# UNITED STATES
# SECURITIES AND EXCHANGE COMMISSION

**Washington, D.C. 20549**

# Form 10-Q

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

**For the quarterly period ended September 30, 2024**

**OR**

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

**For the transition period from _____ to _____**

**Commission file number 001-38485**

# Amneal Pharmaceuticals, Inc.

**(Exact name of registrant as specified in its charter)**

| **Delaware** | **93-4225266** |
|---|---|
| **(State or other jurisdiction of incorporation or organization)** | **(I.R.S. Employer Identification No.)** |
| **Amneal Pharmaceuticals, Inc.**<br>**400 Crossing Boulevard, Bridgewater, NJ** | **08807** |
| **(Address of principal executive offices)** | **(Zip Code)** |

**(908) 947-3120**

**(Registrant's telephone number, including area code)**

**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 | The Nasdaq Stock Market LLC |

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act:

| | | | |
|---|---|---|---|
| Large accelerated filer | ☐ | Accelerated filer | ☒ |
| Non-accelerated filer | ☐ | Smaller reporting company | ☐ |
| | | 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. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes☐ No ☒

As of October 31, 2024, there were 309,844,430 shares of the registrant's Class A common stock outstanding, with a par value of $0.01.

**Amneal Pharmaceuticals, Inc.**

**Table of Contents**

**Cautionary Note Regarding Forward-Looking Statements**

This Quarterly Report on Form 10-Q and other publicly available documents of Amneal Pharmaceuticals, Inc. contain "forward-looking statements" within the meaning of the safe harbor provisions of the United States ("U.S.") Private Securities Litigation Reform Act of 1995. Management and representatives of Amneal Pharmaceuticals, Inc. and its subsidiaries ("the Company", "we", "us", or "our") also may from time to time make forward-looking statements. Forward-looking statements do not relate strictly to historical or current facts and reflect management's assumptions, views, plans, objectives and projections about the future. Forward-looking statements may be identified by the use of words such as "plans," "expects," "will," "anticipates," "targets," "estimates," and other words of similar meaning in conjunction with, among other things: discussions of future operations; expected operating results and financial performance; impact of planned acquisitions and dispositions; our strategy for growth; product development; regulatory approvals; market position and expenditures.

Because forward-looking statements are based on current beliefs, expectations and assumptions regarding future events, they are subject to uncertainties, risks and changes that are difficult to predict and many of which are outside of our control. Investors should realize that if underlying assumptions prove inaccurate, known or unknown risks or uncertainties materialize, or other factors or circumstances change, our actual results and financial condition could vary materially from expectations and projections expressed or implied in our forward-looking statements. Investors are therefore cautioned not to rely on these forward-looking statements.

**Summary of Material Risks**

Risks and uncertainties that make an investment in the Company speculative or risky or that could cause our actual results to differ materially from the forward-looking statements contained in this Quarterly Report on Form 10-Q 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 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 impact of a prolonged business interruption within our supply chain;
- 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;
- legal, regulatory and legislative efforts by our brand competitors to deter competition from our generic alternatives;
- our dependence on information technology systems and infrastructure and the potential for cybersecurity incidents;
- our ability to attract, hire and retain highly skilled personnel;
- 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 ("R&D");
- the risk of claims brought against us by third parties such as those described in *Note 17. Commitments and Contingencies - Other Litigation Related to the Company's Business*;
- 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 ("FDA") product approval requirements;
- the impact of healthcare reform and changes in coverage and reimbursement levels by governmental authorities and other third-party payers;
- our dependence on third-party agreements for a portion of our product offerings;
- 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 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 obligations under a tax receivable agreement may be significant;
- the high concentration of ownership of our Class A common stock and the fact that we are controlled by the Amneal Group (as defined in *Item 1. Business* in the Company's 2023 Annual Report on Form 10-K); and

- such other factors as may be set forth elsewhere in the Company's Annual Report on Form 10-K for the year ended December 31, 2023, particularly in the section entitled *1A. Risk Factors* and our public filings with the SEC.

Investors should carefully read our Annual Report on Form 10-K for the year ended December 31, 2023, including the section *1A. Risk Factors*, for a description of certain risks that could, among other things, cause our actual results to differ materially from those expressed in our forward-looking statements. Investors should understand that it is not possible to predict or identify all such factors and should not consider the risks described herein and in our Annual Report to be a complete statement of all potential risks and uncertainties. The Company does not undertake to publicly update any forward-looking statement that may be made from time to time, whether as a result of new information or future events or developments.

**PART I - FINANCIAL INFORMATION**

**Item 1. Financial Statements (Unaudited)**

**Amneal Pharmaceuticals, Inc.**
**Consolidated Statements of Operations**
**(unaudited; in thousands, except per share amounts)**

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | **2024** | **2023** | **2024** | **2023** |
| **Net revenue** | $ 702,468 | $ 620,040 | $ 2,063,439 | $ 1,776,626 |
| Cost of goods sold | 432,910 | 387,509 | 1,305,874 | 1,145,888 |
| **Gross profit** | 269,558 | 232,531 | 757,565 | 630,738 |
| Selling, general and administrative | 118,692 | 113,006 | 347,749 | 320,672 |
| Research and development | 61,097 | 41,375 | 136,449 | 117,864 |
| Intellectual property legal development expenses | 1,967 | 886 | 3,993 | 3,350 |
| Restructuring and other charges | 172 | 1,043 | 1,862 | 1,635 |
| Change in fair value of contingent consideration | (1,030) | 3,120 | (930) | (787) |
| (Credit) charges related to legal matters, net | (149) | (2,620) | 94,909 | (1,039) |
| Other operating expense (income) | — | 73 | — | (1,138) |
| **Operating income** | 88,809 | 75,648 | 173,533 | 190,181 |
| Other (expense) income: | | | | |
| Interest expense, net | (65,511) | (50,909) | (196,933) | (151,081) |
| Foreign exchange gain (loss), net | 2,274 | (2,939) | 815 | (617) |
| Increase in tax receivable agreement liability | (11,327) | (677) | (26,719) | (1,908) |
| Other income, net | 1,178 | 1,834 | 9,610 | 6,616 |
| **Total other expense, net** | (73,386) | (52,691) | (213,227) | (146,990) |
| Income (loss) before income taxes | 15,423 | 22,957 | (39,694) | 43,191 |
| Provision for (benefit from) income taxes | 3,666 | (2,076) | 13,440 | (1,431) |
| **Net income (loss)** | 11,757 | 25,033 | (53,134) | 44,622 |
| Less: Net income attributable to non-controlling interests | (11,913) | (15,351) | (32,671) | (29,966) |
| **Net (loss) income attributable to Amneal Pharmaceuticals, Inc.** | $ (156) | $ 9,682 | $ (85,805) | $ 14,656 |
| | | | | |
| **Net (loss) income per share attributable to Amneal Pharmaceuticals, Inc.'s Class A common stockholders:** | | | | |
| Basic | $ (—) | $ 0.06 | $ (0.28) | $ 0.10 |
| Diluted | $ (—) | $ 0.06 | $ (0.28) | $ 0.09 |
| Weighted-average common shares outstanding: | | | | |
| Basic | 309,647 | 154,219 | 308,685 | 153,363 |
| Diluted | 309,647 | 159,691 | 308,685 | 156,284 |

The accompanying notes are an integral part of these consolidated financial statements.

**Amneal Pharmaceuticals, Inc.**
**Consolidated Statements of Comprehensive (Loss) Income**
**(unaudited; in thousands)**

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | **2024** | **2023** | **2024** | **2023** |
| **Net income (loss)** | $ 11,757 | $ 25,033 | $ (53,134) | $ 44,622 |
| Less: Net income attributable to non-controlling interests | (11,913) | (15,351) | (32,671) | (29,966) |
| **Net (loss) income attributable to Amneal Pharmaceuticals, Inc.** | (156) | 9,682 | (85,805) | 14,656 |
| Other comprehensive (loss) income: | | | | |
| Foreign currency translation adjustments arising during the period | (2,236) | (3,086) | (2,665) | (1,029) |
| Unrealized loss on cash flow hedge, net of tax of $ 0 | (34,523) | (5,292) | (19,150) | (11,250) |
| Reclassification of cash flow hedge to earnings, net of tax of $ 0 | (6,587) | — | (19,618) | — |
| Less: Other comprehensive loss attributable to non-controlling interests | — | 4,160 | — | 6,133 |
| Other comprehensive loss attributable to Amneal Pharmaceuticals, Inc. | (43,346) | (4,218) | (41,433) | (6,146) |
| **Comprehensive (loss) income attributable to Amneal Pharmaceuticals, Inc.** | $ (43,502) | $ 5,464 | $ (127,238) | $ 8,510 |

The accompanying notes are an integral part of these consolidated financial statements.

**Amneal Pharmaceuticals, Inc.**
**Consolidated Balance Sheets**
**(unaudited; in thousands, except per share amounts)**

| | September 30, 2024 | December 31, 2023 |
|---|---|---|
| **Assets** | | |
| Current assets: | | |
| Cash and cash equivalents | $ 74,006 | $ 91,542 |
| Restricted cash | 4,339 | 7,565 |
| Trade accounts receivable, net | 748,055 | 613,732 |
| Inventories | 596,359 | 581,384 |
| Prepaid expenses and other current assets | 81,956 | 82,685 |
| Related party receivables | 8,579 | 955 |
| Total current assets | 1,513,294 | 1,377,863 |
| Property, plant and equipment, net | 431,020 | 447,574 |
| Goodwill | 598,324 | 598,629 |
| Intangible assets, net | 780,189 | 890,423 |
| Operating lease right-of-use assets | 32,872 | 30,329 |
| Operating lease right-of-use assets - related party | 11,473 | 12,954 |
| Financing lease right-of-use assets | 57,532 | 59,280 |
| Other assets | 36,274 | 55,517 |
| Total assets | $ 3,460,978 | $ 3,472,569 |
| **Liabilities and Stockholders' (Deficiency) Equity** | | |
| Current liabilities: | | |
| Accounts payable and accrued expenses | $ 671,085 | $ 534,662 |
| Current portion of liabilities for legal matters | 30,181 | 76,988 |
| Revolving credit facility | 140,000 | 179,000 |
| Current portion of long-term debt, net | 224,692 | 34,125 |
| Current portion of operating lease liabilities | 9,702 | 9,207 |
| Current portion of operating lease liabilities - related party | 3,327 | 2,825 |
| Current portion of financing lease liabilities | 3,300 | 2,467 |
| Related party payables - short term | 12,922 | 7,321 |
| Total current liabilities | 1,095,209 | 846,595 |
| Long-term debt, net | 2,169,607 | 2,386,004 |
| Note payable - related party | — | 41,447 |
| Operating lease liabilities | 26,210 | 24,095 |
| Operating lease liabilities - related party | 10,265 | 12,787 |
| Financing lease liabilities | 57,558 | 58,566 |
| Related party payables - long term | 26,186 | 11,776 |
| Liabilities for legal matters - long term | 85,479 | 316 |
| Other long-term liabilities | 24,144 | 29,679 |
| Total long-term liabilities | 2,399,449 | 2,564,670 |
| Commitments and contingencies (Notes 4, 17 and 19) | | |
| Redeemable non-controlling interests | 59,887 | 41,293 |
| **Stockholders' (Deficiency) Equity** | | |
| Preferred stock, $0.01 par value, 2,000 shares authorized at both September 30, 2024 and December 31, 2023; none issued at both September 30, 2024 and December 31, 2023 | — | — |
| Class A common stock, $0.01 par value, 900,000 shares authorized at both September 30, 2024 and December 31, 2023; 309,770 and 306,565 shares issued at September 30, 2024 and December 31, 2023, respectively | 3,098 | 3,066 |
| Class B common stock, $0.01 par value, 300,000 shares authorized at both September 30, 2024 and December 31, 2023; none issued at both September 30, 2024 and December 31, 2023 | — | — |
| Additional paid-in capital | 553,233 | 539,240 |
| Stockholders' accumulated deficit | (575,981) | (490,176) |
| Accumulated other comprehensive loss | (73,782) | (32,349) |
| Total Amneal Pharmaceuticals, Inc. stockholders' (deficiency) equity | (93,432) | 19,781 |
| Non-controlling interests | (135) | 230 |
| Total stockholders' (deficiency) equity | (93,567) | 20,011 |
| Total liabilities and stockholders' (deficiency) equity | $ 3,460,978 | $ 3,472,569 |

The accompanying notes are an integral part of these consolidated financial statements.

**Amneal Pharmaceuticals, Inc.**
**Consolidated Statements of Cash Flows**
**(unaudited; in thousands)**

| | Nine Months Ended September 30, | |
|---|---|---|
| | **2024** | **2023** |
| **Cash flows from operating activities:** | | |
| Net (loss) income | $ (53,134) | $ 44,622 |
| Adjustments to reconcile net (loss) income to net cash provided by operating activities: | | |
| Depreciation and amortization | 170,061 | 172,467 |
| Unrealized foreign currency (gain) loss | (754) | 1,563 |
| Amortization of debt issuance costs and discount | 2,662 | 6,884 |
| Intangible asset impairment charges | 920 | 2,036 |
| Change in fair value of contingent consideration | (930) | (787) |
| Stock-based compensation | 20,558 | 20,848 |
| Inventory provision | 63,611 | 56,637 |
| Other operating charges and credits, net | (50) | 6,370 |
| Changes in assets and liabilities: | | |
| Trade accounts receivable, net | (134,031) | 49,055 |
| Inventories | (78,545) | (103,092) |
| Prepaid expenses, other current assets and other assets | (2,082) | 24,810 |
| Related party receivables | (483) | (1,131) |
| Accounts payable, accrued expenses and other liabilities | 168,879 | (74,685) |
| Related party payables | 20,339 | 4,157 |
| Net cash provided by operating activities | 177,021 | 209,754 |
| **Cash flows from investing activities:** | | |
| Purchases of property, plant and equipment | (36,769) | (33,351) |
| Acquisition of intangible assets | (14,050) | (2,488) |
| Deposits for future acquisition of property, plant and equipment | (1,107) | (1,658) |
| Proceeds from sale of subsidiary | 4,989 | — |
| Net cash used in investing activities | (46,937) | (37,497) |
| **Cash flows from financing activities:** | | |
| Payments of deferred financing and refinancing costs | — | (542) |
| Payments of principal on debt, revolving credit facilities, financing leases and other | (133,383) | (151,510) |
| Borrowings on revolving credit facilities | 48,000 | 110,000 |
| Proceeds from exercise of stock options | 1,003 | 408 |
| Employee payroll tax withholding on restricted stock unit vesting | (7,565) | (2,222) |
| Tax distributions to non-controlling interests | (14,442) | (67,875) |
| Payment of principal on notes payable - related party | (44,200) | — |
| Net cash used in financing activities | (150,587) | (111,741) |
| Effect of foreign exchange rate on cash | (259) | (136) |
| Net (decrease) increase in cash, cash equivalents, and restricted cash | (20,762) | 60,380 |
| Cash, cash equivalents, and restricted cash - beginning of period | 99,107 | 35,227 |
| Cash, cash equivalents, and restricted cash - end of period | $ 78,345 | $ 95,607 |
| Cash and cash equivalents - end of period | $ 74,006 | $ 86,929 |
| Restricted cash - end of period | 4,339 | 8,678 |
| Cash, cash equivalents, and restricted cash - end of period | $ 78,345 | $ 95,607 |

The accompanying notes are an integral part of these consolidated financial statements.

**Amneal Pharmaceuticals, Inc.**
**Consolidated Statements of Cash Flows (continued)**
**(unaudited; in thousands)**

| | Nine Months Ended September 30, | |
|---|---|---|
| | **2024** | **2023** |
| **Supplemental disclosure of cash flow information:** | | |
| Cash paid for interest | $ 202,914 | $ 136,600 |
| Cash paid, net for income taxes | $ 9,056 | $ 426 |
| | | |
| **Supplemental disclosure of non-cash investing and financing activity:** | | |
| Tax distributions to non-controlling interests | $ — | $ 1,062 |
| Payable for acquisition of intangible assets | $ 2,000 | $ 8,500 |
| Note receivable for sale of subsidiary - related party | $ 7,177 | $ — |

The accompanying notes are an integral part of these consolidated financial statements.

**Amneal Pharmaceuticals, Inc.**
**Consolidated Statements of Changes in Stockholders' (Deficiency) Equity**
**(unaudited; in thousands)**

| | New PubCo Class A Common Stock | | | | | | | Redeemable Non-Controlling |
|---|---|---|---|---|---|---|---|---|
| | Shares | Amount | Additional Paid-in Capital | Stockholders' Accumulated Deficit | Accumulated Other Comprehensive Loss | Non-Controlling Interests | Total Deficiency | Interests |
| **Balance at June 30, 2024** | 309,499 | $ 3,095 | $ 545,701 | $ (575,825) | $ (30,436) | $ (24) | $ (57,489) | $ 53,422 |
| Net (loss) income | — | — | — | (156) | — | (111) | (267) | 12,024 |
| Foreign currency translation adjustments | — | — | — | — | (2,236) | — | (2,236) | — |
| Stock-based compensation | — | — | 7,112 | — | — | — | 7,112 | — |
| Exercise of stock options | 224 | 3 | 614 | — | — | — | 617 | — |
| Restricted stock unit vesting, net of shares withheld to cover payroll taxes | 47 | — | (194) | — | — | — | (194) | — |
| Unrealized loss on cash flow hedge, net of tax of $0 | — | — | — | — | (34,523) | — | (34,523) | — |
| Tax distributions | — | — | — | — | — | — | — | (5,559) |
| Reclassification of cash flow hedge to earnings, net of tax of $0 | — | — | — | — | (6,587) | — | (6,587) | — |
| **Balance at September 30, 2024** | 309,770 | $ 3,098 | $ 553,233 | $ (575,981) | $ (73,782) | $ (135) | $ (93,567) | $ 59,887 |

| | New PubCo Class A Common Stock | | | | | | | Redeemable Non-Controlling |
|---|---|---|---|---|---|---|---|---|
| | Shares | Amount | Additional Paid-in Capital | Stockholders' Accumulated Deficit | Accumulated Other Comprehensive Loss | Non-Controlling Interests | Total Equity (Deficiency) | Interests |
| **Balance at December 31, 2023** | 306,565 | $ 3,066 | $ 539,240 | $ (490,176) | $ (32,349) | $ 230 | $ 20,011 | $ 41,293 |
| Net (loss) income | — | — | — | (85,805) | — | (365) | (86,170) | 33,036 |
| Foreign currency translation adjustments | — | — | — | — | (2,665) | — | (2,665) | — |
| Stock-based compensation | — | — | 20,558 | — | — | — | 20,558 | — |
| Exercise of stock options | 363 | 4 | 999 | — | — | — | 1,003 | — |
| Restricted stock unit vesting, net of shares withheld to cover payroll taxes | 2,842 | 28 | (7,564) | — | — | — | (7,536) | — |
| Unrealized loss on cash flow hedge, net of tax of $0 | — | — | — | — | (19,150) | — | (19,150) | — |
| Tax distributions, net | — | — | — | — | — | — | — | (14,442) |
| Reclassification of cash flow hedge to earnings, net of tax of $0 | — | — | — | — | (19,618) | — | (19,618) | — |
| **Balance at September 30, 2024** | 309,770 | $ 3,098 | $ 553,233 | $ (575,981) | $ (73,782) | $ (135) | $ (93,567) | $ 59,887 |

The accompanying notes are an integral part of these consolidated financial statements.

**Amneal Pharmaceuticals, Inc.**
**Consolidated Statements of Changes in Stockholders' Equity**
**(unaudited; in thousands)**

| | Old PubCo | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Class A Common Stock | | Class B Common Stock | | Additional Paid-in Capital | Stockholders' Accumulated Deficit | Accumulated Other Comprehensive Income | Non-Controlling Interests | Total Equity | Redeemable Non-Controlling Interests |
| | Shares | Amount | Shares | Amount | | | | | | |
| **Balance at June 30, 2023** | 154,050 | $ 1,540 | 152,117 | $ 1,522 | $ 708,233 | $ (401,209) | $ 8,083 | $ (167,401) | $ 150,768 | $ 32,106 |
| Net income | — | — | — | — | — | 9,682 | — | 5,858 | 15,540 | 9,493 |
| Foreign currency translation adjustments | — | — | — | — | — | — | (1,554) | (1,532) | (3,086) | — |
| Stock-based compensation | — | — | — | — | 6,691 | — | — | — | 6,691 | — |
| Exercise of stock options | 149 | 1 | — | — | 405 | — | 4 | (2) | 408 | — |
| Restricted stock unit vesting, net of shares withheld to cover payroll taxes | 147 | 1 | — | — | 121 | — | 4 | (279) | (153) | — |
| Unrealized loss on cash flow hedge, net of tax of $0 | — | — | — | — | — | — | (2,664) | (2,628) | (5,292) | — |
| Tax distributions | — | — | — | — | — | — | — | (10,640) | (10,640) | (4,455) |
| **Balance at September 30, 2023** | 154,346 | $ 1,542 | 152,117 | $ 1,522 | $ 715,450 | $ (391,527) | $ 3,873 | $ (176,624) | $ 154,236 | $ 37,144 |

| | Old PubCo | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Class A Common Stock | | Class B Common Stock | | Additional Paid-in Capital | Stockholders' Accumulated Deficit | Accumulated Other Comprehensive Income | Non-Controlling Interests | Total Equity | Redeemable Non-Controlling Interests |
| | Shares | Amount | Shares | Amount | | | | | | |
| **Balance at December 31, 2022** | 151,490 | $ 1,514 | 152,117 | $ 1,522 | $ 691,629 | $ (406,183) | $ 9,939 | $ (114,442) | $ 183,979 | $ 24,949 |
| Net income | — | — | — | — | — | 14,656 | — | 7,485 | 22,141 | 22,481 |
| Foreign currency translation adjustments | — | — | — | — | — | — | (525) | (504) | (1,029) | — |
| Stock-based compensation | — | — | — | — | 20,848 | — | — | — | 20,848 | — |
| Exercise of stock options | 149 | 1 | — | — | 405 | — | 4 | (2) | 408 | — |
| Restricted stock unit vesting, net of shares withheld to cover payroll taxes | 2,707 | 27 | — | — | 2,568 | — | 76 | (4,881) | (2,210) | — |
| Unrealized loss on cash flow hedge, net of tax of $0 | — | — | — | — | — | — | (5,621) | (5,629) | (11,250) | — |
| Tax distributions | — | — | — | — | — | — | — | (58,651) | (58,651) | (10,286) |
| **Balance at September 30, 2023** | 154,346 | $ 1,542 | 152,117 | $ 1,522 | $ 715,450 | $ (391,527) | $ 3,873 | $ (176,624) | $ 154,236 | $ 37,144 |

The accompanying notes are an integral part of these consolidated financial statements.

**Amneal Pharmaceuticals, Inc.**
**Notes to Consolidated Financial Statements**
**(unaudited)**

## 1. Nature of Operations

Amneal Pharmaceuticals, Inc. (the "Company") is a global pharmaceutical company that develops, manufactures, markets, and distributes a diverse portfolio of essential medicines, including retail generics, injectables, and biosimilars in our Generics segment and specialty branded pharmaceuticals. The Company operates principally in the United States ("U.S."), India, and Ireland, and sells to wholesalers, distributors, hospitals, governmental agencies, chain pharmacies and individual pharmacies, either directly or indirectly. The Company is a holding company whose principal assets are 100% of the common units of Amneal Pharmaceuticals LLC ("Amneal").

## 2. Summary of Significant Accounting Policies

### *Basis of Presentation*

The accompanying unaudited consolidated financial statements, which are prepared in accordance with generally accepted accounting principles in the United States of America ("U.S. GAAP"), should be read in conjunction with the Company's annual audited financial statements for the year ended December 31, 2023 included in the Company's 2023 Annual Report on Form 10-K. Certain information and footnote disclosures normally included in annual financial statements have been omitted from the accompanying unaudited consolidated financial statements. In the opinion of management, the accompanying unaudited consolidated financial statements contain all adjustments, consisting of only normal recurring adjustments, necessary for a fair statement of the Company's financial position as of September 30, 2024, cash flows for the nine months ended September 30, 2024 and 2023 and the results of its operations, its comprehensive (loss) income and its changes in stockholders' (deficiency) equity for the three and nine months ended September 30, 2024 and 2023. The consolidated balance sheet data at December 31, 2023 was derived from the Company's audited annual financial statements, but does not include all disclosures required by U.S. GAAP.

Except for the updates included in this note, the accounting policies of the Company are set forth in *Note 2. Summary of Significant Accounting Policies* contained in the Company's 2023 Annual Report on Form 10-K.

### *Use of Estimates*

The preparation of financial statements requires the Company's management to make estimates and assumptions that affect the reported financial position at the date of the financial statements and the reported results of operations during the reporting period. Such estimates and assumptions affect the reported amounts of assets, liabilities, revenues and expenses, and disclosure of contingent assets and liabilities in the consolidated financial statements and accompanying notes. The following are some, but not all, of such estimates: the determination of chargebacks, sales returns, rebates, valuation of intangible and other assets acquired in business combinations, allowances for accounts receivable, accrued liabilities, liabilities for legal matters, contingent liabilities, stock-based compensation, valuation of inventory balances, the determination of useful lives for product rights and the assessment of expected cash flows used in evaluating goodwill and other long-lived assets for impairment. Actual results could differ from those estimates.

### *Reclassification*

The prior period balances related to the TRA (as defined in *Note 5. Income Taxes*) of $0.7 million and $1.9 million, formerly included in other income, net for the three and nine months ended September 30, 2023, respectively, have been reclassified to the income statement caption increase in tax receivable agreement liability to conform to the current period presentation in the consolidated statements of operations. This reclassification did not impact total other expense, net or net income.

The prior period balance related to long-term liabilities for legal matters of $ 0.3 million, formerly included in other long-term liabilities as of December 31, 2023, has been reclassified to the balance sheet caption liabilities for legal matters - long term to conform to the current period presentation in the consolidated balance sheets. This reclassification did not impact total long-term liabilities or total liabilities.

***Recently Issued Accounting Pronouncements***

In November 2023, the Financial Accounting Standards Board (the "FASB") issued Accounting Standard Update ("ASU") 2023-07, *Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures* ("ASU 2023-07"), which provides improvements to reportable segment disclosure requirements, primarily through enhanced disclosures about significant segment expenses. ASU 2023-07 requires disclosures to include the title and position of the chief operating decision maker ("CODM"), significant segment expenses that are regularly provided to the CODM, a description of other segment items by reportable segment, and any additional measures of a segment's profit or loss used by the CODM when deciding how to allocate resources. ASU 2023-07 also requires all annual disclosures currently required by Topic 280 to be included in interim periods. ASU 2023-07 is effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024, with early adoption permitted and requires retrospective application to all prior periods presented in the financial statements. The Company is currently evaluating the impact this guidance will have on its consolidated financial statements.

In December 2023, the FASB issued ASU 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures* ("ASU 2023-09"), which enhances the transparency and usefulness of income tax disclosures. ASU 2023-09 requires that public business entities on an annual basis disclose specific categories in the rate reconciliation and provide additional information for reconciling items that meet a quantitative threshold. ASU 2023-09 is effective for fiscal years beginning after December 15, 2024, with early adoption permitted for annual financial statements that have not yet been issued or made available for issuance. The Company is currently evaluating the impact this guidance will have on its consolidated financial statements.

In November 2024, the FASB issued ASU 2024-03, *Income Statement - Reporting Comprehensive Income - Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses* ("ASU 2024-03"), which requires a public business entity to provide disaggregated disclosures, in the notes to the financial statements, of certain categories of expenses that are included in expense line items on the face of the income statement. ASU 2024-03 is effective for fiscal years beginning after December 15, 2026, and interim reporting periods beginning December 15, 2027, with early adoption permitted. Upon adoption, ASU 2024-03 may be applied prospectively for reporting periods after the effective date or retrospectively to any or all prior periods presented in the financial statements. The Company is currently evaluating the impact this guidance will have on its consolidated financial statements.

**3. Revenue Recognition**

The Company recognizes revenue in accordance with Accounting Standards Codification Topic 606, *Revenue from Contracts with Customers* ("ASC 606"). Revenue is recognized when the Company transfers control of its products to the customer, which typically occurs at a point-in-time, either upon shipment or delivery. Substantially all of the Company's net revenues relate to products which are transferred to the customer at a point-in-time.

***License Agreements***

Refer to *Note 4. Alliance and Collaboration* for further information related to revenue recognition associated with license agreements.

***Concentration of Revenue***

The following table summarizes revenues from each of the Company's customers which individually accounted for 10% or more of its total net revenue:

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2024 | 2023 | 2024 | 2023 |
| Customer A | 24 % | 24 % | 22 % | 24 % |
| Customer B | 14 % | 17 % | 15 % | 15 % |
| Customer C | 24 % | 21 % | 23 % | 21 % |
| Customer D | 11 % | 10 % | 10 % | 10 % |

***Disaggregated Revenue***

The Company's significant therapeutic classes for its Generics and Specialty segments and sales channels for its AvKARE segment, as determined based on net revenue for the three and nine months ended September 30, 2024 and 2023, are set forth below (in thousands):

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2024 | 2023 | 2024 | 2023 |
| *Generics* | | | | |
| Anti-infective | $ 5,454 | $ 7,382 | $ 17,966 | $ 18,648 |
| Hormonal / allergy | 132,643 | 126,425 | 363,930 | 357,711 |
| Antiviral | 4,371 | 7,150 | 12,544 | 36,221 |
| Central nervous system | 108,962 | 96,587 | 340,186 | 264,773 |
| Cardiovascular system | 36,420 | 32,459 | 123,629 | 98,108 |
| Gastroenterology | 14,467 | 18,858 | 45,391 | 53,127 |
| Oncology | 44,471 | 37,722 | 131,270 | 76,846 |
| Metabolic disease / endocrine | 8,640 | 11,026 | 29,298 | 35,227 |
| Respiratory | 9,459 | 7,832 | 34,002 | 31,783 |
| Dermatology | 19,280 | 17,279 | 58,829 | 53,232 |
| Other therapeutic classes | 38,670 | 27,270 | 81,263 | 80,974 |
| International and other | 4,508 | 867 | 7,659 | 1,714 |
| Total Generics net revenue | 427,345 | 390,857 | 1,245,967 | 1,108,364 |
| *Specialty* | | | | |
| Hormonal / allergy | 32,283 | 28,494 | 93,433 | 82,268 |
| Central nervous system | 73,401 | 61,142 | 203,583 | 180,844 |
| License agreement [1] | 2,048 | — | 6,527 | — |
| Other therapeutic classes | 7,906 | 7,668 | 21,370 | 22,864 |
| Total Specialty net revenue | 115,638 | 97,304 | 324,913 | 285,976 |
| *AvKARE* | | | | |
| Distribution | 101,605 | 81,904 | 327,453 | 248,929 |
| Government label | 41,936 | 32,764 | 113,098 | 87,150 |
| Institutional | 9,394 | 10,551 | 32,020 | 28,395 |
| Other | 6,550 | 6,660 | 19,988 | 17,812 |
| Total AvKARE net revenue | 159,485 | 131,879 | 492,559 | 382,286 |
| Total net revenue | $ 702,468 | $ 620,040 | $ 2,063,439 | $ 1,776,626 |

[1] Refer to *Note 4. Alliance and Collaboration* for information about revenue recognized under license agreements.

A rollforward of the major categories of sales-related deductions for the nine months ended September 30, 2024 is as follows (in thousands):

| | Contract Charge - Backs and Sales Volume Allowances | Cash Discount Allowances | Accrued Returns Allowance | Accrued Medicaid and Commercial Rebates |
|---|---|---|---|---|
| **Balance at December 31, 2023** | $ 559,334 | $ 23,892 | $ 136,486 | $ 90,690 |
| Provision related to sales recorded in the period | 2,685,886 | 92,879 | 67,779 | 197,524 |
| Credits/payments issued during the period | (2,807,921) | (91,369) | (56,190) | (171,822) |
| **Balance at September 30, 2024** | $ 437,299 | $ 25,402 | $ 148,075 | $ 116,392 |

**4. Alliance and Collaboration**

The Company has entered into several alliance, collaboration, license, distribution and similar agreements with respect to certain of its products and services with third-party pharmaceutical companies. The consolidated statements of operations include revenue recognized under agreements the Company has entered into to develop marketing and/or distribution relationships with its partners to fully leverage the technology platform and revenue recognized under development agreements. These agreements generally obligate the Company to provide R&D services over multiple periods. The Company's significant arrangements are discussed below.

***Orion Corporation License Agreement***

On December 28, 2022, Amneal signed a long-term license agreement with Orion Corporation ("Orion"), a globally operating Finnish pharmaceutical company, to commercialize a number of its complex generic products in most parts of Europe, Australia and New Zealand (the "Orion Agreement"). The initial term of the Orion Agreement commences upon commercial launch of the products and will continue for eight years. The Orion Agreement will automatically renew for successive two-year terms unless either party declines such renewal in writing at least one year in advance.

During the three and nine months ended September 30, 2024, the Company recognized $ 0.5 million and $1.8 million, respectively, as a reduction to R&D expense related to services performed under the Orion Agreement. During the three and nine months ended September 30, 2023, the Company recognized $0.3 million and $0.9 million, respectively, as a reduction to R&D expense related to services performed under the Orion Agreement. As of September 30, 2024, deferred income of $10.3 million and $0.3 million was recorded in accounts payable and accrued expenses and other long-term liabilities, respectively. As of December 31, 2023, deferred income of $7.8 million and $4.7 million was recorded in accounts payable and accrued expenses and other long-term liabilities, respectively. As of September 30, 2024, no products have been supplied by Amneal under the Orion Agreement. Refer to *Note 5. Alliance and Collaboration* in our 2023 Annual Report on Form 10-K for additional information.

***ONGENTYS® License Agreement***

On December 5, 2023, the Company entered into a license agreement with BIAL-Portela & Ca., S.A. ("BIAL") for the exclusive royalty-free right to market and distribute ONGENTYS® (opicapone) in the U.S. starting on December 18, 2023 and ending at such time when generic opicapone sales reach certain predetermined thresholds (the "BIAL License Agreement"). ONGENTYS® is BIAL's proprietary, once-daily, peripherally-acting, highly-selective catechol-O-methyltransferase inhibitor approved by the FDA in 2020 as an add-on treatment to carbidopa/levodopa in patients with Parkinson's disease experiencing "Off" episodes. Under the BIAL Agreement, the Company is responsible for commercialization and marketing of ONGENTYS® in the U.S. and BIAL is responsible for manufacturing and supply. The BIAL Agreement also requires the Company to spend a minimum of $6.0 million in medical and marketing activities directly related to ONGENTYS® of which $4.7 million was expensed through September 30, 2024. The Company commenced distribution of ONGENTYS® in January 2024.

During December 2023, the Company paid a nonrefundable license fee of $ 12.5 million to BIAL, which was capitalized as an intangible asset and will be amortized to cost of sales over a period of eight years. The BIAL License Agreement provides for potential future milestone payments totaling $22.5 million, depending on cumulative net sales of ONGENTYS®.

***Knight Therapeutics International S.A. License Agreement***

On January 24, 2024, the Company entered into a 15-year license, distribution and supply agreement with Knight Therapeutics International S.A. ("Knight") granting Knight the exclusive rights to seek regulatory approval and commercialize IPX203 in Canada and Latin America (the "Knight License Agreement"). The Knight License Agreement will automatically renew for successive two-year periods unless either party provides notice declining such renewal at least one year in advance.

Knight will be responsible for the performance of all R&D activities, regulatory approval, commercialization, and marketing activities for the territories in the agreement to be conducted to obtain regulatory approval for each product. Upon achieving regulatory approval for products, Amneal will be responsible for manufacturing and supplying products to Knight.

During the three and nine months ended September 30, 2024, the Company recorded net revenue of $ 1.0 million and $2.0 million, respectively, for payments received for a nonrefundable license fee and a regulatory milestone. The Knight License Agreement provides for potential future milestone payments totaling $9.5 million, contingent upon regulatory approval, launch dates and cumulative net sales targets by Knight. The agreement also includes low-double digit royalty payments based on net sales of IPX203.

***License Agreement with Zambon Biotech***

On February 23, 2024, the Company entered into a license, distribution and supply agreement with Zambon Biotech S.A. ("Zambon") granting Zambon the exclusive rights to seek regulatory approval and commercialize IPX203 in Europe (the "Zambon License Agreement"). The term for the Zambon License Agreement is 15 years commencing from the commercial launch of the product, which can automatically renew for successive two-year periods unless either party provides notice declining such renewal at least one year in advance. Zambon will be responsible for the performance of all R&D activities, regulatory approval, commercialization, and marketing activities for the territories in the agreement to be conducted to obtain regulatory approval for each product. Upon achieving regulatory approval for products, Amneal will be responsible for manufacturing and supplying products to Zambon.

In connection with the execution of the agreement, the Company was entitled to a nonrefundable license fee of € 5.0 million, or $5.4 million, which was received in April 2024. Of the license fee, the Company allocated €3.2 million, or $3.5 million, to the delivery of a functional license, which was recorded as net revenue during the nine months ended September 30, 2024. In September 2024, the Company received €1.5 million, or $1.6 million for a regulatory milestone. Of the regulatory milestone, the Company allocated €1.0 million, or $1.0 million, to the delivery of a functional license, which was recorded as net revenue during the three and nine months ended September 30, 2024. In addition, the Company is eligible to receive future milestone payments totaling €70.0 million, or $78.1 million, as of September 30, 2024, from Zambon, contingent upon regulatory approval of the product, and achievement of certain annual net sales targets by Zambon. The Zambon License Agreement also includes single-digit to low-double digit royalty payments based on net sales of IPX203.

***Biosimilar Licensing and Supply Agreements***

*Bevacizumab*

On May 7, 2018, the Company entered into a licensing and supply agreement with mAbxience S.L. ("mAbxience") for its biosimilar candidate for Avastin® (bevacizumab). The supply agreement was subsequently amended on March 2, 2021 and the licensing agreement was amended on March 4, 2021. Pursuant to the agreement, the Company will be the exclusive partner in the U.S. market and pay up-front, development and regulatory milestone payments and commercial milestone payments on reaching pre-agreed sales targets in the market to mAbxience, up to $78.3 million.

On April 13, 2022, the FDA approved the Company's biologics license application for bevacizumab-maly, a biosimilar referencing Avastin®. In connection with this regulatory approval and associated activity, the Company paid milestones of $26.5 million during the year ended December 31, 2022, which were capitalized as product rights intangible assets and are being amortized to cost of sales over their estimated useful lives of seven years. On March 29, 2024, the Company paid a sales-based milestone of $9.5 million, which was capitalized as a product rights intangible asset and is being amortized to cost of sales.

*Denosumab*

On October 12, 2023, the Company entered into a licensing and supply agreement with mAbxience to be the exclusive U.S. partner for two denosumab biosimilars referencing both Prolia® and XGEVA®. Denosumab is a monoclonal antibody drug that inhibits bone reabsorption. It is indicated for two major categories of therapy: bone metastasis from various forms of cancer and prevention of bone pain and fractures, including osteoporosis-related injuries. mAbxience is responsible for the clinical and regulatory approval for the two products and regulatory fees will be shared by the parties. Upon approval of each product, mAbxience will be responsible for supply and the Company will be responsible for commercialization.

During the year ended December 31, 2023, the Company recorded R&D expense for a $ 2.5 million payment made upon execution of the agreement and an additional $2.5 million for a developmental milestone. During the three and nine months ended September 30, 2024, the Company recorded R&D expense of $3.5 million and $6.5 million, respectively, for clinical, development and regulatory milestones. The agreement provides for potential future milestone payments to mAbxience of up to $62.5 million as follows: (i) up to $15.0 million for regulatory approval and initial commercial launch milestones; and (ii) up to $47.5 million for the achievement of annual commercial milestones.

***Collaboration to Develop and Supply Medicines for Obesity and Metabolic Diseases***

On September 30, 2024, the Company and Metsera, Inc. ("Metsera"), a clinical stage biopharmaceutical company, entered into a collaboration agreement to develop and supply a new portfolio of weight loss medicines globally (the "Metsera Agreement"). The Company will serve as Metsera's preferred supply partner for developed markets, including the United States and Europe. In addition, the Company has been granted an exclusive license to commercialize Metsera products covered under the agreement in selected emerging markets, including India and certain countries in Southeast Asia, Africa and the Middle East.

Under the terms of the Metsera Agreement, the Company will be responsible for performing certain development activities on behalf of Metsera and will receive cost plus a margin, as defined. Upon Metsera obtaining regulatory approval, the Company will manufacture commercial products on behalf of Metsera for cost plus a margin, as defined. The Company is also entitled to a tiered quarterly earn-out calculated as a low-single digit percentage of Metsera's gross profit, as defined.

The Company plans to construct two new greenfield manufacturing facilities (the "Manufacturing Facilities") in India; one for peptide synthesis and one for sterile fill-finish manufacturing. Metsera will contribute an agreed percentage of the construction costs, up to $100 million, subject to annual maximums, as defined. In consideration for the funding by Metsera, the Company will i.) provide a rebate on the price of each unit of commercial injectable product produced by the Company and purchased by Metsera and ii.) provide a payment to Metsera for each unit of commercial product manufactured on behalf of itself or third parties using the Manufacturing Facilities, in aggregate up to the amount funded by Metsera for construction costs.

The initial term of the Metsera Agreement is seven years from the first commercial sale. Metsera has the sole right to renew the agreement for an additional 5-year period. Following this initial renewal, the agreement may be extended by mutual written consent.

The Metsera Agreement did not have a material impact on the Company's financial statements as of and for the three and nine months ended September 30, 2024.

***Agreements with Kashiv Biosciences, LLC***

For details on the Company's related party agreements with Kashiv Biosciences, LLC ("Kashiv"), refer to *Note 19. Related Party Transactions* in this Form 10-Q and *Note 24. Related Party Transactions* in the Company's 2023 Annual Report on Form 10-K.

**5. Income Taxes**

For the three months ended September 30, 2024, the Company's provision for income taxes and effective tax rate were $ 3.7 million and 23.8%, respectively, as compared to a benefit from income taxes and effective tax rate of $(2.1) million and (9.0)%, respectively, for the three months ended September 30, 2023. For the nine months ended September 30, 2024, the Company's provision for income taxes and effective tax rate were $13.4 million and (33.9)%, respectively, as compared to a benefit from income taxes and effective tax rate of $(1.4) million and (3.3)%, respectively, for the nine months ended September 30, 2023. For the three and nine months ended September 30, 2024, the period-over-period changes in the provision for income taxes were primarily related to changes in the jurisdictional mix of income and a discrete Indian tax benefit of approximately $2.9 million from the utilization of a loss carryforward during the three months ended September 30, 2023.

The Company recorded deferred tax assets for (i) its outside basis difference in its investment in Amneal on May 4, 2018, (ii) the net operating loss of Impax Laboratories, Inc. ("Impax"), which was acquired by the Company in 2018, from January 1, 2018 through May 4, 2018, (iii) certain federal and state credits, and (iv) interest carryforwards of Impax that were attributable to the Company.

The Company records its valuation allowances against its deferred tax assets ("DTAs") when it is more likely than not that all or a portion of a DTA will not be realized. The Company routinely evaluates the realizability of its DTAs by assessing the likelihood that its DTAs will be recovered based on all available positive and negative evidence, including scheduled reversals of deferred tax liabilities, estimates of future taxable income, tax planning strategies and results of operations. Estimating future taxable income is inherently uncertain and requires judgment. In projecting future taxable income, the Company considers its historical results and incorporates certain assumptions, including projected new product launches, revenue growth, and operating margins, among others.

The Company established a valuation allowance on its DTAs based upon all available objective and verifiable evidence, both positive and negative, including historical levels of pre-tax income (loss) both on a consolidated basis and tax reporting entity basis, legislative developments, expectations and risks associated with estimates of future pre-tax income, and prudent and feasible tax planning strategies. Since first establishing a valuation allowance, the Company has generated cumulative consolidated three-year pre-tax losses through September 30, 2024. As a result of the losses through September 30, 2024, the Company determined that it is more likely than not that it will not realize the benefits of its gross DTAs and therefore maintained its valuation allowance. As of September 30, 2024 and December 31, 2023, this valuation allowance was $ 564.5 million and $566.5 million, respectively, and reduced the carrying value of these gross DTAs to zero.

In 2018, the Company entered into a tax receivable agreement ("TRA") for which it was generally required to pay the holders of Amneal common units, on a one-to-one basis, 85% of the applicable tax savings, if any, in U.S. federal and state income tax that it is deemed to realize as a result of certain tax attributes of their Amneal common units sold to the Company (or exchanged in a taxable sale) and that are created as a result of (i) the sales of their Amneal common units for shares of Class A common stock of the Company prior to the Reorganization (as defined in *Note 1. Nature of Operations* in our 2023 Annual Report on Form 10-K) and (ii) tax benefits attributable to payments made under the TRA. In conjunction with the valuation allowance recorded on the DTAs, the Company reversed the accrued TRA liability of $192.8 million during 2019. As part of the Reorganization, the TRA was amended to reduce the Company's future obligation to pay 85% of the tax benefits subject to the TRA to 75% of such realized benefits. This agreement will not cause the acceleration of payments under the TRA.

As noted above, the Company has determined it is more-likely-than-not it will be unable to utilize its DTAs subject to the TRA; therefore, as of September 30, 2024 and December 31, 2023, the Company has not recognized the contingent liability under the TRA related to the tax savings it may realize from common units sold or exchanged. If utilization of these DTAs becomes more-likely-than-not in the future, at such time, these TRA liabilities (which amounted to approximately $185.0 million at September 30, 2024 and December 31, 2023) will be recorded through charges in the Company's consolidated statements of operations.

The timing and amount of any payments under the TRA may vary depending on the timing of the Company's taxable income and the tax rate in effect at the time of realization of the Company's taxable income. Under certain conditions, such as a change of control or other early termination event, the Company could be obligated to make TRA payments in advance of tax benefits being realized. Payments could also be in excess of the tax savings that the Company may ultimately realize.

Although the DTAs were not determined to be realizable as of September 30, 2024 and December 31, 2023, the Company assessed that a TRA liability of $30.4 million and $3.8 million at those dates, respectively, had become probable. For the three months ended September 30, 2024 and 2023, the Company recorded expenses associated with the TRA of $11.3 million and $0.7 million, respectively. For the nine months ended September 30, 2024 and 2023, the Company recorded expenses associated with the TRA of $26.7 million and $1.9 million, respectively. In future periods, the Company will continue to evaluate whether any future TRA payments become probable and can be estimated and, if so, an estimate of payment will be accrued. Refer to *Note 19. Related Party Transactions* for the current and long-term portions of the TRA liability as of September 30, 2024 and December 31, 2023.

Any future recognition of these TRA liabilities will be recorded through charges in the Company's consolidated statements of operations. However, if the tax attributes are not utilized in future years, it is reasonably possible no amounts would be paid under the TRA in excess of the $30.4 million accrued as of September 30, 2024. Should the Company determine that a DTA with a valuation allowance is realizable in a subsequent period, the related valuation allowance will be reversed and, if a resulting TRA payment is determined to be probable, a corresponding TRA liability will be recorded.

The Company continuously monitors government proposals to make changes to tax laws, including proposed legislation in certain foreign jurisdictions resulting from the adoption of the Organization for Economic Cooperation and Development ("OECD") policies (refer to *Note 7. Income Taxes* in the Company's 2023 Annual Report on Form 10-K). The OECD has issued a two-pillar approach to global taxation, focusing on global profit allocation and a global minimum tax rate of at least 15%. Legislation for the "Pillar Two" proposal, applying to the Company, has been enacted in Ireland, and it is effective with the financial year beginning on January 1, 2024. As the tax rates of the other jurisdictions in which the Company operates exceed 15%, the Company does not believe there is any potential additional exposure besides in Ireland.

Since Pillar Two taxes are an alternative minimum tax, deferred taxes will not need to be recorded or remeasured. Instead, Pillar Two taxes will be expensed as incurred. For interim tax provision purposes, the Pillar Two tax related to Ireland taxes is included in the calculation of the Company's provision for income taxes.

**6. Earnings (Loss) per Share**

Following the implementation of the Reorganization on November 7, 2023, all outstanding shares of Old PubCo Class A common stock and Old PubCo Class B common stock were exchanged for an equivalent number of shares of Class A common stock of the Company.

Basic (loss) earnings per share of the Company's Class A common stock is computed by dividing net (loss) income attributable to Amneal Pharmaceuticals, Inc. by the weighted-average number of shares of Class A common stock outstanding during the period. Diluted (loss) income per share of Class A common stock is computed by dividing net (loss) income attributable to Amneal Pharmaceuticals, Inc. by the weighted-average number of shares of Class A common stock outstanding, adjusted to give effect to potentially dilutive securities. The weighted-average number of shares of Class A common stock for all periods prior to the Reorganization includes shares of Old PubCo Class A common stock.

The following table sets forth reconciliations of the numerators and denominators used to compute basic and diluted (loss) earnings per share of Class A common stock (in thousands, except per share amounts):

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2024 | 2023 | 2024 | 2023 |
| Numerator: | | | | |
| Net (loss) income attributable to Amneal Pharmaceuticals, Inc. | $ (156) | $ 9,682 | $ (85,805) | $ 14,656 |
| Denominator: | | | | |
| Weighted-average shares outstanding - basic | 309,647 | 154,219 | 308,685 | 153,363 |
| Effect of dilutive securities: | | | | |
| Stock options | — | 534 | — | 178 |
| Restricted stock units | — | 4,052 | — | 2,448 |
| Performance stock units | — | 886 | — | 295 |
| Weighted-average shares outstanding - diluted | 309,647 | 159,691 | 308,685 | 156,284 |
| Net (loss) income per share attributable to Amneal Pharmaceuticals, Inc.'s Class A common stockholders: | | | | |
| Basic | $ (—) | $ 0.06 | $ (0.28) | $ 0.10 |
| Diluted | $ (—) | $ 0.06 | $ (0.28) | $ 0.09 |

Prior to the Reorganization, shares of Old PubCo Class B common stock did not share in the earnings or losses of the Company and, therefore, were not participating securities. As such, separate presentation of basic and diluted (loss) earnings per share of Old PubCo Class B common stock under the two-class method was not presented. Effective with the Reorganization, all outstanding shares of Old PubCo Class B common stock were surrendered and canceled.

The following table presents potentially dilutive securities excluded from the computations of diluted (loss) earnings per share of Class A common stock (in thousands):

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2024 | 2023 | 2024 | 2023 |
| Stock options | 2,054 (1) | 432 (2) | 2,054 (1) | 432 (2) |
| Restricted stock units | 10,059 (1) | — | 10,059 (1) | — |
| Performance stock units | 7,609 (1) | 4,636 (3) | 7,609 (1) | 4,636 (3) |
| Shares of Old PubCo Class B common stock | — | 152,117 (4) | — | 152,117 (4) |

(1) Excluded from the computation of diluted loss per share of Class A common stock because the effect of their inclusion would have been anti-dilutive since there was a net loss attributable to the Company during the period.

(2) Excluded from the computation of diluted earnings per share of Class A common stock because the exercise price of the stock options exceeded the average market price of Class A common stock during the period (out-of-the-money).

(3) Excluded from the computation of diluted earnings per share of Class A common stock because the performance vesting conditions were not met during the period.

(4) Shares of Old PubCo Class B common stock were considered potentially dilutive shares of Old PubCo Class A common stock. Shares of Old PubCo Class B common stock were excluded from the computations of diluted loss per share of Class A common stock because the effect of their inclusion would have been anti-dilutive under the if-converted method.

**7. Trade Accounts Receivable, Net**

Trade accounts receivable, net was comprised of the following (in thousands):

| | September 30, 2024 | December 31, 2023 |
|---|---|---|
| Gross accounts receivable | $ 1,213,417 | $ 1,199,980 |
| Allowance for credit losses | (2,661) | (3,022) |
| Contract charge-backs and sales volume allowances | (437,299) | (559,334) |
| Cash discount allowances | (25,402) | (23,892) |
| Subtotal | (465,362) | (586,248) |
| Trade accounts receivable, net | $ 748,055 | $ 613,732 |

***Concentration of Receivables***

Trade accounts receivable from customers representing 10% or more of the Company's total trade accounts receivable were as follows:

| | September 30, 2024 | December 31, 2023 |
|---|---|---|
| Customer A | 35 % | 40 % |
| Customer B | 30 % | 24 % |
| Customer C | 19 % | 22 % |

**8. Inventories**

Inventories were comprised of the following (in thousands):

| | September 30, 2024 | December 31, 2023 |
|---|---|---|
| Raw materials | $ 211,626 | $ 217,744 |
| Work in process | 61,689 | 59,563 |
| Finished goods | 323,044 | 304,077 |
| Total inventories | $ 596,359 | $ 581,384 |

**9. Prepaid Expenses and Other Current Assets**

Prepaid expenses and other current assets were comprised of the following (in thousands):

| | September 30, 2024 | December 31, 2023 |
|---|---|---|
| Deposits and advances | $ 3,251 | $ 2,200 |
| Prepaid insurance | 9,953 | 8,334 |
| Prepaid regulatory fees | 5,159 | 6,331 |
| Income and other tax receivables | 16,250 | 13,168 |
| Prepaid taxes | 5,977 | 11,899 |
| Other current receivables | 7,855 | 9,929 |
| Chargebacks receivable [(1)] | 5,488 | 7,876 |
| Other prepaid assets | 28,023 | 22,948 |
| Total prepaid expenses and other current assets | $ 81,956 | $ 82,685 |

(1) When a sale occurs on a contract item in the Company's AvKARE segment, the difference between the cost paid to the manufacturer by the Company and the contract cost that the end customer has with the manufacturer is rebated back to the Company by the manufacturer. The Company establishes a chargeback receivable and a reduction to cost of goods sold in the same period as the related sale.

**10. Goodwill and Other Intangible Assets**

The changes in goodwill by segment were as follows (in thousands):

| | Generics | Specialty | AvKARE | Total |
|---|---|---|---|---|
| Balance as of December 31, 2022 | $ 163,076 | $ 366,312 | $ 69,465 | $ 598,853 |
| Currency translation | (224) | — | — | (224) |
| Balance as of December 31, 2023 | 162,852 | 366,312 | 69,465 | 598,629 |
| Currency translation | (305) | — | — | (305) |
| Balance as of September 30, 2024 | $ 162,547 | $ 366,312 | $ 69,465 | $ 598,324 |

Intangible assets as of September 30, 2024 and December 31, 2023 were comprised of the following (in thousands):

| | | September 30, 2024 | | | December 31, 2023 | | |
|---|---|---|---|---|---|---|---|
| | Weighted-Average Amortization Period (in years) | Cost | Accumulated Amortization | Net | Cost | Accumulated Amortization | Net |
| Amortizing intangible assets: | | | | | | | |
| Product rights | 7.0 | $ 1,553,009 | $ (815,238) | $ 737,771 | $ 1,198,971 | $ (703,297) | $ 495,674 |
| Other intangible assets | 2.8 | 111,800 | (83,682) | 28,118 | 111,800 | (72,896) | 38,904 |
| **Subtotal** | | 1,664,809 | (898,920) | 765,889 | 1,310,771 | (776,193) | 534,578 |
| In-process research and development | | 14,300 | — | 14,300 | 355,845 | — | 355,845 |
| **Total intangible assets** | | $ 1,679,109 | $ (898,920) | $ 780,189 | $ 1,666,616 | $ (776,193) | $ 890,423 |

Amortization expense related to intangible assets for the three months ended September 30, 2024 and 2023 was $ 43.3 million and $40.6 million, respectively. Amortization expense related to intangible assets for the nine months ended September 30, 2024 and 2023 was $123.3 million and $122.5 million, respectively.

The following table presents future amortization expense for the next five years and thereafter, excluding $ 14.3 million of in-process research and development ("IPR&D") intangible assets (in thousands):

| | Future Amortization |
|---|---|
| Remainder of 2024 | $ 50,296 |
| 2025 | 162,768 |
| 2026 | 115,150 |
| 2027 | 94,650 |
| 2028 | 75,108 |
| 2029 | 68,072 |
| Thereafter | 199,845 |
| Total | $ 765,889 |

The Company reviews intangible assets with finite lives for recoverability whenever events or changes in circumstances indicate that the carrying amount of the assets may not be fully recoverable. Indefinite-lived intangible assets, including IPR&D, are tested for impairment if impairment indicators arise and, at a minimum, annually. Intangible asset impairments were immaterial for all periods presented.

On August 7, 2024, the FDA approved the Company's new drug application for CREXONT® (combination of carbidopa and levodopa extended release capsules), previously referred to as IPX203. The Company began selling CREXONT®, which is indicated for the treatment of Parkinson's disease, in September 2024. Upon FDA approval, the Company reclassified the related IPR&D intangible asset of $341.5 million to product rights intangible assets. Pursuant to Accounting Standards Codification Topic 350, *Intangibles - Goodwill and Other*, the Company performed the necessary fair value test required for reclassifying an indefinite-lived intangible asset to a finite-lived intangible asset and concluded that the CREXONT® intangible asset was not impaired. The Company began amortizing the CREXONT® intangible asset to cost of goods sold over its expected economic life, commencing with the first sale of CREXONT® in September 2024.

**11. Other Assets**

Other assets were comprised of the following (in thousands):

| | September 30, 2024 | December 31, 2023 |
|---|---|---|
| Interest rate swap [(1)] | $ 17,939 | $ 37,089 |
| Security deposits | 3,679 | 3,602 |
| Long-term prepaid expenses | 4,699 | 3,273 |
| Deferred revolving credit facility costs | 3,164 | 4,427 |
| Other long term assets | 6,793 | 7,126 |
| **Total** | $ 36,274 | $ 55,517 |

(1) Refer to *Note 15. Fair Value Measurements* and *Note 16. Financial Instruments* for information about the Company's interest rate swap.

**12. Accounts Payable and Accrued Expenses**

Accounts payable and accrued expenses were comprised of the following (in thousands):

| | September 30, 2024 | December 31, 2023 |
|---|---|---|
| Accounts payable | $ 235,000 | $ 143,572 |
| Accrued returns allowance [(1)] | 148,075 | 136,486 |
| Accrued compensation | 64,900 | 71,122 |
| Accrued Medicaid and commercial rebates [(1)] | 116,392 | 90,690 |
| Accrued royalties | 26,102 | 23,342 |
| Commercial chargebacks and rebates | 10,226 | 10,226 |
| Accrued professional fees | 16,263 | 11,005 |
| Accrued other | 54,127 | 48,219 |
| Total accounts payable and accrued expenses | $ 671,085 | $ 534,662 |

(1) Refer to *Note 3. Revenue Recognition* for a rollforward of the balance from December 31, 2023 to September 30, 2024.

**13. Debt**

There have been no material changes in the Company's long-term debt since December 31, 2023, except as disclosed below. Refer to *Note 16. Debt* in the Company's 2023 Annual Report on Form 10-K for additional information and definitions of terms used in this note.

***Term Loans***

The following is a summary of the Company's indebtedness under its term loans (in thousands):

| | September 30, 2024 | December 31, 2023 |
|---|---|---|
| Term Loan Due May 2025 | $ 191,979 | $ 191,979 |
| Term Loan Due May 2028 | 2,307,553 | 2,351,647 |
| Total debt | 2,499,532 | 2,543,626 |
| Less: debt issuance costs | (105,233) | (123,497) |
| Total debt, net of debt issuance costs | 2,394,299 | 2,420,129 |
| Less: current portion of long-term debt | (224,692) | (34,125) |
| Total long-term debt, net | $ 2,169,607 | $ 2,386,004 |

***Revolving Credit Facilities***

During the nine months ended September 30, 2024, the Company (i) borrowed $ 20.0 million and repaid $59.0 million under the Amended New Revolving Credit Facility and (ii) borrowed and repaid $28.0 million under the Amended Rondo Revolving Credit Facility. As of September 30, 2024 and December 31, 2023, $140.0 million and $179.0 million, respectively, was outstanding on the Amended New Revolving Credit Facility.

***Note Payable - Related Party***

During the nine months ended September 30, 2024, the Company repaid principal of $ 44.2 million and interest of $ 10.0 million associated with the Sellers Notes from cash on hand. As of September 30, 2024, the Sellers Notes and accrued interest have been fully repaid. The Sellers Notes, net of unamortized discount, were included in notes payable-related party and accrued interest was included in related party payables-short term and long-term as of December 31, 2023. Refer to *Note 19. Related Party Transactions* for accrued interest on the Sellers Notes.

**14. Other Long-Term Liabilities**

Other long-term liabilities were comprised of the following (in thousands):

| | September 30, 2024 | December 31, 2023 |
|---|---|---|
| Uncertain tax positions | $ 526 | $ 497 |
| Long-term compensation | 18,098 | 21,283 |
| Contingent consideration | — | 433 |
| Other long-term liabilities | 5,520 | 7,466 |
| Total other long-term liabilities | $ 24,144 | $ 29,679 |

**15. Fair Value Measurements**

Fair value is the exit price that would be received to sell an asset or paid to transfer a liability. Fair value is a market-based measurement that should be determined using assumptions that market participants would use in pricing an asset or liability. Valuation techniques used to measure fair value should maximize the use of observable inputs and minimize the use of unobservable inputs. To measure fair value, the Company uses the following fair value hierarchy based on three levels of inputs, of which the first two are considered observable and the last unobservable:

*Level 1* – Quoted prices in active markets for identical assets or liabilities.

*Level 2* – Inputs other than Level 1 that are observable for the asset or liability, either directly or indirectly, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data by correlation or other means.

*Level 3* – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Value is determined using pricing models, discounted cash flow methodologies, or similar techniques and also includes instruments for which the determination of fair value requires significant judgment or estimation.

***Assets and Liabilities Measured at Fair Value on a Recurring Basis***

The Company evaluates its financial assets and liabilities subject to fair value measurements on a recurring basis to determine the appropriate level of classification for each reporting period. The following table sets forth the Company's financial assets and liabilities that were measured at fair value on a recurring basis as of September 30, 2024 and December 31, 2023 (in thousands):

| | | Fair Value Measurement Based on | | |
|---|---|---|---|---|
| **September 30, 2024** | **Total** | **Quoted Prices in Active Markets (Level 1)** | **Significant Other Observable Inputs (Level 2)** | **Significant Unobservable Inputs (Level 3)** |
| **Assets** | | | | |
| Interest rate swap [1] | $ 17,939 | $ — | $ 17,939 | $ — |
| **Liabilities** | | | | |
| Deferred compensation plan liabilities [2] | $ 8,560 | $ — | $ 8,560 | $ — |
| | | | | |
| **December 31, 2023** | | | | |
| **Assets** | | | | |
| Interest rate swap [1] | $ 37,089 | $ — | $ 37,089 | $ — |
| **Liabilities** | | | | |
| Deferred compensation plan liabilities [2] | $ 9,100 | $ — | $ 9,100 | $ — |

(1) The fair value measurement of the Company's interest rate swap classified within Level 2 of the fair value hierarchy is a model-derived valuation as of a given date in which all significant inputs are observable in active markets including certain financial information and certain assumptions regarding past, present, and future market conditions. Refer to *Note 16. Financial Instruments* for information on the Company's interest rate swap.

(2) These liabilities are recorded at the value of the amount owed to the plan participants, with changes in value recognized as compensation expense. The calculation of the deferred compensation plan obligation is derived from observable market data by reference to hypothetical investments selected by the participants.

There were no transfers between levels in the fair value hierarchy during the nine months ended September 30, 2024.

***Assets and Liabilities Not Measured at Fair Value on a Recurring Basis***

The carrying amounts of cash, accounts receivable and accounts payable approximate their fair values due to the short-term maturity of these instruments.

The following is a summary of the Company's indebtedness at fair value (in thousands):

| | September 30, 2024 | December 31, 2023 |
|---|---|---|
| Term Loan Due 2025 | $ 192,219 | $ 190,779 |
| Term Loan Due 2028 | $ 2,339,282 | $ 2,328,130 |
| Sellers Notes | $ — | $ 41,033 |

The Term Loan Due 2025 and Term Loan Due 2028 are in the Level 2 category within the fair value level hierarchy. The fair values were determined using market data for valuation. The Sellers Notes are in the Level 2 category within the fair value level hierarchy.

Refer to *Note 16. Debt* in the Company's 2023 Annual Report on Form 10-K for detailed information about its indebtedness, including definitions of terms.

***Assets and Liabilities Measured at Fair Value on a Non-Recurring Basis***

There were no non-recurring fair value measurements during the nine months ended September 30, 2024 and 2023.

**16. Financial Instruments**

The Company uses an interest rate swap to manage its exposure to market risks for changes in interest rates.

***Interest Rate Risk***

Interest income earned on cash and cash equivalents may fluctuate as interest rates change; however, due to their relatively short maturities, the Company does not hedge these assets or their investment cash flows because the impact of interest rate risk is not material. The Company is exposed to interest rate risk on its debt obligations. The Company's debt obligations consist of variable-rate and fixed-rate debt instruments. The Company's primary objective is to achieve the lowest overall cost of funding while managing the variability in cash outflows within an acceptable range. To achieve this objective, the Company initially entered into an interest rate swap on the Term Loan Due 2025. On November 14, 2023, in connection with the refinancing of the Term Loan Due 2025, the Company novated its swap agreement to another counterparty and, in connection with such novation, amended the interest rate swap agreement. Refer to the section "Interest Rate Derivative - Cash Flow Hedge" below and in *Note 20. Financial Instruments* in the Company's 2023 Annual Report on Form 10-K for additional information and the definition of certain terms.

***Interest Rate Derivative – Cash Flow Hedge***

The interest rate swap involves the periodic exchange of payments without the exchange of underlying principal or notional amounts. In October 2019, the Company entered into an interest rate lock agreement for a total notional amount of $1.3 billion to hedge part of the Company's interest rate exposure associated with the variability in future cash flows from changes in the one-month London interbank offered rate ("LIBOR") associated with the Term Loan Due 2025 (the "October 2019 Swap"). On

May 31, 2023, the Company executed an amendment to the October 2019 Swap that, among other things, changed the variable reference rate from LIBOR to the one-month secured overnight financing rate ("SOFR") (the "Amended October 2019 Swap"). On November 14, 2023, in connection with the Company's refinancing of the Term Loan Due 2025 and the New Credit Facility (refer to Note 16. *Debt* in the Company's 2023 Annual Report on Form 10-K for definitions and additional information), the Company novated the Amended October 2019 Swap to another counterparty and subsequently amended the interest rate agreement. Specifically, the amendments modified (i) the fixed rate payable by the counterparty from 1.3660% to a new fixed rate of 2.7877% and (ii) extended the termination date through May 4, 2027 (i.e., one year before the Term Loan Due 2028 matures) (the "November 2023 Swap"). The amendments did not change the notional amount of $1.3 billion. The purpose of the November 2023 Swap is to hedge part of the Company's interest rate exposure associated with the variability in future cash flows from changes in the one-month SOFR associated with the Term Loan Due 2028.

The Company used a strategy commonly referred to as "blend and extend," which allows the existing asset position of the swap agreement to be effectively blended into the new interest rate swap agreement. As a result of this transaction, on November 14, 2023, the Amended October 2019 Swap was de-designated and the unrealized gain of $66.7 million was recorded within accumulated other comprehensive loss and will be amortized as a reduction of interest expense, net, over the original term of the of the Amended October 2019 Swap (until May 2025), as the hedged transactions affect earnings. Additionally, the November 2023 Swap had a fair value of $66.7 million at inception and will be ratably recorded to accumulated other comprehensive loss and reclassified to interest expense, net, over the term of the November 2023 Swap, as the hedged transactions affect earnings.

During the three and nine months ended September 30, 2024, the Company reclassified a gain of $6.6 million and $19.6 million, respectively, from accumulated other comprehensive loss to interest expense, net. Approximately $7.6 million of net gains included in accumulated other comprehensive loss as of September 30, 2024 are expected to be reclassified into earnings within the next 12 months as interest payments are made on the Company's Term Loan Due 2028 and amortization of the amounts included in accumulated other comprehensive loss occurs.

As of September 30, 2024, the total loss, net of income taxes, related to the Company's cash flow hedge of $5.0 million, was recognized in accumulated other comprehensive loss.

A summary of the fair values of derivative instruments in the consolidated balance sheets was as follows (in thousands):

| | September 30, 2024 | | December 31, 2023 | |
|---|---|---|---|---|
| **Derivatives Designated as Hedging Instruments** | **Balance Sheet Classification** | **Fair Value** | **Balance Sheet Classification** | **Fair Value** |
| Variable-to-fixed interest rate swap | Other Assets | $ 17,939 | Other Assets | $ 37,089 |

**17. Commitments and Contingencies**

***Commitments***

*Commercial Manufacturing, Collaboration, License, and Distribution Agreements*

The Company continues to seek to enhance its product line and develop a balanced portfolio of differentiated products through product acquisitions and in-licensing. Accordingly, the Company, in certain instances, may be contractually obligated to make potential future development, regulatory, and commercial milestone, royalty and/or profit-sharing payments in conjunction with collaborative agreements or acquisitions that the Company has entered with third parties. The Company has also licensed certain technologies or IP from various third parties. The Company is generally required to make upfront payments and other payments upon successful completion of regulatory or sales milestones. The agreements generally permit the Company to terminate the agreement with no significant continuing obligation. The Company could be required to make significant payments pursuant to these arrangements. These payments are contingent upon the occurrence of certain future events and, given the nature of these events, it is unclear when, if ever, the Company may be required to pay such amounts. Further, the timing of any future payment is not reasonably estimable. Refer to *Note 4. Alliance and Collaboration* for additional information. Certain of these arrangements are with related parties. Refer to *Note 19. Related Party Transactions* for additional information.

***Contingencies***

*Legal Proceedings*

The Company's legal proceedings are complex, constantly evolving, and subject to uncertainty. As such, the Company cannot predict the outcome or impact of its significant legal proceedings which are set forth below. Additionally, the Company manufactures and derives a portion of its revenue from the sale of pharmaceutical products in the opioid class of drugs and may therefore face claims arising from the regulation and/or consumption of such products. While the Company believes it has meritorious claims and/or defenses to the matters described below (and intends to vigorously prosecute and defend them), the nature and cost of litigation is unpredictable, and an unfavorable outcome of such proceedings could include damages, fines, penalties and injunctive or administrative remedies.

For any proceedings where losses are probable and reasonably capable of estimation, the Company accrues a potential loss. When the Company has a probable loss for which a reasonable estimate of the liability is a range of losses and no amount within that range is a better estimate than any other amount, the Company records the loss at the low end of the range. While these accruals have been deemed reasonable by the Company's management, the assessment process relies heavily on estimates and assumptions that may ultimately prove inaccurate or incomplete. Additionally, unforeseen circumstances or events may lead the Company to subsequently change its estimates and assumptions. Unless otherwise indicated below, the Company is unable at this time to estimate the possible loss or the range of loss, if any, associated with such legal proceedings and claims. Any such claims, proceedings, investigations or litigation, regardless of the merits, might result in substantial costs to defend or settle, borrowings under the Company's debt agreements, restrictions on product use or sales, or otherwise harm the Company's business. The ultimate resolution of any or all claims, legal proceedings or investigations are inherently uncertain and difficult to predict, could differ materially from the Company's estimates and could have a material adverse effect on its results of operations and/or cash flows in any given accounting period, or on its overall financial condition. The Company currently intends to vigorously prosecute and/or defend these proceedings as appropriate. From time to time, however, the Company may settle or otherwise resolve these matters on terms and conditions that it believes to be in its best interest. An insurance recovery, if any, is recorded in the period in which it is probable the recovery will be realized.

For the three and nine months ended September 30, 2024, (credit) charges related to legal matters, net were $( 0.1) million and $94.9 million, respectively. For the nine months ended September 30, 2024, charges related to legal matters, net were primarily associated with a settlement in principle on the primary financial terms for a nationwide resolution to the opioids cases that have been filed and that might have been filed against the Company by political subdivisions and Native American tribes across the U.S. (refer to the section *Civil Prescription Opioid Litigation* below). For the three months ended September 30, 2023, credit related to legal matters, net of $2.6 million was primarily related to a $ 5.5 million gain from the settlement of patent infringement matters, partially offset by a $3.0 million charge for the settlement of a customer claim. For the nine months ended September 30, 2023, credit related to legal matters, net of $1.0 million was primarily comprised of $ 10.0 million from the settlement of patent infringement matters, partially offset by $4.1 million in charges associated with prescription opioid litigation, a $ 3.0 million charge for the settlement of a customer claim, and a $1.9 million charge for the settlement of a stockholder derivative lawsuit.

Liabilities for legal matters were comprised of the following (in thousands):

| Matter | September 30, 2024 | December 31, 2023 |
|---|---|---|
| Opana ER® antitrust litigation | $ — | $ 50,000 |
| Opana ER® antitrust litigation-accrued interest | — | 2,347 |
| Civil prescription opioid litigation | 29,762 | 21,189 |
| Other | 419 | 3,452 |
| Current portion of liabilities for legal matters | $ 30,181 | $ 76,988 |
| | | |
| Civil prescription opioid litigation (Liabilities for legal matters - long term) | $ 85,479 | $ 316 |

Refer to the respective discussions below for additional information about the significant matters in the tables above.

Refer to *Note 21. Commitments and Contingencies* in our Annual Report on Form 10-K for a general discussion of Medicaid Reimbursement and Price Reporting Matters and Patent Litigation.

***Other Litigation Related to the Company's Business***

*Opana ER® Antitrust Litigation*

From June 2014 to April 2015, a number of complaints styled as class actions on behalf of direct purchasers and indirect purchasers (or end-payors) and several separate individual complaints on behalf of certain direct purchasers (the "opt-out plaintiffs") of Opana ER® were filed against Endo Pharmaceuticals Inc. and Impax and consolidated into multi-district litigation ("MDL") in the U.S. District Court for the Northern District of Illinois.

Impax subsequently entered into settlement agreements with all of the plaintiffs that were subsequently approved by the court. Pursuant to the settlement agreements, the Company agreed to pay a total of $265.0 million between 2022 and mid-January 2024 to resolve substantially all of the plaintiffs' claims. As of December 31, 2023, the liability for the final settlement payment of $50.0 million, plus 3% stated interest thereon, was included in the current portion of liabilities for legal matters and was paid in January 2024 with cash on hand. The settlement agreements are not an admission of liability or fault by Impax, the Company or its subsidiaries. Upon court approval of the final settlement agreements as discussed above, substantially all the claims and lawsuits in the litigation were resolved.

*United States Department of Justice Investigations*

On May 15, 2023, Amneal received a Civil Investigative Demand ("CID") from the Civil Division of the United States Department of Justice (the "Civil Division") requesting information and documents related to the manufacturing and shipping of diclofenac sodium 1% gel labeled as "prescription only" after the reference listed drug's label was converted to over-the-counter. In October 2024, the Company received supplemental CIDs seeking additional information related to the same subject matter. The Company is continuing to cooperate with the Civil Division's investigation. However, no assurance can be given as to the timing or outcome of the investigation.

*In Re Generic Pharmaceuticals Pricing Antitrust Litigation*

Beginning in March 2016, various purchasers of generic drugs filed multiple putative antitrust class action complaints against a substantial number of generic pharmaceutical manufacturers, including the Company and Impax, alleging an illegal conspiracy to fix, maintain, stabilize, and/or raise prices, rig bids, and allocate markets or customers. They seek unspecified monetary damages and equitable relief, including disgorgement and restitution. The lawsuits were consolidated in the United States District Court for the Eastern District of Pennsylvania (See *In re Generic Pharmaceuticals Pricing Antitrust Litigation,* No. 2724, (E.D. Pa.)) ("MDL No. 2724").

In 2019 and 2020, Attorneys General of 43 States and the Commonwealth of Puerto Rico named the Company in two complaints alleging a similar conspiracy and seeking similar damages. These cases are pending in the District of Connecticut. See *Connecticut, et al. v. Teva Pharmaceuticals USA, Inc., et al., 3:19-cv-00710-MPS* and *Connecticut, et al. v. Sandoz, Inc. et al., 3:20-cv-00802-MPS* .

Fact discovery is underway in MDL No. 2724 and in the State Attorneys General cases naming the Company as a defendant. Expert discovery is underway in *Connecticut, et al. v. Sandoz, Inc. et al., 3:20-cv-00802-MPS.* In *Connecticut, et al. v. Sandoz, Inc. et al.,* the Court set deadlines for Motions for Summary Judgment, with defendants' joint motions due in November 2024 and defendant-specific motions due in July 2025. In the MDL, the Court set a deadline of December 31, 2024 for defendants to respond to certain complaints, and ordered that trials for the first MDL cases chosen for bellwether treatment, none of which name the Company or Impax as defendants, will begin August 8, 2025.

On June 3, 2020, the Company and Impax were named in a complaint filed in the Federal Court of Canada in Toronto, Ontario, making similar claims on behalf of a putative class of individuals who purchased generic drugs in the private sector. See *Kathryn Eaton v. Teva Canada Limited, et. al.,* No. T-607-20. On August 29, 2024, the action was discontinued against the Company and Impax, without prejudice to the plaintiff's right to seek discovery from the Company and Impax in their capacity as third parties to the action.

*Civil Prescription Opioid Litigation*

The Company is named in over 900 state and federal cases relating to the sale of prescription opioid pain relievers. Plaintiffs are political subdivisions, schools, hospitals, Native American tribes, pension funds, third-party payors, and individuals. Nearly all federal court cases are consolidated for pre-trial proceedings in Case No. 17-mdl-2804, USDC N.D. OH. The Company also is

named in state court cases pending in seven states. There are no firm trial dates in those state-court cases except in Texas (Dallas County), where the current January 31, 2025 trial-ready date will be reset to a firm September 2025 trial date.

The Company has received a subpoena from the New York Attorney General, a subpoena from the Maryland Attorney General, and a CID issued by the Alaska Attorney General all seeking information regarding its business concerning opioid-containing products. The Company has cooperated and continues to cooperate with these requests.

In 2023, the Company reached settlements with the New Mexico Attorney General and West Virginia political subdivisions and a settlement in principle with a group of private hospitals in Alabama. In late April 2024, the Company reached a nationwide settlement in principle on the primary financial terms, with no admission of wrongdoing, for a nationwide resolution to the opioids cases filed and that might have been filed by state Attorneys General, political subdivisions and Native American tribes. The settlement in principle is subject to execution of a definitive settlement agreement. The settlement would be payable over ten years. Under the settlement in principle, the Company would agree to pay $ 92.5 million in cash and provide $180.0 million (valued at $125/twin pack) in naloxone nasal spray to help treat opioid overdoses. In lieu of receiving product, the settling parties can opt to receive 25% of the naloxone nasal spray's value (up to $45.0 million) in cash during the last four years of the ten years payment term, which could increase the total amount of cash the Company would agree to pay up to $137.5 million.

As of March 31, 2024, the Company concluded the loss related to the opioid litigation was probable, and the related loss was reasonably estimable considering the settlement in principle. As a result, the Company recorded a charge of $94.4 million associated with the settlement in principle during the three months ended March 31, 2024, to increase the liability as of March 31, 2024 to $115.6 million. The liability as of September 30, 2024 was $115.2 million, of which $85.5 million was classified as long-term. While this liability has been deemed reasonable by the Company's management, it could significantly change as the definitive settlement agreement is finalized. As of December 31, 2023, the Company had a liability of $21.5 million related to its prescription opioid litigation, of which $0.3 million was classified as long-term. For the remaining cases not covered by the settlement in principle, primarily brought by other hospitals, schools and individuals, the Company has not recorded a liability as of September 30, 2024 or December 31, 2023, because it concluded that a loss was not probable and estimable.

*United States Department of Justice / Drug Enforcement Administration Subpoenas*

On July 7, 2017, Amneal Pharmaceuticals of New York, LLC received an administrative subpoena issued by the Long Island, NY District Office of the Drug Enforcement Administration (the "DEA") requesting information related to compliance with certain recordkeeping and reporting requirements. On or about April 12, 2019 and May 28, 2019, the Company received grand jury subpoenas from the U.S. Attorney's Office for the Eastern District of New York (the "USAO") relating to similar topics concerning the Company's suspicious order monitoring program and its compliance with the Controlled Substances Act. The Company is cooperating with the USAO in responding to the subpoenas and has entered civil and criminal tolling agreements with the USAO through November 14, 2024. It is not possible to determine the exact outcome of these investigations.

On March 14, 2019, Amneal received a subpoena from an Assistant U.S. Attorney for the Southern District of Florida (the "AUSA"). The subpoena requested information and documents generally related to the marketing, sale, and distribution of oxymorphone. The Company is cooperating with the AUSA regarding the subpoena. However, no assurance can be given as to the timing or outcome of its underlying investigation.

On October 7, 2019, Amneal received a subpoena from the New York State Department of Financial Services seeking documents and information related to sales of opioid products in the state of New York. The Company is cooperating with the request and providing responsive information. It is not possible to determine the exact outcome of this investigation.

*Ranitidine Litigation*

The Company was named, along with numerous other brand and generic pharmaceutical manufacturers, wholesale distributors, retail pharmacy chains, and repackagers of ranitidine-containing products in a federal MDL (In *re Zantac/Ranitidine NDMA Litigation* (MDL No. 2924), Southern District of Florida). Plaintiffs alleged defendants failed to disclose and/or concealed the alleged inherent presence of N-Nitrosodimethylamine (or "NDMA") in ranitidine products and the alleged associated risk of cancer. The MDL Court's dismissal of claims by all plaintiffs against the Company and other generic drug manufacturers on preemption grounds is on appeal in the 11th Circuit. Plaintiffs filed their merits brief on April 10, 2024. The generic drug manufacturers, including the Company, filed their briefs on July 25, 2024. Plaintiffs' reply brief was filed November 8, 2024. The briefing also addresses the MDL Court's December 6, 2022 exclusion of plaintiff's general causation experts.

The Company has also been named in state court cases in four states. The Company has filed motions to dismiss those cases. On August 17, 2023, the judge in the consolidated Illinois state court cases granted a motion to dismiss all such cases in which

the Company had been named, holding all claims preempted. There are no trial dates involving the Company in any of the state court cases.

*Metformin Litigation*

Beginning in 2020, Amneal was named as a defendant in several putative class action lawsuits filed and consolidated in the United States District Court for the District of New Jersey, seeking compensation for economic loss allegedly incurred in connection with their purchase of generic metformin allegedly contaminated with NDMA. See *In Re Metformin Marketing and Sales Practices Litigation* (No. 2:20-cv-02324-MCA-MAH) ("*In re Metformin*") and *Marcia E. Brice v. Amneal Pharmaceuticals, Inc.,* No. 2:20-cv-13728 (D.N.J.). A motion to dismiss the Third Amended Complaint in *In Re Metformin* is fully briefed, and fact discovery is underway.

On March 29, 2021, a plaintiff filed a complaint in the United States District Court for the Middle District of Alabama asserting claims against manufacturers of valsartan, losartan, and metformin based on the alleged presence of nitrosamines in those products. The only allegations against the Company concern metformin (See *Davis v. Camber Pharmaceuticals, Inc.* , et al., C.A. No. 2:21-00254 (M.D. Ala.) (the "Davis Action")). On May 5, 2021, the United States Judicial Panel on Multidistrict Litigation transferred the Davis Action into the *In re: Valsartan, Losartan, and Irbesartan Products Liability Litigation* MDL for pretrial proceedings.

*Xyrem® (Sodium Oxybate) Antitrust Litigation*

Amneal was named as a defendant, along with Jazz Pharmaceuticals, Inc. ("Jazz") and numerous other manufacturers of generic versions of Jazz's Xyrem® (sodium oxybate), in several class action lawsuits filed in the United States District Court for the Northern District of California and the United States District Court for the Southern District of New York, alleging that the generic manufacturers entered into anticompetitive agreements with Jazz in connection with the settlement of patent litigation related to Xyrem®. The actions were consolidated in the United States District Court for the Northern District of California for pretrial proceedings (*In re Xyrem (Sodium Oxybate) Antitrust Litigation* , No. 5:20-md-02966-LHK (N.D. Cal.)).

Amneal was also named as a defendant in a similar action filed by Aetna Inc. ("Aetna") in California state court *(Aetna Inc. v. Jazz Pharms., Inc. et. al* , No. 22CV010951 (Cal. Super. Ct.)). The California state court held that it lacks jurisdiction over several defendants, including Amneal, on December 27, 2022, and later issued an order dismissing Amneal without prejudice. On August 25, 2023, Aetna filed a motion seeking leave to file a second amended complaint adding Amneal as a defendant, which the Court tentatively granted on October 20, 2023. Aetna filed a second amended complaint naming Amneal on November 17, 2023.

On February 28, 2023, Amneal executed a $1.9 million settlement agreement with class plaintiffs in the federal litigation. Class plaintiffs filed a motion for final approval of the settlement on November 10, 2023, and entered an order granting final approval, certifying settlement class, and dismissing class plaintiffs' against Amneal with prejudice on April 17, 2024. On December 18, 2023, Amneal executed a $ 4.0 million settlement with Aetna, United Healthcare Services, Inc. ("United"), Humana Inc. ("Humana"), Molina Healthcare Inc. ("Molina"), and Health Care Service Corporation ("HCSC"). Pursuant to that settlement, the federal court dismissed United, Humana, Molina and HCSC's claims against Amneal, with prejudice, on February 26, 2024, and the California state court dismissed Aetna's claims against Amneal, with prejudice, on February 29, 2024. Thus, all claims against Amneal in the federal and state court have been voluntarily dismissed with prejudice pursuant to settlements. In December 2023, the Company recorded $3.0 million for the settlement of claims associated with Xyrem® antitrust litigation. As of December 31, 2023, the Company had a liability of $ 2.0 million associated with this settlement, which was paid in January 2024.

*UFCW Local 1500 Welfare Fund v. Takeda Pharmaceuticals U.S.A., Inc.*

On November 14, 2023, UFCW Local 1500 Welfare Fund and other health plans filed a purported class action lawsuit in the United States District Court for the Southern District of New York against multiple manufacturers, including the Company, alleging an illegal conspiracy to restrict output of generic COLCRYS®. See *UFCW Local 1500 Welfare Fund et al. v. Takeda Pharma. U.S.A., Inc. et al, No. 1:23-cv-10030 (S.D.N.Y.).* On February 28, 2024, Takeda Pharmaceuticals U.S.A. filed a motion to transfer the case to the United States District Court for the Eastern District of Pennsylvania. On March 13, 2024 and March 27, 2024, Amneal submitted a letter and brief, respectively, informing the Court of its position that the Eastern District of Pennsylvania lacks personal jurisdiction over Amneal. That motion remains pending and the deadline to respond to the complaint is set at 45 days after the court resolves the motion to transfer.

*Indian Tax Authority Matters*

Amneal Pharmaceuticals Pvt. Ltd., RAKS Pharmaceuticals Pvt. Ltd., and Puniska Healthcare Pvt. Ltd., which are subsidiaries of the Company, are currently involved in litigations with Indian tax authorities concerning Central Excise Tax, Service Tax, Goods & Services Tax, and Value Added Tax for various periods of time between 2014 and 2017. These subsidiaries have contested certain of these assessments, which are at various stages of the administrative process. The Company strongly believes its Indian subsidiaries have meritorious defenses in the matter.

*Guaifenesin Litigation*

On September 5, 2024, Amneal was named as a defendant along with CVS Pharmacy, Inc. in a putative consumer class action lawsuit in the United States District Court for the Northern District of California alleging that generic guaifenesin products manufactured by Amneal contain benzene through the use of carbomer, an inactive ingredient. See *Leonard v. CVS Pharmacy, Inc.* , No. 5:24-cv-06280 (N.D. Cal.). The complaint purports to plead, on behalf of a nationwide class and California subclass, the following counts: breach of warranty; unjust enrichment; fraud; and violation of California's Unfair Competition Law. The complaint seeks damages, including punitive damages, restitution, other equitable monetary relief, injunctive relief, prejudgment interest and attorneys' fees and costs. The Company's deadline to respond to the complaint, by motion or answer, is December 16, 2024.

**18. Stockholders' Equity and Redeemable Non-Controlling Interests**

Effective with the Reorganization on November 7, 2023, the Company holds 100% of the Amneal Common Units.

In connection with the Reorganization, the Company amended and restated its certificate of incorporation. The voting rights, dividend rights and participation rights of holders of Class A common stock of the Company did not materially change as a result of the amendment. There were no shares of Class B common stock of the Company outstanding as of September 30, 2024 and December 31, 2023.

***Non-Controlling Interests***

The consolidated financial statements of the Company include the accounts of all entities controlled by the Company, including Amneal and its subsidiaries, through the Company's direct or indirect ownership of a majority voting interest. The Company records non-controlling interests for the portion of its subsidiaries' economic interests that it does not hold. Prior to the Reorganization, non-controlling interests were adjusted for capital transactions that impact the non-publicly held economic interests in Amneal.

Prior to the Reorganization, Amneal was obligated to make tax distributions to the group, together with their affiliates and certain assignees, who owned Amneal when it was a private company (the "Members"). During the three and nine months ended September 30, 2023, the Company recorded net tax distributions to the Members of $10.6 million and $58.7 million, respectively, as a reduction of non-controlling interests. Subsequent to the Reorganization, the Company is no longer obligated to make tax distributions to the Members.

The Company acquired a 98% interest in Kashiv Specialty Pharmaceuticals, LLC ("KSP") on April 2, 2021. The sellers of KSP, a related party, hold the remaining interests. The Company attributes 2% of the net income or loss of KSP to non-controlling interests.

***Redeemable Non-Controlling Interests***

The Company acquired a 65.1% controlling interest in both AvKARE Inc., a Tennessee corporation, now a limited liability company ("AvKARE, LLC"), and Dixon-Shane, LLC d/b/a R&S Northeast LLC, a Kentucky limited liability company ("R&S"), in 2020. The sellers of AvKARE, LLC and R&S hold the remaining 34.9% interest ("Rondo Class B Units") in the holding company that directly owns the acquired companies ("Rondo"). Beginning on January 1, 2026, the holders of the Rondo Class B Units have the right ("Put Right") to require the Company to acquire the Rondo Class B Units for a purchase price that is based on a multiple of Rondo's earnings before income taxes, depreciation, and amortization (EBITDA) if certain financial targets and other conditions are met. Additionally, beginning on January 31, 2020, the Company has the right to acquire the Rondo Class B Units based on the same value and conditions as the Put Right. The Rondo Class B Units are also redeemable by the holders upon a change in control. Because the redemption of the Rondo Class B Units is outside of the Company's control, the units have been presented outside of stockholders' equity as redeemable non-controlling interests.

The Company attributes 34.9% of the net income or loss associated with Rondo to redeemable non-controlling interests. The Company will also accrete the redeemable non-controlling interests to redemption value upon an event that makes redemption probable. For the three and nine months ended September 30, 2024, the Company recorded tax distributions of $5.6 million and $14.4 million, respectively, as a reduction of redeemable non-controlling interests. For the three and nine months ended September 30, 2023, the Company recorded tax distributions of $4.5 million and $10.3 million, respectively, as a reduction of redeemable non-controlling interests.

***Changes in Accumulated Other Comprehensive (Loss) Income by Component (in thousands):***

| | Foreign currency translation adjustments | Unrealized gain (loss) on cash flow hedge, net of tax | Accumulated other comprehensive (loss) income |
|---|---|---|---|
| Balance December 31, 2023 | $ (66,072) | $ 33,723 | $ (32,349) |
| Other comprehensive loss before reclassification | (2,665) | (19,150) | (21,815) |
| Reclassification of cash flow hedge to earnings, net of tax of $ 0 | — | (19,618) | (19,618) |
| Balance September 30, 2024 | $ (68,737) | $ (5,045) | $ (73,782) |
| | | | |
| Balance December 31, 2022 | $ (32,382) | $ 42,321 | $ 9,939 |
| Other comprehensive loss before reclassification | (525) | (5,621) | (6,146) |
| Reallocation of ownership interests | (300) | 380 | 80 |
| Balance September 30, 2023 | $ (33,207) | $ 37,080 | $ 3,873 |

**19. Related Party Transactions**

The Company has various business agreements with certain parties in which there is some common ownership. However, the Company does not directly own or manage any of such related parties. Except as disclosed below, as of and for the three and nine months ended September 30, 2024, there were no material changes to our related party agreements or relationships as described in *Note 24. Related Party Transactions* and *Note 22. Stockholders' Equity* in our 2023 Annual Report on Form 10-K.

The following table summarizes the Company's related party transactions (in thousands):

| | | | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|---|---|
| **Related Party and Nature of Transaction** | **Caption in Balance Sheet and Statement of Operations** | | **2024** | **2023** | **2024** | **2023** |
| **Kashiv Biosciences LLC** | | | | | | |
| Sale of subsidiary - gain on sale | Other income, net | $ | — | — | (3,766) | — |
| Sale of subsidiary - interest income on loan receivable | Interest expense, net | $ | (198) | — | (336) | — |
| Parking space lease | Research and development | $ | 25 | 25 | 75 | 75 |
| Development and commercialization agreement - Ganirelix Acetate and Cetrorelix Acetate | Research and development | $ | — | (75) | — | (25) |
| Development and commercialization agreement - Filgrastim and Pegfilgrastim - Royalty expense (Releuko and Fylnetra) | Cost of goods sold | $ | 3,021 | 844 | 11,741 | 988 |
| Storage agreement | Research and development | $ | (63) | (18) | (189) | (100) |
| Inventory purchases under development and commercialization agreement - Filgrastim and Pegfilgrastim (Releuko and Fylnetra) | Inventory and cost of goods sold | $ | 2,783 | 90 | 6,425 | 590 |
| Generic development supply agreement - research and development material | Research and development | $ | (633) | (2,209) | (681) | (2,209) |
| Generic development supply agreement - development activity deferred income | Accounts payable and accrued expenses and net revenue | $ | — | (245) | (422) | (246) |
| Development and commercialization agreement - Long-acting injectable | Research and development | $ | — | — | 505 | — |
| Development and commercialization agreement - Omaluzimab | Research and development | $ | 20,000 | — | 20,000 | — |
| | | | | | | |
| **Other Related Parties** | | | | | | |
| Sellers Notes - interest expense | Interest expense, net | $ | 266 | — | 9,986 | — |
| Kanan, LLC - operating lease | Inventory and cost of goods sold | $ | 592 | 592 | 1,776 | 1,750 |
| Sutaria Family Realty, LLC - operating lease | Inventory and cost of goods sold | $ | 324 | 314 | 962 | 933 |
| Apace KY, LLC d/b/a Apace Packaging LLC - packaging agreement | Inventory and cost of goods sold | $ | 4,689 | 5,528 | 14,910 | 11,095 |
| Tracy Properties LLC - operating lease | Selling, general and administrative | $ | 98 | 258 | 462 | 521 |
| AzaTech Pharma LLC - supply agreement | Inventory and cost of goods sold | $ | 3,771 | 2,588 | 9,016 | 5,132 |
| AvPROP, LLC - operating lease | Selling, general and administrative | $ | 45 | 44 | 139 | 134 |
| Avtar Investments, LLC - consulting services | Research and development | $ | 65 | 70 | 195 | 267 |
| Alkermes | Inventory and cost of goods sold | $ | 83 | 232 | 189 | 322 |
| R&S Solutions - logistics services | Selling, general and administrative | $ | — | 46 | — | 86 |
| Members - tax receivable agreement (TRA liability) | Increase in tax receivable agreement liability | $ | 11,325 | 675 | 26,719 | 1,908 |

The following table summarizes the amounts due to or from the Company for related party transa ctions (in thousands):

| | September 30, 2024 | December 31, 2023 |
|---|---|---|
| Kashiv - sale of subsidiary, including interest | $ 7,474 | $ — |
| Kashiv - various agreements | 1,096 | 954 |
| Alkermes | 7 | 1 |
| AzaTech Pharma LLC - supply agreement | 2 | — |
| **Related party receivables - short term** | $ 8,579 | $ 955 |
| | | |
| Kashiv - various agreements | $ 5,309 | $ 3,179 |
| Apace Packaging, LLC - packaging agreement | 1,335 | 1,091 |
| AzaTech Pharma LLC - supply agreement | 1,923 | 1,958 |
| Avtar Investments LLC - consulting services | 64 | 100 |
| Sellers of AvKARE LLC and R&S - accrued interest on Sellers Notes | — | 442 |
| Members - tax receivable agreement | 4,289 | 549 |
| Alkermes Plc | 2 | 2 |
| **Related party payables - short term** | $ 12,922 | $ 7,321 |
| | | |
| Kashiv - contingent consideration | $ — | $ 430 |
| Sellers of AvKARE LLC and R&S - accrued interest on Sellers Notes | — | 8,139 |
| Members - tax receivable agreement | 26,186 | 3,207 |
| **Related party payables - long term** | $ 26,186 | $ 11,776 |

***Kashiv Biosciences***

*Amendment to Biosimilar License Agreement*

In March 2024, the Company amended the Kashiv Biosimilar Agreement (as defined in *Note 24. Related Party Transactions* in the Company's 2023 Annual Report on Form 10-K) to include two additional in-development products, a pre-filled auto-injector delivery system for peg-filgrastim and a pre-filled on-body injector (OBI) delivery system for peg-filgrastim. Consistent with the existing terms, Kashiv is responsible for development, regulatory filings, obtaining FDA approval, and manufacturing, and Amneal is responsible for marketing, selling, and pricing activities of these product candidates. The amendment did not change the contractual terms related to existing commercialized biosimilar products.

The amendment provides an incremental $14.5 million in potential future milestone payments specific to these in-development products, including $7.0 million for clinical and developmental milestones and $7.5 million for regulatory approval and first commercial-sales milestones. In addition, the amendment clarifies that future net sales milestones payments of up to $37.5 million, which did not change, shall be contingent upon reaching certain commercial sales volume objectives for the aggregate of all products under the amended agreement. The agreement provides for Amneal to pay a profit share equal to 50% of net profits, after considering manufacturing and marketing costs.

No amounts were paid or recognized during the three and nine months ended September 30, 2024 pursuant to this amendment .

*Long-Acting Injectable License and Supply Agreement*

In December 2022, Amneal and Kashiv entered into a development supply agreement specific to four generic product candidates. Amneal is responsible for manufacturing batch products and performing certain developmental activities on behalf of Kashiv. Kashiv, as owner of the intellectual property, is responsible for regulatory filings, obtaining FDA approval, marketing, selling, and pricing activities. Pursuant to the terms of the development supply agreement, Amneal is eligible to earn up to $2.4 million related to the aforementioned services.

Pursuant to the development supply agreement, Amneal maintained a right of first offer and negotiation to the licensing of each generic product candidate. In March 2024, Amneal and Kashiv entered into a license and supply agreement for the development and commercialization of a long-acting injectable (the "Injectable License and Supply Agreement"). The existing development supply agreement remains effective for the remaining three generic product candidates.

Subject to the terms of the Injectable License and Supply Agreement, Amneal is responsible for development, regulatory approval, and commercialization of the product candidate in the U.S., whereas Kashiv is responsible for development and

regulatory approval of the product candidate for all other territories outside the U.S. Contingent upon Kashiv obtaining regulatory approval outside the U.S., Amneal shall manufacture the commercial supply for Kashiv at a stated price. The term of the agreement is 10 years from the respective product's launch date in the U.S.

During the nine months ended September 30, 2024, the Company recorded R&D expense of $ 0.5 million, for payment made upon execution of the license and supply agreement (none for the three months ended September 30, 2024). The agreement provides for potential future milestone payments to Kashiv of up to $35.0 million as follows: (i) up to $ 10.0 million relating to developmental milestones; (ii) up to $ 20.0 million for U.S. regulatory approval and initial commercial launch milestones; and (iii) up to $5.0 million for the achievement of annual commercial milestones. In addition, the agreement provides for Amneal to pay a profit share equal to 50% of net profits, after considering manufacturing and marketing costs.

*Sale of Subsidiary*

On April 30, 2024, Amneal closed on the sale of a wholly owned subsidiary in India to a subsidiary of Kashiv for total consideration of ₹ 1.0 billion, or $12.2 million. Total consideration consisted of a ₹ 416.2 million, or $5.0 million, cash payment at closing and the assumption of a loan payable of ₹598.6 million, or $7.2 million, payable to another subsidiary of Amneal in India. The loan payable bears interest of 11% on the unpaid principal and is due on or before December 31, 2024. The Company is permitted to offset royalties or other amounts payable to Kashiv with any overdue principal and accrued interest on the loan payable. The subsidiary's assets and liabilities were primarily comprised of a building under construction and a note payable, respectively. The subsidiary had no business activity, other than the construction of the building. As a result of the sale, the Company recognized a pre-tax gain of $3.8 million in other income, net in its Generics segment for the nine months ended September 30, 2024.

Omalizumab Exclusive License and Commercialization Agreement

On July 1, 2024, Kashiv and Amneal entered into an exclusive license and commercialization agreement to distribute and sell Omalizumab, a biosimilar to XOLAIR®, in the U.S. and India. Kashiv is responsible for development, regulatory filings, obtaining FDA approval, and manufacturing for the product, and Amneal is responsible for marketing, selling, and pricing activities. The term of the agreement is 10 years from the respective product's launch date and automatically renews for terms of three years unless either party provides written notification of termination.

The agreement requires the Company pay $ 10.0 million as an up-front amount to Kashiv and potential future milestone payments of up to $ 75.0 million, upon achieving certain developmental and regulatory achievements within agreed-upon timelines. The milestones include: (i) up to $32.5 million in developmental milestone payments, (ii) $22.5 million in regulatory approval and commercial launch milestone payments, and (iii) a $ 20.0 million sales-based milestone payment, which is contingent upon reaching a defined annual commercial sales volume for the product. In addition, the agreement provides for Amneal to pay a profit share up to 45% of net profits, after considering manufacturing, marketing, royalty and shipping costs.

During the three and nine months ended September 30, 2024, the Company expensed amounts paid to Kashiv for: (i) the upfront amount of $ 10.0 million in connection with the execution of the agreement and (ii) an additional $10.0 million related to the first developmental milestone.

Refer to *Note 3. Acquisitions* and *Note 24. Related Party Transactions* in the Company's 2023 Annual Report on Form 10-K for information on the Company's other agreements with Kashiv.

**20. Segment Information**

The Company has three reportable segments: Generics, Specialty, and AvKARE.

*Generics*

The Company's Generics segment includes a retail and institutional portfolio of over 270 product families covering an extensive range of dosage forms and delivery systems, including both immediate and extended-release oral solids, powders, liquids, sterile injectables, nasal sprays, inhalation and respiratory products, biosimilar products, ophthalmics, films, transdermal patches and topicals.

*Specialty*

The Company's Specialty segment is engaged in the development, promotion, sale and distribution of proprietary branded pharmaceutical products, with a focus on products addressing central nervous system disorders, including Parkinson's disease, and endocrine disorders. On August 7, 2024, the FDA approved the Company's new drug application for CREXONT®

(combination of carbidopa and levodopa extended release capsules), previously referred to as IPX203. We began selling CREXONT®, which is indicated for the treatment of Parkinson's disease, in September 2024.

*AvKARE*

The Company's AvKARE segment provides pharmaceuticals, medical and surgical products and services primarily to governmental agencies, predominantly focused on the U.S. Department of Defense and the U.S. Department of Veterans Affairs. AvKARE is a re-packager of bottle and unit dose pharmaceuticals under the registered names of AvKARE and AvPAK. AvKARE is also a wholesale distributor of pharmaceuticals, over the counter drugs and medical supplies to its retail and institutional customers that are located throughout the U.S. focused primarily on offering 340b-qualified entities products to provide consistency in care and pricing. Operating results for the sale of Amneal products by AvKARE are included in the Generics reportable segment.

*Chief Operating Decision Makers*

The Company's chief operating decision makers evaluate the financial performance of the Company's segments based upon segment operating income (loss). Items below operating income (loss) are not reported by segment, because they are excluded from the measure of segment profitability reviewed by the Company's chief operating decision maker. Additionally, general and administrative expenses, certain selling expenses, certain litigation settlements, and non-operating income and expenses are included in "Corporate and Other." The Company does not report balance sheet information by segment because it is not reviewed by the Company's chief operating decision makers.

The tables below present segment information reconciled to total Company financial results, with segment operating income or loss, including gross profit less direct selling expenses, research and development expenses, and other operating expenses to the extent specifically identified by segment (in thousands):

| Three Months Ended September 30, 2024 | Generics [1] | Specialty | AvKARE [1] | Corporate and Other | Total Company |
|---|---|---|---|---|---|
| **Net revenue** | $ 427,345 | $ 115,638 | $ 159,485 | $ — | $ 702,468 |
| Cost of goods sold | 249,342 | 52,342 | 131,226 | — | 432,910 |
| **Gross profit** | 178,003 | 63,296 | 28,259 | — | 269,558 |
| Selling, general and administrative | 30,951 | 27,723 | 15,145 | 44,873 | 118,692 |
| Research and development | 57,099 | 3,998 | — | — | 61,097 |
| Intellectual property legal development expenses | 1,786 | 181 | — | — | 1,967 |
| Restructuring and other charges | 17 | — | — | 155 | 172 |
| Change in fair value of contingent consideration | — | (1,030) | — | — | (1,030) |
| Credit related to legal matters, net | (149) | — | — | — | (149) |
| **Operating income (loss)** | $ 88,299 | $ 32,424 | $ 13,114 | $ (45,028) | $ 88,809 |

| Nine Months Ended September 30, 2024 | Generics [1] | Specialty | AvKARE [1] | Corporate and Other | Total Company |
|---|---|---|---|---|---|
| **Net revenue** | $ 1,245,967 | $ 324,913 | $ 492,559 | $ — | $ 2,063,439 |
| Cost of goods sold | 750,167 | 143,284 | 412,423 | — | 1,305,874 |
| **Gross profit** | 495,800 | 181,629 | 80,136 | — | 757,565 |
| Selling, general and administrative | 95,663 | 79,529 | 44,694 | 127,863 | 347,749 |
| Research and development | 123,173 | 13,276 | — | — | 136,449 |
| Intellectual property legal development expenses | 3,778 | 215 | — | — | 3,993 |
| Restructuring and other charges | 70 | 1,024 | — | 768 | 1,862 |
| Change in fair value of contingent consideration | — | (930) | — | — | (930) |
| Charges related to legal matters, net | 94,909 | — | — | — | 94,909 |
| **Operating income (loss)** | $ 178,207 | $ 88,515 | $ 35,442 | $ (128,631) | $ 173,533 |

| Three Months Ended September 30, 2023 | Generics [1] | Specialty | AvKARE [1] | Corporate and Other | Total Company |
|---|---|---|---|---|---|
| **Net revenue** | $ 390,857 | $ 97,304 | $ 131,879 | $ — | $ 620,040 |
| Cost of goods sold | 236,268 | 45,551 | 105,690 | — | 387,509 |
| **Gross profit** | 154,589 | 51,753 | 26,189 | — | 232,531 |
| Selling, general and administrative | 33,538 | 22,756 | 14,313 | 42,399 | 113,006 |
| Research and development | 35,103 | 6,272 | — | — | 41,375 |
| Intellectual property legal development expenses | 815 | 71 | — | — | 886 |
| Restructuring and other charges | 112 | 931 | — | — | 1,043 |
| Change in fair value of contingent consideration | — | 3,120 | — | — | 3,120 |
| Credit related to legal matters, net | (2,500) | — | — | (120) | (2,620) |
| Other operating expense | 73 | — | — | — | 73 |
| **Operating income (loss)** | $ 87,448 | $ 18,603 | $ 11,876 | $ (42,279) | $ 75,648 |

| Nine Months Ended September 30, 2023 | Generics [1] | Specialty | AvKARE [1] | Corporate and Other | Total Company |
|---|---|---|---|---|---|
| **Net revenue** | $ 1,108,364 | $ 285,976 | $ 382,286 | $ — | $ 1,776,626 |
| Cost of goods sold | 692,008 | 135,254 | 318,626 | — | 1,145,888 |
| **Gross profit** | 416,356 | 150,722 | 63,660 | — | 630,738 |
| Selling, general and administrative | 89,178 | 67,894 | 41,268 | 122,332 | 320,672 |
| Research and development | 98,570 | 19,294 | — | — | 117,864 |
| Intellectual property legal development expenses | 3,240 | 110 | — | — | 3,350 |
| Restructuring and other charges | 211 | 1,013 | — | 411 | 1,635 |
| Change in fair value of contingent consideration | — | (787) | — | — | (787) |
| (Credit) charges related to legal matters, net | (2,927) | — | — | 1,888 | (1,039) |
| Other operating income | (1,138) | — | — | — | (1,138) |
| **Operating income (loss)** | $ 229,222 | $ 63,198 | $ 22,392 | $ (124,631) | $ 190,181 |

[1] Operating results for the sale of Amneal products by AvKARE are included in Generics.

## Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Amneal Pharmaceuticals, Inc. (the "Company", "we," "us," or "our") is a global pharmaceutical company that develops, manufactures, markets, and distributes a diverse portfolio of essential medicines, including retail generics, injectables, biosimilars and specialty branded pharmaceuticals. We operate principally in the United States ("U.S."), India, and Ireland, and sell to wholesalers, distributors, hospitals, governmental agencies, chain pharmacies and individual pharmacies, either directly or indirectly.

The following discussion and analysis contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including those set forth under Item 1A. *Risk Factors* in our 2023 Annual Report on Form 10-K and under the heading *Cautionary Note Regarding Forward-Looking Statements* included elsewhere in this Quarterly Report on Form 10-Q.

The following discussion and analysis for the three and nine months ended September 30, 2024 should also be read in conjunction with the consolidated financial statements and related notes thereto included elsewhere in this Quarterly Report on Form 10-Q and with our audited consolidated financial statements for the year ended December 31, 2023 included in our 2023 Annual Report on Form 10-K.

**Overview**

We have three reportable segments: Generics, Specialty, and AvKARE.

*Generics*

Our Generics segment includes approximately 270 product families covering an extensive range of dosage forms and delivery systems, including both immediate and extended release oral solids, powders, liquids, sterile injectables, nasal sprays, inhalation and respiratory products, ophthalmics, films, transdermal patches and topicals. We focus on developing products with substantial barriers-to-entry due to complex drug formulations or manufacturing, or legal or regulatory challenges. Generic products, particularly in the U.S., generally contribute most significantly to revenues and gross margins at the time of their launch, and even more so in periods of market exclusivity, or in periods of limited generic competition. As such, the timing of new product introductions can have a significant impact on our financial results. The entrance into the market of additional competition generally has a negative impact on the volume and/or pricing of the affected products. Additionally, pricing is determined by market place dynamics and is often affected by factors outside of our control.

*Specialty*

Our Specialty segment is engaged in the development, promotion, sale and distribution of proprietary branded pharmaceutical products, with a focus on products addressing central nervous system disorders, including Parkinson's disease, and endocrine disorders. Our portfolio of products includes RYTARY® (extended release oral capsule formulation of carbidopa-levodopa), CREXONT® (combination of carbidopa and levodopa extended release capsules), UNITHROID® (levothyroxine sodium), and ONGENTYS® (opicapone). RYTARY® is indicated for the treatment of Parkinson's disease, post-encephalitic parkinsonism, and parkinsonism that may follow carbon monoxide intoxication or manganese intoxication. On August 7, 2024, the FDA approved our new drug application for CREXONT®, previously referred to as IPX203. We began selling CREXONT®, which is indicated for the treatment of Parkinson's disease, in September 2024. UNITHROID®, indicated for the treatment of hypothyroidism, is sold under a license and distribution agreement with Jerome Stevens Pharmaceuticals, Inc. ONGENTYS® is an add-on treatment to carbidopa/levodopa in patients with Parkinson's disease experiencing "Off" episodes, which we commenced selling in early 2024 under a license agreement with BIAL-Portela & Ca., S.A.

Our Specialty products are marketed through skilled specialty sales and marketing teams, who call on neurologists, movement disorder specialists, endocrinologists and primary care physicians in key markets throughout the U.S. Our Specialty segment also has a number of product candidates that are in varying stages of development.

For Specialty products, the majority of the product's commercial value is usually realized during the period in which the product has market exclusivity. In the U.S., when market exclusivity expires and generic versions of a product are approved and marketed, there can often be very substantial and rapid declines in the branded product's sales.

*AvKARE*

Our AvKARE segment provides pharmaceuticals, medical and surgical products and services primarily to governmental agencies, predominantly focused on the U.S. Department of Defense and the U.S. Department of Veterans Affairs. AvKARE is a re-packager of bottle and unit dose pharmaceuticals under the registered names of AvKARE and AvPAK. AvKARE is also a wholesale distributor of pharmaceuticals, over the counter drugs and medical supplies to its retail and institutional customers that are located throughout the U.S. focused primarily on offering 340b-qualified entities products to provide consistency in care and pricing.

*The Pharmaceutical Industry*

The pharmaceutical industry is highly competitive and highly regulated. As a result, we face a number of industry-specific factors and challenges, which can significantly impact our results. For a more detailed explanation of our business and its risks, refer to our *2023 Annual Report on Form 10-K*, as supplemented by Part II, Item 1A "Risk Factors" of our subsequent Quarterly Reports on Form 10-Q.

*Inflation*

While it is difficult to accurately measure the impact of inflation, we estimate our business will experience an increase in costs due to inflation of approximately $10.0 million to $15.0 million for the year ending December 31, 2024, excluding the impact of interest rates. Notwithstanding our estimates, rising inflationary pressures due to higher input costs, including higher material, transportation, labor and other costs, could exceed our expectations, which would further adversely impact our operating results in future periods.

**Results of Operations**

**Comparison of Three Months Ended September 30, 2024 to Three Months Ended September 30, 2023**

***Consolidated Results***

The following table sets forth our summarized, consolidated results of operations for the three months ended September 30, 2024 and 2023 (in thousands):

| | Three Months Ended September 30, | | Increase (Decrease) | |
|---|---|---|---|---|
| | **2024** | **2023** | **$** | **%** |
| **Net revenue** | $ 702,468 | $ 620,040 | $ 82,428 | 13.3 % |
| Cost of goods sold | 432,910 | 387,509 | 45,401 | 11.7 % |
| **Gross profit** | 269,558 | 232,531 | 37,027 | 15.9 % |
| Selling, general and administrative | 118,692 | 113,006 | 5,686 | 5.0 % |
| Research and development | 61,097 | 41,375 | 19,722 | 47.7 % |
| Intellectual property legal development expenses | 1,967 | 886 | 1,081 | 122.0 % |
| Restructuring and other charges | 172 | 1,043 | (871) | (83.5)% |
| Change in fair value of contingent consideration | (1,030) | 3,120 | (4,150) | nm |
| Credit related to legal matters, net | (149) | (2,620) | 2,471 | (94.3)% |
| Other operating expense | — | 73 | (73) | (100.0)% |
| **Operating income** | 88,809 | 75,648 | 13,161 | 17.4 % |
| Total other expense, net | (73,386) | (52,691) | (20,695) | 39.3 % |
| Income before income taxes | 15,423 | 22,957 | (7,534) | (32.8)% |
| Provision for (benefit from) income taxes | 3,666 | (2,076) | 5,742 | nm |
| **Net income** | $ 11,757 | $ 25,033 | $ (13,276) | (53.0)% |

nm - not meaningful

Net Revenue

Net revenue for the three months ended September 30, 2024 increased 13.3% from the prior year period, primarily due to:

- Growth in our Generics segment net revenue of $36.5 million, primarily due to new generic products launched in 2024 and 2023, which include biosimilars that contributed $5.7 million of year-over-year growth and other new generic products that contributed $34.8 million of year-over-year growth.

- Growth in our AvKARE segment net revenue of $27.6 million, primarily driven by growth in our distribution channel and government label channel which resulted from new product introductions.

- Growth in our Specialty segment net revenue of $18.3 million, primarily driven by a $16.8 million increase in our promoted Parkinson's franchise, of which $4.3 million was comprised of sales of ONGENTYS®, which launched in January 2024, and initial sales of CREXONT®, which launched in September of 2024. Additionally, growth in our promoted endocrinology portfolio of $3.8 million was partially offset by declines in our non-promoted products.

Cost of Goods Sold and Gross Profit

Cost of goods sold increased 11.7% for the three months ended September 30, 2024 as compared to the prior year period. The increase in cost of goods sold was primarily due to increased AvKARE and Generics volume, increased plant and freight costs, and an increased inventory provision, partially offset by efficiencies in our supply costs.

Gross profit as a percentage of net revenue increased to 38.4% for the three months ended September 30, 2024 from 37.5% in the prior year period primarily as a result of the factors noted above.

Selling, General, and Administrative

Selling, general, and administrative ("SG&A") expenses for the three months ended September 30, 2024 increased 5.0% as compared to the prior year period, primarily due to increases in employee compensation and promotion associated with ONGENTYS® and CREXONT®.

Research and Development

Research and development ("R&D") expenses for the three months ended September 30, 2024 increased 47.7% as compared to the prior year period, primarily due to an increase in in-licensing and upfront milestone payments of $23.8 million, including $20.0 million associated with our exclusive license of Omalizumab (refer to *Note 19. Related Party Transactions* for additional information), partially offset by operating efficiencies in our infrastructure.

Change in Fair Value of Contingent Consideration

The $4.2 million decrease in the change in fair value of contingent consideration for the three months ended September 30, 2024 was primarily driven by a decrease in the associated forecasted revenues.

Credit Related to Legal Matters, Net

Credit related to legal matters, net was immaterial for the three months ended September 30, 2024. For the three months ended September 30, 2023, credit related to legal matters, net of $2.6 million primarily related to a $5.5 million gain from the settlement of patent infringement matters, partially offset by a $3.0 million charge for the settlement of a customer claim. Refer to *Note 17. Commitments and Contingencies* for additional information.

Total Other Expense, Net

Total other expense, net for the three months ended September 30, 2024 increased 39.3% as compared to the prior year period. The increase was primarily driven by a $14.6 million increase in interest expense as a result of higher rates on our variable-rate debt and an increase in the amount outstanding on our revolving credit facility and a $10.7 million increase in our tax receivable

agreement liability (refer to *Note 5. Income Taxes* for additional information), partially offset by a gain resulting from favorable period-over-period foreign exchange rates primarily driven by the Euro.

Provision For (Benefit From) Income Taxes

For the three months ended September 30, 2024, our provision for income taxes and effective tax rate were $3.7 million and 23.8%, respectively. For the three months ended September 30, 2023, the Company's benefit from income taxes and effective tax rate were $(2.1) million and (9.0)%, respectively. The period-over-period changes in the provision for income taxes and effective tax rate were primarily related to changes in the jurisdictional mix of income and a discrete Indian tax benefit of approximately $2.9 million from the utilization of a loss carryforward during the three months ended September 30, 2023.

***Generics***

The following table sets forth results of operations for our Generics segment for the three months ended September 30, 2024 and 2023 (in thousands):

| | Three Months Ended September 30, | | Increase (Decrease) | |
|---|---|---|---|---|
| | **2024** | **2023** | **$** | **%** |
| **Net revenue** | $ 427,345 | $ 390,857 | $ 36,488 | 9.3 % |
| Cost of goods sold | 249,342 | 236,268 | 13,074 | 5.5 % |
| **Gross profit** | 178,003 | 154,589 | 23,414 | 15.1 % |
| Selling, general and administrative | 30,951 | 33,538 | (2,587) | (7.7)% |
| Research and development | 57,099 | 35,103 | 21,996 | 62.7 % |
| Intellectual property legal development expenses | 1,786 | 815 | 971 | 119.1 % |
| Restructuring and other charges | 17 | 112 | (95) | (84.8)% |
| Credit related to legal matters, net | (149) | (2,500) | 2,351 | (94.0)% |
| Other operating expense | — | 73 | (73) | (100.0)% |
| **Operating income** | $ 88,299 | $ 87,448 | $ 851 | 1.0 % |

Net Revenue

Generics net revenue for the three months ended September 30, 2024 increased 9.3% as compared to the prior year period, primarily due to new generic products launched in 2024 and 2023, which include biosimilars that contributed $5.7 million of year-over-year growth and other new generic products that contributed $34.8 million of year-over-year growth.

Cost of Goods Sold and Gross Profit

Generics cost of goods sold for the three months ended September 30, 2024 increased 5.5% as compared to the prior year period, primarily due to costs associated with increased sales volume and increased plant and freight costs, partially offset by efficiencies in our supply costs.

Generics gross profit as a percentage of net revenue increased to 41.7% for the three months ended September 30, 2024 from 39.6% in the prior year period primarily as a result of the factors noted above.

Selling, General, and Administrative

Generics SG&A expense for the three months ended September 30, 2024 decreased 7.7% as compared to the prior year period, primarily due to reduced legal fees, partially offset by increases in employee compensation.

Research and Development

Generics R&D expenses for the three months ended September 30, 2024 increased 62.7% as compared to the prior year period, primarily due to an increase in in-licensing and upfront milestone payments of $23.8 million, including $20.0 million associated with our exclusive license of Omalizumab (refer to *Note 19. Related Party Transactions* for additional information), partially offset by operating efficiencies in our infrastructure.

Credit Related to Legal Matters, Net

Credit related to legal matters, net was immaterial for the three months ended September 30, 2024. For the three months ended September 30, 2023, credit related to legal matters, net of $2.5 million primarily related to a $5.5 million gain from the settlement of patent infringement matters, partially offset by a $3.0 million charge for the settlement of a customer claim. Refer to *Note 17. Commitments and Contingencies* for additional information.

***Specialty***

The following table sets forth results of operations for our Specialty segment for the three months ended September 30, 2024 and 2023 (in thousands):

| | Three Months Ended September 30, | | Increase (Decrease) | |
|---|---|---|---|---|
| | **2024** | **2023** | **$** | **%** |
| **Net revenue** | $ 115,638 | $ 97,304 | $ 18,334 | 18.8 % |
| Cost of goods sold | 52,342 | 45,551 | 6,791 | 14.9 % |
| **Gross profit** | 63,296 | 51,753 | 11,543 | 22.3 % |
| Selling, general and administrative | 27,723 | 22,756 | 4,967 | 21.8 % |
| Research and development | 3,998 | 6,272 | (2,274) | (36.3)% |
| Intellectual property legal development expenses | 181 | 71 | 110 | 154.9 % |
| Restructuring and other charges | — | 931 | (931) | (100.0)% |
| Change in fair value of contingent consideration | (1,030) | 3,120 | (4,150) | nm |
| **Operating income** | $ 32,424 | $ 18,603 | $ 13,821 | 74.3 % |

nm - not meaningful

Net Revenue

Specialty net revenue for the three months ended September 30, 2024 increased 18.8% compared to the prior year period, primarily driven by a $16.8 million increase in our promoted Parkinson's franchise, of which $4.3 million was comprised of sales of ONGENTYS®, which launched in January 2024, and initial sales of CREXONT®, which launched in September of 2024. Additionally, growth in our promoted endocrinology portfolio of $3.8 million was partially offset by declines in our non-promoted products.

Cost of Goods Sold and Gross Profit

Specialty cost of goods sold for the three months ended September 30, 2024 increased 14.9% compared to the prior year period, primarily due to increased sales volume in our promoted products, partially offset by declines in our lower margin non-promoted products.

Specialty gross profit as a percentage of net revenue increased to 54.7% for the three months ended September 30, 2024 as compared to 53.2% in the prior year period, primarily due to growth in our higher margin promoted products.

Selling, General, and Administrative

Specialty SG&A expense for the three months ended September 30, 2024 increased 21.8% as compared to the prior year period, primarily due to increases in promotional costs associated with ONGENTYS® and CREXONT®.

Research and Development

Specialty R&D expense for the three months ended September 30, 2024 decreased 36.3% as compared to the prior year period, primarily due to reduced project spend of $0.7 million and reduced infrastructure costs.

Change in Fair Value of Contingent Consideration

The $4.2 million decrease in the change in fair value of contingent consideration for the three months ended September 30, 2024 was primarily driven by a decrease in the associated forecasted revenues.

***AvKARE***

The following table sets forth results of operations for our AvKARE segment for the three months ended September 30, 2024 and 2023 (in thousands):

| | Three Months Ended September 30, | | Increase | |
|---|---|---|---|---|
| | **2024** | **2023** | **$** | **%** |
| **Net revenue** | $ 159,485 | $ 131,879 | $ 27,606 | 20.9 % |
| Cost of goods sold | 131,226 | 105,690 | 25,536 | 24.2 % |
| **Gross profit** | 28,259 | 26,189 | 2,070 | 7.9 % |
| Selling, general and administrative | 15,145 | 14,313 | 832 | 5.8 % |
| **Operating income** | $ 13,114 | $ 11,876 | $ 1,238 | 10.4 % |

Net Revenue

AvKARE net revenue for the three months ended September 30, 2024 increased 20.9% as compared to the prior year period, primarily driven by growth in our distribution channel and government label channel which resulted from new product introductions.

Cost of Goods Sold and Gross Profit

AvKARE cost of goods sold for the three months ended September 30, 2024 increased 24.2% as compared to the prior year period, and gross profit as a percentage of net revenue decreased to 17.7% for the three months ended September 30, 2024 from 19.9% in the prior year period, primarily due to the increase in sales through our lower margin distribution channel and an increased inventory provision.

Selling, General and Administrative

AvKARE SG&A expense for the three months ended September 30, 2024 increased 5.8% as compared to the prior year period, primarily due to increases in employee compensation.

**Comparison of Nine Months Ended September 30, 2024 to Nine Months Ended September 30, 2023**

***Consolidated Results***

The following table sets forth our summarized, consolidated results of operations for the nine months ended September 30, 2024 and 2023 (in thousands):

| | Nine Months Ended September 30, | | Increase (Decrease) | |
|---|---|---|---|---|
| | 2024 | 2023 | $ | % |
| **Net revenue** | $ 2,063,439 | $ 1,776,626 | $ 286,813 | 16.1 % |
| Cost of goods sold | 1,305,874 | 1,145,888 | 159,986 | 14.0 % |
| **Gross profit** | 757,565 | 630,738 | 126,827 | 20.1 % |
| Selling, general and administrative | 347,749 | 320,672 | 27,077 | 8.4 % |
| Research and development | 136,449 | 117,864 | 18,585 | 15.8 % |
| Intellectual property legal development expenses | 3,993 | 3,350 | 643 | 19.2 % |
| Restructuring and other charges | 1,862 | 1,635 | 227 | 13.9 % |
| Change in fair value of contingent consideration | (930) | (787) | (143) | 18.2 % |
| Charges (credit) related to legal matters, net | 94,909 | (1,039) | 95,948 | nm |
| Other operating income | — | (1,138) | 1,138 | (100.0)% |
| **Operating income** | 173,533 | 190,181 | (16,648) | (8.8)% |
| Total other expense, net | (213,227) | (146,990) | (66,237) | 45.1 % |
| (Loss) income before income taxes | (39,694) | 43,191 | (82,885) | nm |
| Provision for (benefit from) income taxes | 13,440 | (1,431) | 14,871 | nm |
| **Net (loss) income** | $ (53,134) | $ 44,622 | $ (97,756) | nm |

nm - not meaningful

Net Revenue

Net revenue for the nine months ended September 30, 2024 increased 16.1% from the prior year period primarily due to:

- Growth in our Generics segment net revenue of $137.6 million, primarily due to new generic products launched in 2024 and 2023, which include biosimilars that contributed $47.0 million of year-over-year growth and other new generic products that contributed $90.2 million of year-over-year growth, and strong volume growth, partially offset by price erosion. Net revenue for the nine months ended September 30, 2023 included a non-recurring customer order of $21.0 million.

- Growth in our AvKARE segment net revenue of $110.3 million, primarily driven by growth in our distribution channel and government label channel which resulted from new product introductions.

- Growth in our Specialty segment net revenue of $38.9 million, primarily driven by a $35.6 million increase in our promoted Parkinson's franchise, of which $11.8 million was comprised of sales of ONGENTYS®, which launched in January 2024, and initial sales of CREXONT®, which launched in September 2024. Additionally, growth in our promoted endocrinology portfolio of $11.1 million was partially offset by declines in our non-promoted products.

Cost of Goods Sold and Gross Profit

Cost of goods sold increased 14.0% for the nine months ended September 30, 2024 as compared to the prior year period. The increase in cost of goods sold was primarily due to increased AvKARE and Generics volume, increased plant and freight costs, and an increased inventory provision, partially offset by efficiencies in our supply costs. Cost of goods sold for the nine months ended September 30, 2023 included $11.0 million associated with the non-recurring customer order in our Generics segment discussed above.

Gross profit as a percentage of net revenue increased to 36.7% for the nine months ended September 30, 2024 from 35.5% in the prior year period, primarily as a result of the factors noted above.

Selling, General, and Administrative

SG&A expenses for the nine months ended September 30, 2024 increased 8.4% as compared to the prior year period, primarily due to increases in employee compensation, promotion associated with ONGENTYS® and CREXONT®, increased charges associated with our growing biosimilars, and annual fees assessed on branded prescription drug manufacturers, which are also applicable to certain of our generic products.

Research and Development

R&D expenses for the nine months ended September 30, 2024 increased 15.8% as compared to the prior year period, primarily due to an increase in in-licensing and upfront milestone payments of $26.6 million, including $20.0 million associated with our exclusive license of Omalizumab (refer to *Note 19. Related Party Transactions* for additional information), partially offset by operating efficiencies in our infrastructure.

Charges (Credit) Related to Legal Matters, Net

For the nine months ended September 30, 2024, charges related to legal matters, net of $94.9 million were primarily associated with a settlement in principle on the primary financial terms for a nationwide resolution to the opioids cases that have been filed and that might have been filed against us by political subdivisions and Native American tribes across the U.S. Refer to *Note 17. Commitments and Contingencies* for additional information.

For the nine months ended September 30, 2023, credit related to legal matters, net was $1.0 million, primarily comprised of $10.0 million from the settlement of patent infringement matters, partially offset by $4.1 million in charges associated with civil prescription opioid litigation, a $3.0 million charge for the settlement of a customer claim, and a $1.9 million charge for the settlement of a stockholder derivative lawsuit.

Total Other Expense, Net

Total other expense, net for the nine months ended September 30, 2024 increased 45.1% as compared to the prior year period. The increase was primarily driven by a $45.9 million increase in interest expense as a result of higher rates on our variable-rate debt and an increase in the amount outstanding on our revolving credit facility and a $24.8 million increase in our tax receivable agreement liability (refer to *Note 5. Income Taxes* for additional information), partially offset by a gain on the sale of a subsidiary in India of $3.8 million (refer to *Note 19. Related Party Transactions* for additional information).

Provision For (Benefit From) Income Taxes

For the nine months ended September 30, 2024, our provision for income taxes and effective tax rate were $13.4 million and (33.9)%, respectively, as compared to a benefit from income taxes and effective tax rate of $(1.4) million and (3.3)%, respectively, for the nine months ended September 30, 2023. The period-over-period changes in the provision for income taxes and effective tax rate primarily related to changes in the jurisdictional mix of income and a discrete Indian tax benefit of approximately $2.9 million from the utilization of a loss carryforward during the three months ended September 30, 2023.

***Generics***

The following table sets forth results of operations for our Generics segment for the nine months ended September 30, 2024 and 2023 (in thousands):

| | Nine Months Ended September 30, | | Increase (Decrease) | |
|---|---|---|---|---|
| | **2024** | **2023** | **$** | **%** |
| **Net revenue** | $ 1,245,967 | $ 1,108,364 | $ 137,603 | 12.4 % |
| Cost of goods sold | 750,167 | 692,008 | 58,159 | 8.4 % |
| **Gross profit** | 495,800 | 416,356 | 79,444 | 19.1 % |
| Selling, general and administrative | 95,663 | 89,178 | 6,485 | 7.3 % |
| Research and development | 123,173 | 98,570 | 24,603 | 25.0 % |
| Intellectual property legal development expenses | 3,778 | 3,240 | 538 | 16.6 % |
| Restructuring and other charges | 70 | 211 | (141) | (66.8)% |
| Charges (credit) related to legal matters, net | 94,909 | (2,927) | 97,836 | nm |
| Other operating income | — | (1,138) | 1,138 | (100.0)% |
| **Operating income** | $ 178,207 | $ 229,222 | $ (51,015) | (22.3)% |

nm - not meaningful

Net Revenue

Generics net revenue for the nine months ended September 30, 2024 increased 12.4% as compared to the prior year period, primarily due to new generic products launched in 2024 and 2023, which include biosimilars that contributed $47.0 million of year-over-year growth and other new generic products that contributed $90.2 million of year-over-year growth, and strong volume growth, partially offset by price erosion. Net revenue for the nine months ended September 30, 2023 included a non-recurring customer order of $21.0 million.

Cost of Goods Sold and Gross Profit

Generics cost of goods sold for the nine months ended September 30, 2024 increased 8.4% as compared to the prior year period, primarily due to costs associated with increased sales volume and increased plant and freight costs, partially offset by efficiencies in our supply costs. Cost of goods sold for the nine months ended September 30, 2023 included $11.0 million associated with the non-recurring customer order discussed above.

Generics gross profit as a percentage of net revenue increased to 39.8% for the nine months ended September 30, 2024 from 37.6% in the prior year period, primarily as a result of the factors noted above.

Selling, General, and Administrative

Generics SG&A expense for the nine months ended September 30, 2024 increased 7.3% as compared to the prior year period, primarily due to increases in employee compensation driven by infrastructure expansion and promotion associated with our biosimilar launches and the annual fees assessed on branded prescription drug manufacturers (applicable to certain of our generic products), partially offset by reduced legal fees.

Research and Development

Generics R&D expenses for the nine months ended September 30, 2024 increased 25.0% as compared to the prior year period, primarily due to an increase in in-licensing and upfront milestone payments of $26.6 million, including $20.0 million associated with our exclusive license of Omalizumab (refer to *Note 19. Related Party Transactions* for additional information), partially offset by operating efficiencies in our infrastructure.

Charges (Credit) Related to Legal Matters, Net

For the nine months ended September 30, 2024, charges related to legal matters, net of $94.9 million were primarily associated with a settlement in principle on the primary financial terms for a nationwide resolution to the opioids cases that have been filed and that might have been filed against us by political subdivisions and Native American tribes across the U.S. Refer to *Note 17. Commitments and Contingencies* for additional information.

For the nine months ended September 30, 2023, credit related to legal matters, net was $2.9 million, primarily comprised of $10.0 million from the settlement of patent infringement matters, partially offset by $4.1 million of charges associated with prescription opioid litigation and a $3.0 million charge for the settlement of a customer claim.

***Specialty***

The following table sets forth results of operations for our Specialty segment for the nine months ended September 30, 2024 and 2023 (in thousands):

| | Nine Months Ended September 30, | | Increase (Decrease) | |
|---|---|---|---|---|
| | **2024** | **2023** | **$** | **%** |
| **Net revenue** | $ 324,913 | $ 285,976 | $ 38,937 | 13.6 % |
| Cost of goods sold | 143,284 | 135,254 | 8,030 | 5.9 % |
| **Gross profit** | 181,629 | 150,722 | 30,907 | 20.5 % |
| Selling, general and administrative | 79,529 | 67,894 | 11,635 | 17.1 % |
| Research and development | 13,276 | 19,294 | (6,018) | (31.2)% |
| Intellectual property legal development expenses | 215 | 110 | 105 | 95.5 % |
| Restructuring and other charges | 1,024 | 1,013 | 11 | 1.1 % |
| Change in fair value of contingent consideration | (930) | (787) | (143) | 18.2 % |
| **Operating income** | $ 88,515 | $ 63,198 | $ 25,317 | 40.1 % |

Net Revenue

Specialty net revenue for the nine months ended September 30, 2024 increased 13.6% as compared to the prior year period, primarily driven by a $35.6 million increase in our promoted Parkinson's franchise, of which $11.8 million was comprised of sales of ONGENTYS®, which launched in January 2024, and initial sales of CREXONT®, which launched in September 2024. Additionally, growth in our promoted endocrinology portfolio of $11.1 million was partially offset by declines in our non-promoted products.

Cost of Goods Sold and Gross Profit

Specialty cost of goods sold for the nine months ended September 30, 2024 increased 5.9% as compared to the prior year period, primarily due to growth in our promoted products, partially offset by declines in our lower margin non-promoted products. Specialty gross profit as a percentage of net revenue increased to 55.9% for the nine months ended September 30, 2024 as compared to 52.7% in the prior year period due to growth in our higher margin promoted products.

Selling, General, and Administrative

Specialty SG&A expense for the nine months ended September 30, 2024 increased 17.1% as compared to the prior year period, primarily due to increases in promotional costs associated with ONGENTYS® and CREXONT®.

Research and Development

Specialty R&D expenses for the nine months ended September 30, 2024 decreased 31.2% as compared to the prior year period, primarily due to reduced project spend of $2.4 million and reduced infrastructure costs.

***AvKARE***

The following table sets forth results of operations for our AvKARE segment for the nine months ended September 30, 2024 and 2023 (in thousands):

| | Nine Months Ended September 30, | | Increase | |
|---|---|---|---|---|
| | 2024 | 2023 | $ | % |
| **Net revenue** | $ 492,559 | $ 382,286 | $ 110,273 | 28.8 % |
| Cost of goods sold | 412,423 | 318,626 | 93,797 | 29.4 % |
| **Gross profit** | 80,136 | 63,660 | 16,476 | 25.9 % |
| Selling, general and administrative | 44,694 | 41,268 | 3,426 | 8.3 % |
| **Operating income** | $ 35,442 | $ 22,392 | $ 13,050 | 58.3 % |

Net Revenue

AvKARE net revenue for the nine months ended September 30, 2024 increased 28.8% as compared to the prior year period primarily driven by growth in our distribution channel and government label channel which resulted from new product introductions.

Cost of Goods Sold and Gross Profit

AvKARE cost of goods sold for the nine months ended September 30, 2024 increased 29.4% as compared to the prior year period, and gross profit as a percentage of net revenue decreased to 16.3% for the nine months ended September 30, 2024 from 16.7% in the prior year period, primarily due to the increase in sales through our lower margin distribution channel and an increased inventory provision.

Selling, General and Administrative

AvKARE SG&A expense for the nine months ended September 30, 2024 increased 8.3% as compared to the prior year period, primarily due to higher sales-related expenses, increases in employee compensation and higher professional fees, partially offset by reduced logistic costs.

**Liquidity and Capital Resources**

Our primary source of liquidity is cash generated from operations, available cash on hand, and borrowings under debt financing arrangements (as defined and discussed in *Note 16. Debt* in our 2023 Annual Report on Form 10-K). We have access to $455.2 million of available capacity under the Amended New Revolving Credit Facility and $28.0 million of available capacity under the Amended Rondo Revolving Credit Facility as of September 30, 2024. We believe these sources are sufficient to fund our planned operations, meet our interest and contractual obligations, including acquisitions, and provide sufficient liquidity over the next 12 months from the date of filing of this Form 10-Q. However, our ability to satisfy our working capital requirements and debt obligations will depend upon economic conditions, our ability to negotiate and maintain satisfactory terms under our borrowing and debt facilities in the future, and demand for our products, which are factors that may be out of our control. Our primary uses of capital resources are to fund operating activities, including R&D expenses associated with new product filings, and pharmaceutical product manufacturing expenses, license payments, spending on production facility expansions, capital equipment, acquisitions, and legal settlements.

We estimate that we will invest approximately $60.0 million to $70.0 million during 2024 for capital expenditures to support and grow our existing operations, primarily related to investments in manufacturing facilities and equipment, and information technology.

*Debt Instruments*

Over the next 12 months, we expect to make substantial payments, including monthly interest and quarterly principal amounts due for our Term Loan Due 2028, monthly interest and the remaining principal balance on our Term Loan Due 2025, monthly interest on our Amended New Credit Facility, and contractual payments for leased premises. Refer to *Note 16. Debt*, *Note 18. Leases,* and *Commitments and Contractual Obligations under Part II, Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations* in our 2023 Annual Report on Form 10-K for additional information on our indebtedness and leases, respectively.

*Settlement in Principle on Nationwide Civil Prescription Opioid Litigation*

In late April 2024, we reached a nationwide settlement in principle on the primary financial terms, with no admission of wrongdoing, for a nationwide resolution to the opioids cases that have been filed and that might have been filed by Attorneys

General, political subdivisions and Native American tribes. Refer to *Note 17. Commitments and Contingencies* for additional information.

*Tax Receivable Agreement*

In 2018, we entered into a tax receivable agreement ("TRA") for which we were generally required to pay the other holders of Amneal Common Units 85% of the applicable tax savings, if any, in U.S. federal and state income tax that we were deemed to realize as a result of certain tax attributes of their Amneal Common Units sold to us (or exchanged in a taxable sale) and that are created as a result of (i) the sales of their Amneal Common Units for shares of Class A common stock and (ii) tax benefits attributable to payments made under the TRA. As part of the Reorganization (as defined in *Note 1. Nature of Operations* in our 2023 Annual Report on Form 10-K), the TRA was amended to reduce our future obligation to pay 85% of the realized tax benefits subject to the TRA to 75% of such realized benefits. As of both September 30, 2024 and December 31, 2023, the contingent TRA liability, including the impact of the amendment, was approximately $185.0 million.

The timing and amount of any payments under the TRA may vary, depending upon a number of factors including the timing and amount of our taxable income, and the corporate tax rate in effect at the time of realization of our taxable income (the TRA liability is determined based on a percentage of the corporate tax savings from the use of the TRA's attributes). Because the Amneal Group (as defined in *Item 1. Business* in the Company's 2023 Annual Report on Form 10-K) has exchanged all of its Amneal Common Units pursuant to the Reorganization, the primary remaining factor that could increase the contingent TRA liability is an increase in the effective tax rate. Since the combined rate for federal and state and local income taxes, as of September 30, 2024, has not changed significantly since December 31, 2023, the contingent TRA liability has not changed significantly during 2024. In addition, any future payments under the TRA may create additional basis adjustments, which may result in an additional layer of depreciation and amortization allocable to the Company, resulting in additional TRA payments. The timing and amount of payments may also be accelerated under certain conditions, such as a change of control or other early termination event, which could give rise to our obligation to make TRA payments in advance of tax benefits being realized. For further information, refer to *Item 1A. Risk Factors* in our 2023 Annual Report on Form 10-K and *Note 5. Income Taxes* in this Form 10-Q.

*Tax-Related Distributions*

Prior to the Reorganization, Amneal was obligated to make tax distributions to the group, together with their affiliates and certain assignees, who owned Amneal when it was a private company (the "Members"). During the nine months ended September 30, 2023, the Company recorded net tax distributions to the Members of $57.6 million as a reduction of non-controlling interests. Subsequent to the Reorganization, the Company is no longer obligated to make tax distributions to the Members.

In 2020, we acquired a 65.1% controlling interest in both AvKARE Inc., a Tennessee corporation, now a limited liability company ("AvKARE, LLC"), and Dixon-Shane, LLC d/b/a R&S Northeast LLC, a Kentucky limited liability company ("R&S"). The sellers of AvKARE, LLC and R&S (the "AvKARE Sellers") hold the remaining 34.9% interest in the holding company that directly owns the acquired companies ("Rondo"). We attribute 34.9% of the net income or loss associated with Rondo to redeemable non-controlling interests. During the nine months ended September 30, 2024 and 2023, we made cash tax distributions of $14.4 million and $10.3 million, respectively, to the AvKARE Sellers.

*Cash Balances*

As of September 30, 2024, our cash and cash equivalents consist of cash on deposit and highly liquid investments. A portion of our cash flows are derived outside the U.S. As a result, we are subject to market risk associated with changes in foreign exchange rates. We maintain cash balances at both U.S. based and foreign country based commercial banks. At various times during the year, our cash balances held in the U.S. may exceed amounts that are insured by the Federal Deposit Insurance Corporation (FDIC). We make our investments in accordance with our investment policy. The primary objectives of our investment policy are liquidity and safety of principal.

***Cash Flows***

The following table sets forth our summarized, consolidated cash flows for the nine months ended September 30, 2024 and 2023 (in thousands):

| | Nine Months Ended September 30, | | Increase (Decrease) | |
|---|---|---|---|---|
| | 2024 | 2023 | $ | % |
| Net cash provided by (used in): | | | | |
| Operating activities | $ 177,021 | $ 209,754 | $ (32,733) | (15.6)% |
| Investing activities | (46,937) | (37,497) | (9,440) | 25.2 % |
| Financing activities | (150,587) | (111,741) | (38,846) | 34.8 % |
| Effect of exchange rate changes on cash | (259) | (136) | (123) | 90.4 % |
| Net (decrease) increase in cash, cash equivalents, and restricted cash | $ (20,762) | $ 60,380 | $ (81,142) | (134.4)% |

*Cash Flows from Operating Activities*

Net cash provided by operating activities was $177.0 million for the nine months ended September 30, 2024 as compared to $209.8 million in the prior year period. The decrease in net operating cash flows for the nine months ended September 30, 2024 as compared to the prior year period was primarily driven by (i) lower collections of outstanding accounts receivable due to timing of sales in the quarter ended December 31, 2022, which benefited the nine months ended September 30, 2023 and (ii) receipt of a $21.4 million upfront payment associated with the license agreement with Orion Corporation during the nine months ended September 30, 2023, partially offset by (i) increased profitability adjusted for non-cash items, (ii) lower period over period payments associated with the Opana ER® antitrust litigation settlement and (iii) favorable working capital movements, most notably an increase in days payables outstanding.

*Cash Flows from Investing Activities*

Net cash used in investing activities for the nine months ended September 30, 2024 was $46.9 million as compared to $37.5 million in the prior year period. The period-over-period increase in net cash used in investing activities was primarily due to the payment of a $9.5 million sales-based milestone related to the licensing and supply agreement with mAbxience S.L. for its biosimilar candidate for Avastin® (bevacizumab) and higher capital expenditures, partially offset by $5.0 million in proceeds from the sale of a subsidiary in India to a subsidiary of Kashiv (refer to *Note 19. Related Party Transactions* for additional information).

*Cash Flows from Financing Activities*

Net cash used in financing activities was $150.6 million for the nine months ended September 30, 2024 as compared to $111.7 million in the prior year period. For the nine months ended September 30, 2024 and 2023, total debt repayments (including payments on the Sellers Notes), net of borrowings were $127.3 million and $38.8 million, respectively. The period-over-period increase in net cash used in financing activities was also due to an increase in employee payroll tax withholding on restricted stock unit vesting, partially offset by a period-over-period decrease in tax distributions to non-controlling interests of $53.4 million.

**Commitments and Contractual Obligations**

Our contractual obligations are set forth in *Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations* contained in our 2023 Annual Report on Form 10-K. As of September 30, 2024, there have been no material changes to the disclosure presented in our 2023 Annual Report on Form 10-K.

**Off-Balance Sheet Arrangements**

We did not have any off-balance sheet arrangements as of September 30, 2024.

**Critical Accounting Policies and Estimates**

For a discussion of our critical accounting policies and estimates, see *Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations* in our 2023 Annual Report on Form 10-K. There have been no material changes to the disclosures presented in our 2023 Annual Report on Form 10-K.

**Recently Issued Accounting Standards**

Recently issued accounting standards are discussed in *Note 2. Summary of Significant Accounting Policies* .

**Item 3. Quantitative and Qualitative Disclosures About Market Risk**

There has not been any material change in our assessment of market risk as set forth in *Item 7A. Quantitative and Qualitative Disclosures About Market Risk*, in our 2023 Annual Report on Form 10-K.

**Item 4. Controls and Procedures**

**Disclosure Controls and Procedures**

We maintain disclosure controls and procedures (as defined in Rule 13a-15(e) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")) that are designed to ensure information required to be disclosed by us in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our Co-Chief Executive Officers and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

Our management, with the participation of our Co-Chief Executive Officers and Chief Financial Officer, evaluated the effectiveness of the design and operation of our disclosure controls and procedures as of the end of the period covered by this Quarterly Report on Form 10-Q. Based upon that evaluation, our Co-Chief Executive Officers and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of September 30, 2024.

**Changes in Internal Control over Financial Reporting**

During the quarter ended September 30, 2024, there were no changes in our internal control over financial reporting which materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

**Limitations on the Effectiveness of Controls**

Management, including our Co-Chief Executive Officers and Chief Financial Officer, does not expect that our disclosure controls and procedures or our system of internal control over financial reporting will prevent or detect all errors and all fraud. A control system, no matter how well designed or operated, can provide only reasonable, but not absolute, assurance that the objectives of the system of internal control are met. The design of our control system reflects the fact that there are resource constraints, and that the benefits of such control system must be considered relative to their costs. Further, because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control failures and instances of fraud, if any, within the Company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the intentional acts of individuals, by collusion of two or more people, or by management override of the controls. The design of any system of controls is also based in part on certain assumptions about the likelihood of future events, and there can be no assurance that the design of any particular control will always succeed in achieving its objective under all potential future conditions.

**Part II – OTHER INFORMATION**

**Item 1. Legal Proceedings**

Information pertaining to legal proceedings can be found in *Note 17. Commitments and Contingencies* and is incorporated by reference herein.

**Item 1A. Risk Factors**

There have been no material changes to the disclosures presented in our 2023 Annual Report on Form 10-K under *Item 1A. Risk Factors.*

**Item 2. Unregistered Sales of Equity Securities and Use of Proceeds**

None.

**Item 3. Defaults Upon Senior Securities**

None.

**Item 4. Mine Safety Disclosures**

Not applicable.

**Item 5. Other Information**

***Rule 10b5-1 Plan Elections***

During the quarter ended September 30, 2024, the following 10b5-1 director and officer (as defined in Rule 16a-1(f) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”)) trading plan arrangement changes occurred:

On August 15, 2024, Gautam Patel, a director of the Company, adopted a 10b5-1 trading plan. Mr. Patel’s plan provides for the sale of 480,000 shares of Class A common stock of the Company through June 30, 2025.

This trading plan was entered into during an open insider trading window and is intended to satisfy the affirmative defense of Rule 10b5-1(c) under the Exchange Act and the Company's policies regarding insider transactions.

**Item 6. Exhibits**

| Exhibit No. | Description of Document |
|---|---|
| 31.1 | Certification of the Co - Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.* |
| 31.2 | Certification of the Co - Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.* |
| 31.3 | Certification of the Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.* |
| 32.1 | Certification of the Co - Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.** |
| 32.2 | Certification of the Co - Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.** |
| 32.3 | Certification of the Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.** |
| 101 | The following materials from the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2024 formatted in Inline XBRL (eXtensible Business Reporting Language): (i) Consolidated Statements of Operations for each of the three and nine months ended September 30, 2024 and 2023, (ii) Consolidated Statements of Comprehensive (Loss) Income for each of the three and nine months ended September 30, 2024 and 2023, (iii) Consolidated Balance Sheets as of September 30, 2024 and December 31, 2023, (iv) Consolidated Statements of Cash Flows for the nine months ended September 30, 2024 and 2023, (v) Consolidated Statements of Changes in Stockholders' (Deficiency) Equity for each of the three and nine months ended September 30, 2024 and 2023 and (vi) Notes to Consolidated Financial Statements.* |
| 104 | Cover Page Interactive Data File – The cover page from the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2024 is formatted in Inline XBRL (included as Exhibit 101). |

* Filed herewith

** This certificate is being furnished solely to accompany the report pursuant to 18 U.S.C. 1350 and is not being filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and is not to be incorporated by reference into any filing of the Company, whether made before or after the date hereof, regardless of any general incorporation language in such filing.

**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 thereunto duly authorized.

Date: November 12, 2024

**Amneal Pharmaceuticals, Inc.**

(Registrant)

*By:* /s/ Anastasios Konidaris

Anastasios Konidaris

Executive Vice President and Chief Financial Officer

(Principal Financial and Accounting Officer)

**Exhibit 31.1**

**CERTIFICATION PURSUANT TO**
**SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Chirag Patel, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the fiscal quarter ended September 30, 2024 of Amneal Pharmaceuticals, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

November 12, 2024

By: /s/ Chirag Patel

Chirag Patel

President and Co-Chief Executive Officer
(Co-Principal Executive Officer)

**Exhibit 31.2**

**CERTIFICATION PURSUANT TO**
**SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Chintu Patel, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the fiscal quarter ended September 30, 2024 of Amneal Pharmaceuticals, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

November 12, 2024

By: /s/ Chintu Patel

Chintu Patel

Co-Chief Executive Officer
(Co-Principal Executive Officer)

**Exhibit 31.3**

**CERTIFICATION PURSUANT TO**
**SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Anastasios Konidaris, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the fiscal quarter ended September 30, 2024 of Amneal Pharmaceuticals, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

November 12, 2024

By: /s/ Anastasios Konidaris

Anastasios Konidaris

Executive Vice President and Chief Financial Officer
(Principal Financial and Accounting Officer)

**Exhibit 32.1**

**CERTIFICATION PURSUANT TO**
**18 U.S.C. SECTION 1350**

**AS ADOPTED PURSUANT TO**

**SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q of Amneal Pharmaceuticals, Inc. (the "Company") for the fiscal quarter ended September 30, 2024 (the "Report"), Chirag Patel, President and Co-Chief Executive Officer of the Company, hereby certifies, pursuant to 18 U.S.C. § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

November 12, 2024

By: /s/ Chirag Patel

Chirag Patel
President and Co-Chief Executive Officer
(Co-Principal Executive Officer)

A signed original of this written statement required by Section 906 has been provided to Amneal Pharmaceuticals, Inc. and will be retained by Amneal Pharmaceuticals, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

**Exhibit 32.2**

**CERTIFICATION PURSUANT TO**
**18 U.S.C. SECTION 1350**

**AS ADOPTED PURSUANT TO**

**SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q of Amneal Pharmaceuticals, Inc. (the "Company") for the fiscal quarter ended September 30, 2024 (the "Report"), Chintu Patel, Co-Chief Executive Officer of the Company, hereby certifies, pursuant to 18 U.S.C. § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

November 12, 2024

By: /s/ Chintu Patel
Chintu Patel
Co-Chief Executive Officer
(Co-Principal Executive Officer)

A signed original of this written statement required by Section 906 has been provided to Amneal Pharmaceuticals, Inc. and will be retained by Amneal Pharmaceuticals, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

**Exhibit 32.3**

**CERTIFICATION PURSUANT TO**
**18 U.S.C. SECTION 1350**

**AS ADOPTED PURSUANT TO**

**SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q of Amneal Pharmaceuticals, Inc. (the "Company") for the fiscal quarter ended September 30, 2024 (the "Report"), Anastasios Konidaris, Executive Vice President and Chief Financial Officer of the Company, hereby certifies, pursuant to 18 U.S.C. § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

November 12, 2024

By: /s/ Anastasios Konidaris

Anastasios Konidaris

Executive Vice President and Chief Financial Officer

(Principal Financial and Accounting Officer)

A signed original of this written statement required by Section 906 has been provided to Amneal Pharmaceuticals, Inc. and will be retained by Amneal Pharmaceuticals, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.