functionality in patients that have already been receiving other anti-CGRP treatments, for which they failed to obtain sufficient treatment response.

On the left side, you can see the composition of the patients studied with an average of 2.7 anti-CGRP treatment failures. In the right graph, we have an example of the very strong data obtained, with 42% of patients achieving 50% reduction in monthly headache days at six months following transition to Vyepti treatment.

Overall, across the development programme, we have seen strong clinical efficacy, which we now see translating into real-world effectiveness in these high disease burden patients. With this, I'd like to hand over to Maria to comment more about Bexicaserin and Amlenetug.

Maria Alfaiate

Thank you, Johan. Let's now transition from Vyepti, which remains central to our neuro-speciality business, to focus on two other critical assets in our late-stage pipeline. As we have emphasised before, expanding into neuro-rare diseases is a cornerstone of our strategy as a focused innovator. We are confident that our pipeline will solidify Lundbeck's leadership in this space across multiple dimensions.

Bexicaserin and Amlenetug, both in phase III trials, represent transformative opportunities. Together, these assets have the potential to redefine treatment paradigms for over 450,000 patients globally, and contribute a combined peak sales potential exceeding 3 billion US dollars, positioning Lundbeck for significant growth.

Bexicaserin offers a compelling value proposition as a first-in-class treatment for developmental and epileptic encephalopathies, addressing all seizure types and causes. This broad applicability enables us to target a larger patient population compared to other treatments in this space.

We anticipate that Bexicaserin's differentiated profile will resonate strongly with reimbursement agencies and payers by demonstrating meaningful improvements in both seizure and non-seizure outcomes. Additionally, this asset supports the expert community by advancing the operationalisation of broad DEE definitions, facilitating earlier patient identification, and thus reducing healthcare burden.

Amlenetug, our monoclonal antibody, aims to be the first approved treatment for multiple systems atrophy, MSA, a

devastating and currently untreatable condition. Based on input from movement disorder specialists, we believe this asset will deliver measurable value to healthcare systems.

For treating physicians, Amlenetug represents the potential for the first disease-modifying therapy in MSA. For Lundbeck, this marks an important strategic entry into movement disorders, laying the groundwork for future assets, such as our D1/D2 agonist programme, which Johan and I will introduce on the next slide.

Johan Luthman

Thank you, Maria. As we're building momentum in our mid-stage pipeline, we're excited today to highlight further Lu 996, a programme I have not talked much about in the past. We have been letting the molecule speak throughout phase I to enable and de-risk progression, including a series of smaller phase Ib Parkinson's disease studies.

Naturally, we have since very long an excellent understanding of the pathophysiology of Parkinson's disease, where a key driver of overt progressive motor symptoms is neurodegeneration of basal ganglia dopamine neurons. Current treatments are associated with complications and better motor control on both D1 and D2 receptors are much needed.

As you can see in the figure, Lu 996 is an overall pro-drug with excellent pharmacokinetic properties. 996 serves as a steady reservoir to a D1/D2 receptor active metabolite. Thereby it can provide a much desired profile of continuous and stable dopamine receptor stimulation, which is translated to sustain motor activation, as in this case, in the graph, determined in an animal model.

More importantly, in Parkinson's disease patients with motor fluctuations, we have seen an impactful effect on off-time, as well as L-DOPA sparing effects after Lu 996 administration in an open-label setting.

These findings, together with other positive attributes observed in phase Ib, we consider the programme ready to trigger the preparations for a decisive phase II proof of concept trial, which we plan to have ongoing by early next year. With this, I'd like to hand over to Maria to outline its commercial potential and strategic fit.

Maria Alfaiate

Thank you, Johan. Our D1/D2 agonist programme represents a transformative opportunity to address a large, underserved patient population with Parkinson's disease. With motor complications affecting an estimated 7 to 10 million patients globally, despite treatment, this asset is uniquely positioned to meet a significant unmet medical need.

As a first-in-class oral D1/D2 agonist, the programme is strategically positioned ahead of invasive treatment options, offering a non-invasive alternative that is both convenient and accessible for patients. Furthermore, the asset has the potential to be best-in-class in late stage PD, setting a new standard for treatment expectations in this critical stage of the disease.

We expect the commercial competitiveness of this asset based on a differentiated target product profile, which combines efficacy, safety and ease of use. Its oral route of administration presents an attractive value proposition for all stakeholders, from patients seeking less burdensome treatment options, to healthcare providers aiming to improve adherence and outcomes and payers prioritising cost effective solutions.

This programme also represents a compelling global opportunity, with significant market potential across key regions, unlocking substantial growth for Lundbeck. And now, to take us through our financial results and outlook, I hand over to Joerg.

Joerg Hornstein

Thank you, Maria. I'm very pleased with the performance of the first half, but also with a strong outlook for the remainder of 2025. We are reporting a 21% growth in our strategic brands, with Q2 marking our fourth consecutive quarter of more than 20% of growth.

This reflects strong operational performance, supported by disciplined capital reallocation, in line with our focused innovator strategy. But it even more underlines our ability to improve profitability while expanding and progressing our pipeline. Building on this strong H1 performance and the outlook for this year, we have raised our full year guidance. But let's move to the next slide for a closer look at our financials.

Revenue reached 12.3 billion, growing at 15% at constant exchange rates, driven by continued strong performance across our strategic brands, which grew 21%. The adjusted gross margin was 88.6% and in line with the same period last year.

Sales and distribution costs increased slightly by 1% to 3.8 billion, and this reflects continued investments in Vyepti and Rexulti in the US, partially offset by redeployment of resources after the US Trintellix divestment.

Administrative expenses decreased by 4% to 713 million, which is impacted by certain non-recurring items in the first half of 2024. Adjusting for this, underlying costs increased mainly to inflation and continued investment in organisational development.

R&D costs increased by 22%, reaching 2.3 billion, mainly driven by the continued progression of our phase III programmes for Bexicaserin and Amlenetug, and a maturing mid-stage pipeline.

Adjusted EBITDA grew by 24% at constant exchange rates, driven by the strong momentum in strategic brands and solid commercial execution, reinforcing Lundbeck's market leadership across key therapeutic areas.

The adjusted EBITDA margin expanded to 34.4%, up 3.1 percentage points, reflecting strong cost leverage and continued disciplined capital reallocation. Next slide, please.

EBIT increased by 43% to 3.3 billion, reflecting a combination of improved gross profit and lower sales and distribution and admin ratios, offset by the higher R&D investments.

Net financials reached an expense of 554 million, mainly due to unfavourable currency effects, especially from the US dollar, and higher interest costs related to the new debt obtained in connection with the acquisition of Longboard.

Our effective tax rate was 22% and in line with expectations. Net profit increased by 19% to 2.1 billion, while adjusted net profit and EPS rose by 9%, reaching 2.9 billion, reflecting the strong EBIT development partially offset by higher financial expenses. Next slide, please.

Cash flow from operations was in line with EBIT performance, reaching 2.3 billion, offset by higher prepaid tax payments, reflecting the expected full-year income.

Cash flow from investing activities was an outflow of 238 million, mainly related to investments in property, plant and equipment. And cash flow from financing activities was an outflow of 4 billion, mainly driven by the repayment of the loan facility used for the Longboard acquisition and the dividend payment to shareholders in March 2025. Next slide, please.

Over the course of this year, we have and will be making significant progress in our global capital reallocation programme. We feel confident increasing our ambition level for this programme by raising the expected impact from this programme from 1.3 to 1.5 billion by 2027, from previously 1 to 1.3 billion. We're estimating one-time costs of approximately 1.2 billion between 25 to 2027.

Our confidence rests on the proof points we have delivered so far. Our sources for redeployment stem from the higher Brintellix performance in Europe and international markets, the first adaptations in our commercial model by divesting the Trintellix back for the US, back to Takeda, and a number of operational effectiveness initiatives across our full value chain, such as a global spend assessment and optimisation programme called Procure for Growth.

This freed up capital to be redirected to targeted investments for Vyepti and Rexulti, the build up of a sustainable pipeline, the continuous progress of our mid- to late-stage pipeline at the same time. This capital reallocation programme is not about cost cutting for margin expansion, but placing our long-term assets for the best possible yield. Next slide, please.

We communicated on August 13th an increase in our full-year revenue and adjusted EBITDA guidance at constant exchange rates, reflecting strong performance year-to-date and continued positive momentum.

Revenue growth is now expected at 11 to 13% from previously 8 to 11%, driven by the continued strong demand for Vyepti and Rexulti and the delay of generic entry of Abilify Maintena in Europe in this year. Next slide, please.

Adjusted EBITDA growth has been upgraded to 16 to 21% from previously 8 to 14%, reflecting not only the strong top line performance, but also the effective execution of our capital reallocation strategy and the precision of our expected R&D spend for 2025. With that, I hand over back to Charl.

Charl van Zyl

Thank you, Joerg, and thanks to the leadership team for the presentation. Before we open for questions, let me just make a few closing remarks. If we can go to the next slide, please.

Again, what you see today and what you've heard from us, is really these results are reflecting a very disciplined, strategic execution of our strategy. The company, Lundbeck, is in a position that is stronger than we were one year ago.

You see that we are investing. We're investing in growth and innovation without compromising profitability. You see a pipeline that is evolving with five to six mid- to late-stage assets in 2026 that start to answer a long-term sustainable growth question. And we see a very disciplined capital allocation, reallocation based on clear strategic choices that we've made.

Based on that, we see really these strong results, strong momentums in our strategy that led us to increase our guidance today. With that, I would now pause and we invite you for questions.

Operator

Ladies and gentlemen, we will now begin the question-and-answer session. Anyone who wishes to ask a question may press star and one on the telephone. You will hear a tone to confirm that you have entered the queue. If you wish to remove yourself from the question queue, you may press star and two. Anyone who has a question may press star and one at this time.

The first question from the phone comes from Marc Goodman from Leerink Partners. Please go ahead.

Basma Radwan Hi. Good morning. This is Basma on for Marc Goodman. Thank you for taking our question. We have a question about Bexicaserin and the cadence of enrolment and clinical trial size initiations.

You mentioned it was slower to get approval for DEEP SEA trial. Did you understand that correctly? If so, could you provide more colour why this is the case? Also, did you have any recent regulatory interactions, either within the US or outside of the US, regarding the phase III programme? If so, did you sense any change in the alignment on the clinical trial designs and the regulatory path forward? Thank you. That's it for us.

Charl van Zyl Good. Thank you for that question. Johan, do you mind for that question?

Johan Luthman As you may recall, the DEEP SEA and the DEEP OCEAN trials are studying different populations, and the timing and the preparation of them were not 100% aligned. One was rolling out earlier, and the other one, the DEEP SEA, was ahead.

The DEEP SEA is in Dravet syndrome, which is an area where we think, actually, we may be a little more challenged with enrolment because there are a lot of trial activities going on in that space. But it was actually the DEEP OCEAN that we rolled out later that has been a little bit more struggling with regulatory approvals throughout the world.

These things take a little time to discuss and we hit the summer period. But now we have gone through this and we are actually opening up the trial across our major geographies. That is very recent events.

The regulatory interactions have generally been very good. There has not been any comments or big questions. Of course, the population is new if you come with DEE, so you need a little bit of education around that. The DEE is, of course, the one that has been mostly recognised in the US, so that needs a lot of cultivation with other regulators.

But there has been no major change in the design, or rather, no change in the design. It's more the conversation about what may the data lead to in terms of the populations that can get on a label eventually. So, we are not too concerned about the design of the trials. Obviously, it's a competitive space and that's what we're watching out for.

Basma Radwan Thank you.

Operator The next question from the phone comes from the line of Xian Deng with UBS. Please go ahead.

Xian Deng Hi. Thank you for taking my questions. Two, if I may. The first one is on Rexulti PTSD AdComm. The vote was very much

against frontline usage, but when I look at the commentary, actually, many of the panel members actually said they are quite happy to use in patients that do not respond well to sertraline off-label.

Of course, you can't promote off-label uses, but just wondering, what are your thoughts on that hypothesis that many of the panel members actually brought? Also, just wondering, what is the general payer dynamics in terms of off-label usage in psychiatry in your experience? Are they generally quite happy to cover that or is that quite challenging? That's the first question, please.

The second one, I guess it's more for Thomas. Of course, you raised top line through your guidance, but then the Q2 results is actually quite in line with consensus. I mean, Rexulti has it beat, but then Vyepti broadly in line with consensus.

You've touched on some of the lead indicators and patient activation and things like that, but just wondering, could you give us a bit more colour on the key KPIs, the lead indicators, especially on Vyepti, that drives the big confidence in the second half? Especially because we don't really have TRx for that. Thank you very much.

Charl van Zyl

Thank you, Xian, for your questions. Johan, do you mind commenting on PTSD AdComm? And then I will hand it to Tom to talk about off-label use in the payer environment in the US.

Johan Luthman

Thanks. Yes, I have a few things I can comment on, but obviously, what is known is quite public, those that listen into it. But I can summarise a little bit what went on there and then I can comment a little bit how they vote, but also the sentiment at the meeting.

I think it was a really good outcome to start with. I think it was a solid discussion. The discussion centred around the previous phase II trial, which explored four different dose regimens, is that a supportive trial or not? I think we made a good arguments that it should be considered. That was one of the concerns. What was really the testing hierarchy and how solid was this predefined in terms of the combination treatment?

And then, obviously, we have two trials, one that is very strongly positive and very clear data, and one that didn't show any separation from placebo, although placebo in that case was stronger. Traditionally in psychiatry, you like to see two pivotal trials replicated. That was the conundrum for the committee. Quite frankly, it's been for us as well.

That's why I think most of the panel members and FDA, they seem very positively on this. Remember, it's 23 years ago any approval was in this space with paroxetine and sertraline, so it's a high medical need as well. I think this is an interesting

sentiment, because we have good data, but not what you regularly like to see for an approval in space.

Charl van Zyl

Thank you, Johan. Tom, do you want to comment on payer environment off-label use and then maybe also bridge to the question around the leading indicators for Vyepti and Rexulti?

Tom Gibbs

Thank you for the question, Xian. I think that you accurately reflected our approach from an ethics and compliance standpoint. We only promote our products within indications and that is our focus in terms of driving growth.

As you said, physicians do have the opportunity to prescribe the medication based upon their clinical experience as well as the broad clinical data that supports the overall clinical value proposition of the product.

From a payer standpoint, for the most part, if you look Rexulti, Rexulti enjoys very good payer access on the commercial side as well as the Medicare side as well. For example, in Medicare, Rexulti is available 96% of Part D plans and 100% of Medicare, traditional Medicare.

As it relates to the utilisation management from payer standpoint, it really does not get managed at the indication level. It's more at the molecule level than... Any sort of prior authorisations that are associated with Rexulti are related to utilisation of a generic first before you go to Rexulti rather than any specific indication.

And then secondly, when we think about the leading indicators for our brands, I think one of the important things to remember is, when I look at the brand, I look at what the underlying brand fundamentals are. I look at things such as depth and breadth of prescribing, I'm looking at new patient starts, and I think those are good indicators in terms of what the future trajectory of the product and brand is.

With Vyepti in particular, there's a couple of things that we look at that give us confidence as relates to the trajectory of the brand. The Vyepti Infusion Network, as I shared with you, provides us perfect data, if you will, on the patients who are going through the Vyepti Infusion Network.

We're able to look at the number of prescriptions coming in, the written conversion ratio, the utilisation of 100 mg versus 300 mg. We're able to look at what the persistency is, and we're getting these data on a regular basis.

I think the areas where I'm most pleased with is looking at how Vyepti is being used related to line of therapy. We're seeing Vyepti move up line of therapy in some cases. We're also looking at persistency.

Quite frankly, when we look at our cohort from last quarter to this quarter, seeing 12-month persistency data going from 56% to 62%, this is the best 12-month persistency that that I've seen in my 29-year career in CNS. This is I think reflective of the overall benefits that patients are seeing, as well as the confidence that HCPs have in prescribing Vyepti.

I think, lastly, when we look at Vyepti, is from a market access standpoint. If we look two years ago, the number of commercial plans that supported Vyepti in terms of one or fewer steps from an anti-CGRP was 60%. Now that number is up to 82%.

And if we look at what the reasons are for seeing greater prescribing of Vyepti, there's elements saying that the market access has improved and that they're seeing that the patient experience is highly... There's a high satisfaction of patient experience related to their patient journey, specifically through the Vyepti Infusion Network.

Xian Deng

Thank you.

Charl van Zyl

You can go to the next question.

Operator

The next question from the phone comes from Michael Novod with Nordea. Please go ahead.

Michael Novod

Thank you very much. Question to Abilify LAI. I was just wondering, when you look at the conversion rates happening in the US and also outside the US, should we consider this franchise a growth franchise going forward, despite generic erosion of the one-month formulation? But as soon as you get past that, then is it a growth franchise or is it more a flattish franchise?

And then also to the Vyepti INFUSION study. Super interesting. Does that mean that you'll also move more aggressively to try to address patient needs for those who have been starting on an oral anti-CGRP and then try to expand Vyepti's role in that area? Because I guess a lot of patients will be coming off the orals at some point in time.

Charl van Zyl

Good. Thank you, Michael, for your question. Let's go to Abilify LAI, and I think, let me start with maybe some comments from Michala on that topic.

Michala Fischer-Hansen

Thanks for the question, Michael. First of all, of course, as we see the rollout of Abilify Asimtufii, whereas I said, we're very pleased with seeing the uptake and the conversion rates. We still have not seen the generics enter in Europe. Therefore, it is a growth case currently.

But when we do look ahead, and we expect to see that generic entry sometime later this year, then, of course, we do not expect that Asimtufii can outgrow the one monthly. But we do expect

that we will be able to hold our ground, at least in the coming period.

It'll, of course, all depend on the erosion curves and how fast it goes. But so far, we're at least pleased to see how well Asimtufii is grabbing the market also in the US.

Charl van Zyl

Thank you, Michala. On the topic of treatment and earlier treatment in Vyepti, maybe, Tom, do you want to comment on your experience in the US?

Tom Gibbs

Sure. I think one of the areas of focus for the US as it relates to continuing to drive greater and greater uptake of Vyepti has been moving Vyepti up the treatment paradigm. If we look traditionally, we have done a terrific job in terms of establishing Vyepti as a market leader in the later lines of therapy.

One of the areas that we believe was important was to be able to generate clinical data, real-world evidence, to be able to demonstrate the benefit of using Vyepti earlier in lines of therapy. I think that's how Johan described the design of the INFUSE study.

I believe the results that we're seeing of the INFUSE study are very encouraging and very supportive of the clinical value proposition of Vyepti and the response that we saw at the American Headache Society. Some thought leaders did support the use of Vyepti earlier and earlier in the treatment paradigm.

My view is that our ambition is to be the first switch after trials in anti-CGRP. And when we say first switch, that includes either orals or subQs, and we're seeing progress in terms of achieving that ambition.

Michael Novod

Great. Thank you very much.

Operator

The next question comes from Kirsty Ross-Stewart with BNP Paribas. Please go ahead.

Kirsty Ross-Stewart

Hi, there. Thank you for taking my questions. It's Kirsty from BNP Paribas. First one on R&D expense. You've previously indicated that you're expecting similar levels of investment in R&D over 26 and 2027 as your late-stage pipeline progresses.

Can we take the adjustment today to the lower end of your previous guidance, that efficiencies can continue to be made in future years? Or would you call this adjustment today or more 2025-specific effect just related to increased clarity as you go through the year and phasing of costs?

And then the second question on the D1/D2 agonist progressing into phase II. Thank you for the additional colour in the prepared remarks.

I was just wondering if you could maybe elaborate on some of the signals that you saw in phase I in the open-label trial that has given you confidence to take this forwards to phase II and what you believe is needed to show in terms of clinical differentiation versus standard of care to progress this further, especially in light of the mixed updates from the D1 agonists from UCB and Lilly recently. Thank you.

Charl van Zyl

Great. Thank you, Kirsty. So, outlook for R&D, Joerg, do you mind?

Joerg Hornstein

I'd be happy to take that. I think let's look at R&D first of all. We originally guided for this year 5 to 5.2 billion and we're now saying around five. It's basically not a delay in any kind of programme. It's still a significant increase, not only versus what we've spent 24, but also what we've spent in the first half of this year. So, we don't see a delay and I would consider that more to be a timing effect.

I think on your question regarding the outlook, we've always communicated that we see a corridor of around 20 to 25% of sales as the R&D corridor that we will travel through. I think the benefit of the capital reallocation programme is that when we now increased a little bit our ambition, that we are potentially even able to, you can say, vest into that target structure of a R&D spend corridor between 20-25% a little bit earlier than previously anticipated.

Charl van Zyl

Good, thank you. Johan, D1/D2 agonist.

Johan Luthman

Yes. To add on Joerg's comment on R&D expenses, we also finished up a few trials and you consolidate the costs at the end and you realise that you spent a little less. Those are the positive things that come through when you wrap up activities.

On the D1/D2 agonist, we are progressing and we're going to reveal more the design and where we're aiming for. We have spent quite a time in early development, very early development with a couple of patient populations, so really homing in where we'd like to place these drugs. For the moment, we are not going to talk so much about it, but you've got some idea that we are working on people that are really hard to treat here.

The clinical differentiation is really on several parameters if you look generally the field, and that's what we're looking at. You have two things, on-time and off-time, and then you have how bad your on-time is. Those are the parameters we're working on.

We will present what is seen in the open-label, phase I in coming meetings, but if you just look at simple things like off-time, it's strong enough for us to think that this is clearly differentiated.

Charl van Zyl

Maria, do you want to comment on how we see the positioning?

Maria Alfaiate                      Just to supplement what Johan just said, and I mentioned before, we see this drug as a potential to delay or an alternative as to invasive treatments. These are, as you know, invasive, of course, burdensome to the healthcare system, both from a capacity point of view, but also from an expenditure point of view. You can clearly see that the clinical value is matched also by value to healthcare systems.

Charl van Zyl                         Great. Thank you, Maria. Are there any other questions?

Operator                                There are no more questions, sir.

Charl van Zyl                         Thank you. Then again, I would like to conclude the call today. Thank you very much for joining us and we look forward to interacting with you again in the future. Thank you.