**UNITED STATES**

**SECURITIES AND EXCHANGE COMMISSION**

**Washington, DC 20549**

**FORM 8-K**

**CURRENT REPORT**

**PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**Date of Report (Date of earliest event reported): March 2, 2023**

**AMNEAL PHARMACEUTICALS, INC.**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | (Exact name of registrant as specified in its charter) | | | | |  |
| **Delaware** | **001-38485** | | |  |  | **32-0546926** |
| (State or other jurisdiction |  |  | (Commission File Number) |  |  | (IRS Employer |
| of incorporation) |  |  |  |  |  | Identification No.) |

**400 Crossing Blvd**

**Bridgewater, NJ 08807**

(Address of principal executive offices) (Zip Code)

**Registrant’s telephone number, including area code: (908) 947-3120**

**N/A**

**(Former Name or Former Address, if Changed Since Last Report)**

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

* Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
* Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
* Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
* Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

**Title of each class**

**Trading Symbol(s)**

**Name of each exchange on which registered**

Class A Common Stock, par value $0.01 per share

AMRX

New York Stock Exchange

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐



**Item 2.02** **Results of Operations and Financial Condition.**

On March 2, 2023, Amneal Pharmaceuticals, Inc. (the “Company”) issued a press release announcing its results for the fourth quarter and full year ended December 31, 2022. A copy of the press release is attached hereto as Exhibit 99.1 and incorporated by reference herein.

The information in this report furnished pursuant to Item 2.02, including Exhibit 99.1 attached hereto, shall not be deemed “filed” for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liabilities of that section. It may only be incorporated by reference in another filing under the Exchange Act or the Securities Act of 1933, as amended (the "Securities Act"), if such subsequent filing specifically references the information furnished pursuant to Item 2.02 of this report.

**Item 7.01** **Regulation FD Disclosure.**

Amneal will host a conference call and live webcast at 8:30 am Eastern Time today, March 2, 2023, to discuss its results. The live webcast and presentation will be accessible through the Investor Relations section of the Company’s website at https://investors.amneal.com. To access the call through a conference line, dial (844) 200-6205 (in the U.S.) or (929) 526-1599 (international callers). The access code for the call is 477511. A replay of the conference call will be posted shortly after the call and will be available for seven days. To access the replay, dial (866) 813-9403 (in the U.S.) or +44 (204) 525-0658 (international callers). The access code for the replay is 942331.

The information in this report furnished pursuant to Item 7.01 shall not be deemed “filed” for the purposes of Section 18 of the Exchange Act or otherwise subject to the liabilities of that section. It may only be incorporated by reference in another filing under the Exchange Act or the Securities Act if such subsequent filing specifically references the information furnished pursuant to Item 7.01 of this report.

**Item 9.01** **Financial Statements and Exhibits.**

(d) Exhibits.

The following exhibits are furnished herewith:

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Exhibit No.** | | | | **Description** | |
| 99.1 | | |  | Press release issued March 2, 2023. | |
|  |  |  |  |  |  |
|  | 104 |  |  | The cover page from this Current Report on Form 8-K, formatted in Inline XBRL. | |
|  |  |  |  |  |  |



**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

|  |  |  |
| --- | --- | --- |
| Date: March 2, 2023 | AMNEAL PHARMACEUTICALS, INC. | |
|  | By: | /s/ Anastasios Konidaris |
|  | Name: | Anastasios Konidaris |
|  | Title: | Executive Vice President and Chief Financial Officer |
|  |  | (Principal Financial and Accounting Officer) |

**Exhibit 99.1**



**AMNEAL REPORTS FOURTH QUARTER AND FULL YEAR 2022 FINANCIAL RESULTS**

*‒ Q4 2022 Net Revenue of $610 million; GAAP Net Loss of $4 million; Diluted Loss per Share of $0.03 ‒*

*‒ Q4 2022 Adjusted Net Income of $71 million (1), Adjusted EBITDA (1) of $154 million; Adjusted Diluted EPS (1) of $0.23 ‒*

*‒ Full Year 2022 Net Revenue of $2.21 billion; GAAP Net Loss of $130 million; Diluted Loss per Share of $0.86 ‒*

*‒ Full Year 2022 Adjusted Net Income of $208 million (1); Adjusted EBITDA (1) of $514 million; Adjusted Diluted EPS (1) of $0.68 ‒*

* *Provides 2023 Financial Guidance of $2.25 to $2.35 billion in net revenue and $500 to $530 million in adjusted EBITDA –*

**BRIDGEWATER, NJ, March 2, 2023 - Amneal Pharmaceuticals, Inc. (NYSE: AMRX)** (“Amneal” or the “Company”) announced its results today for the fourthquarter and full year ended December 31, 2022.

“2022 was a year of solid execution and very good progress in advancing key strategic priorities marked by a robust cadence of new innovations in Generics, scaling our injectables portfolio, advancing our Specialty pipeline and entering the U.S. biosimilars market. Furthermore, we are creating the foundation for international expansion, primarily in Europe and India. We enter 2023 poised for continued momentum, including the upcoming IPX203 launch for Parkinson’s, continued biosimilars uptake, and key complex generics launches. Taken altogether, we expect these new growth drivers will build upon and significantly expand our reach in making healthy possible,” said Chirag and Chintu Patel, Co-Chief Executive Officers.

Net revenue in the fourth quarter of 2022 was $610 million, an increase of 14% compared to $537 million in the fourth quarter of 2021. The increase was driven by Generic new product launches, expansion of the AvKARE distribution channel and strong performance of promoted Specialty products. Net loss attributable to Amneal Pharmaceuticals, Inc. was $4 million in the fourth quarter of 2022 compared to a net loss of $6 million in the fourth quarter of 2021. Adjusted EBITDA(1) in the fourth quarter of 2022 was $154 million, an increase of 26% compared to the fourth quarter of 2021, reflective of stronger revenue performance and stable operating expenses. Diluted loss per share in the fourth quarter of 2022 was $0.03, a decrease of 25% from a loss of $0.04 for the fourth quarter of 2021. Adjusted diluted EPS(1) in the fourth quarter of 2022 was $0.23, an increase of 35% from $0.17 in the fourth quarter of 2021.

Net revenue for the year ended December 31, 2022 was $2.21 billion, an increase of 6% compared to $2.09 billion for the year ended December 31, 2021. Revenue growth was driven by Generic new product launches, strong performance of key products including Rytary® and Unithroid®, and expansion of the AvKARE business. Net loss attributable to Amneal Pharmaceuticals, Inc. was $130 million for the year ended December 31, 2022 compared to net income of $11 million for the year ended December 31, 2021. Net loss for the year ended December 31, 2022 included a $263 million pre-tax charge for settlement of the Opana® anti-trust litigation. Adjusted EBITDA(1) for the year ended December 31, 2022 was $514 million, an increase of $2 million compared to the year ended December 31, 2021, reflective of revenue growth offset by lower adjusted gross margin due to unfavorable product mix and investments to drive upcoming new product launches. Diluted loss per share for the year ended December 31, 2022 was $0.86 compared to diluted income per share of $0.07 for the year ended December 31, 2021. Adjusted diluted EPS(1) in the year ended December 31, 2022 was $0.68, a decrease of 13% from $0.78 for the year ended December 31, 2021.

1. See “Non-GAAP Financial Measures” below.

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**2023 Financial Guidance**

|  |  |  |  |
| --- | --- | --- | --- |
|  |  | **Full Year 2023 Guidance** | |
|  |  |  |  |
| Net revenue | $2.25 billion - $2.35 billion | | |
| Adjusted EBITDA (1) | $500 million - $530 million | | |
| Adjusted diluted EPS (2) | $0.40 - $0.50 | |  |
| Operating cash flow (3) | $200 million - $230 million | | |
| Capital expenditures |  | $50 million - $60 million | |
| Weighted average diluted shares outstanding (4) | Approximately 307 million | | |

1. Includes 100% of EBITDA from the AvKARE acquisition.
2. Accounts for 35% non-controlling interest in AvKARE.
3. Represents cash provided by operating activities. Guidance does not contemplate one-time and non-recurring items such as legal settlements and other discrete items.
4. Assumes the weighted average diluted shares outstanding of class A and class B common stock under the if-converted method.

Amneal’s 2023 estimates are based on management’s current expectations, including with respect to prescription trends, pricing levels, the timing of future product launches, the costs incurred and benefits realized of restructuring activities, and our long-term strategy. The Company’s financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”). The Company cannot provide a reconciliation between non-GAAP projections and the most directly comparable measures in accordance with GAAP without unreasonable efforts because it is unable to predict with reasonable certainty the ultimate outcome of certain significant items required for the reconciliation. The items include, but are not limited to, acquisition-related expenses, restructuring expenses and benefits, asset impairments and other gains and losses. These items are uncertain, depend on various factors, and could have a material impact on GAAP reported results.

**Conference Call Information**

Amneal will host a conference call and live webcast at 8:30 am Eastern Time today, March 2, 2023, to discuss its results. The live webcast and presentation will be accessible through the Investor Relations section of the Company’s website at https://investors.amneal.com. To access the call through a conference line, dial (844) 200-6205 (in the U.S.) or (929) 526-1599 (international callers). The access code for the call is 477511. A replay of the conference call will be posted shortly after the call and will be available for seven days. To access the replay, dial (866) 813-9403 (in the U.S.) or +44 (204) 525-0658 (international callers). The access code for the replay is 942331.

Amneal Pharmaceuticals, Inc. (NYSE: AMRX), headquartered in Bridgewater, NJ, is a fully integrated global essential medicines company. We make healthy possible through the development, manufacturing, and distribution of a diverse portfolio of approximately 270 generic and specialty pharmaceuticals, primarily within the United States. In its Generics segment, the Company is expanding across a broad range of complex product categories and therapeutic areas, including injectables and biosimilars. In its Specialty segment, Amneal has a growing portfolio of branded pharmaceuticals focused primarily on central nervous system and endocrine disorders, with a pipeline focused on unmet needs. Through its AvKARE segment, the Company is a distributor of pharmaceuticals and other products for the U.S. federal government, retail, and institutional markets. For more information, please visit www.amneal.com.

**Cautionary Statement on Forward-Looking Statements**

Certain statements contained herein, regarding matters that are not historical facts, may be forward-looking statements (as defined in the U.S. Private Securities Litigation Reform Act of 1995). Such forward-looking statements include statements regarding management’s intentions, plans, beliefs, expectations or forecasts for the future, including among other things: discussions of future operations, including international expansion; expected or estimated operating results and financial performance; the Company’s growth prospects and opportunities as well as its strategy for growth; product development and launches; the successful commercialization and market acceptance of new products, and other non-historical statements. Words such as “plans,” “expects,” “will,” “anticipates,” “estimates,” and similar words, or the negatives thereof, are intended to identify estimates and forward-looking statements.

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The reader is cautioned not to rely on these forward-looking statements. These forward-looking statements are based on current expectations of future events, including with respect to future market conditions, company performance and financial results, operational investments, business prospects, new strategies and growth initiatives, the competitive environment, and other events. If the underlying assumptions prove inaccurate or known or unknown risks or uncertainties materialize, actual results could vary materially from the expectations and projections of the Company.

Such risks and uncertainties include, but are not limited to: our ability to successfully develop, license, acquire and commercialize new products on a timely basis; the competition we face in the pharmaceutical industry from brand and generic drug product companies, and the impact of that competition on our ability to set prices; our ability to obtain exclusive marketing rights for our products; our ability to manage our growth through acquisitions and otherwise; our revenues are derived from the sales of a limited number of products, a substantial portion of which are through a limited number of customers; the continuing trend of consolidation of certain customer groups; our dependence on third-party suppliers and distributors for raw materials for our products and certain finished goods; our substantial amount of indebtedness and our ability to generate sufficient cash to service our indebtedness in the future, and the impact of interest rate fluctuations on such indebtedness; our ability to secure satisfactory terms when negotiating a refinancing or other new indebtedness; our dependence on third-party agreements for a portion of our product offerings; legal, regulatory and legislative efforts by our brand competitors to deter competition from our generic alternatives; risks related to federal regulation of arrangements between manufacturers of branded and generic products; our reliance on certain licenses to proprietary technologies from time to time; the significant amount of resources we expend on research and development; the risk of product liability and other claims against us by consumers and other third parties; risks related to changes in the regulatory environment, including U.S. federal and state laws related to healthcare fraud abuse and health information privacy and security and changes in such laws; changes to Food and Drug Administration product approval requirements; the impact of healthcare reform and changes in coverage and reimbursement levels by governmental authorities and other third-party payers; our potential expansion into additional international markets subjecting us to increased regulatory, economic, social and political uncertainties; our ability to identify, make and integrate acquisitions or investments in complementary businesses and products on advantageous terms; the impact of global economic, political or other catastrophic events; our ability to attract, hire and retain highly skilled personnel; our obligations under a tax receivable agreement may be significant; and the high concentration of ownership of our Class A Common Stock and the fact that we are controlled by the Amneal Group. The forward-looking statements contained herein are also subject generally to other risks and uncertainties that are described from time to time in the Company’s filings with the Securities and Exchange Commission, including under Item 1A, “Risk Factors” in the Company’s most recent Annual Report on Form 10-K and in its subsequent reports on Forms 10-Q and 8-K. Investors are cautioned not to place undue reliance on any such forward-looking statements, which speak only as of the date they are made. Forward-looking statements included herein speak only as of the date hereof and we undertake no obligation to revise or update such statements to reflect the occurrence of events or circumstances after the date hereof.

**Non-GAAP Financial Measures**

This release includes certain non-GAAP financial measures, including EBITDA, adjusted EBITDA, adjusted net income, adjusted diluted earnings per share, adjusted gross profit, adjusted gross margin, adjusted operating income, adjusted cost of goods sold, adjusted selling general and administrative expense, and adjusted research and development expense, which are intended as supplemental measures of the Company’s performance that are not required by or presented in accordance with GAAP. The calculation of non-GAAP adjusted diluted earnings per share assumes the conversion of all outstanding shares of class B Common Stock to shares of class A Common Stock under the if-converted method.

Management uses these non-GAAP measures internally to evaluate and manage the Company’s operations and to better understand its business because they facilitate a comparative assessment of the Company’s operating performance relative to its performance based on results calculated under GAAP. These non-GAAP measures also isolate the effects of some items that vary from period to period without any correlation to core operating performance and eliminate certain charges that management believes do not reflect the Company’s operations and underlying operational performance. The compensation committee of the Company’s board of directors also uses certain of these measures to evaluate management’s performance and set its compensation. The Company believes that these non-GAAP measures also provide useful information to investors regarding certain financial and business trends relating to the Company’s financial condition and operating results facilitates an evaluation of the financial performance of the Company and its operations on a consistent basis. Providing this information therefore allows investors to make independent assessments of the Company’s financial performance, results of operations and trends while viewing the information through the eyes of management.

As previously disclosed, beginning in the first quarter of 2022, we no longer exclude research and development milestone expenses related to license and collaboration agreements from our non-GAAP financial measures and our line item components, including adjusted research and development, adjusted EBITDA, adjusted operating income, adjusted net income and adjusted earnings per

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share. Prior period adjusted results have been revised to reflect this change. Refer to our Form 8-K filed with the Securities and Exchange Commission on May 4, 2022 for a full reconciliation of previously reported non-GAAP results to revised non-GAAP results for prior periods.

These non-GAAP measures are subject to limitations. The non-GAAP measures presented in this release may not be comparable to similarly titled measures used by other companies because other companies may not calculate one or more in the same manner. Additionally, the non-GAAP performance measures exclude significant expenses and income that are required by GAAP to be recorded in the Company’s financial statements; do not reflect changes in, or cash requirements for, working capital needs; and do not reflect interest expense, or the requirements necessary to service interest or principal payments on debt. Further, our historical adjusted results are not intended to project our adjusted results of operations or financial position for any future period. To compensate for these limitations, management presents and considers these non-GAAP measures in conjunction with the Company’s GAAP results; no non-GAAP measure should be considered in isolation from or as alternatives to net income, diluted earnings per share, gross profit, gross margin, operating income, cost of goods sold, selling general and administrative expense, and research and development expense or any other measure determined in accordance with GAAP. Readers should review the reconciliations included below, and should not rely on any single financial measure to evaluate the Company’s business.

A reconciliation of each historical non-GAAP measure to the most directly comparable GAAP measure is set forth below.

**Contact**

Anthony DiMeo

Head of Investor Relations

anthony.dimeo@amneal.com

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**Amneal Pharmaceuticals, Inc.**

**Consolidated Statements of Operations**

**(Unaudited; In thousands, except per share amounts)**

|  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Three Months Ended December 31,** | | | | | |  | **Year Ended** | | |  |  |
|  |  | **December 31,** | | |  |  |
|  |  | **2022** |  |  | **2021** |  |  | **2022** |  |  | **2021** |  |
| **Net revenue** | $ | 609,759 |  | $ | 536,896 |  | $ | 2,212,304 |  | $ | 2,093,669 |  |
| Cost of goods sold |  | 389,046 |  |  | 348,490 |  |  | 1,416,485 |  |  | 1,302,004 |  |
| Cost of goods sold impairment charges |  | 5,325 |  |  | 22,004 |  |  | 11,111 |  |  | 22,692 |  |
| **Gross profit** |  | 215,388 |  |  | 166,402 |  |  | 784,708 |  |  | 768,973 |  |
| Selling, general and administrative |  | 102,158 |  |  | 97,224 |  |  | 399,700 |  |  | 365,504 |  |
| Research and development |  | 41,907 |  |  | 51,874 |  |  | 195,688 |  |  | 201,847 |  |
| In-process research and development impairment charges |  | 12,970 |  |  | — | |  | 12,970 |  |  | 710 |  |
| Intellectual property legal development expenses |  | 1,362 |  |  | 1,142 |  |  | 4,358 |  |  | 7,716 |  |
| Acquisition, transaction-related and integration expenses |  | (5) |  |  | 836 |  |  | 709 |  |  | 8,055 |  |
| Restructuring and other charges |  | 109 |  |  | 1,069 |  |  | 1,421 |  |  | 1,857 |  |
| Change in fair value of contingent consideration |  | 2,226 |  |  | (100) |  |  | 731 |  |  | 200 |  |
| (Insurance recoveries) charges for property losses and associated expenses, net |  | — | |  | (2,818) |  |  | (1,911) |  |  | 5,368 |  |
| Charges related to legal matters, net |  | 20,094 |  |  | 6,000 |  |  | 269,930 |  |  | 25,000 |  |
| Other operating income |  | (1,465) |  |  | — | |  | (3,960) |  |  | — |  |
| **Operating (loss) income** |  | 36,032 |  |  | 11,175 |  |  | (94,928) |  |  | 152,716 |  |
| Other (expense) income: |  |  |  |  |  |  |  |  |  |  |  |  |
| Interest expense, net |  | (47,028) |  |  | (33,957) |  |  | (158,377) |  |  | (136,325) |  |
| Foreign currency exchange gain (loss), net |  | 569 |  |  | (170) |  |  | (12,364) |  |  | (355) |  |
| Loss on refinancing - revolving credit facility |  | — | |  | — | |  | (291) |  |  | — |  |
| Other income, net |  | 2,772 |  |  | 6,633 |  |  | 17,833 |  |  | 15,330 |  |
| **Total other expense, net** |  | (43,687) |  |  | (27,494) |  |  | (153,199) |  |  | (121,350) |  |
| (Loss) income before income taxes |  | (7,655) |  |  | (16,319) |  |  | (248,127) |  |  | 31,366 |  |
| (Benefit from) provision for income taxes |  | (1,797) |  |  | 4,140 |  |  | 6,662 |  |  | 11,196 |  |
| **Net (loss) income** |  | (5,858) |  |  | (20,459) |  |  | (254,789) |  |  | 20,170 |  |
| Less: Net loss (income) attributable to non-controlling interests |  | 1,525 |  |  | 14,082 |  |  | 125,241 |  |  | (9,546) |  |
| **Net (loss) income attributable to Amneal Pharmaceuticals, Inc. before accretion of redeemable non-** |  | (4,333) |  |  | (6,377) |  |  | (129,548) |  |  | 10,624 |  |
| **controlling interest** |  |  |  |  |  |  |  |  |  |  |  |  |
| Accretion of redeemable non-controlling interest |  | — | |  | — | |  | (438) |  |  | — |  |
| **Net (loss) income attributable to Amneal Pharmaceuticals, Inc.** | $ | (4,333) |  | $ | (6,377) |  | $ | (129,986) |  | $ | 10,624 |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Net (loss) income per share attributable to Amneal Pharmaceuticals, Inc.'s Class A common** |  |  |  |  |  |  |  |  |  |  |  |  |
| **stockholders:** |  |  |  |  |  |  |  |  |  |  |  |  |
| Basic | $ | (0.03) |  | $ | (0.04) |  | $ | (0.86) |  | $ | 0.07 |  |
| Diluted |  |  |  |  |  |  |  |  |  |  |  |  |
| $ | (0.03) |  | $ | (0.04) |  | $ | (0.86) |  | $ | 0.07 |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
| Weighted-average common shares outstanding: |  |  |  |  |  |  |  |  |  |  |  |  |
| Basic |  | 151,476 |  |  | 149,369 |  |  | 150,944 |  |  | 148,922 |  |
| Diluted |  | 151,476 |  |  | 149,369 |  |  | 150,944 |  |  | 151,821 |  |

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**Amneal Pharmaceuticals, Inc.**

**Condensed Consolidated Balance Sheets**

**(Unaudited; In thousands)**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | **December 31,** |  |  |  | **December 31,** |  |
|  | **2022** |  |  |  | **2021** |  |
| **Assets** |  |  |  |  |  |  |
| Current assets: |  |  |  |  |  |  |
| Cash and cash equivalents | $ | 25,976 |  | $ | 247,790 |  |
| Restricted cash |  | 9,251 |  |  | 8,949 |  |
| Trade accounts receivable, net |  | 741,791 |  |  | 662,583 |  |
| Inventories |  | 530,735 |  |  | 489,389 |  |
| Prepaid expenses and other current assets |  | 103,565 |  |  | 110,218 |  |
| Related party receivables |  | 500 |  |  | 1,179 |  |
| Total current assets |  | 1,411,818 |  |  | 1,520,108 |  |
| Property, plant and equipment, net |  | 469,815 |  |  | 514,158 |  |
| Goodwill |  | 598,853 |  |  | 593,017 |  |
| Intangible assets, net |  | 1,096,093 |  |  | 1,166,922 |  |
| Operating lease right-of-use assets |  | 38,211 |  |  | 39,899 |  |
| Operating lease right-of-use assets - related party |  | 17,910 |  |  | 20,471 |  |
| Financing lease right-of-use assets |  | 63,424 |  |  | 64,475 |  |
| Other assets |  | 103,217 |  |  | 20,614 |  |
| Total assets | $ | 3,799,341 |  | $ | 3,939,664 |  |
| **Liabilities and Stockholders’ Equity** |  |  |  |  |  |  |
|  |  |  |  |  |  |
| Current liabilities: |  |  |  |  |  |  |
| Accounts payable and accrued expenses | $ | 538,199 |  | $ | 525,345 |  |
| Current portion of liabilities for legal matters |  | 107,483 |  |  | 58,000 |  |
| Revolving credit facility |  | 60,000 |  |  | — |  |
| Current portion of long-term debt, net |  | 29,961 |  |  | 30,614 |  |
| Current portion of operating lease liabilities |  | 8,321 |  |  | 9,686 |  |
| Current portion of operating and financing lease liabilities - related party |  | 2,869 |  |  | 2,636 |  |
| Current portion of financing lease liabilities |  | 3,488 |  |  | 3,101 |  |
| Related party payables - short term |  | 2,479 |  |  | 47,861 |  |
| Total current liabilities |  | 752,800 |  |  | 677,243 |  |
| Long-term debt, net |  | 2,591,981 |  |  | 2,680,053 |  |
| Note payable - related party |  | 39,706 |  |  | 38,038 |  |
| Operating lease liabilities |  | 32,126 |  |  | 32,894 |  |
| Operating lease liabilities - related party |  | 15,914 |  |  | 18,783 |  |
| Financing lease liabilities |  | 60,769 |  |  | 60,251 |  |
| Related party payable - long term |  | 9,649 |  |  | 9,619 |  |
| Other long-term liabilities |  | 87,468 |  |  | 38,903 |  |
| Total long-term liabilities |  | 2,837,613 |  |  | 2,878,541 |  |
| Redeemable non-controlling interests |  | 24,949 |  |  | 16,907 |  |
| Total stockholders' equity |  | 183,979 |  |  | 366,973 |  |
| Total liabilities and stockholders' equity | $ | 3,799,341 |  | $ | 3,939,664 |  |
|  |  |  |  |  |  |  |

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**Amneal Pharmaceuticals, Inc.**

**Consolidated Statements of Cash Flows**

**(Unaudited; In thousands)**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | **Years Ended December 31,** | | | |  |  |
|  | **2022** |  |  | **2021** |  |  |
| **Cash flows from operating activities:** |  |  |  |  |  |  |
| Net (loss) income | $ | (254,789) |  | $ | 20,170 |  |
| Adjustments to reconcile net (loss) income to net cash provided by operating activities: |  |  |  |  |  |  |
| Depreciation and amortization |  | 240,175 |  |  | 233,406 |  |
| Unrealized foreign currency loss (gain) |  | 15,190 |  |  | 175 |  |
| Amortization of debt issuance costs and discount |  | 8,595 |  |  | 9,203 |  |
| Loss on refinancing - revolving credit facility |  | 291 |  |  | — |  |
| Intangible asset impairment charges |  | 24,081 |  |  | 23,402 |  |
| Change in fair value of contingent consideration |  | 731 |  |  | 200 |  |
| Stock-based compensation |  | 31,847 |  |  | 28,412 |  |
| Inventory provision |  | 51,096 |  |  | 54,660 |  |
| Insurance recoveries for property and equipment losses |  | (1,000) |  |  | (5,000) |  |
| Non-cash property losses |  | — | |  | 5,152 |  |
| Other operating charges and credits, net |  | 8,828 |  |  | 5,633 |  |
| Changes in assets and liabilities: |  |  |  |  |  |  |
| Trade accounts receivable, net |  | (79,717) |  |  | (23,621) |  |
| Inventories |  | (102,396) |  |  | (49,015) |  |
| Prepaid expenses, other current assets and other assets |  | 9,882 |  |  | (21,981) |  |
| Related party receivables |  | 646 |  |  | 7,311 |  |
| Accounts payable, accrued expenses and other liabilities |  | 109,568 |  |  | (43,932) |  |
| Related party payables |  | 2,072 |  |  | (2,355) |  |
| Net cash provided by operating activities |  | 65,100 |  |  | 241,820 |  |
| **Cash flows from investing activities:** |  |  |  |  |  |  |
| Purchases of property, plant and equipment |  | (46,407) |  |  | (47,728) |  |
| Acquisition of intangible assets |  | (41,800) |  |  | (1,700) |  |
| Deposits for future acquisition of property, plant, and equipment |  | (2,388) |  |  | (3,211) |  |
| Acquisitions of businesses, net of cash acquired |  | (84,714) |  |  | (146,543) |  |
| Proceeds from insurance recoveries for property and equipment losses |  | 1,000 |  |  | 5,000 |  |
| Net cash used in investing activities |  | (174,309) |  |  | (194,182) |  |
| **Cash flows from financing activities:** |  |  |  |  |  |  |
| Payments of deferred financing and refinancing costs |  | (1,663) |  |  | — |  |
| Payments of principal on debt, revolving credit facility, financing leases and other |  | (123,272) |  |  | (78,086) |  |
| Borrowings on revolving credit facility |  | 85,000 |  |  | — |  |
| Proceeds from exercise of stock options |  | 662 |  |  | 853 |  |
| Employee payroll tax withholding on restricted stock unit vesting |  | (3,571) |  |  | (2,664) |  |
| Payments of deferred consideration for acquisitions - related party |  | (44,498) |  |  | — |  |
| Acquisition of redeemable non-controlling interests |  | (1,722) |  |  | — |  |
| Tax distributions to non-controlling interest |  | (17,556) |  |  | (57,132) |  |
| Payments of principal on financing lease - related party |  | — | |  | (93) |  |
| Repayment of related party note |  | — | |  | (1,000) |  |
| Net cash used in financing activities |  | (106,620) |  |  | (138,122) |  |
| Effect of foreign exchange rate on cash |  | (5,683) |  |  | 102 |  |
| Net decrease in cash, cash equivalents, and restricted cash |  | (221,512) |  |  | (90,382) |  |
| Cash, cash equivalents, and restricted cash - beginning of period |  | 256,739 |  |  | 347,121 |  |
| Cash, cash equivalents, and restricted cash - end of period | $ | 35,227 |  | $ | 256,739 |  |
| Cash and cash equivalents - end of period |  |  |  |  |  |  |
| $ | 25,976 |  | $ | 247,790 |  |
| Restricted cash - end of period | $ | 9,251 |  | $ | 8,949 |  |
| Cash, cash equivalents, and restricted cash - end of period | $ | 35,227 |  | $ | 256,739 |  |
|  |  |  |  |  |  |  |

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**Amneal Pharmaceuticals, Inc.**

**Non-GAAP Reconciliations**

**(Unaudited, In thousands)**

**Reconciliation of Net (Loss) Income to EBITDA and Adjusted EBITDA (1)**

|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Three Months Ended December 31,** | | | | | |  | **Year Ended December 31,** | | | |
|  |  |  |  |  |  |  |  |  |  |  |  |
|  | **2022** |  |  |  | **2021** |  |  | **2022** |  |  | **2021** |
|  |  |  |  |  |  |  |  |  |  |  |  |
| **Net (loss) income** | $ | (5,858) |  | $ | (20,459) |  | $ | (254,789) |  | $ | 20,170 |
| Adjusted to add (deduct): |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |
| Interest expense, net |  | 47,028 |  |  | 33,957 |  |  | 158,377 |  |  | 136,325 |
| (Benefit from) provision for income taxes |  | (1,797) |  |  | 4,140 |  |  | 6,662 |  |  | 11,196 |
|  |  |  |  |  |  |  |  |  |  |  |  |
| Depreciation and amortization |  | 61,056 |  |  | 61,183 |  |  | 240,175 |  |  | 233,406 |
| **EBITDA (Non-GAAP)** | $ | 100,429 |  | $ | 78,821 |  | $ | 150,425 |  | $ | 401,097 |
|  |  |  |  |  |  |  |  |  |  |  |  |
| Adjusted to add (deduct): |  |  |  |  |  |  |  |  |  |  |  |
| Stock-based compensation expense |  | 7,831 |  |  | 7,742 |  |  | 31,847 |  |  | 28,412 |
|  |  |  |  |  |  |  |  |  |  |  |  |
| Acquisition, site closure, and idle facility expenses (2) |  | 3,452 |  |  | 6,027 |  |  | 15,682 |  |  | 20,003 |
| Restructuring and other charges |  | 109 |  |  | — | |  | 1,378 |  |  | 788 |
|  |  |  |  |  |  |  |  |  |  |  |  |
| Loss on refinancing |  | — | |  | — | |  | 291 |  |  | — |
| Inventory related charges |  | — | |  | 16 |  |  | — | |  | 261 |
|  |  |  |  |  |  |  |  |  |  |  |  |
| Charges related to legal matters, net (3) |  | 20,094 |  |  | 6,000 |  |  | 269,930 |  |  | 25,000 |
| Asset impairment charges (4) |  | 18,551 |  |  | 22,353 |  |  | 26,909 |  |  | 24,105 |
| Foreign exchange (gain) loss |  | (569) |  |  | 170 |  |  | 12,364 |  |  | 355 |
| Change in fair value of contingent consideration |  | 2,226 |  |  | (100) |  |  | 731 |  |  | 200 |
|  |  |  |  |  |  |  |  |  |  |  |  |
| (Insurance recoveries) charges for property losses and |  |  |  |  |  |  |  |  |  |  |  |
| associated expenses, net (5) |  | — | |  | (2,818) |  |  | (1,911) |  |  | 5,368 |
| Regulatory approval milestone |  | — | |  | — | |  | 5,000 |  |  | — |
|  |  |  |  |  |  |  |  |  |  |  |  |
| Other |  | 1,909 |  |  | 3,592 |  |  | 1,464 |  |  | 6,680 |
| **Adjusted EBITDA (Non-GAAP)** | $ | 154,032 |  | $ | 121,803 |  | $ | 514,110 |  | $ | 512,269 |
|  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |

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**Amneal Pharmaceuticals, Inc.**

**Non-GAAP Reconciliations**

**(Unaudited; In thousands, except per share amounts)**

**Reconciliation of Net (Loss) Income to Adjusted Net Income and Calculation of Adjusted Diluted Earnings per Share (1)**

|  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **Three Months Ended December 31,** | | | | |  | **Year Ended December 31,** | | | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **2022** |  |  | **2021** |  |  | **2022** |  |  | **2021** |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Net (loss) income** | $ | (5,858) |  | $ | (20,459) |  | $ | (254,789) |  | $ | 20,170 |  |
| Adjusted to add (deduct): |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
| Non-cash interest |  | 1,885 |  |  | 2,123 |  |  | 7,715 |  |  | 8,355 |  |
| GAAP (benefit from) provision for income taxes |  | (1,797) |  |  | 4,140 |  |  | 6,662 |  |  | 11,196 |  |
| Amortization |  | 42,851 |  |  | 41,543 |  |  | 164,997 |  |  | 164,069 |  |
| Stock-based compensation expense |  | 7,831 |  |  | 7,742 |  |  | 31,847 |  |  | 28,412 |  |
| Acquisition, site closure expenses, and idle facility expenses (2) |  | 3,452 |  |  | 6,027 |  |  | 15,682 |  |  | 20,003 |  |
| Restructuring and other charges |  | 109 |  |  | — | |  | 1,378 |  |  | 788 |  |
| Loss on refinancing |  | — | |  | — | |  | 291 |  |  | — |  |
| Inventory related charges |  | — | |  | 16 |  |  | — | |  | 261 |  |
| Charges related to legal matters, including interest, net (3) |  | 21,564 |  |  | 6,000 |  |  | 273,226 |  |  | 25,000 |  |
| Asset impairment charges (4) |  | 18,485 |  |  | 22,353 |  |  | 26,843 |  |  | 24,105 |  |
| Regulatory approval milestone |  | — | |  | — | |  | 5,000 |  |  | — |  |
| Change in fair value of contingent consideration |  | 2,226 |  |  | (100) |  |  | 731 |  |  | 200 |  |
| (Insurance recoveries) charges for property losses and |  |  |  |  |  |  |  |  |  |  |  |  |
| associated expenses (5) |  | — | |  | (2,818) |  |  | (1,911) |  |  | 5,368 |  |
| Other |  | 1,910 |  |  | 3,592 |  |  | 1,607 |  |  | 6,680 |  |
| Provision for income taxes (6) |  | (15,297) |  |  | (18,193) |  |  | (56,450) |  |  | (70,199) |  |
| Net income attributable to non-controlling interests not |  |  |  |  |  |  |  |  |  |  |  |  |
| associated with our class B common stock |  | (5,958) |  |  | (1,191) |  |  | (15,121) |  |  | (6,582) |  |
| **Adjusted net income (Non-GAAP)** | $ | 71,403 |  | $ | 50,775 |  | $ | 207,708 |  | $ | 237,826 |  |
| Weighted average diluted shares outstanding (Non-GAAP)(7) |  |  |  |  |  |  |  |  |  |  |  |  |
|  | 305,145 |  |  | 304,429 |  |  | 304,598 |  |  | 303,937 |  |
| **Adjusted diluted earnings per share (Non-GAAP)** | $ | 0.23 |  | $ | 0.17 |  | $ | 0.68 |  | $ | 0.78 |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |

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**Amneal Pharmaceuticals, Inc.**

**Non-GAAP Reconciliations**

**(Unaudited)**

**Explanations for Reconciliations of Net (Loss) Income to EBITDA and Adjusted EBITDA and**

**Net (Loss) Income to Adjusted Net Income and Calculation of Adjusted Diluted Earnings per Share**

1. Beginning in the first quarter of 2022, we no longer exclude research and development milestone expenses related to license and collaboration agreements from our non-GAAP financial measures and our line item components, including adjusted research and development, adjusted EBITDA, adjusted operating income, adjusted net income and adjusted diluted earnings per share. Prior period adjusted results have been revised to reflect this change. Refer to our Form 8-K filed on May 4, 2022 for additional information.

(2)

Acquisition, site closure, and idle facility expenses for the three months ended December 31, 2022 primarily included site closure costs associated with the planned cessation of manufacturing at our Hauppauge, NY facility. Acquisition, site closure, and idle facility expenses for the year ended December 31, 2022 primarily included (i) transaction and integration costs associated with the acquisition of the baclofen franchise from certain entities affiliated with Saol International Limited, which closed on February 9, 2022; (ii) integration costs associated with the acquisition of Puniska Healthcare Pvt. Ltd. (“Puniska”), which closed on November 2, 2021; and (iii) site closure costs associated with the planned cessation of manufacturing at our Hauppauge, NY facility. Acquisition, site closure, and idle facility expenses for the three months and year ended December 31, 2021 primarily included (i) transaction and integration costs associated with the acquisition of Kashiv Specialty Pharmaceuticals, LLC; (ii) integration costs associated with the acquisition of AvKARE; (iii) site closure costs associated with the planned cessation of manufacturing at our Hauppauge, NY facility; (iv) transaction and integration costs associated with the acquisition of Puniska; and (v) site closure expenses associated with damage from Tropical Storm Ida to two of our facilities in New Jersey.

(3)

For the three months ended December 31, 2022 charges related to legal matters, net primarily related to prescription opioid litigation. For the year ended December 31, 2022, charges related to legal matters, net, primarily included charges for (i) the settlements of the Opana ER® antitrust litigation and (ii) prescription opioid litigation, offset by insurance recoveries associated with class action shareholder lawsuits. For the three months and year ended December 31, 2021, charges related to legal matters, net were for legal claims in our Corporate segment.

1. Asset impairment charges for the three months and years ended December 31, 2022 and 2021 were associated with the write-offs of intangible assets and equipment, except for equipment discussed in (5) below.

(5)

(Insurance recoveries) charges for property losses and associated expenses, net for the year ended December 31, 2022 included $1.9 million of insurance recoveries for damage to two of our facilities in NJ from Tropical Storm Ida. Property losses and associated expenses, net for the three months and year ended December 31, 2021 were associated with damage from Tropical Storm Ida to two of our facilities in New Jersey, net of insurance recoveries. Expenses consisted of impairment of equipment and inventory, and repairs and maintenance and salaries and benefits.

(6)

The Non-GAAP effective tax rates for the three months ended December 31, 2022 and 2021 were 17.6% and 26.3%, respectively. The Non-GAAP tax rates for the years ended December 31, 2022 and 2021 were 21.4% and 22.7%, respectively.

(7)

Weighted average diluted shares outstanding consisted of class A common stock and class B common stock under the if-converted method.

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**Amneal Pharmaceuticals, Inc.**

**Generics Segment**

**Reconciliation of GAAP to Non-GAAP Operating Results (**1)

**(Unaudited; Table in thousands)**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **Three Months Ended December 31, 2022** | | | | | | |  |  | **Three Months Ended December 31, 2021** | | | | | | |  |
|  |  | As Reported |  |  | Adjustments |  |  | Non-GAAP |  |  | As Reported |  |  | Adjustments |  |  | Non-GAAP |  |
| Net revenue | $ | 399,165 |  | $ | — | | $ | 399,165 |  | $ | 346,266 |  | $ | — | | $ | 346,266 |  |
| Cost of goods sold (2) |  | 249,795 |  |  | (16,875) |  |  | 232,920 |  |  | 227,446 |  |  | (16,558) |  |  | 210,888 |  |
| Cost of goods sold impairment charges |  | — | |  | — | |  | — | |  | 22,004 |  |  | (22,004) |  |  | — |  |
| **Gross profit** |  | 149,370 |  |  | 16,875 |  |  | 166,245 |  |  | 96,816 |  |  | 38,562 |  |  | 135,378 |  |
| Gross margin % |  | 37.4 % |  |  |  |  |  | 41.6 % |  |  | 28.0 % |  |  |  |  |  | 39.1 % |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Selling, general and administrative (3) |  | 25,371 |  |  | (1,319) |  |  | 24,052 |  |  | 18,000 |  |  | (861) |  |  | 17,139 |  |
| Research and development (4) |  | 38,127 |  |  | (1,112) |  |  | 37,015 |  |  | 43,818 |  |  | (1,030) |  |  | 42,788 |  |
| In-process research and development impairment |  | 12,970 |  |  | (12,970) |  |  | — | |  | — | |  | — | |  | — |  |
| charges |  |  |  |  |  |  |  |  |  |
| Intellectual property legal development expenses |  | 1,332 |  |  | — | |  | 1,332 |  |  | 1,056 |  |  | — | |  | 1,056 |  |
| Acquisition, transaction-related and integration |  | 1 |  |  | (1) |  |  | — | |  | — | |  | — | |  | — |  |
| expenses |  |  |  |  |  |  |  |  |  |
| Restructuring and other charges |  | 108 |  |  | (108) |  |  | — | |  | — | |  | — | |  | — |  |
| Insurance recoveries for property losses and |  | — | |  | — | |  | — | |  | (2,818) |  |  | 2,818 |  |  | — |  |
| associated expenses, net (5) |  |  |  |  |  |  |  |  |  |
| Charges related to legal matters, net (6) |  | 19,958 |  |  | (19,958) |  |  | — | |  | — | |  | — | |  | — |  |
| Other operating income |  | (1,465) |  |  | — | |  | (1,465) |  |  | — | |  | — | |  | — |  |
| **Operating income** | $ | 52,968 |  | $ | 52,343 |  | $ | 105,311 |  | $ | 36,760 |  | $ | 37,635 |  | $ | 74,395 |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |

(1)

Operating results for the sale of Amneal products by AvKARE were included in our Generics segment.

1. Adjustments for the three months ended December 31, 2022 and 2021, respectively, were comprised of stock-based compensation expense ($1.2 million and $1.4 million), amortization expense ($12.4 million and $10.0 million), site closure and idle facility expenses ($2.7 million and $4.8 million), asset impairment charges ($0.3 million and $0.4 million), and other ($0.3 million and none).

(3)

Adjustments for the three months ended December 31, 2022 and 2021, respectively, were comprised of stock-based compensation expense (each $0.5 million) and site closure costs ($0.8 million and $0.4 million).

(4)

Adjustments for the three months ended December 31, 2022 and 2021 were comprised of stock-based compensation expense. Non-GAAP adjusted research and development for the three months ended December 31, 2021, as previously reported, has been revised to include $3.6 million of research and development milestone expenses previously excluded.

(5)

Adjustments for the three months December 31, 2021 were comprised of expenses associated with damage from Tropical Storm Ida to two of our facilities in New Jersey of $2.2 million, net of insurance recoveries of $5.0 million. Expenses consisted of impairment of equipment and inventory, and repairs and maintenance and salaries and benefits.

(6)

Adjustments for the three months ended December 31, 2022 were primarily comprised of charges related to civil prescription opioid litigation.

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**Amneal Pharmaceuticals, Inc.**

**Generics Segment**

**Reconciliation of GAAP to Non-GAAP Operating Results (**1)

**(Unaudited; Table in thousands)**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **Year Ended December 31, 2022** | | | | | | |  |  | **Year Ended December 31, 2021** | | | | | | |  |
|  |  | As Reported |  |  | Adjustments |  |  | Non-GAAP |  |  | As Reported |  |  | Adjustments |  |  | Non-GAAP |  |
| Net revenue | $ | 1,432,073 |  | $ | — | | $ | 1,432,073 |  | $ | 1,366,338 |  | $ | — | | $ | 1,366,338 |  |
| Cost of goods sold (2) |  | 890,245 |  |  | (64,294) |  |  | 825,951 |  |  | 825,568 |  |  | (55,263) |  |  | 770,305 |  |
| Cost of goods sold impairment charges |  | 5,786 |  |  | (5,786) |  |  | — | |  | 22,692 |  |  | (22,692) |  |  | — |  |
| **Gross profit** |  | 536,042 |  |  | 70,080 |  |  | 606,122 |  |  | 518,078 |  |  | 77,955 |  |  | 596,033 |  |
| Gross margin % |  | 37.4 % |  |  |  |  |  | 42.3 % |  |  | 37.9 % |  |  |  |  |  | 43.6 % |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Selling, general and administrative (3) |  | 109,781 |  |  | (9,960) |  |  | 99,821 |  |  | 64,500 |  |  | (2,664) |  |  | 61,836 |  |
| Research and development (4) |  | 167,509 |  |  | (4,819) |  |  | 162,690 |  |  | 158,365 |  |  | (4,269) |  |  | 154,096 |  |
| In-process research and development impairment |  | 12,970 |  |  | (12,970) |  |  | — | |  | 710 |  |  | (710) |  |  | — |  |
| charges |  |  |  |  |  |  |  |  |  |  |  |
| Intellectual property legal development expenses |  | 4,251 |  |  | — | |  | 4,251 |  |  | 7,562 |  |  | — | |  | 7,562 |  |
| Acquisition, transaction-related and integration |  | 25 |  |  | (25) |  |  | — | |  | — | |  | — | |  | — |  |
| expenses |  |  |  |  |  |  |  |  |  |
| Restructuring and other charges |  | 821 |  |  | (821) |  |  | — | |  | 80 |  |  | (80) |  |  | — |  |
| (Insurance recoveries) charges for property losses and |  | (1,911) |  |  | 1,911 |  |  | — | |  | 5,368 |  |  | (5,368) |  |  | — |  |
| associated expenses, net (5) |  |  |  |  |  |  |  |  |  |  |  |
| Charges related to legal matters, net (6) |  | 22,400 |  |  | (22,400) |  |  | — | |  | — | |  | — | |  | — |  |
| Other operating income |  | (3,960) |  |  | — | |  | (3,960) |  |  | — | |  | — | |  | — |  |
| **Operating income** | $ | 224,156 |  | $ | 119,164 |  | $ | 343,320 |  | $ | 281,493 |  | $ | 91,046 |  | $ | 372,539 |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |

(1)

Operating results for the sale of Amneal products by AvKARE were included in our Generics segment.

(2)

Adjustments for the years ended December 31, 2022 and 2021, respectively, were comprised of stock-based compensation expense ($4.8 million and $4.7 million), amortization expense ($44.2 million and $38.0 million), site closure and idle facility expenses ($12.5 million and $11.0 million), inventory related charges (none and $0.2 million), asset impairment charges ($2.8 million and $0.7 million), and other (none and $0.7 million).

(3)

Adjustments for the years ended December 31, 2022 and 2021, respectively, were comprised of stock-based compensation expense ($2.5 million, and $1.7 million), site closure expenses ($2.5 million and $0.9 million), a regulatory approval milestone ($5.0 million and none) and other (none and $0.1 million).

(4)

Adjustments for the years ended December 31, 2022 and 2021, respectively, were comprised of stock-based compensation expense ($4.8 million and $3.9 million) and other (none and $0.3 million). Non-GAAP adjusted research and development for the year ended December 31, 2021, as previously reported, has been revised to include $15.4 million of research and development milestone expenses previously excluded.

(5)

Adjustments for the year ended December 31, 2021 were comprised of expenses associated with damage from Tropical Storm Ida to two of our facilities in New Jersey of $10.4 million, net of insurance recoveries of $5.0 million. Expenses consisted of impairment of equipment and inventory, and repairs and maintenance and salaries and benefits. Adjustments for the year ended December 31, 2022 included $1.9 million of insurance recoveries.

(6)

Adjustments for the year ended December 31, 2022 were primarily comprised of charges related to civil prescription opioid litigation.

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**Amneal Pharmaceuticals, Inc.**

**Specialty Segment**

**Reconciliation of GAAP to Non-GAAP Operating Results**

**(Unaudited; Table in thousands)**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **Three Months Ended December 31, 2022** | | | | | | |  |  | **Three Months Ended December 31, 2021** | | | | | | |
|  |  | As Reported |  |  | Adjustments |  |  | Non-GAAP |  |  | As Reported |  |  | Adjustments |  |  | Non-GAAP |
| Net revenue | $ | 102,550 |  | $ | — | | $ | 102,550 |  | $ | 101,008 |  | $ | — | | $ | 101,008 |
| Cost of goods sold (1) |  | 46,744 |  |  | (27,327) |  |  | 19,417 |  |  | 49,378 |  |  | (27,483) |  |  | 21,895 |
| Cost of goods sold impairment charges |  | 5,325 |  |  | (5,325) |  |  | — | |  | — | |  | — | |  | — |
| **Gross profit** |  | 50,481 |  |  | 32,652 |  |  | 83,133 |  |  | 51,630 |  |  | 27,483 |  |  | 79,113 |
| Gross margin % |  | 49.2 % |  |  |  |  |  | 81.1 % |  |  | 51.1 % |  |  |  |  |  | 78.3 % |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Selling, general and administrative (2) |  | 20,259 |  |  | (119) |  |  | 20,140 |  |  | 21,733 |  |  | (749) |  |  | 20,984 |
| Research and development (3) |  | 3,780 |  |  | (372) |  |  | 3,408 |  |  | 8,056 |  |  | (300) |  |  | 7,756 |
| Intellectual property legal development expenses |  | 30 |  |  | — | |  | 30 |  |  | 86 |  |  | — | |  | 86 |
| Acquisition, transaction-related and integration expenses |  | 2 |  |  | (2) |  |  | — | |  | — | |  | — | |  | — |
| Change in fair value of contingent consideration (4) |  | 2,226 |  |  | (2,226) |  |  | — | |  | (100) |  |  | 100 |  |  | — |
| **Operating income** | $ | 24,184 |  | $ | 35,371 |  | $ | 59,555 |  | $ | 21,855 |  | $ | 28,432 |  | $ | 50,287 |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |

(1)

Adjustments for the three months ended December 31, 2022 and 2021 were comprised of amortization expense.

(2)

Adjustments for the three months ended December 31, 2022 and 2021 were comprised of stock-based compensation expense.

(3)

Adjustments for the three months ended December 31, 2022 and 2021 were comprised of stock-based compensation expense. Non-GAAP adjusted research and development for the three months ended December 31, 2021, as previously reported, has been revised to include $1.0 million of research and development milestone expenses previously excluded.

1. Contingent consideration was recorded in connection with the acquisitions of (i) the baclofen franchise from certain entities affiliated with Saol International Limited and (ii) Kashiv Specialty Pharmaceuticals, LLC.

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**Amneal Pharmaceuticals, Inc.**

**Specialty Segment**

**Reconciliation of GAAP to Non-GAAP Operating Results**

**(Unaudited; Table in thousands)**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **Year Ended December 31, 2022** | | | | | | |  |  | **Year Ended December 31, 2021** | | | | | | |
|  |  | As Reported |  |  | Adjustments |  |  | Non-GAAP |  |  | As Reported |  |  | Adjustments |  |  | Non-GAAP |
| Net revenue | $ | 374,121 |  | $ | — | | $ | 374,121 |  | $ | 378,319 |  | $ | — | | $ | 378,319 |
| Cost of goods sold (1) |  | 177,107 |  |  | (108,187) |  |  | 68,920 |  |  | 193,562 |  |  | (109,979) |  |  | 83,583 |
| Cost of goods sold impairment charges |  | 5,325 |  |  | (5,325) |  |  | — | |  | — | |  | — | |  | — |
| **Gross profit** |  | 191,689 |  |  | 113,512 |  |  | 305,201 |  |  | 184,757 |  |  | 109,979 |  |  | 294,736 |
| Gross margin % |  | 51.2 % |  |  |  |  |  | 81.6 % |  |  | 48.8 % |  |  |  |  |  | 77.9 % |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Selling, general and administrative (2) |  | 90,031 |  |  | (913) |  |  | 89,118 |  |  | 84,481 |  |  | (2,830) |  |  | 81,651 |
| Research and development (3) |  | 28,179 |  |  | (1,471) |  |  | 26,708 |  |  | 43,482 |  |  | (1,083) |  |  | 42,399 |
| Intellectual property legal development expenses |  | 107 |  |  | — | |  | 107 |  |  | 154 |  |  | — | |  | 154 |
| Acquisition, transaction-related and integration expenses |  | 49 |  |  | (49) |  |  | — | |  | 16 |  |  | (16) |  |  | — |
| Change in fair value of contingent consideration (4) |  | 731 |  |  | (731) |  |  | — | |  | 200 |  |  | (200) |  |  | — |
| **Operating income** | $ | 72,592 |  | $ | 116,676 |  | $ | 189,268 |  | $ | 56,424 |  | $ | 114,108 |  | $ | 170,532 |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |

(1)

Adjustments for the years ended December 31, 2022 and 2021 were comprised of amortization expense.

(2)

Adjustments for the years ended December 31, 2022 and 2021 were comprised of stock-based compensation expense.

(3)

Adjustments for the years ended December 31, 2022 and 2021 were comprised of stock-based compensation expense. Non-GAAP adjusted research and development for the year ended December 31, 2021, as previously reported, has been revised to include $10.4 million of research and development milestone expenses previously excluded.

1. Contingent consideration was recorded in connection with the acquisitions of (i) the baclofen franchise from certain entities affiliated with Saol International Limited and (ii) Kashiv Specialty Pharmaceuticals, LLC.

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**Amneal Pharmaceuticals, Inc.**

**AvKARE Segment**

**Reconciliation of GAAP to Non-GAAP Operating Results (1)**

**(Unaudited; Table in thousands)**



**Three Months Ended December 31, 2022**



As Reported Adjustments Non-GAAP

**Three Months Ended December 31, 2021**



As Reported Adjustments Non-GAAP

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Net revenue | $ | 108,044 |  | $ | — |  | $ | 108,044 | $ | 89,622 |  | $ | — |  | $ | 89,622 |
| Cost of goods sold |  | 92,507 |  |  | — |  |  | 92,507 |  | 71,666 |  |  | — |  |  | 71,666 |
| **Gross profit** |  | 15,537 |  |  | — | |  | 15,537 |  | 17,956 |  |  | — | |  | 17,956 |
| Gross margin % |  | 14.4 % |  |  |  |  |  | 14.4 % |  | 20.0 % |  |  |  |  |  | 20.0 % |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Selling, general and administrative (2) |  | 14,298 |  |  | (4,932) |  |  | 9,366 |  | 15,932 |  |  | (8,093) |  |  | 7,839 |
| **Operating income** | $ | 1,239 |  | $ | 4,932 |  | $ | 6,171 | $ | 2,024 |  | $ | 8,093 |  | $ | 10,117 |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |

(1)

Operating results for the sale of Amneal products by AvKARE were included in our Generics segment.

(2)

Adjustments for the three months ended December 31, 2022 and 2021, respectively, were comprised of amortization ($4.9 million and $6.2 million) and other (none and $1.9 million).

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**Amneal Pharmaceuticals, Inc.**

**AvKARE Segment**

**Reconciliation of GAAP to Non-GAAP Operating Results (1)**

**(Unaudited; Table in thousands)**



**Year Ended December 31, 2022**



As Reported Adjustments Non-GAAP

**Year Ended December 31, 2021**



As Reported Adjustments Non-GAAP

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Net revenue | $ | 406,110 |  | $ | — $ | | | 406,110 |  | $ | 349,012 |  | $ | — $ | | | 349,012 |
| Cost of goods sold |  | 349,133 |  |  | — |  |  | 349,133 |  |  | 282,874 |  |  | — |  |  | 282,874 |
| **Gross profit** |  | 56,977 |  |  | — | | | 56,977 |  |  | 66,138 |  |  | — | | | 66,138 |
| Gross margin % |  | 14.0 % |  |  |  |  |  | 14.0 % |  |  | 19.0 % |  |  |  |  |  | 19.0 % |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |

Selling, general and administrative (2)

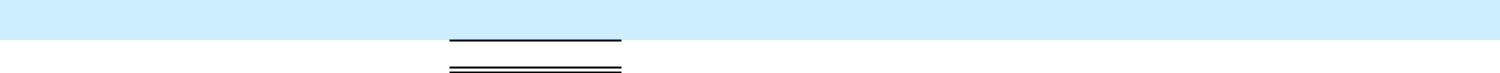
Acquisition, transaction-related and integration expenses

(3)

**Operating income** $

(1)

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 53,659 |  | (19,324) |  |  | 34,335 |  |  | 57,918 |  |  | (26,764) |  |  | 31,154 |
| — |  | — | |  | — | |  | 1,422 |  |  | (1,422) |  |  | — |
| 3,318 | $ | 19,324 |  | $ | 22,642 |  | $ | 6,798 |  | $ | 28,186 |  | $ | 34,984 |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |



Operating results for the sale of Amneal products by AvKARE were included in our Generics segment.

(2)

Adjustments for the years ended December 31, 2022 and 2021, respectively, were comprised of amortization ($19.7 million and $24.7 million) and other ($(0.4) million and $2.1 million).

(3)

Adjustments for the year ended December 31, 2021 were comprised of finance integration expenses.

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