

2021 Annual Meeting of Stockholders

May 18, 2021





RECONCILIATIONS

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

GAAP cost of sales
Adjustments to cost of sales:
 Acquisition-related expenses (a)

Non-GAAP cost of sales
GAAP cost of sales as a percentage of product sales

Acquisition-related expenses (a)

Non-GAAP cost of sales as a percentage of product sales
GAAP research and development expenses
Adjustments to research and development expenses:

Acquisition-related expenses (a)

Certain net charges pursuant to our restructuring initiatives

Total adjustments to research and development expenses
Non-GAAP research and development expenses
GAAP research and development expenses as a percentage of product sales

Acquisition-related expenses (a)

Certain net charges pursuant to our restructuring initiatives

Non-GAAP research and development expenses as a percentage of product sales
GAAP selling, general and administrative expenses
Adjustments to selling, general and administrative expenses:

Acquisition-related expenses (a)

Certain net charges pursuant to our restructuring initiatives

Other

Total adjustments to selling, general and administrative expenses
Non-GAAP selling, general and administrative expenses
GAAP selling, general and administrative expenses as a percentage of product sales

Acquisition-related expenses (a)

Certain net charges pursuant to our restructuring initiatives

Other

Non-GAAP selling, general and administrative expenses as a percentage of product sales
GAAP operating expenses
Adjustments to operating expenses:

Adjustments to cost of sales

Adjustments to research and development expenses

Adjustments to selling, general and administrative expenses

Certain net charges pursuant to our restructuring initiatives

Certain other expenses (b)

Total adjustments to operating expenses
Non-GAAP operating expenses

Provided May 18, 2021, 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.

**Years ended
December 31,**

2020 2019

\$ 6,159	\$ 4,356
(2,797)	(1,291)
<u>\$ 3,362</u>	<u>\$ 3,065</u>
25.4%	19.6%
-11.5	-5.8
<u>13.9%</u>	<u>13.8%</u>

\$ 4,207	\$ 4,116
(120)	(87)
<u>(2)</u>	<u>(2)</u>
<u>\$ 4,085</u>	<u>\$ 4,027</u>
17.4%	18.5%
-0.5	-0.4
0.0	0.0
<u>16.9%</u>	<u>18.1%</u>

\$ 5,730	\$ 5,150
(85)	(38)
-	1
<u>(2)</u>	<u>-</u>
<u>\$ 5,643</u>	<u>\$ 5,113</u>

23.6%	23.2%
-0.3	-0.2
0.0	0.0
0.0	0.0
<u>23.3%</u>	<u>23.0%</u>

\$ 16,285	\$ 13,688
(2,797)	(1,291)
<u>(122)</u>	<u>(89)</u>
<u>(87)</u>	<u>(37)</u>
5	(44)
<u>(194)</u>	<u>(22)</u>
<u>\$ 13,195</u>	<u>\$ 14,483</u>
<u>\$ 13,090</u>	<u>\$ 12,205</u>

GAAP operating income

Adjustments to operating expenses

Non-GAAP operating income

GAAP operating income as a percentage of product sales

Adjustments to cost of sales

Adjustments to research and development expenses

Adjustments to selling, general and administrative expenses

Certain net charges pursuant to our restructuring initiatives

Certain other expenses (b)

Non-GAAP operating income as a percentage of product sales

GAAP interest and other income, net

Adjustments to interest and other income, net (c)

Non-GAAP interest and other income, net

GAAP income before income taxes

Adjustments to operating expenses

Adjustments to interest and other income, net

Non-GAAP income before income taxes

GAAP provision for income taxes

Adjustments to provision for income taxes:

Income tax effect of the above adjustments (d)

Other income tax adjustments (e)

Total adjustments to provision for income taxes

Non-GAAP provision for income taxes

GAAP tax as a percentage of income before taxes

Adjustments to provision for income taxes:

Income tax effect of the above adjustments (d)

Other income tax adjustments (e)

Total adjustments to provision for income taxes

Non-GAAP tax as a percentage of income before taxes

GAAP net income

Adjustments to net income:

Adjustments to income before income taxes, net of the income tax effect

Other income tax adjustments (e)

Total adjustments to net income

Non-GAAP net income

**Years ended
December 31,**

2020 2019

\$ 9,139	\$ 9,674
3,195	1,483
<u>\$ 12,334</u>	<u>\$ 11,157</u>

37.7%	43.6%
11.5	5.8
0.5	0.4
0.4	0.2
0.0	0.2
0.8	0.0
<u>50.9%</u>	<u>50.2%</u>

\$ 256	\$ 753
37	-
<u>\$ 293</u>	<u>\$ 753</u>

\$ 8,133	\$ 9,138
3,195	1,483
<u>37</u>	<u>-</u>
<u>\$ 11,365</u>	<u>\$ 10,621</u>

\$ 869	\$ 1,296
634	329
67	(32)
<u>701</u>	<u>297</u>
<u>\$ 1,570</u>	<u>\$ 1,593</u>

10.7%	14.2%
2.5	1.1
0.6	-0.3
3.1	0.8
<u>13.8%</u>	<u>15.0%</u>

\$ 7,264	\$ 7,842
2,598	1,154
(67)	32
<u>2,531</u>	<u>1,186</u>
<u>\$ 9,795</u>	<u>\$ 9,028</u>

Note: Numbers may not add due to rounding



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

	Years ended		Years ended	
	December 31, 2020		December 31, 2019	
	GAAP	Non-GAAP	GAAP	Non-GAAP
Net income.....	\$ 7,264	\$ 9,795	\$ 7,842	\$ 9,028
Weighted-average shares for diluted EPS.....	590	590	609	609
Diluted earnings per share.....	\$ 12.31	\$ 16.60	\$ 12.88	\$ 14.82

- (a) The adjustments related primarily to noncash amortization of intangible assets from business acquisitions.
- (b) For the twelve months ended December 31, 2020, the adjustments related primarily to legal matters. For the twelve months ended December 31, 2019, the adjustments related primarily to an impairment charge associated with a nonkey in-process research and development asset.
- (c) For the twelve months ended December 31, 2020, the adjustments related to the amortization of the basis difference from our BeiGene equity method investment, partially offset by a gain from legal judgment proceeds.
- (d) 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, whereas the tax impact of other adjustments, including restructuring 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 rates for the adjustments to our GAAP income before income taxes, for the twelve months ended December 31, 2020 and 2019, were 19.6% and 22.2%, respectively.
- (e) The adjustments related to certain acquisition items and prior period items excluded from GAAP earnings.