

Reconciliations



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

	Twelve months ended December 31,	
	2023	2022
GAAP cost of sales	\$ 8,451	\$ 6,406
Adjustments to cost of sales:		
Acquisition-related expenses (a)	(3,842)	(2,455)
Certain net charges pursuant to our restructuring and cost savings initiatives	(36)	—
Total adjustments to cost of sales	<u>(3,878)</u>	<u>(2,455)</u>
Non-GAAP cost of sales	<u>\$ 4,573</u>	<u>\$ 3,951</u>
GAAP cost of sales as a percentage of product sales	31.4 %	25.8 %
Acquisition-related expenses (a)	(14.3)	(9.9)
Certain net charges pursuant to our restructuring and cost savings initiatives	(0.1)	0.0
Non-GAAP cost of sales as a percentage of product sales	<u>17.0 %</u>	<u>15.9 %</u>
GAAP research and development expenses	\$ 4,784	\$ 4,434
Adjustments to research and development expenses:		
Acquisition-related expenses (a)	(55)	(93)
Certain net charges pursuant to our restructuring and cost savings initiatives	(29)	—
Total adjustments to research and development expenses	<u>(84)</u>	<u>(93)</u>
Non-GAAP research and development expenses	<u>\$ 4,700</u>	<u>\$ 4,341</u>
GAAP research and development expenses as a percentage of product sales	17.8 %	17.9 %
Acquisition-related expenses (a)	(0.2)	(0.4)
Certain net charges pursuant to our restructuring and cost savings initiatives	(0.1)	0.0
Non-GAAP research and development expenses as a percentage of product sales	<u>17.5 %</u>	<u>17.5 %</u>
GAAP selling, general and administrative expenses	\$ 6,179	\$ 5,414
Adjustments to selling, general and administrative expenses:		
Acquisition-related expenses (b)	(648)	(144)
Certain net charges pursuant to our restructuring and cost savings initiatives	(13)	—
Total adjustments to selling, general and administrative expenses	<u>(661)</u>	<u>(144)</u>
Non-GAAP selling, general and administrative expenses	<u>\$ 5,518</u>	<u>\$ 5,270</u>
GAAP selling, general and administrative expenses as a percentage of product sales	23.0 %	21.8 %
Acquisition-related expenses (b)	(2.4)	(0.6)
Certain net charges pursuant to our restructuring and cost savings initiatives	(0.1)	0.0
Non-GAAP selling, general and administrative expenses as a percentage of product sales	<u>20.5 %</u>	<u>21.2 %</u>
GAAP operating expenses	\$ 20,293	\$ 16,757
Adjustments to operating expenses:		
Adjustments to cost of sales	(3,878)	(2,455)
Adjustments to research and development expenses	(84)	(93)
Adjustments to selling, general and administrative expenses	(661)	(144)
Certain net charges pursuant to our restructuring and cost savings initiatives (c)	(185)	8
Certain other expenses (d)	(694)	(511)
Total adjustments to operating expenses	<u>(5,502)</u>	<u>(3,195)</u>
Non-GAAP operating expenses	<u>\$ 14,791</u>	<u>\$ 13,562</u>

	Twelve months ended December 31,	
	2023	2022
GAAP operating income	\$ 7,897	\$ 9,566
Adjustments to operating expenses	5,502	3,195
Non-GAAP operating income	<u>\$ 13,399</u>	<u>\$ 12,761</u>
GAAP operating income as a percentage of product sales	29.3 %	38.6 %
Adjustments to cost of sales	14.4	9.9
Adjustments to research and development expenses	0.3	0.4
Adjustments to selling, general and administrative expenses	2.6	0.6
Certain net charges pursuant to our restructuring and cost savings initiatives (c)	0.7	0.0
Certain other expenses (d)	2.5	2.0
Non-GAAP operating income as a percentage of product sales	<u>49.8 %</u>	<u>51.5 %</u>
GAAP interest expense, net	\$ (2,875)	\$ (1,406)
Adjustments to interest expense, net:		
Interest expense on acquisition-related debt (e)	807	5
Non-GAAP interest expense, net	<u>\$ (2,068)</u>	<u>\$ (1,401)</u>
GAAP other income (expense), net	\$ 2,833	\$ (814)
Adjustments to other income (expense), net		
Interest income and other expenses on acquisition-related debt (e)	(625)	—
Equity method investment basis difference amortization	—	192
Net (gains)/losses from equity investments (f)	(1,522)	362
Total adjustments to other income (expense), net	<u>(2,147)</u>	<u>554</u>
Non-GAAP other income (expense), net	<u>\$ 686</u>	<u>\$ (260)</u>
GAAP income before income taxes	\$ 7,855	\$ 7,346
Adjustments to income before income taxes:		
Adjustments to operating expenses	5,502	3,195
Adjustments to interest expense, net	807	5
Adjustments to other income (expense), net	(2,147)	554
Total adjustments to income before income taxes	<u>4,162</u>	<u>3,754</u>
Non-GAAP income before income taxes	<u>\$ 12,017</u>	<u>\$ 11,100</u>
GAAP provision for income taxes	\$ 1,138	\$ 794
Adjustments to provision for income taxes:		
Income tax effect of the above adjustments (g)	846	690
Other income tax adjustments (h)	(1)	46
Total adjustments to provision for income taxes	<u>845</u>	<u>736</u>
Non-GAAP provision for income taxes	<u>\$ 1,983</u>	<u>\$ 1,530</u>
GAAP tax as a percentage of income before taxes	14.5 %	10.8 %
Adjustments to provision for income taxes:		
Income tax effect of the above adjustments (g)	2.0	2.6
Other income tax adjustments (h)	0.0	0.4
Total adjustments to provision for income taxes	<u>2.0</u>	<u>3.0</u>
Non-GAAP tax as a percentage of income before taxes	<u>16.5 %</u>	<u>13.8 %</u>
GAAP net income	\$ 6,717	\$ 6,552
Adjustments to net income:		
Adjustments to income before income taxes, net of the income tax effect	3,316	3,064
Other income tax adjustments (h)	1	(46)
Total adjustments to net income	<u>3,317</u>	<u>3,018</u>
Non-GAAP net income	<u>\$ 10,034</u>	<u>\$ 9,570</u>

Note: Numbers may not add due to rounding



Amgen Inc.
GAAP to Non-GAAP Reconciliations
(Dollars in millions, except per-share data)
(Unaudited)

	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 twelve months ended December 31, 2023, the adjustments related primarily to acquisition-related costs related to our Horizon acquisition.
- (c) For the 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 twelve months ended December 31, 2022, the adjustments related primarily to cumulative foreign currency translation adjustments from the divestiture of Gensenta.
- (e) For the 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 twelve months ended December 31, 2023, was 20.3% compared to 18.4% for the prior year.
- (h) The adjustments related to certain acquisition items, prior period and other items excluded from GAAP earnings.