

**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): November 6, 2019

AMNEAL PHARMACEUTICALS, INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction
of incorporation)

001-38485

(Commission File Number)

32-0546926

(IRS Employer
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)

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 |

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))

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 November 6, 2019, Am Pharmaceuticals, Inc. (the “Company”) issued a press release announcing its results for the third quarter ended September 30, 2019. 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.

The Company announced that the conference call discussing the Company’s financial results for the third quarter ended September 30, 2019 (the “Earnings Call”). To access the Earnings Call through a conference line, dial (844) 746-0741 (in the U.S.) and (412) 317-5273 (international callers). The webcast of the Earnings Call will be accessible through the Investor Relations section of the Company's website at <https://investors.amneal.com>.

The Company intends to reference an investor presentation during the Earnings Call. A copy of the presentation can be accessed at the investors section of the Company’s website, <https://investors.amneal.com>, under the “Events & Presentations” heading.

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 exhibit is furnished herewith

| Exhibit No. | Description |
|--------------------|--|
| 99.1 | Press release issued November 6, 2019. |

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: November 6, 2019

AMNEAL PHARMACEUTICALS, INC.

By: /s/ Todd P. Branning

Name: Todd P. Branning

Title: Senior Vice President and Chief Financial Officer

**CONTACT:**

Mark Donohue
(908) 409-6718

AMNEAL REPORTS THIRD QUARTER 2019 FINANCIAL RESULTS

- Q3 2019 Net Revenue of \$378 million; GAAP Loss per share of (\$2.03); Adjusted Diluted EPS (1) of \$0.04 –
- Positive Cash Flow from Operations of \$140 million –
- Executing on Near-Term Strategic Actions to Accelerate Business Performance –
- Announced Licensing Agreement to Develop and Commercialize Neurology Focused Orphan Drug to Treat Myasthenia Gravis –
- Co-Chief Executive Officers and Certain Amneal Group Legacy Owners Authorized to Purchase up to 10 Million Additional Shares –
- Updates Full Year 2019 Guidance –

BRIDGEWATER, NJ, November 6, 2019 - Amneal Pharmaceuticals, Inc. (NYSE: AMRX) (the “Company”) announced its results today for the third quarter ended September 30, 2019.

Net revenue in the third quarter of 2019 was \$378 million, a decrease of 21% compared to \$476 million in the third quarter of 2018, primarily due to lower Generics business revenue. Net loss attributable to Amneal Pharmaceuticals, Inc. was \$265 million in the third quarter of 2019 compared to a net income of \$7 million in the prior year period. Diluted EPS in the third quarter of 2019 was a loss of \$2.03 compared to earnings of \$0.05 in the prior year period.

Adjusted net income⁽¹⁾ in the third quarter of 2019 was \$12 million, a decrease of 86% compared to the prior year period. Adjusted EBITDA⁽¹⁾ in the third quarter of 2019 was \$71 million, a decrease of 56% compared to the prior year period, due to lower revenue and lower gross margins, partially offset by lower operating expenses as a result of cost savings initiatives. Adjusted diluted EPS in the third quarter of 2019 was \$0.04, compared to \$0.27 for the prior year period.

The Company generated positive cash flow from operations in the third quarter of 2019 of \$140 million. Cash and cash equivalents, including restricted cash as of September 30, 2019 were \$217 million, down slightly from year end, but increased \$160 million from the second quarter ended June 30, 2019.

“While we are disappointed with our third quarter results, we continue to be optimistic about Amneal and view 2019 as a transition year,” said Chirag and Chintu Patel, Co-Chief Executive Officers. “Since rejoining as Co-CEOs in early August, we have substantially completed a comprehensive review of the business and believe we have identified the root causes of Amneal’s recent underperformance. This review has reinforced our belief that Amneal is a fundamentally strong company with a diverse generics portfolio across multiple dosage forms, a growing and increasingly complex pipeline and a specialty franchise with significant opportunities. We have already implemented initiatives to accelerate the reinvigoration of our Company and are confident we will return to growth in 2020 and beyond.”

Development and Commercialization Partnership

In a separate press release today, the Company announced that it has entered into a licensing agreement with Kashiv BioSciences, LLC for the development and commercialization of Kashiv’s orphan drug K127 (pyridostigmine) for the treatment of Myasthenia Gravis. Through this partnership, Amneal gains exclusive rights within the United States to the New Drug Application and commercialization of K127.

Equity Purchase Authorization

The Board of Directors Conflicts Committee has approved a waiver of an existing standstill provision in the Second Amended and Restated Stockholders Agreement, as amended (the “Stockholders Agreement”), between the Company and certain of its stockholders, which will allow the Company’s Co-Chief Executive Officers, Chirag Patel and Chintu Patel, and certain other Amneal legacy owners (and/or affiliates thereof) that are subject to the Stockholders Agreement, to purchase up to 10 million shares of Class A common stock on the open market during permissible trading windows. The timing, price and volume of the share purchases, if any, will be determined by the buyers based on applicable securities laws and other relevant factors. The waiver is scheduled to expire on March 15, 2020.

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

Amneal Pharmaceuticals, Inc.
Generics Operating Results
(Unaudited; In thousands)

| Generics | Three Months Ended September 30, | |
|---|----------------------------------|------------------|
| | 2019 | 2018 |
| Net revenue - Generics | \$ 291,021 | \$ 391,175 |
| Cost of goods sold | 217,773 | 230,051 |
| Cost of goods sold impairment charges | 49,115 | 7,815 |
| Gross profit | 24,133 | 153,309 |
| Selling, general, and administrative | 14,256 | 21,030 |
| Research and development | 34,316 | 38,347 |
| In-process research and development impairment charges | 23,382 | 650 |
| Restructuring and other charges | 14,702 | (2,885) |
| Charges (gains) related to legal matters, net | 14,750 | — |
| Intellectual property legal development expenses | 2,586 | 3,929 |
| Acquisition, integration and transaction related expenses | 502 | — |
| Operating (loss) income | \$ (80,361) | \$ 92,238 |
| Gross margin | 8.3% | 39.2% |
| Adjusted gross profit (Non-GAAP) (2) | \$ 86,789 | \$ 194,368 |
| Adjusted gross margin (Non-GAAP) (3) | 29.8% | 49.7% |
| Adjusted operating income (Non-GAAP) | \$ 39,693 | \$ 131,449 |

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

(2) Adjusted gross profit is calculated as net revenue less adjusted cost of goods sold. See Non-GAAP reconciliations below for calculation of adjusted cost of goods sold.

(3) Adjusted gross margin is calculated as adjusted gross profit divided by net revenue. See “Non-GAAP Financial Measures” below.

Amneal Pharmaceuticals, Inc.
Reconciliation of Generics Operating (Loss) Income to Generics Combined Operating Loss
(Unaudited; In thousands)

| Generics | Nine Months Ended September 30, 2019 | | | Nine Months Ended September 30, 2018 | | |
|---|--------------------------------------|--------------------------|------------------------|--------------------------------------|--------------------------|------------------------|
| | Actual | Add: Impax/ Gemini | (Non-GAAP) Combined | Actual | Add: Impax/ Gemini | (Non-GAAP) Combined |
| Net revenue - Generics | \$ 1,008,562 | \$ — | \$ 1,008,562 | \$ 1,028,134 | \$ 102,237 | \$ 1,130,371 |
| Cost of goods sold | 760,074 | — | 760,074 | 572,179 | 122,761 | 694,940 |
| Cost of goods sold impairment charges | 105,424 | — | 105,424 | 7,815 | — | 7,815 |
| Gross profit | 143,064 | — | 143,064 | 448,140 | (20,524) | 427,616 |
| Selling, general, and administrative | 52,783 | — | 52,783 | 51,854 | 7,334 | 59,188 |
| Research and development | 129,915 | — | 129,915 | 129,762 | 13,623 | 143,385 |
| In-process research and development impairment charges | 46,169 | — | 46,169 | 650 | — | 650 |
| Restructuring and other charges | 17,201 | — | 17,201 | 21,912 | — | 21,912 |
| Charges (gains) related to legal matters, net | 14,750 | — | 14,750 | (3,000) | 89,159 | 86,159 |
| Intellectual property legal development expenses | 8,218 | — | 8,218 | 12,509 | 23 | 12,532 |
| Acquisition, integration and transaction related expenses | 4,086 | — | 4,086 | 114,622 | — | 114,622 |
| Operating (loss) income | \$ (130,058) | \$ — | \$ (130,058) | \$ 119,831 | \$ (130,663) | \$ (10,832) |
| Gross margin | 14.2% | —% | 14.2% | 43.6% | (20.1)% | 37.8% |
| Adjusted gross profit (Non-GAAP) (2) | \$ 364,500 | \$ — | \$ 364,500 | \$ 527,571 | \$ 3,246 | \$ 530,817 |
| Adjusted gross margin (Non-GAAP) (3) | 36.1% | —% | 36.1% | 51.3% | 3.2% | 47.0% |
| Adjusted operating income (Non-GAAP) | \$ 201,260 | \$ — | \$ 201,260 | \$ 339,574 | \$ (16,752) | \$ 322,822 |

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

(2) Adjusted gross profit is calculated as net revenue less adjusted cost of goods sold or combined net revenue less adjusted combined cost of goods sold, as applicable. See Non-GAAP reconciliations below for calculation of adjusted cost of goods sold.

(3) Adjusted gross margin is calculated as adjusted gross profit divided by net revenue or adjusted combined gross profit divided by combined net revenue, as applicable. See “Non-GAAP Financial Measures” below.

Generics net revenue was \$291 million in the third quarter of 2019 compared to \$391 million for the prior year period. The decrease is primarily attributable to additional competition on the base generic portfolio including Yuvaferm, Aspirin Dipyridamole ER Capsules, and Diclofenac Gel 1%, the sale of two of the Company's international businesses earlier in 2019, the reclassification of Oxymorphone HCl to the Specialty segment during the third quarter of 2019 and the ongoing supply constraints of Epinephrine Auto-Injector. The decrease was partially offset by sales of Levothyroxine and new product launches in 2019, as well as higher sales of Triamcinolone Acetonide injection.

Generics gross margin for the third quarter of 2019 was 8% compared to 39% for the prior year period. The decrease is primarily related to impairment and inventory obsolescence charges, and the impact of price erosion. Generics adjusted gross margin⁽¹⁾ for the third quarter of 2019 was 30% compared to 50% for the prior year period primarily due to product sales mix and the impact of price erosion and volume declines leading to underutilization of manufacturing facilities.

Generics operating loss for the third quarter of 2019 was \$80 million compared to operating income of \$92 million for the 2018, primarily due to lower revenue and gross profit as noted above, and in-process research and development impairment charges, restructuring charges and legal charges relating to commercial and governmental legal proceedings and claims. Generics adjusted operating income⁽¹⁾ for the third quarter of 2019 was \$40 million compared to \$131 million for the prior year period primarily due to lower revenue and lower gross profit, partially offset by lower operating expenses as a result of cost savings initiatives.

Amneal Pharmaceuticals, Inc.
Specialty Operating Results
(Unaudited; In thousands)

| Specialty | Three Months Ended September 30, | |
|---|----------------------------------|------------------|
| | 2019 | 2018 |
| Net revenue - Specialty: | | |
| Rytary® | \$ 33,710 | \$ 33,073 |
| Unithroid® | 10,155 | 7,829 |
| Zomig® | 13,971 | 15,445 |
| All other specialty products | 29,426 | 28,965 |
| Total net revenue - Specialty | 87,262 | 85,312 |
| Cost of goods sold | 49,944 | 38,516 |
| Cost of goods sold impairment charges | 7,017 | — |
| Gross profit | 30,301 | 46,796 |
| Selling, general, and administrative | 20,228 | 19,716 |
| Research and development | 3,809 | 4,002 |
| Intellectual property legal development expenses | — | 472 |
| Restructuring and other charges | 213 | (27) |
| Acquisition, integration and transaction related expenses | 2,455 | — |
| Operating income | \$ 3,596 | \$ 22,633 |
| Gross margin | 34.7% | 54.9% |
| Adjusted gross profit (Non-GAAP) (2) | \$ 64,421 | \$ 67,304 |
| Adjusted gross margin (Non-GAAP) (3) | 73.8% | 78.9% |
| Adjusted operating income (Non-GAAP) | \$ 40,907 | \$ 43,589 |

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

(2) Adjusted gross profit is calculated as net revenue less adjusted cost of goods sold. See Non-GAAP reconciliations below for calculation of adjusted cost of goods sold.

(3) Adjusted gross margin is calculated as adjusted gross profit divided by net revenue. See “Non-GAAP Financial Measures” below.

Amneal Pharmaceuticals, Inc.
Reconciliation of Specialty Operating Income to Specialty Combined Operating Income
(Unaudited; In thousands)

| Specialty | Nine Months Ended September 30, 2019 | | | Nine Months Ended September 30, 2018 | | |
|---|--------------------------------------|--------------------------|------------------------|--------------------------------------|--------------------------|------------------------|
| | Actual | Add: Impax/ Gemini | (Non-GAAP) Combined | Actual | Add: Impax/ Gemini | (Non-GAAP) Combined |
| Net revenue - Specialty: | | | | | | |
| Rytary® | \$ 95,538 | \$ — | \$ 95,538 | \$ 53,593 | \$ 35,086 | \$ 88,679 |
| Unithroid® | 28,780 | — | 28,780 | 12,253 | 9,716 | 21,969 |
| Zomig® | 39,522 | — | 39,522 | 25,140 | 14,411 | 39,551 |
| All other specialty products | 56,643 | — | 56,643 | 46,343 | 37,032 | 83,375 |
| Total net revenue - Specialty | 220,483 | — | 220,483 | 137,329 | 96,245 | 233,574 |
| Cost of goods sold | 113,767 | — | 113,767 | 62,474 | 26,731 | 89,205 |
| Cost of goods sold impairment charges | 7,017 | — | 7,017 | — | — | — |
| Gross profit | 99,699 | — | 99,699 | 74,855 | 69,514 | 144,369 |
| Selling, general, and administrative | 57,705 | — | 57,705 | 33,265 | 27,942 | 61,207 |
| Research and development | 10,084 | — | 10,084 | 7,131 | 3,664 | 10,795 |
| Intellectual property legal development expenses | 1,045 | — | 1,045 | 515 | — | 515 |
| Restructuring and other charges | 391 | — | 391 | 2,394 | — | 2,394 |
| Charges related to legal matters, net | — | — | — | — | 940 | 940 |
| Acquisition, integration and transaction related expenses | 5,705 | — | 5,705 | — | — | — |
| Operating income | \$ 24,769 | \$ — | \$ 24,769 | \$ 31,550 | \$ 36,968 | \$ 68,518 |
| Gross margin | 45.2% | —% | 45.2% | 54.5% | 72.2% | 61.8% |
| Adjusted gross profit (Non-GAAP) (2) | \$ 174,190 | \$ — | \$ 174,190 | \$ 107,964 | \$ 75,626 | \$ 183,590 |
| Adjusted gross margin (Non-GAAP) (3) | 79.0% | —% | 79.0% | 78.6% | 78.6% | 78.6% |
| Adjusted operating income (Non-GAAP) | \$ 108,945 | \$ — | \$ 108,945 | \$ 67,528 | \$ 45,144 | \$ 112,672 |

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

(2) Adjusted gross profit is calculated as net revenue less adjusted cost of goods sold or combined net revenue less adjusted combined cost of goods sold, as applicable. See Non-GAAP reconciliations below for calculation of adjusted cost of goods sold.

(3) Adjusted gross margin is calculated as adjusted gross profit divided by net revenue or adjusted combined gross profit divided by combined net revenue, as applicable. See “Non-GAAP Financial Measures” below.

Specialty net revenue was \$87 million in the third quarter of 2019 compared to \$85 million for the prior year period, primarily due to the reclassification of Oxymorphone HCl during the third quarter of 2019, which was previously included in the Generics segment results, and higher revenue from Rytary® and Unithroid®, partially offset by lower revenue from Albenza® as a result of the loss of exclusivity in September of 2018.

Specialty gross margin for the third quarter of 2019 was 35% compared to 55% for the prior year period primarily due to product sales mix. Specialty adjusted gross margin⁽¹⁾ for the third quarter of 2019 was 74% compared to 79% for the prior year period primarily due to the addition of lower margin Oxymorphone HCl as noted above.

Specialty operating income for the third quarter of 2019 was \$4 million compared to \$23 million for the prior year period, primarily due to higher cost of goods sold relating to Oxymorphone HCl and cost of goods sold impairment charges. Specialty adjusted operating income⁽¹⁾ for the third quarter of 2019 was \$41 million compared to \$44 million for the prior year period primarily due to the higher cost of goods sold.

Corporate and Other Information

(Unaudited; In thousands)

| | Three Months Ended September 30, | |
|--|----------------------------------|-----------|
| | 2019 | 2018 |
| General and administrative expense | \$ 29,313 | \$ 34,740 |
| Acquisition, transaction-related and integration expenses | 174 | 2,231 |
| Restructuring and other charges | 6,022 | 756 |
| Charges (gains) related to legal matters, net | — | 2,589 |
| Total general, administrative and other operating expenses | \$ 35,509 | \$ 40,316 |

| | Nine Months Ended September 30, 2019 | | | Nine Months Ended September 30, 2018 | | |
|--|--------------------------------------|--------------------------|------------------------|--------------------------------------|--------------------------|------------------------|
| | Actual | Add: Impax/ Gemini | (Non-GAAP) Combined | Actual | Add: Impax/ Gemini | (Non-GAAP) Combined |
| General and administrative expense | \$ 105,026 | \$ — | \$ 105,026 | \$ 71,491 | \$ 28,737 | \$ 100,228 |
| Acquisition, transaction-related and integration expenses | 2,891 | — | 2,891 | 102,251 | 10,925 | 113,176 |
| Restructuring and other charges | 12,341 | — | 12,341 | 18,003 | 5,123 | 23,126 |
| Charges (gains) related to legal matters, net | — | — | — | 2,589 | — | 2,589 |
| Total general, administrative and other operating expenses | \$ 120,258 | \$ — | \$ 120,258 | \$ 194,334 | \$ 44,785 | \$ 239,119 |

General and administrative and other operating expenses in the third quarter of 2019 decreased to \$36 million compared to \$40 million in the prior year period. The decrease is primarily due to synergies associated with the Combination with Impax and the Gemini acquisition including lower acquisition, transaction-related and integration expenses, partially offset by restructuring and other charges relating to recent cost savings initiatives.

2019 Financial Outlook

Amneal's full year 2019 estimates are based on management's current expectations, including with respect to prescription trends, pricing levels, inventory levels, the costs incurred and benefits realized of restructuring activities and the anticipated timing of future product launches and events. The Company cannot provide a reconciliation between non-GAAP projections and the most directly comparable GAAP measures 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 U.S. GAAP reported results for 2019.

Amneal is updating certain of its previously provided 2019 guidance as follows:

| | Full Year 2019 Financial Guidance | |
|---|-----------------------------------|-----------------------------|
| | Prior | Updated |
| Adjusted gross margin | 47% - 50% | Approximately 43% |
| Adjusted R&D as a % of net revenue | 9.5% - 10.5% | No change |
| Adjusted SG&A as a % of net revenue | 14% - 15% | No change |
| Adjusted EBITDA | \$425 million - \$475 million | Approximately \$345 million |
| Adjusted diluted EPS | \$0.52 - \$0.62 | Approximately \$0.31 |
| Adjusted effective tax rate | 19% - 21% | No change |
| Capital expenditures | \$65 million - \$85 million | \$55 million - \$65 million |
| Weighted average diluted shares outstanding | Approximately 300 million | No change |

Conference Call Information

Amneal will hold a conference call on November 6, 2019 at 8:30 a.m. Eastern Time to discuss its results. The call and presentation can also be accessed via a live Webcast through the Investor Relations section of Amneal's Web site at <https://investors.amneal.com/investor-relations>, or directly at <https://event.on24.com/wcc/r/2021447/323A22AA88A202DFC94FA94090002247>. The number to call from within the United States is (844) 746-0741 and (412) 317-5273 internationally. A replay of the conference call will be available shortly after the call for a period of seven days. To access the replay, dial (877) 344-7529 (in the U.S.) and (412) 317-0088 (international callers). The access code for the replay is 10133264.

About Amneal

Amneal Pharmaceuticals, Inc. (NYSE: AMRX), headquartered in Bridgewater, NJ, is an integrated pharmaceutical company focused on developing, manufacturing and distributing generic, brand and biosimilar products. The Company has operations in North America, Asia, and Europe, working together to bring high-quality medicines to patients primarily within the United States.

Amneal has an extensive portfolio of more than 300 generic medicines, and is expanding its portfolio to include complex dosage forms in a broad range of therapeutic areas. The Company also markets a portfolio of branded pharmaceutical products through its Specialty segment focused principally on central nervous system disorders and parasitic infections. For more information, visit www.amneal.com.

Non-GAAP Financial Measures

This release includes certain non-GAAP financial measures, including adjusted EBITDA, adjusted net income, adjusted net income per diluted share, adjusted gross profit, adjusted gross margin and adjusted operating income, which are intended as supplemental measures of the Company's performance that are not required by or presented in accordance with GAAP. In addition, this release includes these non-GAAP measures and our reported results on a non-GAAP combined basis to include the historical results of Impax and Gemini, not adjusted for financing and acquisition accounting impacts of the combination, as if the transaction closing dates had occurred on the first day of all periods presented herein. All combined business results presented in this release are not prepared in accordance with Article 11 of Regulation S-X. 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.

Management uses these non-GAAP historical and combined 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, and doing so on a combined basis 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 operation and trends while viewing the information through the eyes of management.

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, the combined results may not represent what our combined results of operations and financial position would have been had the transactions occurred on the dates indicated, nor are they intended to project our combined 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 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 non-GAAP measure to the most directly comparable GAAP measure is set forth below.

Safe Harbor Statement

Certain statements contained herein, regarding matters that are not historical facts, may be forward-looking statements (as defined in the 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, future operating results and financial performance, product development and launches, integration strategies and resulting cost reduction, market position and business strategy. Words such as "may," "will," "could," "expect," "plan," "anticipate," "intend," "believe," "estimate," "assume," "continue," and similar words are intended to identify estimates and forward-looking statements.

The reader is cautioned not to rely on these forward-looking statements. These forward-looking statements are based on current expectations of future 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 Amneal Pharmaceuticals, Inc. (the “Company”). Such risks and uncertainties include, but are not limited to: the risk that our goodwill may become impaired, which could adversely affect our financial condition and results of operations, our ability to integrate the operations of Amneal Pharmaceuticals LLC and Impax Laboratories, LLC pursuant to the business combination completed on May 4, 2018, and our ability to realize the anticipated synergies and other benefits of the combination; our ability to successfully develop and commercialize new products; our ability to obtain exclusive marketing rights for our products and to introduce 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 manage our growth; our dependence on the sales of a limited number of products for a substantial portion of our total revenues; 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 United States federal and state laws related to healthcare fraud abuse and health information privacy and security and changes in such laws; changes to FDA product approval requirements; risks related to federal regulation of arrangements between manufacturers of branded and generic products; the impact of healthcare reform and changes in coverage and reimbursement levels by governmental authorities and other third-party payers; the continuing trend of consolidation of certain customer groups; our reliance on certain licenses to proprietary technologies from time to time; our dependence on third party suppliers and distributors for raw materials for our products and certain finished goods; the impact of global economic conditions; our dependence on third party agreements for a portion of our product offerings; our ability to make acquisitions of or investments in complementary businesses and products on advantageous terms; legal, regulatory and legislative efforts by our brand competitors to deter competition from our generic alternatives; the significant amount of resources we expend on research and development; 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; the high concentration of ownership of our Class A Common Stock and the fact that we are controlled by a group of stockholders. A further list and descriptions of these risks, uncertainties and other factors can be found in the Company’s most recently filed Annual Report on Form 10-K for the fiscal year ended December 31, 2018, as supplemented by any subsequently filed Quarterly Reports on Form 10-Q. Copies of these filings are available online at www.sec.gov, www.amneal.com or on request from the Company.

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.

Trademarks referenced herein are the property of their respective owners.

Amneal Pharmaceuticals, Inc.
Consolidated Statements of Operations
(Unaudited; In thousands, except per share amounts)

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|--|----------------------------------|------------|---------------------------------|--------------|
| | 2019 | 2018 | 2019 | 2018 |
| Net revenue | \$ 378,283 | \$ 476,487 | \$ 1,229,045 | \$ 1,165,463 |
| Cost of goods sold | 267,717 | 268,567 | 873,841 | 634,653 |
| Cost of goods sold impairment charges | 56,132 | 7,815 | 112,441 | 7,815 |
| Gross profit | 54,434 | 200,105 | 242,763 | 522,995 |
| Selling, general and administrative | 63,797 | 75,486 | 215,514 | 156,610 |
| Research and development | 38,125 | 42,349 | 139,999 | 136,893 |
| In-process research and development impairment charges | 23,382 | 650 | 46,169 | 650 |
| Charges (gains) related to legal matters, net | 14,750 | 2,589 | 14,750 | (411) |
| Intellectual property legal development expenses | 2,586 | 4,401 | 9,263 | 13,024 |
| Acquisition, transaction-related and integration expenses | 3,131 | 2,231 | 12,682 | 216,873 |
| Restructuring and other charges | 20,937 | (2,156) | 29,933 | 42,309 |
| Operating (loss) income | (112,274) | 74,555 | (225,547) | (42,953) |
| Other income (expense): | | | | |
| Interest expense, net | (42,209) | (43,018) | (129,376) | (100,691) |
| Foreign exchange loss, net | (12,531) | (5,137) | (9,684) | (22,518) |
| Loss on extinguishment of debt | — | — | — | (19,667) |
| (Loss) gain on sale of international businesses, net | — | (2,812) | 6,930 | (2,812) |
| Gain from reduction of tax receivable agreement liability | 192,844 | — | 192,844 | — |
| Other income (expense), net | 446 | (1,014) | 1,702 | 725 |
| Total other income (expense), net | 138,550 | (51,981) | 62,416 | (144,963) |
| Income (loss) before income taxes | 26,276 | 22,574 | (163,131) | (187,916) |
| Provision for (benefit from) income taxes | 389,668 | 5,109 | 375,539 | (6,943) |
| Net (loss) income | (363,392) | 17,465 | (538,670) | (180,973) |
| Less: Net loss attributable to Amneal Pharmaceuticals LLC pre-Combination | — | — | — | 148,806 |
| Less: Net loss (income) attributable to non-controlling interests | 98,386 | (10,577) | 208,881 | 21,191 |
| Net (loss) income attributable to Amneal Pharmaceuticals, Inc. before accretion of redeemable non-controlling interest | (265,006) | 6,888 | (329,789) | (10,976) |
| Accretion of redeemable non-controlling interest | — | 64 | — | (1,176) |
| Net (loss) income attributable to Amneal Pharmaceuticals, Inc. | \$ (265,006) | \$ 6,952 | \$ (329,789) | \$ (12,152) |
| Net (loss) income per share attributable to Amneal Pharmaceuticals, Inc.'s common stockholders: | | | | |
| Class A and Class B-1 basic | \$ (2.03) | \$ 0.05 | \$ (2.56) | \$ (0.10) |
| Class A and Class B-1 diluted | \$ (2.03) | \$ 0.05 | \$ (2.56) | \$ (0.10) |
| Weighted-average common shares outstanding: | | | | |
| Class A and Class B-1 basic | 130,729 | 127,247 | 128,822 | 127,196 |
| Class A and Class B-1 diluted | 130,729 | 128,222 | 128,822 | 127,196 |

Amneal Pharmaceuticals, Inc.
Condensed Consolidated Balance Sheets
(Unaudited; In thousands)

| | September 30, 2019 | December 31, 2018 |
|--|---------------------|---------------------|
| Assets | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 212,738 | \$ 213,394 |
| Restricted cash | 4,320 | 5,385 |
| Trade accounts receivable, net | 518,109 | 481,495 |
| Inventories | 401,827 | 457,219 |
| Prepaid expenses and other current assets | 66,699 | 128,321 |
| Related party receivables | 2,138 | 830 |
| Total current assets | <u>1,205,831</u> | <u>1,286,644</u> |
| Property, plant and equipment, net | 490,712 | 544,146 |
| Goodwill | 419,671 | 426,226 |
| Intangible assets, net | 1,435,801 | 1,654,969 |
| Deferred tax asset, net | — | 373,159 |
| Operating lease right-of-use assets | 56,455 | — |
| Operating lease right-of-use assets - related party | 14,930 | — |
| Financing lease right-of-use assets - related party | 61,936 | — |
| Other assets | 18,607 | 67,592 |
| Total assets | <u>\$ 3,703,943</u> | <u>\$ 4,352,736</u> |
| Liabilities and Stockholders' Equity | | |
| Current liabilities: | | |
| Accounts payable and accrued expenses | \$ 495,857 | \$ 514,440 |
| Current portion of long-term debt, net | 21,468 | 21,449 |
| Current portion of operating lease liabilities | 13,467 | — |
| Current portion of operating and financing lease liabilities - related party | 3,353 | — |
| Related party payables | 765 | 17,695 |
| Current portion of financing obligation - related party | — | 266 |
| Total current liabilities | <u>534,910</u> | <u>553,850</u> |
| Long-term debt, net | 2,614,412 | 2,630,598 |
| Deferred income taxes | — | 1,178 |
| Liabilities under tax receivable agreement | — | 192,884 |
| Operating lease liabilities | 44,375 | — |
| Operating lease liabilities - related party | 14,271 | — |
| Financing lease liabilities - related party | 61,719 | — |
| Financing obligation - related party | — | 39,083 |
| Other liabilities | 38,532 | 38,780 |
| Total long-term liabilities | <u>2,773,309</u> | <u>2,902,523</u> |
| Total stockholders' equity | <u>395,724</u> | <u>896,363</u> |
| Total liabilities and stockholders' equity | <u>\$ 3,703,943</u> | <u>\$ 4,352,736</u> |

Amneal Pharmaceuticals, Inc.
Consolidated Statements of Cash Flows
(Unaudited; In thousands)

| | Nine Months Ended September 30, | |
|---|--|-------------------|
| | 2019 | 2018 |
| Cash flows from operating activities: | | |
| Net loss | \$ (538,670) | \$ (180,973) |
| Adjustments to reconcile net loss to net cash used in operating activities: | | |
| Gain from reduction of tax receivable agreement liability | (192,884) | — |
| Depreciation and amortization | 152,932 | 89,910 |
| Amortization of Levothyroxine Transition Agreement asset | 36,393 | — |
| Unrealized foreign currency loss | 10,552 | 21,560 |
| Amortization of debt issuance costs | 4,849 | 4,220 |
| Loss on extinguishment of debt | — | 19,667 |
| (Gain) loss on sale of international businesses, net | (6,930) | 2,812 |
| Intangible asset impairment charges | 158,610 | 8,474 |
| Non-cash restructuring and asset-related charges | 11,923 | — |
| Deferred tax provision (benefit) | 371,683 | (9,111) |
| Stock-based compensation and PPU expense | 16,666 | 163,991 |
| Inventory provision | 67,844 | 20,755 |
| Other operating charges and credits, net | 5,945 | (1,955) |
| Changes in assets and liabilities: | | |
| Trade accounts receivable, net | (46,457) | (74,711) |
| Inventories | (25,906) | (53,708) |
| Prepaid expenses, other current assets and other assets | 41,256 | 9,803 |
| Related party receivables | (1,305) | 10,828 |
| Accounts payable, accrued expenses and other liabilities | (13,932) | (26,858) |
| Related party payables | 25 | (14,125) |
| Net cash provided by (used in) operating activities | <u>52,594</u> | <u>(9,421)</u> |
| Cash flows from investing activities: | | |
| Purchases of property, plant and equipment | (42,664) | (63,065) |
| Acquisition of product rights and licenses | (50,000) | (14,000) |
| Acquisitions, net of cash acquired | — | (324,634) |
| Proceeds from surrender of corporate owned life insurance | 43,017 | — |
| Proceeds from sale of international businesses, net of cash sold | 34,834 | — |
| Net cash used in investing activities | <u>(14,813)</u> | <u>(401,699)</u> |
| Cash flows from financing activities: | | |
| Payments of deferred financing costs and debt extinguishment costs | — | (54,955) |
| Proceeds from issuance of debt | — | 1,325,383 |
| Payments of principal on debt and capital leases | (20,250) | (610,482) |
| Net borrowings on revolving credit line | — | 25,000 |
| Proceeds from exercise of stock options | 1,385 | 3,162 |
| Employee payroll tax withholding on restricted stock unit vesting | (926) | — |
| Equity contributions | — | 27,742 |
| Capital contribution from non-controlling interest | — | 360 |
| Acquisition of non-controlling interest | (3,543) | (11,775) |
| Tax distribution to non-controlling interest | (13,494) | — |
| Distributions to members | — | (182,998) |
| Payments of principal on financing lease - related party | (1,707) | — |
| Repayment of related party note | — | (14,842) |
| Net cash (used in) provided by financing activities | <u>(38,535)</u> | <u>506,595</u> |
| Effect of foreign exchange rate on cash | (967) | (1,204) |
| Net (decrease) increase in cash, cash equivalents, and restricted cash | (1,721) | 94,271 |
| Cash, cash equivalents, and restricted cash - beginning of period | 218,779 | 77,922 |
| Cash, cash equivalents, and restricted cash - end of period | <u>\$ 217,058</u> | <u>\$ 172,193</u> |
| Cash and cash equivalents - end of period | <u>\$ 212,738</u> | <u>\$ 165,192</u> |
| Restricted cash - end of period | 4,320 | 7,001 |
| Cash, cash equivalents, and restricted cash - end of period | <u>\$ 217,058</u> | <u>\$ 172,193</u> |

Amneal Pharmaceuticals, Inc.
Reconciliation of Non-GAAP Combined Results of Operations
(Unaudited; In thousands)

| | Nine Months Ended September 30, 2019 | | | Nine Months Ended September 30, 2018 | | |
|---|--------------------------------------|-----------------------|------------------------|--------------------------------------|-----------------------|------------------------|
| | Actual | Add: Impax/ Gemini | (Non-GAAP) Combined | Actual | Add: Impax/ Gemini | (Non-GAAP) Combined |
| Net revenue: | | | | | | |
| Generics | \$ 1,008,562 | \$ — | \$ 1,008,562 | \$ 1,028,134 | \$ 102,237 | \$ 1,130,371 |
| Specialty | 220,483 | — | 220,483 | 137,329 | 96,245 | 233,574 |
| Total net revenue | 1,229,045 | — | 1,229,045 | 1,165,463 | 198,482 | 1,363,945 |
| Cost of goods sold | 873,841 | — | 873,841 | 634,653 | 149,492 | 784,145 |
| Cost of goods sold impairment charges | 112,441 | — | 112,441 | 7,815 | — | 7,815 |
| Gross profit | 242,763 | — | 242,763 | 522,995 | 48,990 | 571,985 |
| Selling, general and administrative | 215,514 | — | 215,514 | 156,610 | 64,013 | 220,623 |
| Research and development | 139,999 | — | 139,999 | 136,893 | 17,287 | 154,180 |
| In-process research and development impairment charges | 46,169 | — | 46,169 | 650 | — | 650 |
| Acquisition, transaction-related and integration expenses | 12,682 | — | 12,682 | 216,873 | 10,925 | 227,798 |
| Charges (gains) related to legal matters, net | 14,750 | — | 14,750 | (411) | 90,099 | 89,688 |
| Restructuring and other charges | 29,933 | — | 29,933 | 42,309 | 5,123 | 47,432 |
| Intellectual property legal development expenses | 9,263 | — | 9,263 | 13,024 | 23 | 13,047 |
| Operating loss | (225,547) | — | (225,547) | (42,953) | (138,480) | (181,433) |
| Other income (expense): | | | | | | |
| Interest expense, net | (129,376) | — | (129,376) | (100,691) | (18,231) | (118,922) |
| Foreign exchange (loss) gain, net | (9,684) | — | (9,684) | (22,518) | 921 | (21,597) |
| Loss on extinguishment of debt | — | — | — | (19,667) | — | (19,667) |
| Gain (loss) on sale of international businesses | 6,930 | — | 6,930 | (2,812) | — | (2,812) |
| Gain from reduction of tax receivable agreement liability | 192,844 | — | 192,844 | — | — | — |
| Other income (expense) | 1,702 | — | 1,702 | 725 | (638) | 87 |
| Total other income (expense), net | 62,416 | — | 62,416 | (144,963) | (17,948) | (162,911) |
| Loss before income taxes | (163,131) | — | (163,131) | (187,916) | (156,428) | (344,344) |
| Provision for (benefit from) income taxes | 375,539 | — | 375,539 | (6,943) | (6,273) | (13,216) |
| Net loss | (538,670) | — | (538,670) | (180,973) | \$ (150,155) | \$ (331,128) |
| Less: Net loss attributable to Amneal Pharmaceuticals LLC pre-Combination | — | — | — | 148,806 | — | — |
| Less: Net loss attributable to non-controlling interests | 208,881 | — | 208,881 | 21,191 | — | — |
| Accretion of redeemable non-controlling interest | — | — | — | (1,176) | — | — |
| Net loss attributable to Amneal Pharmaceuticals, Inc. | \$ (329,789) | \$ — | \$ (329,789) | \$ (12,152) | — | — |

Amneal Pharmaceuticals, Inc.
Non-GAAP Reconciliations
(Unaudited; In thousands)

Reconciliations of Cost of Goods Sold to Adjusted Cost of Goods Sold

| Generics | Three Months Ended September 30, | |
|--|----------------------------------|-------------------|
| | 2019 | 2018 |
| Cost of goods sold | \$ 217,773 | \$ 230,051 |
| Cost of goods sold impairment charges | 49,115 | 7,815 |
| Adjusted to deduct (add): | | |
| Amortization | 10,912 | 6,107 |
| Inventory related charges ⁽⁵⁾ | (2,038) | 11,426 |
| Acquisition and site closure expenses ⁽⁶⁾ | 3,956 | 15,235 |
| Asset impairment charges ⁽⁷⁾ | 49,115 | 7,891 |
| Stock-based compensation expense | 711 | 400 |
| Adjusted cost of goods sold (Non-GAAP) | \$ 204,232 | \$ 196,807 |

| Generics | Nine Months Ended September 30, 2019 | | | Nine Months Ended September 30, 2018 | | |
|--|--------------------------------------|-----------------------|------------------------|--------------------------------------|-----------------------|------------------------|
| | Actual | Add: Impax/ Gemini | (Non-GAAP) Combined | Actual | Add: Impax/ Gemini | (Non-GAAP) Combined |
| Cost of goods sold | \$ 760,074 | \$ — | \$ 760,074 | \$ 572,179 | \$ 122,761 | \$ 694,940 |
| Cost of goods sold impairment charges | 105,424 | — | 105,424 | 7,815 | — | 7,815 |
| Adjusted to deduct (add): | | | | | | |
| Amortization | 36,300 | — | 36,300 | 13,910 | 13,823 | 27,733 |
| Inventory related charges ⁽⁵⁾ | 19,739 | — | 19,739 | 41,995 | 9,894 | 51,889 |
| Acquisition and site closure expenses ⁽⁶⁾ | 20,436 | — | 20,436 | 15,235 | — | 15,235 |
| Asset impairment charges ⁽⁷⁾ | 105,424 | — | 105,424 | 7,891 | 53 | 7,944 |
| Stock-based compensation expense | 2,120 | — | 2,120 | 400 | — | 400 |
| Amortization of upfront payment ⁽⁹⁾ | 36,393 | — | 36,393 | — | — | — |
| Other | 1,024 | — | 1,024 | — | — | — |
| Adjusted cost of goods sold (Non-GAAP) | \$ 644,062 | \$ — | \$ 644,062 | \$ 500,563 | \$ 98,991 | \$ 599,554 |

| Specialty | Three Months Ended September 30, | |
|---|----------------------------------|------------------|
| | 2019 | 2018 |
| Cost of goods sold | \$ 49,944 | \$ 38,516 |
| Cost of goods sold impairment charges | 7,017 | — |
| Adjusted to deduct: | | |
| Amortization | 27,103 | 19,548 |
| Asset impairment charges ⁽⁷⁾ | 7,017 | — |
| Inventory related charges ⁽⁵⁾ | — | 960 |
| Adjusted cost of goods sold (Non-GAAP) | \$ 22,841 | \$ 18,008 |

| Specialty | Nine Months Ended September 30, 2019 | | | Nine Months Ended September 30, 2018 | | |
|---|--------------------------------------|-----------------------|------------------------|--------------------------------------|-----------------------|------------------------|
| | Actual | Add: Impax/ Gemini | (Non-GAAP) Combined | Actual | Add: Impax/ Gemini | (Non-GAAP) Combined |
| Cost of goods sold | \$ 113,767 | \$ — | \$ 113,767 | \$ 62,474 | \$ 26,731 | \$ 89,205 |
| Cost of goods sold impairment charges | 7,017 | — | 7,017 | — | — | — |
| Adjusted to deduct: | | | | | | |
| Amortization | 67,474 | — | 67,474 | 30,199 | 6,112 | 36,311 |
| Asset impairment charges ⁽⁷⁾ | 7,017 | — | 7,017 | — | — | — |
| Inventory related charges ⁽⁵⁾ | — | — | — | 2,910 | — | 2,910 |
| Adjusted cost of goods sold (Non-GAAP) | \$ 46,293 | \$ — | \$ 46,293 | \$ 29,365 | \$ 20,619 | \$ 49,984 |

Amneal Pharmaceuticals, Inc.
Non-GAAP Reconciliations
(Unaudited; In thousands)

Reconciliations of Generics Operating (Loss) Income to Adjusted Operating Income

| Generics | Three Months Ended September 30, | |
|---|----------------------------------|-------------------|
| | 2019 | 2018 |
| Operating (loss) income | \$ (80,361) | \$ 92,238 |
| Adjusted to add (deduct): | | |
| Acquisition and site closure expenses (6) | 5,941 | 15,235 |
| Amortization | 10,912 | 6,107 |
| Inventory related charges (5) | (2,038) | 11,426 |
| Stock-based compensation expense | 3,982 | 1,201 |
| Asset impairment charges (7) | 72,530 | 8,541 |
| Restructuring and other charges (8) | 14,702 | (2,885) |
| Charges (gains) related to legal matters (10) | 15,000 | — |
| Other | (975) | (414) |
| Adjusted operating income (Non-GAAP) | \$ 39,693 | \$ 131,449 |

| Generics | Nine Months Ended September 30, 2019 | | | Nine Months Ended September 30, 2018 | | |
|---|--------------------------------------|--------------------------|------------------------|--------------------------------------|--------------------------|------------------------|
| | Actual | Add: Impax/ Gemini | (Non-GAAP) Combined | Actual | Add: Impax/ Gemini | (Non-GAAP) Combined |
| Operating (loss) income | \$ (130,058) | \$ — | \$ (130,058) | \$ 119,831 | \$ (130,663) | \$ (10,832) |
| Adjusted to add (deduct): | | | | | | |
| Acquisition and site closure expenses (6) | 35,611 | — | 35,611 | 129,857 | — | 129,857 |
| Amortization | 36,300 | — | 36,300 | 13,910 | 13,823 | 27,733 |
| Inventory related charges (5) | 19,739 | — | 19,739 | 41,995 | 9,894 | 51,889 |
| Stock-based compensation expense | 9,355 | — | 9,355 | 1,422 | 982 | 2,404 |
| Asset impairment charges (7) | 151,741 | — | 151,741 | 8,541 | 53 | 8,594 |
| Restructuring and other charges (8) | 17,201 | — | 17,201 | 21,912 | — | 21,912 |
| Charges related to legal matters, net (10) | 15,000 | — | 15,000 | — | 89,159 | 89,159 |
| Amortization of upfront payment (9) | 36,393 | — | 36,393 | — | — | — |
| R&D milestone payment | 9,929 | — | 9,929 | 2,700 | — | 2,700 |
| Other | 49 | — | 49 | (594) | — | (594) |
| Adjusted operating income (Non-GAAP) | \$ 201,260 | \$ — | \$ 201,260 | \$ 339,574 | \$ (16,752) | \$ 322,822 |

Amneal Pharmaceuticals, Inc.
Non-GAAP Reconciliations
(Unaudited; In thousands)

Reconciliations of Specialty Operating Income to Adjusted Operating Income

| Specialty | Three Months Ended September 30, | |
|--|----------------------------------|------------------|
| | 2019 | 2018 |
| Operating income | \$ 3,596 | \$ 22,633 |
| Adjusted to add: | | |
| Amortization | 27,103 | 19,548 |
| Inventory related charges ⁽⁵⁾ | — | 960 |
| Acquisition and site closure expenses ⁽⁶⁾ | 2,522 | — |
| Stock-based compensation expense | 456 | — |
| Restructuring and other charges ⁽⁸⁾ | 213 | (26) |
| Asset impairment charges ⁽⁷⁾ | 7,017 | — |
| Other | — | 474 |
| Adjusted operating income (Non-GAAP) | \$ 40,907 | \$ 43,589 |

| Specialty | Nine Months Ended September 30, 2019 | | | Nine Months Ended September 30, 2018 | | |
|--|--------------------------------------|--------------------------|------------------------|--------------------------------------|--------------------------|------------------------|
| | Actual | Add: Impax/ Gemini | (Non-GAAP) Combined | Actual | Add: Impax/ Gemini | (Non-GAAP) Combined |
| Operating income | \$ 24,769 | \$ — | \$ 24,769 | \$ 31,550 | \$ 36,968 | \$ 68,518 |
| Adjusted to add: | | | | | | |
| Amortization | 67,474 | — | 67,474 | 30,199 | 6,112 | 36,311 |
| Inventory related charges ⁽⁵⁾ | — | — | — | 2,910 | — | 2,910 |
| Acquisition and site closure expenses ⁽⁶⁾ | 8,328 | — | 8,328 | — | — | — |
| Stock-based compensation expense | 966 | — | 966 | — | 1,124 | 1,124 |
| Restructuring and other charges ⁽⁸⁾ | 391 | — | 391 | 2,395 | — | 2,395 |
| Charges related to legal matters, net | — | — | — | — | 940 | 940 |
| Asset impairment charges ⁽⁷⁾ | 7,017 | — | 7,017 | — | — | — |
| Other | — | — | — | 474 | — | 474 |
| Adjusted operating income (Non-GAAP) | \$ 108,945 | \$ — | \$ 108,945 | \$ 67,528 | \$ 45,144 | \$ 112,672 |

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 EPS

| | Three months ended September 30, | |
|---|----------------------------------|------------------|
| | 2019 | 2018 |
| Net (loss) income | \$ (363,392) | \$ 17,465 |
| Adjusted to add (deduct): | | |
| Non-cash interest | 1,631 | 1,452 |
| GAAP Income tax expense | 389,668 | 5,109 |
| Gain from reduction of tax receivable agreement liability (4) | (192,844) | — |
| Amortization | 38,015 | 25,655 |
| Stock-based compensation expense | 6,095 | 3,590 |
| Acquisition and site closure expenses (6) | 11,230 | 20,816 |
| Restructuring and other charges (8) | 20,937 | (2,156) |
| Inventory related charges (5) | (2,038) | 12,386 |
| Charges related to legal matters, net (10) | 15,000 | 2,589 |
| Asset impairment charges (7) | 79,547 | 8,541 |
| Foreign exchange loss | 12,531 | 5,137 |
| Loss on sale of international business (11) | — | 2,812 |
| Other | (1,387) | 597 |
| Income tax at 21% | (3,149) | (21,839) |
| Net income attributable to NCI not associated with our Class B shares | (91) | (53) |
| Adjusted net income (Non-GAAP) | <u>\$ 11,753</u> | <u>\$ 82,101</u> |
| Adjusted diluted EPS (Non-GAAP) (12) | <u>\$ 0.04</u> | <u>\$ 0.27</u> |

(12) For the three months ended September 30, 2019, utilizes weighted average diluted shares outstanding of 299,106, which consists of Class A shares and Class B shares under the if-converted method. For the three months ended September 30, 2018, utilizes weighted average diluted shares outstanding of 299,483, which consists of Class A shares and Class B shares under the if-converted method.

Amneal Pharmaceuticals, Inc.
Non-GAAP Reconciliations
(Unaudited; In thousands, except per share amounts)

Reconciliation of Net Loss to Combined Adjusted Net Income and Calculation of Adjusted Diluted EPS

| | Nine Months Ended September 30, 2019 | | | Nine Months Ended September 30, 2018 | | |
|---|--------------------------------------|--------------------------|------------------------|--------------------------------------|--------------------------|------------------------|
| | Actual | Add: Impax/ Gemini | (Non-GAAP) Combined | Actual | Add: Impax/ Gemini | (Non-GAAP) Combined |
| | \$ | \$ | \$ | \$ | \$ | \$ |
| Net loss | \$ (538,670) | \$ — | \$ (538,670) | \$ (180,973) | \$ (150,155) | \$ (331,128) |
| Adjusted to add (deduct): | | | | | | |
| Non-cash interest | 4,849 | — | 4,849 | 7,029 | 9,413 | 16,442 |
| Gain from reduction of tax receivable agreement liability (4) | (192,844) | — | (192,844) | — | — | — |
| GAAP Income tax expense (benefit) | 375,539 | — | 375,539 | (6,943) | (6,273) | (13,216) |
| Amortization | 103,774 | — | 103,774 | 44,109 | 19,935 | 64,044 |
| Stock-based compensation expense | 16,666 | — | 16,666 | 5,234 | 4,816 | 10,050 |
| Acquisition and site closure expenses (6) | 58,488 | — | 58,488 | 235,458 | 10,925 | 246,383 |
| Restructuring and other charges (8) | 29,933 | — | 29,933 | 42,309 | 5,123 | 47,432 |
| Loss on extinguishment of debt | — | — | — | 19,667 | — | 19,667 |
| Inventory related charges (5) | 19,739 | — | 19,739 | 44,905 | 9,894 | 54,799 |
| Charges related to legal matters, net (10) | 15,000 | — | 15,000 | 2,589 | 90,099 | 92,688 |
| Asset impairment charges (7) | 160,555 | — | 160,555 | 8,541 | 53 | 8,594 |
| Amortization of upfront payment | 36,393 | — | 36,393 | — | — | — |
| Foreign exchange loss (gain) | 9,684 | — | 9,684 | 22,518 | (921) | 21,597 |
| (Gain) loss on sale of international businesses, net (11) | (6,930) | — | (6,930) | 2,812 | — | 2,812 |
| R&D milestone payments | 9,929 | — | 9,929 | 2,700 | — | 2,700 |
| Other | 196 | — | 196 | 655 | 1,953 | 2,608 |
| Income tax at 21% | (21,483) | — | (21,483) | (52,859) | 1,309 | (51,550) |
| Net income attributable to NCI not associated with our Class B shares | (231) | — | (231) | (197) | — | (197) |
| Adjusted net income (Non-GAAP) | <u>\$ 80,587</u> | <u>\$ —</u> | <u>\$ 80,587</u> | <u>\$ 197,554</u> | <u>\$ (3,829)</u> | <u>\$ 193,725</u> |
| Adjusted diluted EPS (Non-GAAP) (13) | | | <u>\$ 0.27</u> | | | <u>\$ 0.65</u> |

(13) For the nine months ended September 30, 2019, utilizes weighted average diluted shares outstanding of 299,125, which consists of Class A shares and Class B shares under the if-converted method. For the nine months ended September 30, 2018, utilizes weighted average diluted shares outstanding of 299,156, which consists of Class A and Class B shares under the if-converted method.

Amneal Pharmaceuticals, Inc.
Non-GAAP Reconciliations
(Unaudited, In thousands)

Reconciliations of Net (Loss) Income to EBITDA and Adjusted EBITDA

| | Three Months Ended September 30, | |
|---|---|-------------------|
| | 2019 | 2018 |
| Net (loss) income | \$ (363,392) | \$ 17,465 |
| Adjusted to add (deduct): | | |
| Interest expense, net | 42,209 | 43,018 |
| Income tax expense | 389,668 | 5,109 |
| Depreciation and amortization | 53,358 | 43,013 |
| EBITDA (Non-GAAP) | \$ 121,843 | \$ 108,605 |
| Adjusted to add (deduct): | | |
| Gain from reduction of tax receivable agreement liability (4) | \$ (192,844) | \$ — |
| Stock-based compensation expense | 6,095 | 3,590 |
| Acquisition and site closure expenses (6) | 11,230 | 20,816 |
| Restructuring and other charges (8) | 20,937 | (2,156) |
| Inventory related charges (5) | (2,038) | 12,386 |
| Charges related to legal matters, net (10) | 15,000 | 2,589 |
| Asset impairment charges (7) | 79,547 | 8,541 |
| Foreign exchange loss | 12,531 | 5,137 |
| Loss on sale of international businesses (11) | — | 2,812 |
| Other | (1,387) | 597 |
| Adjusted EBITDA (Non-GAAP) | \$ 70,914 | \$ 162,917 |

| | Nine Months Ended September 30, 2019 | | | Nine Months Ended September 30, 2018 | | |
|---|---|-----------------------------------|--------------------------------|---|-----------------------------------|--------------------------------|
| | Actual | Add: Impax/ Gemini | (Non-GAAP) Combined | Actual | Add: Impax/ Gemini | (Non-GAAP) Combined |
| Net loss | \$ (538,670) | \$ — | \$ (538,670) | \$ (180,973) | \$ (150,155) | \$ (331,128) |
| Adjusted to add (deduct): | | | | | | |
| Interest expense, net | 129,376 | — | 129,376 | 100,691 | 18,231 | 118,922 |
| Income tax expense (benefit) | 375,539 | — | 375,539 | (6,943) | (6,273) | (13,216) |
| Depreciation and amortization | 152,932 | — | 152,932 | 89,911 | 24,900 | 114,811 |
| EBITDA (Non-GAAP) | \$ 119,177 | \$ — | \$ 119,177 | \$ 2,686 | \$ (113,297) | \$ (110,611) |
| Adjusted to add (deduct): | | | | | | |
| Gain from reduction of tax receivable agreement liability (4) | \$ (192,844) | \$ — | \$ (192,844) | \$ — | \$ — | \$ — |
| Stock-based compensation expense | 16,666 | — | 16,666 | 5,234 | 4,816 | 10,050 |
| Acquisition and site closure expenses (6) | 58,488 | — | 58,488 | 235,458 | 10,925 | 246,383 |
| Restructuring and other charges (8) | 29,933 | — | 29,933 | 42,309 | 5,123 | 47,432 |
| Loss on extinguishment of debt | — | — | — | 19,667 | — | 19,667 |
| Inventory related charges (5) | 19,739 | — | 19,739 | 44,905 | 9,894 | 54,799 |
| Charges related to legal matters, net (10) | 15,000 | — | 15,000 | 2,589 | 90,099 | 92,688 |
| Asset impairment charges (7) | 160,555 | — | 160,555 | 8,541 | 53 | 8,594 |
| Amortization of upfront payment (9) | 36,393 | — | 36,393 | — | — | — |
| Foreign exchange loss (gain) | 9,684 | — | 9,684 | 22,518 | (921) | 21,597 |
| (Gain) loss on sale of international businesses, net (11) | (6,930) | — | (6,930) | 2,812 | — | 2,812 |
| R&D milestone payments | 9,929 | — | 9,929 | 2,700 | — | 2,700 |
| Other | (828) | — | (828) | 655 | 653 | 1,308 |
| Adjusted EBITDA (Non-GAAP) | \$ 274,962 | \$ — | \$ 274,962 | \$ 390,074 | \$ 7,345 | \$ 397,419 |

Anneal Pharmaceuticals, Inc.
Non-GAAP Reconciliations
(Unaudited; In thousands)

- (4) Gain from reduction of tax receivable agreement liability represents the reversal of the accrued liability associated with the Company's deferred tax assets created at the Combination.
- (5) For the three and nine months ended September 30, 2019, inventory related charges primarily represent inventory obsolescence resulting from new initiatives and policies adopted with our restructuring efforts. For the three and nine months ended September 30, 2018, inventory related charges also include a reserve for an unfavorable supply arrangement and the amortization of the Impax inventory step-up to fair value in purchase accounting.
- (6) Acquisition and site closure expenses for the three and nine months ended September 30, 2019 includes costs related to (i) plant closure and redundant employee costs and (ii) third party costs associated with the combination of Impax and related integration including legal, investment banking, accounting and information technology. For the three and nine months ended September 30, 2018, acquisition and site closure expenses also includes costs associated with the Impax sale of its Middlesex, NJ and Taiwan facilities
- (7) Asset impairment charges for the three and nine months ended September 30, 2019 are primarily associated with the write-off of in process research and development and intangible asset impairment charges primarily related to products acquired in the Impax combination.
- (8) For the three and nine months ended September 30, 2019, restructuring and other charges are primarily associated with cash severance provided pursuant to our severance programs for employees at our Hauppauge, NY, Hayward, CA and other facilities as well as asset-related charges associated with the impairment of property, plant and equipment and the right of use asset associated with our Hauppauge, NY facility. For the three and nine months ended September 30, 2018, restructuring and other charges includes employee separation costs associated with the consolidation of sites due to the Combination of Anneal and Impax, as well as the write-off of property, plant, and equipment at those sites.
- (9) Amortization of upfront payment represents the amortization of the upfront payment made to Lannett in connection with our Transition Agreement with Levothyroxine.
- (10) For the three and nine months ended September 30, 2019, charges related to legal matters, net are primarily associated with an agreement in principle with Teva Pharmaceuticals, Inc. regarding a matter associated with Impax prior to the Combination (Teva vs Impax, LLC). Charges related to legal matters, net for the nine months ended September 30, 2018 relate to an Impax litigation settlement charge and a settlement for claims with the plaintiffs in the class action antitrust suits related to Solodyn®.
- (11) For the nine months ended September 30, 2019 gain/loss on the sale of international business, net represents the gain from the sale of our Creo Pharma Holding Limited subsidiary, which comprised substantially all of the Company's operations in the United Kingdom partially offset by the loss from the sale of our Anneal Deutschland GmbH subsidiary, which comprised substantially all of the Company's operations in Germany.