

Reconciliations



Amgen Inc.
Consolidated Statements of Income - GAAP
(In millions, except per-share data)
(Unaudited)

	Three months ended December 31,		Twelve months ended December 31,	
	2023	2022	2023	2022
Revenues:				
Product sales	\$ 7,833	\$ 6,552	\$ 26,910	\$ 24,801
Other revenues	363	287	1,280	1,522
Total revenues	8,196	6,839	28,190	26,323
Operating expenses:				
Cost of sales	3,112	1,747	8,451	6,406
Research and development	1,534	1,324	4,784	4,434
Selling, general and administrative	2,274	1,572	6,179	5,414
Other	5	(34)	879	503
Total operating expenses	6,925	4,609	20,293	16,757
Operating income	1,271	2,230	7,897	9,566
Other income (expense):				
Interest expense, net	(821)	(415)	(2,875)	(1,406)
Other income (expense), net	402	(67)	2,833	(814)
Income before income taxes	852	1,748	7,855	7,346
Provision for income taxes	85	132	1,138	794
Net income	\$ 767	\$ 1,616	\$ 6,717	\$ 6,552
Earnings per share:				
Basic	\$ 1.43	\$ 3.02	\$ 12.56	\$ 12.18
Diluted	\$ 1.42	\$ 3.00	\$ 12.49	\$ 12.11
Weighted-average shares used in calculation of earnings per share:				
Basic	535	535	535	538
Diluted	540	539	538	541

Provided February 6, 2024, as part of an oral presentation and is qualified by such, contains forward-looking statements, actual results may vary materially; Amgen disclaims any duty to update.

Amgen Inc.
Consolidated Balance Sheets - GAAP
(In millions)

	December 31, 2023	December 31, 2022
	(Unaudited)	
Assets		
Current assets:		
Cash, cash equivalents and marketable securities	\$ 10,944	\$ 9,305
Trade receivables, net	7,268	5,563
Inventories	9,518	4,930
Other current assets	2,602	2,388
Total current assets	<u>30,332</u>	<u>22,186</u>
Property, plant and equipment, net	5,941	5,427
Intangible assets, net	32,641	16,080
Goodwill	18,629	15,529
Other noncurrent assets	9,611	5,899
Total assets	<u>\$ 97,154</u>	<u>\$ 65,121</u>
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 16,949	\$ 14,096
Current portion of long-term debt	1,443	1,591
Total current liabilities	<u>18,392</u>	<u>15,687</u>
Long-term debt	63,170	37,354
Long-term deferred tax liabilities	2,354	11
Long-term tax liabilities	4,680	5,757
Other noncurrent liabilities	2,326	2,651
Total stockholders' equity	<u>6,232</u>	<u>3,661</u>
Total liabilities and stockholders' equity	<u>\$ 97,154</u>	<u>\$ 65,121</u>
Shares outstanding	535	534

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Amgen Inc.
GAAP to Non-GAAP Reconciliations
(Dollars In millions)
(Unaudited)

	Three months ended December 31,		Twelve months ended December 31,	
	2023	2022	2023	2022
GAAP cost of sales	\$ 3,112	\$ 1,747	\$ 8,451	\$ 6,406
Adjustments to cost of sales:				
Acquisition-related expenses (a)	(1,834)	(676)	(3,842)	(2,455)
Certain net charges pursuant to our restructuring and cost savings initiatives	—	—	(36)	—
Total adjustments to cost of sales	(1,834)	(676)	(3,878)	(2,455)
Non-GAAP cost of sales	\$ 1,278	\$ 1,071	\$ 4,573	\$ 3,951
GAAP cost of sales as a percentage of product sales	39.7 %	26.7 %	31.4 %	25.8 %
Acquisition-related expenses (a)	(23.4)	(10.4)	(14.3)	(9.9)
Certain net charges pursuant to our restructuring and cost savings initiatives	0.0	0.0	(0.1)	0.0
Non-GAAP cost of sales as a percentage of product sales	16.3 %	16.3 %	17.0 %	15.9 %
GAAP research and development expenses	\$ 1,534	\$ 1,324	\$ 4,784	\$ 4,434
Adjustments to research and development expenses:				
Acquisition-related expenses (a)	(28)	(33)	(55)	(93)
Certain net charges pursuant to our restructuring and cost savings initiatives	(12)	—	(29)	—
Total adjustments to research and development expenses	(40)	(33)	(84)	(93)
Non-GAAP research and development expenses	\$ 1,494	\$ 1,291	\$ 4,700	\$ 4,341
GAAP research and development expenses as a percentage of product sales	19.6 %	20.2 %	17.8 %	17.9 %
Acquisition-related expenses (a)	(0.3)	(0.5)	(0.2)	(0.4)
Certain net charges pursuant to our restructuring and cost savings initiatives	(0.2)	0.0	(0.1)	0.0
Non-GAAP research and development expenses as a percentage of product sales	19.1 %	19.7 %	17.5 %	17.5 %
GAAP selling, general and administrative expenses	\$ 2,274	\$ 1,572	\$ 6,179	\$ 5,414
Adjustments to selling, general and administrative expenses:				
Acquisition-related expenses (b)	(510)	(104)	(648)	(144)
Certain net charges pursuant to our restructuring and cost savings initiatives	—	—	(13)	—
Total adjustments to selling, general and administrative expenses	(510)	(104)	(661)	(144)
Non-GAAP selling, general and administrative expenses	\$ 1,764	\$ 1,468	\$ 5,518	\$ 5,270
GAAP selling, general and administrative expenses as a percentage of product sales	29.0 %	24.0 %	23.0 %	21.8 %
Acquisition-related expenses (b)	(6.5)	(1.6)	(2.4)	(0.6)
Certain net charges pursuant to our restructuring and cost savings initiatives	0.0	0.0	(0.1)	0.0
Non-GAAP selling, general and administrative expenses as a percentage of product sales	22.5 %	22.4 %	20.5 %	21.2 %
GAAP operating expenses	\$ 6,925	\$ 4,609	\$ 20,293	\$ 16,757
Adjustments to operating expenses:				
Adjustments to cost of sales	(1,834)	(676)	(3,878)	(2,455)
Adjustments to research and development expenses	(40)	(33)	(84)	(93)
Adjustments to selling, general and administrative expenses	(510)	(104)	(661)	(144)
Certain net charges pursuant to our restructuring and cost savings initiatives (c)	(2)	1	(185)	8
Certain other expenses (d)	(3)	33	(694)	(511)
Total adjustments to operating expenses	(2,389)	(779)	(5,502)	(3,195)
Non-GAAP operating expenses	\$ 4,536	\$ 3,830	\$ 14,791	\$ 13,562

	Three months ended December 31,		Twelve months ended December 31,	
	2023	2022	2023	2022
GAAP operating income	\$ 1,271	\$ 2,230	\$ 7,897	\$ 9,566
Adjustments to operating expenses	2,389	779	5,502	3,195
Non-GAAP operating income	\$ 3,660	\$ 3,009	\$ 13,399	\$ 12,761
GAAP operating income as a percentage of product sales	16.2 %	34.0 %	29.3 %	38.6 %
Adjustments to cost of sales	23.4	10.4	14.4	9.9
Adjustments to research and development expenses	0.4	0.5	0.3	0.4
Adjustments to selling, general and administrative expenses	6.5	1.6	2.6	0.6
Certain net charges pursuant to our restructuring and cost savings initiatives (c)	0.1	0.0	0.7	0.0
Certain other expenses (d)	0.1	(0.6)	2.5	2.0
Non-GAAP operating income as a percentage of product sales	46.7 %	45.9 %	49.8 %	51.5 %
GAAP interest expense, net	\$ (821)	\$ (415)	\$ (2,875)	\$ (1,406)
Adjustments to interest expense, net:				
Interest expense on acquisition-related debt (e)	19	5	807	5
Non-GAAP interest expense, net	\$ (802)	\$ (410)	\$ (2,068)	\$ (1,401)
GAAP other income (expense), net	\$ 402	\$ (67)	\$ 2,833	\$ (814)
Adjustments to other income (expense), net:				
Interest income and other expenses on acquisition-related debt (e)	(18)	—	(625)	—
Equity method investment basis difference amortization	—	49	—	192
Net (gains)/losses from equity investments (f)	(217)	(39)	(1,522)	362
Total adjustments to other income (expense), net	(235)	10	(2,147)	554
Non-GAAP other income (expense), net	\$ 167	\$ (57)	\$ 686	\$ (260)
GAAP income before income taxes	\$ 852	\$ 1,748	\$ 7,855	\$ 7,346
Adjustments to income before income taxes:				
Adjustments to operating expenses	2,389	779	5,502	3,195
Adjustments to interest expense, net	19	5	807	5
Adjustments to other income (expense), net	(235)	10	(2,147)	554
Total adjustments to income before income taxes	2,173	794	4,162	3,754
Non-GAAP income before income taxes	\$ 3,025	\$ 2,542	\$ 12,017	\$ 11,100
GAAP provision for income taxes	\$ 85	\$ 132	\$ 1,138	\$ 794
Adjustments to provision for income taxes:				
Income tax effect of the above adjustments (g)	404	163	846	690
Other income tax adjustments (h)	(7)	45	(1)	46
Total adjustments to provision for income taxes	397	208	845	736
Non-GAAP provision for income taxes	\$ 482	\$ 340	\$ 1,983	\$ 1,530
GAAP tax as a percentage of income before taxes	10.0 %	7.6 %	14.5 %	10.8 %
Adjustments to provision for income taxes:				
Income tax effect of the above adjustments (g)	6.1	4.0	2.0	2.6
Other income tax adjustments (h)	(0.2)	1.8	0.0	0.4
Total adjustments to provision for income taxes	5.9	5.8	2.0	3.0
Non-GAAP tax as a percentage of income before taxes	15.9 %	13.4 %	16.5 %	13.8 %
GAAP net income	\$ 767	\$ 1,616	\$ 6,717	\$ 6,552
Adjustments to net income:				
Adjustments to income before income taxes, net of the income tax effect	1,769	631	3,316	3,064
Other income tax adjustments (h)	7	(45)	1	(46)
Total adjustments to net income	1,776	586	3,317	3,018
Non-GAAP net income	\$ 2,543	\$ 2,202	\$ 10,034	\$ 9,570

Note: Numbers may not add due to rounding

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Amgen Inc.
GAAP to Non-GAAP Reconciliations
(In millions, except per-share data)
(Unaudited)
(continued from previous slide)

The following table presents the computations for GAAP and non-GAAP diluted earnings per share:

	Three months ended December 31, 2023		Three months ended December 31, 2022	
	GAAP	Non-GAAP	GAAP	Non-GAAP
Net income	\$ 767	\$ 2,543	\$ 1,616	\$ 2,202
Weighted-average shares for diluted EPS	540	540	539	539
Diluted EPS	<u>\$ 1.42</u>	<u>\$ 4.71</u>	<u>\$ 3.00</u>	<u>\$ 4.09</u>
	Twelve months ended December 31, 2023		Twelve months ended December 31, 2022	
	GAAP	Non-GAAP	GAAP	Non-GAAP
Net income	\$ 6,717	\$ 10,034	\$ 6,552	\$ 9,570
Weighted-average shares for diluted EPS	538	538	541	541
Diluted EPS	<u>\$ 12.49</u>	<u>\$ 18.65</u>	<u>\$ 12.11</u>	<u>\$ 17.69</u>

- a. The adjustments related primarily to noncash amortization of intangible assets from business acquisitions.
- b. For the three and twelve months ended December 31, 2023, the adjustments related primarily to acquisition-related costs related to our Horizon acquisition.
- c. For the three and twelve months ended December 31, 2023, the adjustments related primarily to separation costs associated with our restructuring plan initiated in early 2023.
- d. For the twelve months ended December 31, 2023, the adjustments related primarily to a net impairment charge for AMG 340. For the three months ended December 31, 2022, the adjustments related primarily to the change in fair values of contingent consideration liabilities. For the twelve months ended December 31, 2022, the adjustments related primarily to cumulative foreign currency translation adjustments from the divestiture of Gensenta.
- e. For the three and twelve months ended December 31, 2023, the adjustments included (i) interest expense and income on senior notes issued in March 2023 and (ii) debt issuance costs and other fees related to our bridge credit and term loan credit agreements, incurred prior to the closing of our acquisition of Horizon.
- f. For the twelve months ended December 31, 2023, the adjustments related primarily to our BeiGene, Ltd., equity fair value adjustment.
- g. The tax effect of the adjustments between our GAAP and non-GAAP results takes into account the tax treatment and related tax rate(s) that apply to each adjustment in the applicable tax jurisdiction(s). Generally, this results in a tax impact at the U.S. marginal tax rate for certain adjustments, including the majority of amortization of intangible assets and certain gains and losses on our investments in equity securities, whereas the tax impact of other adjustments, including expenses related to restructuring and cost savings initiatives, depends on whether the amounts are deductible in the respective tax jurisdictions and the applicable tax rate(s) in those jurisdictions. Due to these factors, the effective tax rate for the adjustments to our GAAP income before income taxes for the three and twelve months ended December 31, 2023, were 18.6% and 20.3%, respectively, compared to 20.5% and 18.4% for the corresponding periods of the prior year.
- h. The adjustments related to certain acquisition items, prior period and other items excluded from GAAP earnings.

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Amgen Inc.
Reconciliations of Cash Flows
(In millions)
(Unaudited)

	Three months ended December 31,		Twelve months ended December 31,	
	2023	2022	2023	2022
Net cash provided by operating activities	\$ 538	\$ 2,649	\$ 8,471	\$ 9,721
Net cash used in investing activities	(27,089)	(3,473)	(26,204)	(6,044)
Net cash provided by (used in) financing activities	2,754	(1,049)	21,048	(4,037)
(Decrease) increase in cash and cash equivalents	(23,797)	(1,873)	3,315	(360)
Cash and cash equivalents at beginning of period	34,741	9,502	7,629	7,989
Cash and cash equivalents at end of period	<u>\$ 10,944</u>	<u>\$ 7,629</u>	<u>\$ 10,944</u>	<u>\$ 7,629</u>

	Three months ended December 31,		Twelve months ended December 31,	
	2023	2022	2023	2022
Net cash provided by operating activities	\$ 538	\$ 2,649	\$ 8,471	\$ 9,721
Capital expenditures	(249)	(340)	(1,112)	(936)
Free cash flow	<u>\$ 289</u>	<u>\$ 2,309</u>	<u>\$ 7,359</u>	<u>\$ 8,785</u>

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Amgen Inc.
Reconciliation of GAAP Net Income to EBITDA and Debt Leverage Ratio Calculation
(In millions)
(Unaudited)

	Twelve months ended December 31, 2023
GAAP Net Income	\$ 6,717
Depreciation and amortization	4,071
Interest expense, net	2,875
Provision for income taxes	1,138
EBITDA^(a)	\$ 14,801
	As of December 31, 2023
Current portion of long-term debt	\$ 1,443
Long-term debt	63,170
Total GAAP Debt	\$ 64,613
	As of December 31, 2023
Total GAAP Debt	\$ 64,613
EBITDA	\$ 14,801
Debt leverage ratio	4.4

(a) 2023 EBITDA was impacted by \$1,209 million in mark-to-market gains on our equity investment in BeiGene. In the first quarter of 2023, we began to account for our equity investment in BeiGene at fair value, with changes in fair value recorded in our GAAP earnings.

Amgen Inc.
Reconciliation of GAAP EPS Guidance to Non-GAAP
EPS Guidance for the Year Ending December 31, 2024
(Unaudited)

GAAP diluted EPS guidance	\$ 8.42	—	\$ 9.87
Known adjustments to arrive at non-GAAP*:			
Acquisition-related expenses (a)	10.43	—	10.48
Non-GAAP diluted EPS guidance	<u>\$ 18.90</u>	<u>—</u>	<u>\$ 20.30</u>

* The known adjustments are presented net of their related tax impact, which amount to approximately \$2.60 per share.

(a) The adjustments include noncash amortization of intangible assets and fair value step-up of inventory acquired in business combinations.

Our GAAP diluted EPS guidance does not include the effect of GAAP adjustments triggered by events that may occur subsequent to this press release such as acquisitions, asset impairments, litigation, changes in fair value of our contingent consideration obligations and changes in fair value of our equity investments.

Reconciliation of GAAP Tax Rate Guidance to Non-GAAP
Tax Rate Guidance for the Year Ending December 31, 2024
(Unaudited)

GAAP tax rate guidance	11.5%	—	13.0%
Tax rate of known adjustments discussed above	4.0%	—	4.5%
Non-GAAP tax rate guidance	<u>16.0%</u>	<u>—</u>	<u>17.0%</u>

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Q4 '23 Earnings Call

February 6, 2024

