

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, 2021

OR

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

Commission File Number 0-19311



BIOGEN INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation or organization)

33-0112644

(I.R.S. Employer Identification No.)

225 Binney Street, Cambridge, MA 02142
(617) 679-2000

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, \$0.0005 par value	BIIB	The Nasdaq Global Select Market

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 (§232.405 of this chapter) 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	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

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

The number of shares of the issuer's Common Stock, \$0.0005 par value, outstanding as of October 19, 2021, was 146,892,712 shares.

BIAGEN INC.
FORM 10-Q — Quarterly Report
For the Quarterly Period Ended September 30, 2021

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NOTE REGARDING FORWARD-LOOKING STATEMENTS

This report contains forward-looking statements that are being made pursuant to the provisions of the Private Securities Litigation Reform Act of 1995 (the Act) with the intention of obtaining the benefits of the “Safe Harbor” provisions of the Act. These forward-looking statements may be accompanied by such words as “aim,” “anticipate,” “believe,” “could,” “estimate,” “expect,” “forecast,” “goal,” “intend,” “may,” “plan,” “potential,” “possible,” “will,” “would” and other words and terms of similar meaning. Reference is made in particular to forward-looking statements regarding:

- the anticipated amount, timing and accounting of revenue; contingent, milestone, royalty and other payments under licensing, collaboration, acquisition or divestiture agreements; tax positions and contingencies; collectability of receivables; pre-approval inventory; cost of sales; research and development costs; compensation and other selling, general and administrative expense; amortization of intangible assets; foreign currency exchange risk; estimated fair value of assets and liabilities; and impairment assessments;
- expectations, plans and prospects relating to sales, pricing, growth and launch of our marketed and pipeline products;
- the potential impact of increased product competition in the markets in which we compete, including increased competition from new originator therapies, generics, prodrugs and biosimilars of existing products and products approved under abbreviated regulatory pathways, including generic or biosimilar versions of our products;
- patent terms, patent term extensions, patent office actions and expected availability and period of regulatory exclusivity;
- our plans and investments in our core and emerging growth areas as well as implementation of our corporate strategy;
- the drivers for growing our business, including our plans and intention to commit resources relating to discovery, research and development programs and business development opportunities as well as the potential benefits and results of, and the anticipated completion of, certain business development transactions;
- the expectations, development plans and anticipated timelines, including costs and timing of potential clinical trials, filings and approvals, of our products, drug candidates and pipeline programs, including collaborations with third-parties, as well as the potential therapeutic scope of the development and commercialization of our and our collaborators’ pipeline products;
- the timing, outcome and impact of administrative, regulatory, legal and other proceedings related to our patents and other proprietary and intellectual property rights, tax audits, assessments and settlements, pricing matters, sales and promotional practices, product liability and other matters;
- our ability to finance our operations and business initiatives and obtain funding for such activities;
- adverse safety events involving our marketed products, generic or biosimilar versions of our marketed products or any other products from the same class as one of our products;
- the direct and indirect impact of the COVID-19 pandemic on our business and operations, including sales, expenses, reserves and allowances, the supply chain, manufacturing, cyber-attacks or other privacy or data security incidents, research and development costs, clinical trials and employees;
- the potential impact of healthcare reform in the United States (U.S.) and measures being taken worldwide designed to reduce healthcare costs and limit the overall level of government expenditures, including the impact of pricing actions and reduced reimbursement for our products;
- our manufacturing capacity, use of third-party contract manufacturing organizations, plans and timing relating to changes in our manufacturing capabilities, activities in new or existing manufacturing facilities and the expected timeline for the Solothurn manufacturing facility to begin manufacturing products or product candidates and for the gene therapy manufacturing facility in Research Triangle Park, North Carolina to be operational;
- the impact of the continued uncertainty of the credit and economic conditions in certain countries and our collection of accounts receivable in such countries;
- lease commitments, purchase obligations and the timing and satisfaction of other contractual obligations; and
- the impact of new laws (including tax), regulatory requirements, judicial decisions and accounting standards.

These forward-looking statements involve risks and uncertainties, including those that are described in *Item 1A. Risk Factors* included in this report and elsewhere in this report, that could cause actual results to differ materially from those reflected in such statements. You should not place undue reliance on these statements. Forward-looking statements speak only as of the date of this report. Except as required by law, we do not undertake any obligation to publicly update any forward-looking statements, whether as a result of new information, future developments or otherwise.

NOTE REGARDING COMPANY AND PRODUCT REFERENCES

References in this report to:

- “Biogen,” the “company,” “we,” “us” and “our” refer to Biogen Inc. and its consolidated subsidiaries; and
- “RITUXAN” refers to both RITUXAN (the trade name for rituximab in the U.S., Canada and Japan) and MabThera (the trade name for rituximab outside the U.S., Canada and Japan).

NOTE REGARDING TRADEMARKS

AVONEX®, PLEGRIDY®, RITUXAN®, RITUXAN HYCELA®, SPINRAZA®, TECFIDERA®, TYSABRI® and VUMERITY® are registered trademarks of Biogen.

ADUHELM™, BENEPALI™, BYOOVIZ™, FLIXABI™, FUMADERM™ and IMRALDI™ are trademarks of Biogen.

ENBREL®, EYLEA®, FAMPYRA™, GAZYVA®, HUMIRA®, LUCENTIS®, OCREVUS®, REMICADE® and other trademarks referenced in this report are the property of their respective owners.

PART I FINANCIAL INFORMATION

BIOGEN INC. AND SUBSIDIARIES CONDENSED CONSOLIDATED STATEMENTS OF INCOME (unaudited, in millions, except per share amounts)

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2021	2020	2021	2020
Revenue:				
Product, net	\$ 2,205.7	\$ 2,690.3	\$ 6,653.4	\$ 8,390.6
Revenue from anti-CD20 therapeutic programs	415.4	560.1	1,244.4	1,558.8
Other	157.8	125.7	350.1	642.6
Total revenue	<u>2,778.9</u>	<u>3,376.1</u>	<u>8,247.9</u>	<u>10,592.0</u>
Cost and expense:				
Cost of sales, excluding amortization and impairment of acquired intangible assets	511.8	449.1	1,449.6	1,314.6
Research and development	702.4	1,140.9	1,801.7	2,264.8
Selling, general and administrative	654.1	573.1	1,886.4	1,698.3
Amortization and impairment of acquired intangible assets	111.0	82.6	813.2	215.6
Collaboration profit sharing	21.2	73.0	74.5	166.5
(Gain) loss on fair value remeasurement of contingent consideration	(15.6)	(29.0)	(49.1)	(23.5)
Acquired in-process research and development	—	—	18.0	75.0
Total cost and expense	<u>1,984.9</u>	<u>2,289.7</u>	<u>5,994.3</u>	<u>5,711.3</u>
Income from operations	794.0	1,086.4	2,253.6	4,880.7
Other income (expense), net	(502.9)	(128.6)	(913.4)	(186.1)
Income before income tax expense and equity in loss of investee, net of tax	291.1	957.8	1,340.2	4,694.6
Income tax (benefit) expense	(25.9)	240.8	(390.7)	979.0
Equity in (income) loss of investee, net of tax	(1.1)	13.1	(17.2)	12.7
Net income	318.1	703.9	1,748.1	3,702.9
Net income (loss) attributable to noncontrolling interests, net of tax	(11.1)	2.4	560.2	60.2
Net income attributable to Biogen Inc.	<u>\$ 329.2</u>	<u>\$ 701.5</u>	<u>\$ 1,187.9</u>	<u>\$ 3,642.7</u>
Net income per share:				
Basic earnings per share attributable to Biogen Inc.	\$ 2.22	\$ 4.47	\$ 7.93	\$ 22.29
Diluted earnings per share attributable to Biogen Inc.	\$ 2.22	\$ 4.46	\$ 7.90	\$ 22.25
Weighted-average shares used in calculating:				
Basic earnings per share attributable to Biogen Inc.	148.0	156.9	149.9	163.4
Diluted earnings per share attributable to Biogen Inc.	148.6	157.2	150.3	163.7

See accompanying notes to these unaudited condensed consolidated financial statements.

BIOPEN INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(unaudited, in millions)

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2021	2020	2021	2020
Net income attributable to Biogen Inc.	\$ 329.2	\$ 701.5	\$ 1,187.9	\$ 3,642.7
Other comprehensive income:				
Unrealized gains (losses) on securities available for sale, net of tax	0.1	0.1	(1.4)	1.0
Unrealized gains (losses) on cash flow hedges, net of tax	66.2	(83.7)	205.0	(101.1)
Gains (losses) on net investment hedges	15.1	(11.3)	35.2	5.5
Unrealized gains (losses) on pension benefit obligation, net of tax	1.5	(0.5)	3.9	0.4
Currency translation adjustment	(47.7)	50.9	(80.3)	3.9
Total other comprehensive income (loss), net of tax	35.2	(44.5)	162.4	(90.3)
Comprehensive income attributable to Biogen Inc.	364.4	657.0	1,350.3	3,552.4
Comprehensive income (loss) attributable to noncontrolling interests, net of tax	(11.1)	1.5	560.8	61.1
Comprehensive income	\$ 353.3	\$ 658.5	\$ 1,911.1	\$ 3,613.5

See accompanying notes to these unaudited condensed consolidated financial statements.

BIOGEN INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(unaudited, in millions, except per share amounts)

	As of September 30, 2021	As of December 31, 2020
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,541.8	\$ 1,331.2
Marketable securities	1,413.3	1,278.9
Accounts receivable, net	1,723.0	1,913.8
Due from anti-CD20 therapeutic programs	400.0	413.5
Inventory	1,347.9	1,068.6
Other current assets	736.3	881.1
Total current assets	7,162.3	6,887.1
Marketable securities	968.3	772.1
Property, plant and equipment, net	3,410.7	3,411.5
Operating lease assets	389.1	433.3
Intangible assets, net	2,286.8	3,084.3
Goodwill	5,760.5	5,762.1
Deferred tax asset	1,810.4	1,369.5
Investments and other assets	2,018.6	2,899.0
Total assets	\$ 23,806.7	\$ 24,618.9
LIABILITIES AND EQUITY		
Current liabilities:		
Current portion of notes payable	\$ 998.8	\$ —
Taxes payable	\$ 234.2	\$ 142.0
Accounts payable	427.9	454.9
Accrued expense and other	2,550.7	3,145.3
Total current liabilities	4,211.6	3,742.2
Notes payable	6,272.3	7,426.2
Deferred tax liability	774.7	1,032.8
Long-term operating lease liabilities	348.2	402.0
Other long-term liabilities	1,318.2	1,329.6
Total liabilities	12,925.0	13,932.8
Commitments and contingencies		
Equity:		
Biogen Inc. shareholders' equity:		
Preferred stock, par value \$0.001 per share	—	—
Common stock, par value \$0.0005 per share	0.1	0.1
Additional paid-in capital	—	—
Accumulated other comprehensive loss	(136.6)	(299.0)
Retained earnings	13,543.5	13,976.3
Treasury stock, at cost	(2,977.1)	(2,977.1)
Total Biogen Inc. shareholders' equity	10,429.9	10,700.3
Noncontrolling interests	451.8	(14.2)
Total equity	10,881.7	10,686.1
Total liabilities and equity	\$ 23,806.7	\$ 24,618.9

See accompanying notes to these unaudited condensed consolidated financial statements.

BIOGEN INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW
(unaudited, in millions)

	For the Nine Months Ended September 30,	
	2021	2020
Cash flow from operating activities:		
Net income	\$ 1,748.1	\$ 3,702.9
Adjustments to reconcile net income to net cash flow from operating activities:		
Depreciation and amortization	353.0	347.5
Impairment of intangible assets	629.3	19.3
Acquired in-process research and development	18.0	75.0
Share-based compensation	179.8	149.3
Contingent consideration	(49.1)	(23.5)
Deferred income taxes	(750.1)	211.9
(Gain) loss on strategic investments	710.5	41.8
(Gain) loss on equity method investment	(17.2)	14.7
Other	201.0	110.1
Changes in operating assets and liabilities, net:		
Accounts receivable	157.8	(135.7)
Due from anti-CD20 therapeutic programs	13.5	63.0
Inventory	(322.6)	(270.6)
Accrued expense and other current liabilities	(243.3)	372.9
Income tax assets and liabilities	260.5	15.3
Other changes in operating assets and liabilities, net	(87.6)	(97.0)
Net cash flow provided by operating activities	<u>2,801.6</u>	<u>4,596.9</u>
Cash flow from investing activities:		
Purchases of property, plant and equipment	(206.5)	(338.8)
Proceeds from sales and maturities of marketable securities	2,028.1	5,240.7
Purchases of marketable securities	(2,372.6)	(4,649.1)
Purchase of Sangamo Therapeutics, Inc. stock	—	(141.8)
Purchase of Denali Therapeutics Inc. stock	—	(423.7)
Proceeds from divestiture of Hillerød, Denmark manufacturing operations	28.1	—
Acquired in-process research and development	(18.0)	(75.0)
Acquisitions of intangible assets	(1.9)	(37.0)
Proceeds from sales of strategic investments	91.2	0.5
Other	0.6	(18.0)
Net cash flow used in investing activities	<u>(451.0)</u>	<u>(442.2)</u>
Cash flow from financing activities:		
Purchases of treasury stock	(1,800.0)	(6,279.1)
Payments related to issuance of stock for share-based compensation arrangements, net	(8.3)	(11.8)
Repayment of borrowings and premiums paid on debt exchange	(170.0)	—
Proceeds from borrowings	—	2,967.3
Repayment of borrowings	—	(1,500.0)
Cash proceeds from settlement of swap	—	—
Net distribution to noncontrolling interest	(94.8)	(70.9)
Other	(22.9)	22.9
Net cash flow used in financing activities	<u>(2,096.0)</u>	<u>(4,871.6)</u>
Net increase (decrease) in cash and cash equivalents	254.6	(716.9)
Effect of exchange rate changes on cash and cash equivalents	(44.0)	28.0
Cash and cash equivalents, beginning of the period	1,331.2	2,913.7
Cash and cash equivalents, end of the period	<u>\$ 1,541.8</u>	<u>\$ 2,224.8</u>

See accompanying notes to these unaudited condensed consolidated financial statements.

BIOGEN INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF EQUITY
(unaudited, in millions)

	Preferred stock		Common stock		Additional paid-in capital	Accumulated other comprehensive loss	Retained earnings	Treasury stock		Total Biogen Inc. shareholders' equity	Noncontrolling interests	Total equity
	Shares	Amount	Shares	Amount				Shares	Amount			
Balance, June 30, 2021	—	\$ —	172.9	\$ 0.1	\$ —	\$ (171.8)	\$ 13,900.7	(23.8)	\$ (2,977.1)	\$ 10,751.9	\$ 462.9	\$ 11,214.8
Net income	—	—	—	—	—	—	329.2	—	—	329.2	(11.1)	318.1
Other comprehensive income (loss), net of tax	—	—	—	—	—	35.2	—	—	—	35.2	—	35.2
Capital contribution by noncontrolling interest	—	—	—	—	—	—	—	—	—	—	—	—
Distribution to noncontrolling interest	—	—	—	—	—	—	—	—	—	—	—	—
Repurchase of common stock pursuant to the 2020 Share Repurchase Program, at cost	—	—	—	—	—	—	—	(2.2)	(750.0)	(750.0)	—	(750.0)
Retirement of common stock pursuant to the 2020 Share Repurchase Program, at cost	—	—	(2.2)	—	(68.6)	—	(681.4)	2.2	750.0	—	—	—
Issuance of common stock under stock option and stock purchase plans	—	—	—	—	11.0	—	—	—	—	11.0	—	11.0
Issuance of common stock under stock award plan	—	—	—	—	—	—	(5.0)	—	—	(5.0)	—	(5.0)
Compensation related to share-based payments	—	—	—	—	57.6	—	—	—	—	57.6	—	57.6
Other	—	—	—	—	—	—	—	—	—	—	—	—
Balance, September 30, 2021	—	\$ —	170.7	\$ 0.1	\$ —	\$ (136.6)	\$ 13,543.5	(23.8)	\$ (2,977.1)	\$ 10,429.9	\$ 451.8	\$ 10,881.7

See accompanying notes to these unaudited condensed consolidated financial statements.

BIOPEN INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF EQUITY - (Continued)
(unaudited, in millions)

	Preferred stock		Common stock		Additional paid-in capital	Accumulated other comprehensive loss	Retained earnings	Treasury stock		Total Biogen Inc. shareholders' equity	Noncontrolling interests	Total equity
	Shares	Amount	Shares	Amount				Shares	Amount			
Balance, December 31, 2020	—	\$ —	176.2	\$ 0.1	\$ —	\$ (299.0)	\$ 13,976.3	(23.8)	\$ (2,977.1)	\$ 10,700.3	\$ (14.2)	\$ 10,686.1
Net income	—	—	—	—	—	—	1,187.9	—	—	1,187.9	560.2	1,748.1
Other comprehensive income (loss), net of tax	—	—	—	—	—	162.4	—	—	—	162.4	0.6	163.0
Capital contribution by noncontrolling interest	—	—	—	—	—	—	—	—	—	—	5.2	5.2
Distribution to noncontrolling interest	—	—	—	—	—	—	—	—	—	—	(100.0)	(100.0)
Repurchase of common stock pursuant to the 2020 Share Repurchase Program, at cost	—	—	—	—	—	—	—	(6.0)	(1,800.0)	(1,800.0)	—	(1,800.0)
Retirement of common stock pursuant to the 2020 Share Repurchase Program, at cost	—	—	(6.0)	—	(231.9)	—	(1,568.1)	6.0	1,800.0	—	—	—
Issuance of common stock under stock option and stock purchase plans	—	—	0.2	—	44.3	—	—	—	—	44.3	—	44.3
Issuance of common stock under stock award plan	—	—	0.3	—	—	—	(52.6)	—	—	(52.6)	—	(52.6)
Compensation related to share-based payments	—	—	—	—	186.1	—	—	—	—	186.1	—	186.1
Other	—	—	—	—	1.5	—	—	—	—	1.5	—	1.5
Balance, September 30, 2021	—	\$ —	170.7	\$ 0.1	\$ —	\$ (136.6)	\$ 13,543.5	(23.8)	\$ (2,977.1)	\$ 10,429.9	\$ 451.8	\$ 10,881.7

See accompanying notes to these unaudited condensed consolidated financial statements.

BIOGEN INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF EQUITY - (Continued)
(unaudited, in millions)

	Preferred stock		Common stock		Additional paid-in capital	Accumulated other comprehensive loss	Retained earnings	Treasury stock		Total Biogen Inc. shareholders' equity	Noncontrolling interests	Total equity
	Shares	Amount	Shares	Amount				Shares	Amount			
Balance, June 30, 2020	—	\$ —	182.1	\$ 0.1	\$ —	\$ (181.0)	\$ 14,466.7	(23.8)	\$ (2,977.1)	\$ 11,308.7	\$ (19.5)	\$ 11,289.2
Net income	—	—	—	—	—	—	701.5	—	—	701.5	2.4	703.9
Other comprehensive income (loss), net of tax	—	—	—	—	—	(44.5)	—	—	—	(44.5)	(0.9)	(45.4)
Capital contribution by noncontrolling interest	—	—	—	—	—	—	—	—	—	—	4.0	4.0
Distribution to noncontrolling interest	—	—	—	—	—	—	—	—	—	—	—	—
Repurchase of common stock pursuant to the December 2019 Share Repurchase Program, at cost	—	—	—	—	—	—	—	(4.5)	(1,250.0)	(1,250.0)	—	(1,250.0)
Retirement of common stock pursuant to the December 2019 Share Repurchase Program, at cost	—	—	(4.5)	—	(45.1)	—	(1,204.9)	4.5	1,250.0	—	—	—
Issuance of common stock under stock option and stock purchase plans	—	—	0.1	—	9.7	—	—	—	—	9.7	—	9.7
Issuance of common stock under stock award plan	—	—	—	—	—	—	(2.3)	—	—	(2.3)	—	(2.3)
Compensation related to share-based payments	—	—	—	—	35.4	—	—	—	—	35.4	—	35.4
Balance, September 30, 2020	—	\$ —	177.7	\$ 0.1	\$ —	\$ (225.5)	\$ 13,961.0	(23.8)	\$ (2,977.1)	\$ 10,758.5	\$ (14.0)	\$ 10,744.5

See accompanying notes to these unaudited condensed consolidated financial statements.

BIOGEN INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF EQUITY - (Continued)
(unaudited, in millions)

	Preferred stock		Common stock		Additional paid-in capital	Accumulated other comprehensive loss	Retained earnings	Treasury stock		Total Biogen Inc. shareholders' equity	Noncontrolling interests	Total equity
	Shares	Amount	Shares	Amount				Shares	Amount			
Balance, December 31, 2019	—	\$ —	198.0	\$ 0.1	\$ —	\$ (135.2)	\$ 16,455.4	(23.8)	\$ (2,977.1)	\$ 13,343.2	\$ (4.1)	\$ 13,339.1
Net income	—	—	—	—	—	—	3,642.7	—	—	3,642.7	60.2	3,702.9
Other comprehensive income (loss), net of tax	—	—	—	—	—	(90.3)	—	—	—	(90.3)	0.9	(89.4)
Capital contribution by noncontrolling interest	—	—	—	—	—	—	—	—	—	—	4.0	4.0
Distribution to noncontrolling interest	—	—	—	—	—	—	—	—	—	—	(75.0)	(75.0)
Repurchase of common stock pursuant to the March 2019 Share Repurchase Program, at cost	—	—	—	—	—	—	—	(4.1)	(1,279.1)	(1,279.1)	—	(1,279.1)
Retirement of common stock pursuant to the March 2019 Share Repurchase Program, at cost	—	—	(4.1)	—	(71.0)	—	(1,208.1)	4.1	1,279.1	—	—	—
Repurchase of common stock pursuant to the December 2019 Share Repurchase Program, at cost	—	—	—	—	—	—	—	(16.7)	(5,000.0)	(5,000.0)	—	(5,000.0)
Retirement of common stock pursuant to the December 2019 Share Repurchase Program, at cost	—	—	(16.7)	—	(121.3)	—	(4,878.7)	16.7	5,000.0	—	—	—
Issuance of common stock under stock option and stock purchase plans	—	—	0.2	—	38.8	—	—	—	—	38.8	—	38.8
Issuance of common stock under stock award plan	—	—	0.3	—	—	—	(50.3)	—	—	(50.3)	—	(50.3)
Compensation related to share-based payments	—	—	—	—	154.2	—	—	—	—	154.2	—	154.2
Other	—	—	—	—	(0.7)	—	—	—	—	(0.7)	—	(0.7)
Balance, September 30, 2020	—	\$ —	177.7	\$ 0.1	\$ —	\$ (225.5)	\$ 13,961.0	(23.8)	\$ (2,977.1)	\$ 10,758.5	\$ (14.0)	\$ 10,744.5

See accompanying notes to these unaudited condensed consolidated financial statements.

BIOGEN INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

1. Summary of Significant Accounting Policies

References in these notes to "Biogen," the "company," "we," "us" and "our" refer to Biogen Inc. and its consolidated subsidiaries.

Business Overview

Biogen is a global biopharmaceutical company focused on discovering, developing and delivering worldwide innovative therapies for people living with serious neurological and neurodegenerative diseases as well as related therapeutic adjacencies. Our core growth areas include multiple sclerosis (MS) and neuroimmunology; Alzheimer's disease and dementia; neuromuscular disorders, including spinal muscular atrophy (SMA) and amyotrophic lateral sclerosis (ALS); movement disorders, including Parkinson's disease; ophthalmology; and neuropsychiatry. We are also focused on discovering, developing and delivering worldwide innovative therapies in our emerging growth areas of immunology; acute neurology; and neuropathic pain. In addition, we commercialize biosimilars of advanced biologics. We support our drug discovery and development efforts through the commitment of significant resources to discovery, research and development programs and business development opportunities.

Our marketed products include TECFIDERA, VUMERITY, AVONEX, PLEGRIDY, TYSABRI and FAMPYRA for the treatment of MS; SPINRAZA for the treatment of SMA; ADUHELM for the treatment of Alzheimer's disease; and FUMADERM for the treatment of severe plaque psoriasis. We have certain business and financial rights with respect to RITUXAN for the treatment of non-Hodgkin's lymphoma, chronic lymphocytic leukemia (CLL) and other conditions; RITUXAN HYCELA for the treatment of non-Hodgkin's lymphoma and CLL; GAZYVA for the treatment of CLL and follicular lymphoma; OCREVUS for the treatment of primary progressive MS and relapsing MS; and other potential anti-CD20 therapies pursuant to our collaboration arrangements with Genentech, Inc. (Genentech), a wholly-owned member of the Roche Group. For additional information on our collaboration arrangements with Genentech, please read *Note 18, Collaborative and Other Relationships*, to our audited consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2020 (2020 Form 10-K).

Our innovative drug development and commercialization activities are complemented by our biosimilar business that expands access to medicines and reduces the cost burden for healthcare systems. Through our agreements with Samsung Bioepis Co., Ltd. (Samsung Bioepis), our joint venture with Samsung BioLogics Co., Ltd. (Samsung BioLogics), we market and sell BENEPAI, an etanercept biosimilar referencing ENBREL, IMRALDI, an adalimumab biosimilar referencing HUMIRA, and FLIXABI, an infliximab biosimilar referencing REMICADE, in certain countries in Europe. For additional information on our collaboration arrangements with Samsung Bioepis, please read *Note 16, Collaborative and Other Relationships*, to these unaudited condensed consolidated financial statements (condensed consolidated financial statements).

Basis of Presentation

In the opinion of management, our condensed consolidated financial statements include all adjustments, consisting of normal recurring accruals, necessary for a fair statement of our financial statements for interim periods in accordance with accounting principles generally accepted in the United States (U.S. GAAP). The information included in this quarterly report on Form 10-Q should be read in conjunction with our audited consolidated financial statements and the accompanying notes included in our 2020 Form 10-K. Our accounting policies are described in the *Notes to Consolidated Financial Statements* in our 2020 Form 10-K and updated, as necessary, in this report. The year-end condensed consolidated balance sheet data presented for comparative purposes was derived from our audited financial statements, but does not include all disclosures required by U.S. GAAP. The results of operations for the three and nine months ended September 30, 2021, are not necessarily indicative of the operating results for the full year or for any other subsequent interim period.

We operate as one operating segment, focused on discovering, developing and delivering worldwide innovative therapies for people living with serious neurological and neurodegenerative diseases as well as related therapeutic adjacencies.

BIOGEN INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited, continued)

Consolidation

Our condensed consolidated financial statements reflect our financial statements, those of our wholly-owned subsidiaries and those of certain variable interest entities where we are the primary beneficiary. For consolidated entities where we own or are exposed to less than 100.0% of the economics, we record net income (loss) attributable to noncontrolling interests in our condensed consolidated statements of income equal to the percentage of the economic or ownership interest retained in such entities by the respective noncontrolling parties. Intercompany balances and transactions are eliminated in consolidation.

In determining whether we are the primary beneficiary of a variable interest entity, we apply a qualitative approach that determines whether we have both (1) the power to direct the economically significant activities of the entity and (2) the obligation to absorb losses of, or the right to receive benefits from, the entity that could potentially be significant to that entity. These considerations impact the way we account for our existing collaborative relationships and other arrangements. We continuously assess whether we are the primary beneficiary of a variable interest entity as changes to existing relationships or future transactions may result in us consolidating or deconsolidating one or more of our collaborators or partners.

Use of Estimates

The preparation of our condensed consolidated financial statements requires us to make estimates, judgments and assumptions that may affect the reported amounts of assets, liabilities, equity, revenue and expense and related disclosure of contingent assets and liabilities. On an ongoing basis we evaluate our estimates, judgments and assumptions. We base our estimates on historical experience and on various other assumptions that we believe are reasonable, the results of which form the basis for making judgments about the carrying values of assets, liabilities and equity and the amount of revenue and expense. Actual results may differ from these estimates.

The length of time and full extent to which the COVID-19 pandemic directly or indirectly impacts our business, results of operations and financial condition, including sales, expenses, reserves and allowances, the supply chain, manufacturing, clinical trials, research and development costs and employee-related costs, depends on future developments that are highly uncertain, subject to change and are difficult to predict, including as a result of new information that may emerge concerning COVID-19 and the actions taken to contain or treat COVID-19 as well as the economic impact on local, regional, national and international customers and markets. We have made estimates of the impact of the COVID-19 pandemic within our condensed consolidated financial statements and there may be changes to those estimates in future periods.

New Accounting Pronouncements

From time to time, new accounting pronouncements are issued by the Financial Accounting Standards Board (FASB) or other standard setting bodies that we adopt as of the specified effective date. Unless otherwise discussed below, we do not believe that the adoption of recently issued standards have or may have a material impact on our condensed consolidated financial statements or disclosures.

Income Taxes

In December 2019 the FASB issued Accounting Standards Update No. 2019-12, *Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes*. This standard removes certain exceptions to the general principles in Topic 740 and simplifies certain other aspects of the accounting for income taxes. This standard became effective for us on January 1, 2021, and did not have a material impact on our condensed consolidated financial statements and related disclosures.

2. Acquisitions

BIIB118 Acquisition

In March 2020 we acquired BIIB118 (CK1 inhibitor) for the potential treatment of patients with behavioral and neurological symptoms across various psychiatric and neurological diseases from Pfizer Inc. (Pfizer). We are developing BIIB118 for the potential treatment of irregular sleep wake rhythm disorder in Parkinson's disease and plan to develop BIIB118 for the potential treatment of sundowning in Alzheimer's disease.

In connection with this acquisition, we made an upfront payment of \$75.0 million to Pfizer, which was accounted for as an asset acquisition and recorded as acquired in-process research and development (IPR&D) in our

BIOGEN INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited, continued)

condensed consolidated statements of income as BIIB118 has not yet reached technological feasibility. We may also pay Pfizer up to \$635.0 million in potential additional development and commercialization milestone payments as well as tiered royalties in the high single digits to sub-teens.

3. Revenue

Product Revenue

Revenue by product is summarized as follows:

(In millions)	For the Three Months Ended September 30,					
	2021			2020		
	United States	Rest of World	Total	United States	Rest of World	Total
Multiple Sclerosis (MS):						
Fumarate*	\$ 299.9	\$ 319.6	\$ 619.5	\$ 684.2	\$ 283.3	\$ 967.5
Interferon**	252.4	135.1	387.5	327.3	146.8	474.1
TYSABRI	281.1	241.7	522.8	304.2	212.3	516.5
FAMPYRA	—	26.2	26.2	—	26.8	26.8
Subtotal: MS product revenue	833.4	722.6	1,556.0	1,315.7	669.2	1,984.9
Spinal Muscular Atrophy:						
SPINRAZA	139.8	304.3	444.1	182.5	311.9	494.4
Alzheimer's disease:						
ADUHELM***	0.3	—	0.3	—	—	—
Biosimilars:						
BENEPALI	—	120.8	120.8	—	124.2	124.2
IMRALDI	—	57.4	57.4	—	56.2	56.2
FLIXABI	—	24.6	24.6	—	27.5	27.5
Subtotal: Biosimilar product revenue	—	202.8	202.8	—	207.9	207.9
Other:						
FUMADERM	—	2.5	2.5	—	3.1	3.1
Total product revenue	\$ 973.5	\$ 1,232.2	\$ 2,205.7	\$ 1,498.2	\$ 1,192.1	\$ 2,690.3

*Fumarate includes TECFIDERA and VUMERITY.

**Interferon includes AVONEX and PLEGRIDY.

*** In June 2021 the U.S. Food and Drug Administration (FDA) granted accelerated approval of ADUHELM, which became commercially available in the U.S. during the second quarter of 2021. For additional information, please read Note 16, *Collaborative and Other Relationships - Eisai Co., Ltd. - ADUHELM Collaboration Agreement*, to these condensed consolidated financial statements.

BIOGEN INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited, continued)

(In millions)	For the Nine Months Ended September 30,					
	2021			2020		
	United States	Rest of World	Total	United States	Rest of World	Total
Multiple Sclerosis (MS):						
Fumarate*	\$ 805.1	\$ 945.8	\$ 1,750.9	\$ 2,383.4	\$ 875.2	\$ 3,258.6
Interferon**	751.6	436.8	1,188.4	965.5	456.0	1,421.5
TYSABRI	854.2	696.2	1,550.4	826.0	644.9	1,470.9
FAMPYRA	—	78.8	78.8	—	78.1	78.1
Subtotal: MS product revenue	2,410.9	2,157.6	4,568.5	4,174.9	2,054.2	6,229.1
Spinal Muscular Atrophy:						
SPINRAZA	437.8	1,026.6	1,464.4	628.2	925.8	1,554.0
Alzheimer's disease:						
ADUHELM***	2.0	—	2.0	—	—	—
Biosimilars:						
BENEPALI	—	363.9	363.9	—	363.9	363.9
IMRALDI	—	170.9	170.9	—	162.6	162.6
FLIXABI	—	75.4	75.4	—	71.8	71.8
Subtotal: Biosimilar product revenue	—	610.2	610.2	—	598.3	598.3
Other:						
FUMADERM	—	8.3	8.3	—	9.2	9.2
Total product revenue	<u>\$ 2,850.7</u>	<u>\$ 3,802.7</u>	<u>\$ 6,653.4</u>	<u>\$ 4,803.1</u>	<u>\$ 3,587.5</u>	<u>\$ 8,390.6</u>

*Fumarate includes TECFIDERA and VUMERITY.

**Interferon includes AVONEX and PLEGRIDY.

*** In June 2021 the FDA granted accelerated approval of ADUHELM, which became commercially available in the U.S. during the second quarter of 2021. For additional information, please read *Note 16, Collaborative and Other Relationships - Eisai Co., Ltd. - ADUHELM Collaboration Agreement*, to these condensed consolidated financial statements.

We recognized revenue from two wholesalers accounting for 26.9% and 10.8% of gross product revenue for the three months ended September 30, 2021, and 29.1% and 10.0% of gross product revenue for the nine months ended September 30, 2021.

We recognized revenue from two wholesalers accounting for 31.2% and 15.6% of gross product revenue for the three months ended September 30, 2020, and 30.9% and 16.0% of gross product revenue for the nine months ended September 30, 2020.

An analysis of the change in reserves for discounts and allowances is summarized as follows:

(In millions)	Discounts	Contractual Adjustments	Returns	Total
Balance, December 31, 2020	\$ 141.4	\$ 1,093.0	\$ 41.6	\$ 1,276.0
Current provisions relating to sales in current year	556.3	2,255.8	11.1	2,823.2
Adjustments relating to prior years	1.2	(71.5)	(0.5)	(70.8)
Payments/credits relating to sales in current year	(422.2)	(1,598.6)	(0.3)	(2,021.1)
Payments/credits relating to sales in prior years	(136.7)	(732.1)	(9.9)	(878.7)
Balance, September 30, 2021	<u>\$ 140.0</u>	<u>\$ 946.6</u>	<u>\$ 42.0</u>	<u>\$ 1,128.6</u>

BIOGEN INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited, continued)

The total reserves above, which are included in our condensed consolidated balance sheets, are summarized as follows:

(In millions)	As of September 30, 2021	As of December 31, 2020
Reduction of accounts receivable	\$ 146.2	\$ 195.4
Component of accrued expense and other	982.4	1,080.6
Total revenue-related reserves	<u>\$ 1,128.6</u>	<u>\$ 1,276.0</u>

Revenue from Anti-CD20 Therapeutic Programs

Revenue from anti-CD20 therapeutic programs are summarized in the table below. For the purposes of this footnote, we refer to RITUXAN and RITUXAN HYCELA collectively as RITUXAN.

(In millions)	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2021	2020	2021	2020
Biogen's share of pre-tax profits in the U.S. for RITUXAN and GAZYVA	\$ 145.8	\$ 275.0	\$ 498.7	\$ 873.8
Other revenue from anti-CD20 therapeutic programs	269.6	285.1	745.7	685.0
Total revenue from anti-CD20 therapeutic programs	<u>\$ 415.4</u>	<u>\$ 560.1</u>	<u>\$ 1,244.4</u>	<u>\$ 1,558.8</u>

For additional information on our collaboration arrangements with Genentech, please read *Note 18, Collaborative and Other Relationships*, to our consolidated financial statements included in our 2020 Form 10-K.

Other Revenue

Other revenue is summarized as follows:

(In millions)	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2021	2020	2021	2020
Revenue from collaborative and other relationships:				
Revenue earned under our technical development agreement, manufacturing services agreements and royalty revenue on biosimilar products with Samsung Bioepis	\$ 6.3	\$ 5.4	\$ 15.7	\$ 13.6
Other revenue from collaborative and other relationships	—	—	—	0.7
Other royalty and corporate revenue:				
Royalty	7.7	10.3	20.3	28.8
Other corporate	143.8	110.0	314.1	599.5
Total other revenue	<u>\$ 157.8</u>	<u>\$ 125.7</u>	<u>\$ 350.1</u>	<u>\$ 642.6</u>

We receive royalties from net sales on products related to patents that we have out-licensed and we record other corporate revenue primarily from amounts earned under contract manufacturing agreements.

4. Inventory

The components of inventory are summarized as follows:

(In millions)	As of September 30, 2021	As of December 31, 2020
Raw materials	\$ 366.0	\$ 314.9
Work in process	780.8	544.5
Finished goods	201.1	209.2
Total inventory	<u>\$ 1,347.9</u>	<u>\$ 1,068.6</u>

BIAGEN INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited, continued)

5. Intangible Assets and Goodwill

Intangible Assets

Intangible assets, net of accumulated amortization, impairment charges and adjustments are summarized as follows:

(In millions)	Estimated Life	As of September 30, 2021			As of December 31, 2020		
		Cost	Accumulated Amortization	Net	Cost	Accumulated Amortization	Net
Completed technology	4-28 years	\$ 7,411.2	\$ (5,320.4)	\$ 2,090.8	\$ 7,394.3	\$ (5,136.5)	\$ 2,257.8
In-process research and development	Indefinite until commercialization	132.0	—	132.0	762.5	—	762.5
Trademarks and trade names	Indefinite	64.0	—	64.0	64.0	—	64.0
Total intangible assets		\$ 7,607.2	\$ (5,320.4)	\$ 2,286.8	\$ 8,220.8	\$ (5,136.5)	\$ 3,084.3

For the three and nine months ended September 30, 2021, amortization and impairment of acquired intangible assets totaled \$111.0 million and \$813.2 million, respectively, compared to \$82.6 million and \$215.6 million, respectively, in the prior year comparative periods.

For the three and nine months ended September 30, 2021, amortization and impairment of acquired intangible assets reflects impairment charges of \$15.0 million and \$365.0 million, respectively, related to BIIB111 (timrepigene emparvovec) for the potential treatment of choroideremia, and impairment charges of \$28.4 million and \$220.0 million, respectively, related to BIIB112 (cotoretigene toliparvovec) for the potential treatment of X-linked retinitis pigmentosa.

For the nine months ended September 30, 2021, amortization and impairment of acquired intangible assets also reflects the impact of a \$44.3 million impairment charge related to vixotrigine (BIIB074) for the potential treatment of trigeminal neuralgia (TGN).

For the three and nine months ended September 30, 2020, amortization and impairment of acquired intangible assets reflects the impact of a \$19.3 million impairment charge related to one of our IPR&D intangible assets.

Completed Technology

Completed technology primarily relates to our acquisition of all remaining rights to TYSABRI as well as other amounts related to our other marketed products and programs acquired through business combinations.

IPR&D Related to Business Combinations

IPR&D represents the fair value assigned to research and development assets that we acquired as part of a business combination and had not yet reached technological feasibility at the date of acquisition. Included in IPR&D balances are adjustments related to foreign currency exchange rate fluctuations. We review amounts capitalized as acquired IPR&D for impairment annually, as of October 31, and whenever events or changes in circumstances indicate to us that the carrying value of the assets might not be recoverable. The carrying value associated with our IPR&D assets as of September 30, 2021, relates to the IPR&D programs we acquired in connection with our acquisition of Convergence Pharmaceuticals Holdings Ltd. (Convergence).

Vixotrigine

In the periods since we acquired vixotrigine, there have been numerous delays in the initiation of Phase 3 studies for the potential treatment of TGN and for the potential treatment of diabetic painful neuropathy (DPN), another form of neuropathic pain. We have engaged with the FDA regarding the design of the Phase 3 studies of vixotrigine for the potential treatment of TGN and DPN and are now performing an additional clinical trial of vixotrigine.

The performance of this additional clinical trial delayed the initiation of the Phase 3 studies of vixotrigine for the potential treatment of TGN, and, as a result, we recognized an impairment charge of \$44.3 million related to vixotrigine for the potential treatment of TGN during the first quarter of 2021. As of September 30, 2021, the carrying value associated with the remaining vixotrigine IPR&D asset for DPN was \$132.0 million.

BIAGEN INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited, continued)

BIIB111 and BIIB112

During the fourth quarter of 2020 we recognized an impairment charge of \$115.0 million related to BIIB111 as a result of third-party manufacturing delays that impacted the timing and increased the costs associated with advancing BIIB111 through Phase 3 development.

During the second quarter of 2021 we announced that our Phase 3 STAR study of BIIB111 and our Phase 2/3 XIRIUS study of BIIB112 did not meet their primary endpoints. In the third quarter of 2021 we suspended further development on these programs based on the decision by management as part of its strategic review process. For the three and nine months ended September 30, 2021, we recorded impairment charges of \$15.0 million and \$365.0 million, respectively, related to BIIB111, and impairment charges of \$28.4 million and \$220.0 million, respectively, related to BIIB112. As a result, the remaining book values associated with these programs were reduced to zero.

In addition, for the three months ended September 30, 2021, as a result of our decision to suspend further development of BIIB111 and BIIB112, we recorded charges of approximately \$39.1 million related to our manufacturing arrangements and other costs that we expect to incur as a result of suspending these programs.

Estimated Future Amortization of Intangible Assets

The estimated future amortization of finite-lived intangible assets for the next five years is expected to be as follows:

(In millions)	As of September 30, 2021
2021 (remaining three months)	\$ 70.0
2022	255.0
2023	210.0
2024	195.0
2025	195.0
2026	180.0

Goodwill

The following table provides a roll forward of the changes in our goodwill balance:

(In millions)	As of September 30, 2021
Goodwill, December 31, 2020	\$ 5,762.1
Other	(1.6)
Goodwill, September 30, 2021	<u>\$ 5,760.5</u>

As of September 30, 2021, we had no accumulated impairment losses related to goodwill. Other includes adjustments related to foreign currency exchange rate fluctuations.

BIOGEN INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited, continued)

6. Fair Value Measurements

The tables below present information about our assets and liabilities that are regularly measured and carried at fair value and indicate the level within the fair value hierarchy of the valuation techniques we utilized to determine such fair value:

As of September 30, 2021				
(In millions)	Total	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Cash equivalents	\$ 978.9	\$ —	\$ 978.9	\$ —
Marketable debt securities:				
Corporate debt securities	1,486.8	—	1,486.8	—
Government securities	712.9	—	712.9	—
Mortgage and other asset backed securities	181.9	—	181.9	—
Marketable equity securities	1,166.2	215.9	950.3	—
Derivative contracts	80.0	—	80.0	—
Plan assets for deferred compensation	33.7	—	33.7	—
Total	<u>\$ 4,640.4</u>	<u>\$ 215.9</u>	<u>\$ 4,424.5</u>	<u>\$ —</u>
Liabilities:				
Derivative contracts	\$ 27.7	\$ —	\$ 27.7	\$ —
Contingent consideration obligations	210.7	—	—	210.7
Total	<u>\$ 238.4</u>	<u>\$ —</u>	<u>\$ 27.7</u>	<u>\$ 210.7</u>
As of December 31, 2020				
(In millions)	Total	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Cash equivalents	\$ 626.9	\$ —	\$ 626.9	\$ —
Marketable debt securities:				
Corporate debt securities	1,301.5	—	1,301.5	—
Government securities	627.1	—	627.1	—
Mortgage and other asset backed securities	122.4	—	122.4	—
Marketable equity securities	1,974.3	271.1	1,703.2	—
Derivative contracts	20.5	—	20.5	—
Plan assets for deferred compensation	28.2	—	28.2	—
Total	<u>\$ 4,700.9</u>	<u>\$ 271.1</u>	<u>\$ 4,429.8</u>	<u>\$ —</u>
Liabilities:				
Derivative contracts	\$ 217.2	\$ —	\$ 217.2	\$ —
Contingent consideration obligations	259.8	—	—	259.8
Total	<u>\$ 477.0</u>	<u>\$ —</u>	<u>\$ 217.2</u>	<u>\$ 259.8</u>

There have been no material impairments of our assets measured and carried at fair value during the three and nine months ended September 30, 2021. In addition, there have been no changes in valuation techniques during the three and nine months ended September 30, 2021. The fair value of Level 2 instruments classified as cash equivalents and marketable debt securities was determined through third-party pricing services. The fair value of Level 2 instruments classified as marketable equity securities represents our investments in the common stock of Sangamo Therapeutics, Inc. (Sangamo), Denali Therapeutics Inc. (Denali) and Sage Therapeutics, Inc. (Sage) and are valued using an option pricing valuation model as the investments are each subject to certain holding period restrictions. The holding period restrictions for a portion of our Sangamo investment expired during the second

BIOGEN INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited, continued)

quarter of 2021. The fair value of this portion of our Sangamo investment was a Level 1 measurement as of September 30, 2021. For additional information on our investments in Sangamo, Denali and Sage common stock, please read *Note 7, Financial Instruments*, to these condensed consolidated financial statements.

For a description of our validation procedures related to prices provided by third-party pricing services and our option pricing valuation model, please read *Note 1, Summary of Significant Accounting Policies - Fair Value Measurements*, to our consolidated financial statements included in our 2020 Form 10-K.

The following tables summarize the significant unobservable inputs in the fair value measurement of our contingent consideration obligations as of September 30, 2021 and December 31, 2020:

As of September 30, 2021					
(In millions)	Fair Value	Valuation Technique	Unobservable Input(s)	Range	Weighted Average
<i>Liabilities:</i>					
Contingent consideration obligation	\$ 210.7	Discounted cash flow	Discount rate Expected timing of achievement of development milestones	0.83% 2022 to 2027	0.83% —
As of December 31, 2020					
(In millions)	Fair Value	Valuation Technique	Unobservable Input(s)	Range	Weighted Average
<i>Liabilities:</i>					
Contingent consideration obligation	\$ 259.8	Discounted cash flow	Discount rate Expected timing of achievement of development milestones	0.60% 2021 to 2025	0.60% —

The weighted average discount rate was calculated based on the relative fair value of our contingent consideration obligations. In addition, we apply various probabilities of technological and regulatory success, ranging from 10.8% to certain probability, to the valuation models to estimate the fair values of our contingent consideration obligations.

Nonrecurring Fair Value Measurements

For the nine months ended September 30, 2021, we recorded impairment charges of \$365.0 million related to BIIB111 and \$220.0 million related to BIIB112. As a result, the remaining book value associated with these programs was reduced to zero. For additional information, please read *Note 5, Intangible Assets and Goodwill*, to these condensed consolidated financial statements.

Debt Instruments

The fair and carrying values of our debt instruments, which are Level 2 liabilities, are summarized as follows:

(In millions)	As of September 30, 2021		As of December 31, 2020	
	Fair Value	Carrying Value	Fair Value	Carrying Value
3.625% Senior Notes due September 15, 2022	\$ 1,031.2	\$ 998.8	\$ 1,054.1	\$ 997.9
4.050% Senior Notes due September 15, 2025	1,927.7	1,742.5	2,003.1	1,741.2
2.250% Senior Notes due May 1, 2030	1,491.7	1,491.8	1,557.2	1,491.1
5.200% Senior Notes due September 15, 2045 ⁽¹⁾	1,468.2	1,099.8	2,365.1	1,723.4
3.150% Senior Notes due May 1, 2050	1,443.1	1,473.0	1,536.4	1,472.6
3.250% Senior Notes due February 15, 2051 ⁽¹⁾	684.6	465.2	—	—
Total	\$ 8,046.5	\$ 7,271.1	\$ 8,515.9	\$ 7,426.2

BIAGEN INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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⁽¹⁾ In February 2021 we completed a private offer to exchange (Exchange Offer) our tendered 5.200% Senior Notes due September 15, 2045 (2045 Senior Notes), whereby approximately \$624.6 million of our 2045 Senior Notes were exchanged for approximately \$700.7 million of a new series of 3.250% Senior Notes due February 15, 2051 (2051 Senior Notes). For additional information on our Exchange Offer, please read *Note 10, Indebtedness*, to these condensed consolidated financial statements.

The fair values of each of our series of Senior Notes were determined through market, observable and corroborated sources. For additional information related to our Senior Notes issued on April 30, 2020 and September 15, 2015, please read *Note 12, Indebtedness*, to our consolidated financial statements included in our 2020 Form 10-K.

Contingent Consideration Obligations

In connection with our acquisitions of Convergence and Biogen International Neuroscience GmbH, we agreed to make additional payments based upon the achievement of certain milestone events. The following table provides a roll forward of the fair values of our contingent consideration obligations, which includes Level 3 measurements:

(In millions)	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2021	2020	2021	2020
Fair value, beginning of period	\$ 226.3	\$ 351.6	\$ 259.8	\$ 346.1
Changes in fair value	(15.6)	(29.0)	(49.1)	(23.5)
Fair value, end of period	\$ 210.7	\$ 322.6	\$ 210.7	\$ 322.6

As of September 30, 2021 and December 31, 2020, approximately \$210.7 million and \$110.3 million, respectively, of the fair value of our total contingent consideration obligations was reflected as a component of other long-term liabilities in our condensed consolidated balance sheets with the remaining balance reflected as a component of accrued expense and other.

For the three and nine months ended September 30, 2021, the decrease in the fair value of our contingent consideration obligations was primarily due to reductions in the probability of technical and regulatory success and delays in the expected timing of the achievement of certain remaining developmental milestones related to our vixotrigine programs.

For the three and nine months ended September 30, 2020, the decrease in the fair value of our contingent consideration obligations was primarily due to changes in the probability of technical and regulatory success and the expected timing of the achievement of certain remaining developmental milestones as well as changes in the interest rates used to revalue our contingent consideration liabilities and the passage of time.

7. Financial Instruments

The following table summarizes our financial assets with maturities of less than 90 days from the date of purchase included in cash and cash equivalents in our condensed consolidated balance sheets:

(In millions)	As of September 30, 2021	As of December 31, 2020
Commercial paper	\$ 167.3	\$ 61.1
Overnight reverse repurchase agreements	213.6	37.4
Money market funds	485.6	505.1
Short-term debt securities	112.4	23.3
Total	\$ 978.9	\$ 626.9

The carrying values of our commercial paper, including accrued interest, overnight reverse repurchase agreements, money market funds and short-term debt securities approximate fair value due to their short-term maturities.

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Our marketable equity securities gains (losses) are recorded in other income (expense), net in our condensed consolidated statements of income. The following tables summarize our marketable debt and equity securities, classified as available for sale:

As of September 30, 2021				
(In millions)	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Marketable debt securities				
Corporate debt securities:				
Current	\$ 1,135.8	\$ 0.3	\$ (0.4)	\$ 1,135.7
Non-current	350.7	0.5	(0.1)	351.1
Government securities:				
Current	277.4	0.1	—	277.5
Non-current	435.5	0.1	(0.2)	435.4
Mortgage and other asset backed securities:				
Current	0.1	—	—	0.1
Non-current	182.0	0.1	(0.3)	181.8
Total marketable debt securities	<u>\$ 2,381.5</u>	<u>\$ 1.1</u>	<u>\$ (1.0)</u>	<u>\$ 2,381.6</u>
Marketable equity securities				
Marketable equity securities, current	\$ 35.5	\$ 19.5	\$ —	\$ 55.0
Marketable equity securities, non-current	1,133.4	238.4	(260.6)	1,111.2
Total marketable equity securities	<u>\$ 1,168.9</u>	<u>\$ 257.9</u>	<u>\$ (260.6)</u>	<u>\$ 1,166.2</u>
As of December 31, 2020				
(In millions)	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Marketable debt securities				
Corporate debt securities:				
Current	\$ 897.8	\$ 0.4	\$ (0.2)	\$ 898.0
Non-current	402.5	1.1	(0.1)	403.5
Government securities:				
Current	380.6	0.1	—	380.7
Non-current	245.9	0.5	—	246.4
Mortgage and other asset backed securities:				
Current	0.2	—	—	0.2
Non-current	122.1	0.2	(0.1)	122.2
Total marketable debt securities	<u>\$ 2,049.1</u>	<u>\$ 2.3</u>	<u>\$ (0.4)</u>	<u>\$ 2,051.0</u>
Marketable equity securities				
Marketable equity securities, current	\$ 70.6	\$ 15.9	\$ —	\$ 86.5
Marketable equity securities, non-current	1,168.9	733.8	(14.9)	1,887.8
Total marketable equity securities	<u>\$ 1,239.5</u>	<u>\$ 749.7</u>	<u>\$ (14.9)</u>	<u>\$ 1,974.3</u>

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Summary of Contractual Maturities: Available-for-Sale Debt Securities

The estimated fair value and amortized cost of our marketable debt securities available-for-sale by contractual maturity are summarized as follows:

(In millions)	As of September 30, 2021		As of December 31, 2020	
	Estimated Fair Value	Amortized Cost	Estimated Fair Value	Amortized Cost
Due in one year or less	\$ 1,413.3	\$ 1,413.4	\$ 1,278.9	\$ 1,278.6
Due after one year through five years	925.5	925.3	722.6	721.3
Due after five years	42.8	42.8	49.5	49.2
Total marketable debt securities	\$ 2,381.6	\$ 2,381.5	\$ 2,051.0	\$ 2,049.1

The average maturity of our marketable debt securities available-for-sale as of September 30, 2021 and December 31, 2020, was approximately 12 months and 11 months, respectively.

Proceeds from Marketable Debt Securities

The proceeds from maturities and sales of marketable debt securities and resulting realized gains and losses are summarized as follows:

(In millions)	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2021	2020	2021	2020
Proceeds from maturities and sales	\$ 575.4	\$ 1,360.9	\$ 2,028.1	\$ 5,240.7
Realized gains	0.1	1.0	0.4	12.8
Realized losses	(0.5)	(0.9)	(1.7)	(25.2)

Strategic Investments

As of September 30, 2021 and December 31, 2020, our strategic investment portfolio was comprised of investments totaling \$1,222.3 million and \$2,024.6 million, respectively, which are included in other current assets and investments and other assets in our condensed consolidated balance sheets.

Our strategic investment portfolio includes investments in equity securities of certain biotechnology companies, which are reflected within our disclosures included in *Note 6, Fair Value Measurements*, to these condensed consolidated financial statements, venture capital funds where the underlying investments are in equity securities of certain biotechnology companies and non-marketable equity securities.

The decrease in our strategic investment portfolio for the three and nine months ended September 30, 2021, was primarily due to decreases in the fair value of our investments in Denali, Ionis Pharmaceuticals, Inc. (Ionis), Sage and Sangamo common stock.

Sage Therapeutics, Inc.

In November 2020 we entered into a global collaboration and license agreement with Sage. In connection with the closing of this transaction in December 2020 we purchased \$650.0 million of Sage common stock, or approximately 6.2 million shares at approximately \$104.14 per share, which are subject to transfer restrictions. This investment is classified as a Level 2 marketable equity security due to certain holding period restrictions and is remeasured each reporting period and carried at fair value. The effects of certain holding period restrictions on the investment are estimated using an option pricing valuation model. The most significant assumptions within the model are the term of the restrictions and the stock price volatility, which is based upon historical volatility of similar companies. We also use a constant maturity risk free-interest rate to match the remaining term of the restrictions on our investment in Sage common stock and a dividend yield of zero based upon the fact that Sage and similar companies generally have not historically granted cash dividends.

For additional information on our collaboration arrangement with Sage, please read *Note 16, Collaborative and Other Relationships*, to these condensed consolidated financial statements.

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Denali Therapeutics Inc.

In August 2020 we entered into a collaboration and license agreement with Denali. As part of this collaboration we purchased approximately \$465.0 million of Denali common stock in September 2020, or approximately 13 million shares at approximately \$34.94 per share, which are subject to transfer restrictions. This investment is classified as a Level 2 marketable equity security due to certain holding period restrictions and is remeasured each reporting period and carried at fair value. The effects of certain holding period restrictions on the investment are estimated using an option pricing valuation model. The most significant assumptions within the model are the term of the restrictions and the stock price volatility, which is based upon historical volatility of similar companies. We also use a constant maturity risk free-interest rate to match the remaining term of the restrictions on our investment in Denali's common stock and a dividend yield of zero based upon the fact that Denali and similar companies generally have not historically granted cash dividends.

For additional information on our collaboration arrangement with Denali, please read *Note 16, Collaborative and Other Relationships*, to these condensed consolidated financial statements.

Sangamo Therapeutics, Inc.

In February 2020 we entered into a collaboration and license agreement with Sangamo. In connection with the closing of this transaction in April 2020 we purchased \$225.0 million of Sangamo common stock, or approximately 24 million shares at approximately \$9.21 per share, of which approximately 12 million shares remain subject to transfer restrictions as of September 30, 2021. This equity method investment is remeasured each reporting period and carried at fair value due to our election of the fair value option. The effects of certain holding period restrictions on the investment are estimated using an option pricing valuation model. The most significant assumptions within the model are the term of the restrictions and the stock price volatility, which is based upon historical volatility of similar companies. We also use a constant maturity risk free-interest rate to match the remaining term of the restrictions on our investment in Sangamo's common stock and a dividend yield of zero based upon the fact that Sangamo and similar companies generally have not historically granted cash dividends.

For additional information on our collaboration arrangement with Sangamo, please read *Note 16, Collaborative and Other Relationships*, to these condensed consolidated financial statements.

8. Derivative Instruments

Foreign Currency Forward Contracts - Hedging Instruments

Due to the global nature of our operations, portions of our revenue and operating expense are recorded in currencies other than the U.S. dollar. The value of revenue and operating expense measured in U.S. dollars is therefore subject to changes in foreign currency exchange rates. In order to mitigate these changes, we use foreign currency forward contracts to lock in exchange rates associated with a portion of our forecasted international revenue and operating expense.

Foreign currency forward contracts in effect as of September 30, 2021 and December 31, 2020, had durations of 1 to 18 months and 1 to 24 months, respectively. These contracts have been designated as cash flow hedges and unrealized gains or losses on the portion of these foreign currency forward contracts that are included in the effectiveness test are reported in accumulated other comprehensive income (loss) (referred to as AOCI in the tables below). Realized gains and losses of such contracts are recognized in revenue when the sale of product in the currency being hedged is recognized and in operating expense when the expense in the currency being hedged is recorded. We recognize all cash flow hedge reclassifications from accumulated other comprehensive income (loss) and fair value changes of excluded portions in the same line item in our condensed consolidated statements of income that has been impacted by the hedged item.

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The notional value of foreign currency forward contracts that were entered into to hedge forecasted revenue and operating expense is summarized as follows:

(In millions)	Notional Amount	
	As of September 30, 2021	As of December 31, 2020
Euro	\$ 1,901.5	\$ 2,979.1
British pound	63.6	250.6
Swiss franc	60.4	—
Japanese yen	30.1	—
Canadian dollar	25.2	—
Total foreign currency forward contracts	<u>\$ 2,080.8</u>	<u>\$ 3,229.7</u>

The pre-tax portion of the fair value of these foreign currency forward contracts that were included in accumulated other comprehensive income (loss) in total equity as of September 30, 2021, reflected aggregate net unrealized gains of \$21.9 million, composed of gross unrealized gains of approximately \$38.4 million and gross unrealized losses of approximately \$16.5 million, compared to aggregate net unrealized losses of \$212.5 million as of December 31, 2020. We expect the net unrealized gains of \$21.9 million to be settled over the next 18 months, of which \$9.6 million of unrealized gains are expected to be settled over the next 12 months, with any amounts in accumulated other comprehensive income (loss) to be reported as an adjustment to revenue or operating expense. We consider the impact of our and our counterparties' credit risk on the fair value of the contracts as well as the ability of each party to execute its contractual obligations. As of September 30, 2021 and December 31, 2020, credit risk did not materially change the fair value of our foreign currency forward contracts.

The following tables summarize the effect of foreign currency forward contracts designated as hedging instruments in our condensed consolidated statements of income:

For the Three Months Ended September 30,					
Location	Net Gains/(Losses) Reclassified from AOCI into Operating Income (in millions)		Location	Net Gains/(Losses) Recognized in Operating Income (in millions)	
	2021	2020		2021	2020
Revenue	\$ (14.9)	\$ (9.1)	Revenue	\$ (0.7)	\$ (8.7)
Operating expense	(0.3)	1.5	Operating expense	—	0.4

For the Nine Months Ended September 30,					
Location	Net Gains/(Losses) Reclassified from AOCI into Operating Income (in millions)		Location	Net Gains/(Losses) Recognized in Operating Income (in millions)	
	2021	2020		2021	2020
Revenue	\$ (68.7)	\$ 41.6	Revenue	\$ (4.5)	\$ (1.0)
Operating expense	(0.3)	1.4	Operating expense	(0.4)	(0.7)

Interest Rate Contracts - Hedging Instruments

We have entered into interest rate lock contracts or interest rate swap contracts on certain borrowing transactions to manage our exposure to interest rate changes and to reduce our overall cost of borrowing.

Interest Rate Swap Contracts

In connection with the issuance of our 2.90% Senior Notes due September 15, 2020, we entered into interest rate swaps with an aggregate notional amount of \$675.0 million, which were originally set to expire on September 15, 2020. The interest rate swap contracts were designated as hedges of the fair value changes in our 2.90% Senior Notes attributable to changes in interest rates. In May 2020 we settled our interest rate swap contracts, in conjunction with our early redemption of our 2.90% Senior Notes, resulting in a gain of approximately \$3.3 million, which was recorded as a component of interest expense in our condensed consolidated statements of income during the second quarter of 2020.

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Net Investment Hedges - Hedging Instruments

In February 2012 we entered into a joint venture agreement with Samsung BioLogics establishing an entity, Samsung Bioepis, to develop, manufacture and market biosimilar products. In June 2018 we exercised our option under our joint venture agreement to increase our ownership percentage in Samsung Bioepis from approximately 5.0% to approximately 49.9%. The share purchase transaction was completed in November 2018 and, upon closing, we paid 759.5 billion South Korean won (\$676.6 million) to Samsung BioLogics. Our investment in the equity of Samsung Bioepis is exposed to the currency fluctuations in the South Korean won.

In order to mitigate the currency fluctuations between the U.S. dollar and South Korean won, we have entered into foreign currency forward contracts. Foreign currency forward contracts in effect as of September 30, 2021, had a remaining duration of one month. These contracts have been designated as net investment hedges. We recognize changes in the spot exchange rate in accumulated other comprehensive income (loss). The pre-tax portion of the fair value of these foreign currency forward contracts that were included in accumulated other comprehensive income (loss) in total equity reflected net gains of \$25.0 million and net losses of \$21.2 million as of September 30, 2021 and December 31, 2020, respectively. We exclude fair value changes related to the forward rate from our hedging relationship and will amortize the forward points in other income (expense), net in our condensed consolidated statements of income over the term of the contract. The pre-tax portion of the fair value of the forward points that were included in accumulated other comprehensive income (loss) in total equity reflected gains of \$0.0 million and \$0.2 million as of September 30, 2021 and December 31, 2020, respectively.

The following tables summarize the effect of our net investment hedge in our condensed consolidated financial statements:

For the Three Months Ended September 30,								
Net Gains/(Losses) Recognized in Other Comprehensive Income (Effective Portion) (in millions)			Net Gains/(Losses) Recognized in Other Comprehensive Income (Amounts Excluded from Effectiveness Testing) (in millions)			Net Gains/(Losses) Recognized in Net Income (Amounts Excluded from Effectiveness Testing) (in millions)		
Location	2021	2020	Location	2021	2020	Location	2021	2020
Gains (losses) on net investment hedge	\$ 24.9	\$ (10.4)	Gains (losses) on net investment hedge	\$ —	\$ (0.2)	Other income (expense)	\$ —	\$ 0.9

For the Nine Months Ended September 30,								
Net Gains/(Losses) Recognized in Other Comprehensive Income (Effective Portion) (in millions)			Net Gains/(Losses) Recognized in Other Comprehensive Income (Amounts Excluded from Effectiveness Testing) (in millions)			Net Gains/(Losses) Recognized in Net Income (Amounts Excluded from Effectiveness Testing) (in millions)		
Location	2021	2020	Location	2021	2020	Location	2021	2020
Gains (losses) on net investment hedge	\$ 46.1	\$ 5.0	Gains (losses) on net investment hedge	\$ (1.1)	\$ 3.1	Other income (expense)	\$ 0.1	\$ 2.6

For additional information on our collaboration arrangements with Samsung Bioepis, please read *Note 16, Collaborative and Other Relationships*, to these condensed consolidated financial statements.

Foreign Currency Forward Contracts - Other Derivative Instruments

We also enter into other foreign currency forward contracts, usually with durations of one month or less, to mitigate the foreign currency risk related to certain balance sheet positions. We have not elected hedge accounting for these transactions.

The aggregate notional amount of these outstanding foreign currency forward contracts was \$1,400.6 million and \$1,158.0 million as of September 30, 2021 and December 31, 2020, respectively. Net losses of \$13.5 million and \$26.1 million related to these contracts were recorded as a component of other income (expense), net for the three and nine months ended September 30, 2021, respectively, compared to net gains of \$7.8 million and \$13.7 million, respectively, in the prior year comparative periods.

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Summary of Derivative Instruments

While certain of our derivative instruments are subject to netting arrangements with our counterparties, we do not offset derivative assets and liabilities in our condensed consolidated balance sheets. The amounts in the table below would not be substantially different if the derivative assets and liabilities were offset.

The following table summarizes the fair value and presentation in our condensed consolidated balance sheets of our outstanding derivative instruments, including those designated as hedging instruments:

(In millions)	Balance Sheet Location	As of September 30, 2021		As of December 31, 2020	
<i>Cash Flow Hedging Instruments:</i>					
Asset derivative instruments	Other current assets	\$	34.5	\$	—
	Investments and other assets		14.1		—
Liability derivative instruments	Accrued expense and other		11.8		157.1
	Other long-term liabilities		—		35.7
<i>Net Investment Hedging Instruments:</i>					
Asset derivative instruments	Other current assets		25.3		—
Liability derivative instruments	Accrued expense and other		—		19.7
<i>Other Derivative Instruments:</i>					
Asset derivative instruments	Other current assets		6.1		20.5
Liability derivative instruments	Accrued expense and other		15.9		4.7

9. Property, Plant and Equipment

Property, plant and equipment are recorded at historical cost, net of accumulated depreciation. Accumulated depreciation on property, plant and equipment was \$1,944.2 million and \$1,782.3 million as of September 30, 2021 and December 31, 2020, respectively. For the three and nine months ended September 30, 2021, depreciation expense totaled \$65.1 million and \$168.7 million, respectively, compared to \$51.5 million and \$151.2 million, respectively, in the prior year comparative periods.

Solothurn, Switzerland Manufacturing Facility

In order to support our future growth and drug development pipeline, we are building a large-scale biologics manufacturing facility in Solothurn, Switzerland. Upon completion, this facility will include 393,000 square feet related to a large-scale biologics manufacturing facility, 290,000 square feet of warehouse, utilities and support space and 51,000 square feet of administrative space. As of September 30, 2021 and December 31, 2020, we had approximately \$661.8 million and \$1.8 billion, respectively, capitalized as construction in progress related to this facility. In the second quarter of 2021, a portion of the facility received a Good Manufacturing Practice multi-product license from the Swiss Agency for Therapeutic Products, resulting in approximately \$1.2 billion of fixed assets being placed in service during the second quarter of 2021.

10. Indebtedness

Exchange Offer

In February 2021 we completed our Exchange Offer of our tendered 2045 Senior Notes for our 2051 Senior Notes and cash, and an offer to purchase our tendered 2045 Senior Notes for cash.

An aggregate principal amount of approximately \$624.6 million of our 2045 Senior Notes was exchanged for an aggregate principal amount of approximately \$700.7 million of our 2051 Senior Notes and aggregate cash payments of approximately \$151.8 million. Our Exchange Offer has been accounted for as a debt modification; as such, the cash component has been reflected as additional debt discount and is amortized as an adjustment to interest expense over the term of our 2051 Senior Notes.

In addition, we redeemed an aggregate principal amount of approximately \$8.9 million of our 2045 Senior Notes for aggregate cash payments of approximately \$12.1 million, excluding accrued and unpaid interest. The redemption has been accounted for as a debt extinguishment; as such, we recognized a pre-tax charge of \$3.2 million upon the extinguishment of such 2045 Senior Notes. This charge, which was recognized in interest expense in other income (expense), net in our condensed consolidated statements of income for the nine months

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ended September 30, 2021, reflects the payment of an early call premium and the write-off of the remaining unamortized original debt issuance costs and discount balances associated with such 2045 Senior Notes.

Upon settlement, we also made aggregate cash payments of approximately \$13.8 million to settle all accrued and unpaid interest from the last interest payment date on our 2045 Senior Notes that were exchanged or redeemed. We incurred approximately \$6.1 million of costs associated with our Exchange Offer, which was recognized in interest expense in other income (expense), net in our condensed consolidated statements of income for the nine months ended September 30, 2021.

2020 Senior Notes

On April 30, 2020, we issued senior unsecured notes for an aggregate principal amount of \$3.0 billion (2020 Senior Notes), consisting of the following:

- \$1.5 billion aggregate principal amount of 2.25% Senior Notes due May 1, 2030, valued at 99.973% of par; and
- \$1.5 billion aggregate principal amount of 3.15% Senior Notes due May 1, 2050, valued at 99.174% of par.

We incurred approximately \$24.4 million of costs associated with this offering, which have been recorded as a reduction to the carrying amount of the debt on our condensed consolidated balance sheet. For additional information on our 2020 Senior Notes, please read *Note 12, Indebtedness*, to our consolidated financial statements included in our 2020 Form 10-K.

2.90% Senior Notes due September 15, 2020

On September 15, 2015, we issued \$1.5 billion aggregate principal amount of 2.90% Senior Notes due September 15, 2020, at 99.792% of par. Our 2.90% Senior Notes were senior unsecured obligations. In connection with our 2.90% Senior Notes, we entered into interest rate swap contracts where we received a fixed rate and paid a variable rate. In May 2020 we used the net proceeds from the sale of our 2020 Senior Notes to redeem our 2.90% Senior Notes prior to their maturity and recognized a net pre-tax charge of \$9.4 million upon the extinguishment of these notes during the second quarter of 2020. This charge, which was recognized in interest expense in other income (expense), net in our condensed consolidated statements of income and reflects the payment of a \$12.7 million early call premium and the write off of remaining unamortized original debt issuance costs and discount balances, partially offset by a \$3.3 million gain related to the settlement of the associated interest rate swap contracts. For additional information on our interest rate swap contracts, please read *Note 8, Derivative Instruments*, to these condensed consolidated financial statements.

11. Equity

Share Repurchases

In October 2020 our Board of Directors authorized a program to repurchase up to \$5.0 billion of our common stock (2020 Share Repurchase Program). Our 2020 Share Repurchase Program does not have an expiration date. All share repurchases under our 2020 Share Repurchase Program will be retired. Under our 2020 Share Repurchase Program, we repurchased and retired approximately 2.2 million and 6.0 million shares of our common stock at a cost of approximately \$750.0 million and \$1.8 billion during the three and nine months ended September 30, 2021, respectively. Approximately \$2.8 billion remained available under our 2020 Share Repurchase Program as of September 30, 2021.

In December 2019 our Board of Directors authorized a program to repurchase up to \$5.0 billion of our common stock (December 2019 Share Repurchase Program), which was completed as of September 30, 2020. All shares repurchased under our December 2019 Share Repurchase Program were retired. Under our December 2019 Share Repurchase Program, we repurchased and retired approximately 4.5 million and 16.7 million shares of our common stock at a cost of approximately \$1.3 billion and \$5.0 billion during the three and nine months ended September 30, 2020, respectively.

In March 2019 our Board of Directors authorized a program to repurchase up to \$5.0 billion of our common stock (March 2019 Share Repurchase Program), which was completed as of March 31, 2020. All shares repurchased under our March 2019 Share Repurchase Program were retired. Under our March 2019 Share Repurchase Program, we repurchased and retired approximately 4.1 million shares of our common stock at a cost of approximately \$1.3 billion during the nine months ended September 30, 2020.

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Accumulated Other Comprehensive Income (Loss)

The following tables summarize the changes in accumulated other comprehensive income (loss), net of tax by component:

(In millions)	Unrealized Gains (Losses) on Securities Available for Sale, Net of Tax	Unrealized Gains (Losses) on Cash Flow Hedges, Net of Tax	Gains (Losses) on Net Investment Hedge, Net of Tax	Unfunded Status of Postretirement Benefit Plans, Net of Tax	Currency Translation Adjustments	Total
Balance, December 31, 2020	\$ 1.4	\$ (179.0)	\$ (8.5)	\$ (66.3)	\$ (46.6)	\$ (299.0)
Other comprehensive income (loss) before reclassifications	(2.5)	143.0	35.3	3.9	(80.3)	99.4
Amounts reclassified from accumulated other comprehensive income (loss)	1.1	62.0	(0.1)	—	—	63.0
Net current period other comprehensive income (loss)	(1.4)	205.0	35.2	3.9	(80.3)	162.4
Balance, September 30, 2021	\$ —	\$ 26.0	\$ 26.7	\$ (62.4)	\$ (126.9)	\$ (136.6)

(In millions)	Unrealized Gains (Losses) on Securities Available for Sale, Net of Tax	Unrealized Gains (Losses) on Cash Flow Hedges, Net of Tax	Gains (Losses) on Net Investment Hedge, Net of Tax	Unfunded Status of Postretirement Benefit Plans, Net of Tax	Currency Translation Adjustments	Total
Balance, December 31, 2019	\$ 4.2	\$ 7.8	\$ 25.1	\$ (32.8)	\$ (139.5)	\$ (135.2)
Other comprehensive income (loss) before reclassifications	(8.8)	(58.0)	8.1	0.4	3.9	(54.4)
Amounts reclassified from accumulated other comprehensive income (loss)	9.8	(43.1)	(2.6)	—	—	(35.9)
Net current period other comprehensive income (loss)	1.0	(101.1)	5.5	0.4	3.9	(90.3)
Balance, September 30, 2020	\$ 5.2	\$ (93.3)	\$ 30.6	\$ (32.4)	\$ (135.6)	\$ (225.5)

The following table summarizes the amounts reclassified from accumulated other comprehensive income (loss):

(In millions)	Income Statement Location	Amounts Reclassified from Accumulated Other Comprehensive Income (Loss)			
		For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
		2021	2020	2021	2020
Gains (losses) on securities available for sale	Other income (expense)	\$ (0.4)	\$ 0.1	\$ (1.3)	\$ (12.4)
	Income tax benefit (expense)	0.1	—	0.3	2.6
Gains (losses) on cash flow hedges	Revenue	(14.9)	(9.1)	(68.7)	41.6
	Operating expense	(0.3)	1.5	(0.3)	1.4
	Other income (expense)	—	—	0.1	0.2
	Income tax benefit (expense)	1.5	0.1	6.8	(0.1)
	Gains (losses) on net investment hedge	Other income (expense)	—	0.8	0.1
Total reclassifications, net of tax		\$ (14.0)	\$ (6.6)	\$ (63.0)	\$ 35.9

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12. Earnings per Share

Basic and diluted shares outstanding used in our earnings per share calculation are calculated as follows:

(In millions)	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2021	2020	2021	2020
<i>Numerator:</i>				
Net income attributable to Biogen Inc.	\$ 329.2	\$ 701.5	\$ 1,187.9	\$ 3,642.7
<i>Denominator:</i>				
Weighted average number of common shares outstanding	148.0	156.9	149.9	163.4
<i>Effect of dilutive securities:</i>				
Time-vested restricted stock units	0.4	0.1	0.2	0.1
Market stock units	0.1	0.1	0.1	0.1
Performance stock units settled in stock	0.1	0.1	0.1	0.1
Dilutive potential common shares	0.6	0.3	0.4	0.3
Shares used in calculating diluted earnings per share	148.6	157.2	150.3	163.7

Amounts excluded from the calculation of net income per diluted share because their effects were anti-dilutive were insignificant.

13. Share-based Payments

Share-based Compensation Expense

The following table summarizes share-based compensation expense included in our condensed consolidated statements of income:

(In millions)	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2021	2020	2021	2020
Research and development	\$ 19.5	\$ 14.6	\$ 72.2	\$ 63.1
Selling, general and administrative	42.6	25.0	127.8	98.4
Subtotal	62.1	39.6	200.0	161.5
Capitalized share-based compensation costs	(1.9)	(1.9)	(6.3)	(4.9)
Share-based compensation expense included in total cost and expense	60.2	37.7	193.7	156.6
Income tax effect	(10.9)	(5.4)	(35.8)	(25.7)
Share-based compensation expense included in net income attributable to Biogen Inc.	\$ 49.3	\$ 32.3	\$ 157.9	\$ 130.9

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The following table summarizes share-based compensation expense associated with each of our share-based compensation programs:

(In millions)	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2021	2020	2021	2020
Market stock units	\$ 9.7	\$ 5.5	\$ 35.5	\$ 32.0
Time-vested restricted stock units	38.8	35.3	121.9	107.3
Cash settled performance units	—	—	—	(1.7)
Performance units	—	—	—	(0.1)
Performance stock units settled in stock	4.9	(8.4)	14.2	4.0
Performance stock units settled in cash	4.4	4.1	13.9	9.0
Employee stock purchase plan	4.3	3.1	14.5	11.0
Subtotal	62.1	39.6	200.0	161.5
Capitalized share-based compensation costs	(1.9)	(1.9)	(6.3)	(4.9)
Share-based compensation expense included in total cost and expense	<u>\$ 60.2</u>	<u>\$ 37.7</u>	<u>\$ 193.7</u>	<u>\$ 156.6</u>

We estimate the fair value of our obligations associated with our performance stock units settled in cash at the end of each reporting period through expected settlement. Cumulative adjustments to these obligations are recognized each quarter to reflect changes in the stock price and estimated outcome of the performance-related conditions.

14. Income Taxes

TECFIDERA

In June 2020 and September 2020 judgments were entered in favor of the defendants in the patent infringement proceedings relating to TECFIDERA Orange-Book listed patents pursuant to the Drug Price Competition and Patent Term Restoration Act of 1984, commonly known as the Hatch-Waxman Act, in West Virginia and Delaware. We have appealed the judgments in both actions. For additional information, please read *Note 18, Litigation*, to these condensed consolidated financial statements.

Multiple TECFIDERA generic entrants are now in the U.S. market and have deeply discounted prices compared to TECFIDERA. The generic competition for TECFIDERA has significantly reduced our TECFIDERA revenue and is expected to have a substantial negative impact on our TECFIDERA revenue for as long as there is generic competition.

As of December 31, 2020, we assessed the realizability of our deferred tax assets that are dependent on future expected sales of TECFIDERA in the U.S. and reduced the value of certain deferred tax assets by approximately \$1.7 billion and reduced the value of deferred tax liabilities associated with global intangible low-taxed income (GILTI) and tax credits by approximately \$1.6 billion. We continue to assess the realizability of these deferred tax assets and have recorded no changes for the three months ended September 30, 2021. We have recorded an increase in these deferred tax assets of approximately \$92.6 million and an increase in these deferred tax liabilities of approximately \$88.7 million for the nine months ended September 30, 2021.

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Tax Rate

A reconciliation between the U.S. federal statutory tax rate and our effective tax rate is summarized as follows:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2021	2020	2021	2020
Statutory rate	21.0 %	21.0 %	21.0 %	21.0 %
State taxes	0.3	0.9	0.9	0.6
Taxes on foreign earnings	(20.2)	(3.0)	(11.5)	(3.6)
Tax credits	(7.1)	(2.3)	(4.1)	(1.3)
Purchased intangible assets	(6.2)	2.9	(1.4)	0.8
TECFIDERA impairment	—	3.5	—	1.9
GILTI	2.6	2.2	1.6	1.3
Neurimmune tax impacts	(0.5)	0.2	(36.4)	(0.1)
Other	1.2	(0.3)	0.7	0.3
Effective tax rate	(8.9)%	25.1 %	(29.2)%	20.9 %

Changes in Tax Rate

For the three and nine months ended September 30, 2021, compared to the same periods in 2020, the decreases in our effective tax rate, excluding the impact of the Neurimmune deferred tax asset discussed below, were primarily due to the change in the territorial mix of our profitability, which included the adverse effect of generic competition for TECFIDERA in the U.S. market; the tax impacts of the BIIB111 and BIIB112 impairment charges; and the impact of the non-cash tax effects of changes in the value of our equity investments, where we recorded unrealized losses in 2021. The tax effects of this change in value of our equity investments were recorded in the current period, as the changes in value of equity investments cannot be reliably forecasted. Our 2020 effective tax rate also reflected an income tax expense related to the establishment of a valuation allowance against certain deferred tax assets, the realization of which is dependent on future sales of TECFIDERA in the U.S.

In addition, for the nine months ended September 30, 2021, compared to the same period in 2020, the decrease in our effective tax rate was primarily due to a current year deferred tax benefit in Switzerland resulting from the accelerated approval of ADUHELM by the FDA in the U.S. recognized during the second quarter of 2021. We recorded a net deferred tax asset of approximately \$500.0 million. The net deferred tax asset is comprised of approximately \$875.0 million of gross deferred tax asset, reduced by approximately \$375.0 million of unrecognized tax benefit discussed below. The deferred tax benefit relates to Neurimmune SubOne AG's (Neurimmune) tax basis in ADUHELM, the realization of which is dependent on future sales of ADUHELM and approval of the Swiss cantonal tax authorities, with an equal and offsetting amount assigned to net income (loss) attributable to noncontrolling interests, net of tax in our condensed consolidated statements of income, resulting in a zero net impact to net income attributable to Biogen Inc. For additional information on our collaboration arrangement with Neurimmune, please read *Note 17, Investments in Variable Interest Entities*, to these condensed consolidated financial statements.

Accounting for Uncertainty in Income Taxes

We and our subsidiaries are routinely examined by various taxing authorities. We file income tax returns in various U.S. states and in U.S. federal and other foreign jurisdictions. With few exceptions, we are no longer subject to U.S. federal tax examination for years before 2017 or state, local or non-U.S. income tax examinations for years before 2012.

The U.S. Internal Revenue Service and other national tax authorities routinely examine our intercompany transfer pricing with respect to intellectual property related transactions and it is possible that they may disagree with one or more positions we have taken with respect to such valuations.

During the second quarter of 2021 we increased our gross unrecognized tax benefits by approximately \$375.0 million, related to a deferred tax asset for Swiss tax purposes for Neurimmune's tax basis in ADUHELM, as discussed above. This unrecognized tax benefit was recorded as a reduction to the gross deferred tax asset, resulting in the net deferred tax asset discussed above, and not as a separate liability on our condensed consolidated balance sheet.

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It is reasonably possible that we will adjust the value of our uncertain tax positions related to certain transfer pricing, collaboration matters and other issues as we receive additional information from various taxing authorities, including reaching settlements with such authorities.

We estimate that it is reasonably possible that our gross unrecognized tax benefits, exclusive of interest, could decrease by up to approximately \$20.0 million in the next 12 months as a result of various audit closures, settlements and expiration of the statute of limitations.

15. Other Consolidated Financial Statement Detail

Other Income (Expense), Net

Components of other income (expense), net, are summarized as follows:

(In millions)	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2021	2020	2021	2020
Interest income	\$ 2.6	\$ 6.0	\$ 8.2	\$ 38.0
Interest expense	(66.3)	(56.3)	(187.3)	(166.5)
Gain (loss) on investments, net	(424.5)	(82.1)	(707.2)	(52.6)
Foreign exchange gains (losses), net	(13.7)	3.1	(23.1)	(5.4)
Other, net	(1.0)	0.7	(4.0)	0.4
Total other income (expense), net	\$ (502.9)	\$ (128.6)	\$ (913.4)	\$ (186.1)

Gain (loss) on investments, net, as reflected in the table above, relate to debt securities, equity securities of certain biotechnology companies, venture capital funds where the underlying investments are in equity securities of certain biotechnology companies and non-marketable equity securities.

For the three months ended September 30, 2021, net unrealized losses and realized gains on our holdings in equity securities were approximately \$426.9 million and \$2.7 million, respectively, compared to net unrealized losses and realized gains (losses) of \$82.3 million and zero, respectively, in the prior year comparative period. The net unrealized losses recognized during the three months ended September 30, 2021, primarily reflect decreases in the aggregate fair value of our investments in Denali, Ionis, Sage and Sangamo common stock of approximately \$424.3 million.

For the nine months ended September 30, 2021, net unrealized losses and realized gains on our holdings in equity securities were approximately \$715.2 million and \$9.3 million, respectively, compared to net unrealized losses and realized gains (losses) of \$40.3 million and zero, respectively, in the prior year comparative period. The net unrealized losses recognized during the nine months ended September 30, 2021, primarily reflect decreases in the aggregate fair value of our investments in Denali, Ionis, Sage and Sangamo common stock of approximately \$709.1 million.

The following table summarizes our gain (loss) on investments, net that relates to our equity securities held as of September 30, 2021 and 2020:

(In millions)	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2021	2020	2021	2020
Net gains (losses) recognized during the period on equity securities	\$ (424.2)	\$ (82.3)	\$ (705.9)	\$ (40.3)
Less: Net gains (losses) realized during the period on equity securities	2.7	—	9.3	—
Unrealized gains (losses) recognized during the period on equity securities	\$ (426.9)	\$ (82.3)	\$ (715.2)	\$ (40.3)

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Accrued Expense and Other

Accrued expense and other consists of the following:

(In millions)	As of September 30, 2021	As of December 31, 2020
Revenue-related reserves for discounts and allowances	\$ 982.4	\$ 1,080.6
Collaboration expense	289.3	389.9
Employee compensation and benefits	299.2	333.8
Royalties and licensing fees	238.9	218.5
Derivative liabilities	27.7	181.5
Current portion of contingent consideration obligations	—	149.6
Other	713.2	791.4
Total accrued expense and other	<u>\$ 2,550.7</u>	<u>\$ 3,145.3</u>

Other Long-term Liabilities

Other long-term liabilities were \$1,318.2 million and \$1,329.6 million as of September 30, 2021 and December 31, 2020, respectively, and included accrued income taxes totaling \$657.6 million and \$709.9 million, respectively.

16. Collaborative and Other Relationships

Eisai Co., Ltd.

Lecanemab Collaboration

We have a collaboration agreement with Eisai Co., Ltd. (Eisai) to jointly develop and commercialize lecanemab (BAN2401), an anti-amyloid antibody, and elenbecestat, the oral BACE (base amyloid cleaving enzyme) inhibitor, two Eisai product candidates for the potential treatment of Alzheimer's disease (the Lecanemab Collaboration). In September 2019 we and Eisai discontinued the global Phase 3 studies of elenbecestat in early Alzheimer's disease.

Eisai serves as the global operational and regulatory lead for lecanemab and all costs, including research, development, sales and marketing expense, are shared equally between us and Eisai. If lecanemab receives marketing approval, we and Eisai will co-promote lecanemab and share profits equally. In addition, the Lecanemab Collaboration provides both parties with certain rights and obligations in the event of a change in control of either party.

The Lecanemab Collaboration also provided Eisai with an option to jointly develop and commercialize ADUHELM (aducanumab) (ADUHELM Option), and an option to jointly develop and commercialize one of our anti-tau monoclonal antibodies (Anti-Tau Option). In October 2017 Eisai exercised its ADUHELM Option and we entered into a new collaboration agreement for the joint development and commercialization of ADUHELM (aducanumab) (the ADUHELM Collaboration Agreement).

Eisai may exercise the Anti-Tau Option after completion of the Phase 1 clinical trial of such anti-tau monoclonal antibody. If Eisai exercises its Anti-Tau Option, we will receive an upfront payment from Eisai and will be entitled to additional development and commercial milestone payments. Eisai has not yet exercised its Anti-Tau Option.

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A summary of development and sales and marketing expense related to the Lecanemab Collaboration is as follows:

(In millions)	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2021	2020	2021	2020
Total development expense incurred by the collaboration related to the advancement of lecanemab and elenbecestat	\$ 118.4	\$ 75.7	\$ 236.1	\$ 153.2
Biogen's share of lecanemab and elenbecestat development expense reflected in research and development expense in our condensed consolidated statements of income	59.2	37.9	118.0	76.6
Total sales and marketing expense incurred by the Lecanemab Collaboration	5.6	nm	15.6	6.3
Biogen's share of lecanemab and elenbecestat sales and marketing expense reflected in selling, general and administrative expense in our condensed consolidated statements of income	2.8	nm	7.8	3.2

^{nm} - For the three months ended September 30, 2020, sales and marketing expense related to lecanemab and elenbecestat was immaterial.

For additional information on our Lecanemab Collaboration, please read *Note 18, Collaborative and Other Relationships*, to our consolidated financial statements included in our 2020 Form 10-K.

ADUHELM Collaboration Agreement

Under the ADUHELM Collaboration Agreement, we lead the ongoing development of ADUHELM, and we and Eisai will co-promote ADUHELM with a region-based profit split. Beginning January 1, 2019, Eisai is reimbursing us for 45.0% of development costs incurred by the collaboration for the advancement of ADUHELM (ADUHELM development expense).

In March 2019, based on a pre-specified futility analysis, we discontinued the global Phase 3 trials, EMERGE and ENGAGE, designed to evaluate the efficacy and safety of ADUHELM in patients with early Alzheimer's disease. In the first quarter of 2019, as a result of the decision to discontinue the Phase 3 EMERGE and ENGAGE trials following the futility analysis, we accrued and subsequently paid approximately \$45.0 million related to the termination of various clinical trials and research and development contracts net of the expected 45.0% Eisai reimbursement of development costs incurred under the ADUHELM Collaboration Agreement.

In October 2019 we and Eisai announced that we planned to pursue regulatory approval for ADUHELM in the U.S. A new analysis of a larger dataset from these trials, conducted in scientific collaboration with the FDA, showed that the Phase 3 EMERGE trial met its pre-specified primary and secondary endpoints. In July 2020 we completed the submission of a Biologics License Application (BLA) for the approval of ADUHELM to the FDA and made a \$75.0 million milestone payment to Neurimmune. We recognized net profit-sharing income of \$33.8 million to reflect Eisai's 45.0% share of the \$75.0 million milestone payment.

In June 2021 ADUHELM was granted accelerated approval by the FDA for the treatment of Alzheimer's disease and had its first commercial sale. As a result of the launch of ADUHELM in the U.S., we made a \$100.0 million milestone payment to Neurimmune. For the nine months ended September 30, 2021, we recognized net profit-sharing income of \$45.0 million to reflect Eisai's 45.0% share of the \$100.0 million milestone payment.

Sales and marketing expense are shared in proportion to the same region-based profit split that is utilized to co-promote ADUHELM. A summary of development expense, sales and marketing expense and milestone payments related to the ADUHELM Collaboration Agreement is as follows:

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(In millions)	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2021	2020	2021	2020
Total ADUHELM development expense	\$ 43.7	\$ 37.5	\$ 132.8	\$ 92.5
Biogen's share of ADUHELM development expense reflected in research and development expense in our condensed consolidated statements of income	24.0	20.6	73.0	50.9
Total ADUHELM sales and marketing expense incurred by the ADUHELM Collaboration Agreement	154.3	90.9	391.7	158.8
Biogen's share of ADUHELM sales and marketing expense reflected in selling, general and administrative expense and collaboration profit sharing in our condensed consolidated statements of income	83.3	51.3	211.2	88.8
Total ADUHELM collaboration third party milestones	—	—	100.0	75.0
Biogen's share of reimbursement from Eisai of ADUHELM milestone payments reflected in collaboration profit sharing in our condensed consolidated statements of income	—	—	45.0	33.8

Co-promotion Profits and Losses

In the U.S. we recognize revenue on sales to third parties as a component of product revenue, net in our condensed consolidated statements of income. We also record the related cost of revenue and sales and marketing expense in our condensed consolidated statements of income as these costs are incurred. Payments made to and received from Eisai for its 45.0% share of the co-promotion profits or losses in the U.S. are recognized in collaboration profit sharing in our condensed consolidated statements of income. For the three and nine months ended September 30, 2021, we recognized net profit-sharing income of \$50.6 million and \$90.7 million, respectively, to reflect Eisai's 45.0% sharing of the net collaboration losses in the U.S.

For additional information on the ADUHELM Collaboration Agreement, please read *Note 18, Collaborative and Other Relationships*, to our consolidated financial statements included in our 2020 Form 10-K.

In addition, we and Eisai co-promote AVONEX, TYSABRI and TECFIDERA in Japan in certain settings and Eisai distributes AVONEX, TYSABRI, TECFIDERA and PLEGRIDY in India and other Asia-Pacific markets, excluding China.

UCB

We have a collaboration agreement with UCB to jointly develop and commercialize dapirolizumab pegol, an anti-CD40L pegylated Fab, for the potential treatment of systemic lupus erythematosus and other future agreed indications. Either we or UCB may propose development of dapirolizumab pegol in additional indications. If the parties do not agree to add an indication as an agreed indication to the collaboration, we or UCB may, at the sole expense of the applicable party, pursue development in such excluded indication(s), subject to an opt-in right of the non-pursuing party after proof of clinical activity.

All costs incurred for agreed indications, including research, development, sales and marketing expense, are shared equally between us and UCB. Upon marketing approval, we and UCB will co-promote dapirolizumab pegol and share profits equally. A summary of development expense related to the UCB collaboration agreement is as follows:

(In millions)	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2021	2020	2021	2020
Total UCB collaboration development expense	\$ 16.5	\$ 10.2	\$ 49.5	\$ 35.7
Biogen's share of UCB development expense reflected in research and development expense in our condensed consolidated statements of income	8.2	5.2	24.8	17.9

Sage Therapeutics, Inc.

In November 2020 we entered into a global collaboration and license agreement with Sage to jointly develop and commercialize BIIB125 (zuranolone) for the potential treatment of major depressive disorder and postpartum depression and BIIB124 (SAGE-324) for the potential treatment of essential tremor with potential in other neurological conditions such as epilepsy.

In connection with the closing of this transaction in December 2020 we purchased \$650.0 million of Sage common stock, or approximately 6.2 million shares at approximately \$104.14 per share, which are subject to transfer restrictions. We recorded an asset in investments and other assets in our condensed consolidated balance sheets to reflect the initial fair value of the Sage common stock acquired and a charge of approximately \$209.0 million to research and development expense in our condensed consolidated statements of income to reflect

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the premium paid for the Sage common stock. We also made an upfront payment of \$875.0 million that was recorded as research and development expense.

We may also pay Sage development and commercial milestone payments that could total up to approximately \$1.6 billion if all the specified milestones set forth in this collaboration are achieved. Both companies will share equal responsibility and costs for development as well as profits and losses for commercialization in the U.S. Outside of the U.S., we are responsible for development and commercialization, excluding Japan, Taiwan and South Korea, with respect to zuranolone and may pay Sage potential tiered royalties in the high teens to low twenties.

A summary of development and sales and marketing expense related to this collaboration is as follows:

(In millions)	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2021	2020	2021	2020
Total Sage collaboration development expense	\$ 40.8	\$ —	\$ 134.9	\$ —
Biogen's share of Sage development expense reflected in research and development expense in our condensed consolidated statements of income	20.4	—	67.3	—
Total Sage sales and marketing expense incurred by the collaboration	7.4	—	23.2	—
Biogen's share of Sage sales and marketing expense reflected in selling, general and administrative expense in our condensed consolidated statements of income	3.7	—	11.6	—

Denali Therapeutics Inc.

In August 2020 we entered into a collaboration and license agreement with Denali to co-develop and co-commercialize Denali's small molecule inhibitors of leucine-rich repeat kinase 2 (LRRK2) for Parkinson's disease. In addition to the LRRK2 program, we also have an exclusive option to license two preclinical programs from Denali's Transport Vehicle platform, including its Antibody Transport Vehicle (ATV): ATV enabled anti-amyloid beta program and a second program utilizing its Transport Vehicle technology. Further, we have the right of first negotiation on two additional Transport Vehicle-enabled therapeutics, should Denali decide to seek a collaboration for such programs.

As part of this collaboration we purchased approximately \$465.0 million of Denali common stock in September 2020, or approximately 13 million shares at approximately \$34.94 per share, which are subject to transfer restrictions. We recorded an asset in investments and other assets in our condensed consolidated balance sheets to reflect the initial fair value of the Denali common stock acquired and a charge of approximately \$41.3 million to research and development expense in our condensed consolidated statements of income to reflect the premium paid for the Denali common stock. We also made an upfront payment of \$560.0 million that was recorded as research and development expense.

We may also pay Denali development and commercial milestone payments that could total up to approximately \$1.1 billion if the milestones related to the LRRK2 program are achieved. Under this collaboration, both companies share responsibility and costs for global development based on specified percentages and we are responsible for commercialization and may pay Denali potential tiered royalties.

A summary of development expense related to this collaboration is as follows:

(In millions)	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2021	2020	2021	2020
Total Denali collaboration development expense	\$ 8.5	\$ —	\$ 27.2	\$ —
Biogen's share of Denali development expense reflected in research and development expense in our condensed consolidated statements of income	5.1	—	16.3	—

Sangamo Therapeutics, Inc.

In February 2020 we entered into a collaboration and license agreement with Sangamo to develop and commercialize ST-501 for tauopathies, including Alzheimer's disease; ST-502 for synucleinopathies, including Parkinson's disease; a third neuromuscular disease target; and up to nine additional neurological disease targets to be identified and selected within a five-year period. The companies are leveraging Sangamo's proprietary zinc finger protein technology delivered via adeno-associated virus with the aim to modulate the expression of key genes involved in neurological diseases.

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In connection with the closing of this transaction in April 2020 we purchased \$225.0 million of Sangamo common stock, or approximately 24 million shares at approximately \$9.21 per share, of which approximately 12 million shares remain subject to transfer restrictions as of September 30, 2021. We recorded an asset in investments and other assets in our condensed consolidated balance sheets to reflect the initial fair value of the Sangamo common stock acquired and a charge of approximately \$83.0 million to research and development expense in our condensed consolidated statements of income to reflect the premium paid for the Sangamo common stock. We also made an upfront payment of \$125.0 million that was recorded as research and development expense.

We may also pay Sangamo research, development, regulatory and commercial milestone payments that could total up to approximately \$2.4 billion if we select all of the targets allowed under this collaboration and all the specified milestones set forth in this collaboration are achieved. Of this amount, up to \$80.0 million relates to the selection of targets, \$1.9 billion relates to the achievement of specified research, clinical development, regulatory and first commercial sale milestones and \$380.0 million relates to the achievement of specified sales-based milestones if annual worldwide net sales of licensed products reach specified levels. In addition, we may pay Sangamo tiered royalties on potential net sales of any products developed under this collaboration in the high single digit to double digit sub-teen percentages.

InnoCare Pharma Limited

In July 2021 we entered into a license and collaboration agreement with InnoCare Pharma Limited (InnoCare) for orelabrutinib, an oral small molecule Bruton's tyrosine kinase inhibitor for the potential treatment of MS. Orelabrutinib is currently being studied in a multi-country, placebo-controlled Phase 2 trial in relapsing-remitting MS. Under the terms of the collaboration, we have exclusive rights to orelabrutinib in the field of MS worldwide and certain autoimmune diseases outside of China (including Hong Kong, Macau and Taiwan), while InnoCare retains exclusive worldwide rights to orelabrutinib in the field of oncology and certain autoimmune diseases in China (including Hong Kong, Macau and Taiwan).

In connection with the closing of this transaction in August 2021, we made an upfront payment of \$125.0 million that was recorded as research and development expense. We may also pay InnoCare up to approximately \$812.5 million in potential development milestones and potential commercial payments should the collaboration achieve certain development, commercial milestones and sales thresholds. In addition, we may pay InnoCare tiered royalties in the low to high teens on potential future net sales of any product developed under this collaboration.

Other Research and Discovery Arrangements

These arrangements may include the potential for future milestone payments based on the achievement of certain clinical and commercial development payable over a period of several years.

Other

For the three and nine months ended September 30, 2021, we recorded \$7.7 million and \$84.9 million, respectively, as research and development expense in our condensed consolidated statements of income related to other research and discovery related arrangements, compared to \$38.0 million and \$47.6 million, respectively, in the prior year comparative periods.

Samsung Bioepis Co., Ltd.

Joint Venture Agreement

In February 2012 we entered into a joint venture agreement with Samsung BioLogics establishing an entity, Samsung Bioepis, to develop, manufacture and market biosimilar products. In June 2018 we exercised our option under our joint venture agreement to increase our ownership percentage in Samsung Bioepis from approximately 5.0% to approximately 49.9%. The share purchase transaction was completed in November 2018 and, upon closing, we paid 759.5 billion South Korean won (\$676.6 million) to Samsung BioLogics. As of September 30, 2021, our ownership percentage remained at approximately 49.9%.

We recognize our share of the results of operations related to our investment in Samsung Bioepis under the equity method of accounting one quarter in arrears when the results of the entity become available, which is reflected as equity in (income) loss of investee, net of tax in our condensed consolidated statements of income. During 2015, as our share of losses exceeded the carrying value of our initial investment, we suspended recognizing additional losses. In the first quarter of 2019 we restarted recognizing our share of Samsung Bioepis' income

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(losses), and we began recognizing amortization on certain basis differences resulting from our November 2018 investment.

Upon investment, the equity method of accounting requires us to identify and allocate differences between the fair value of our investment and the carrying value of our interest in the underlying net assets of the investee. These basis differences are amortized over their economic life. The total basis difference was approximately \$675.0 million and relates to inventory, developed technology, IPR&D and deferred tax balances. The basis differences related to inventory were amortized, net of tax, over their estimated useful lives of 1.5 years, and the basis differences related to developed technology and IPR&D for marketed products will be amortized, net of tax, over their estimated useful lives of 15 years.

Certain officers and affiliates of our joint venture partner, Samsung BioLogics, are currently subject to ongoing criminal proceedings that we continue to monitor. While these proceedings could impact the operations of Samsung Bioepis and its business, we have assessed the value of our investment in Samsung Bioepis and continue to believe that the fair value of the investment is in excess of its net book value.

For the three and nine months ended September 30, 2021, we recognized net income on our investment of \$1.1 million and \$17.2 million, respectively, reflecting our share of Samsung Bioepis' operating results and amortization of basis differences, net of tax, compared to net losses on our investment of \$13.1 million and \$12.7 million, respectively, in the prior year comparative periods.

Net income on our investment for the nine months ended September 30, 2021, reflects a \$31.2 million benefit related to the release of a valuation allowance on deferred tax assets associated with Samsung Bioepis. The valuation allowance was released in the second quarter of 2021 based on a consideration of the positive and negative evidence, including the historic earnings of Samsung Bioepis.

As of September 30, 2021 and December 31, 2020, the carrying value of our investment in Samsung Bioepis totaled 692.8 billion South Korean won (\$586.1 million) and 673.8 billion South Korean won (\$620.2 million), respectively, which is classified as a component of investments and other assets in our condensed consolidated balance sheets.

2019 Development and Commercialization Agreement

In December 2019 we completed a transaction with Samsung Bioepis and secured the exclusive rights to commercialize two potential ophthalmology biosimilar products, BYOOVIZ (ranibizumab-nuna), a proposed ranibizumab biosimilar referencing LUCENTIS, and SB15, a proposed aflibercept biosimilar referencing EYLEA, in major markets worldwide, including the U.S., Canada, Europe, Japan and Australia. Samsung Bioepis will be responsible for development and will supply both products to us at a pre-specified gross margin.

In connection with this transaction, we made an upfront payment of \$100.0 million to Samsung Bioepis in January 2020, of which \$63.0 million was recorded as research and development expense in 2019 and \$37.0 million was recorded as an intangible asset in 2019.

During the third quarter of 2020, we paid Samsung Bioepis a \$15.0 million development milestone, which was included in research and development expense in our condensed consolidated statements of income. During the third quarter of 2021, we accrued \$15.0 million in milestones related to the approval of BYOOVIZ in the U.S. and E.U. that were capitalized within intangible assets. We may pay Samsung Bioepis up to \$180.0 million in additional development, regulatory and sales-based milestones.

We also acquired an option to extend the term of our 2013 commercial agreement for BENEPALI, IMRALDI and FLIXABI by an additional five years, subject to payment of an option exercise fee of \$60.0 million, and obtained an option to acquire exclusive rights to commercialize these products in China.

2013 Commercial Agreement

We reflect revenue on sales of BENEPALI, IMRALDI and FLIXABI to third parties in product revenue, net in our condensed consolidated statements of income and record the related cost of revenue and sales and marketing expense in our condensed consolidated statements of income to their respective line items when these costs are incurred.

We share 50.0% of the profit or loss related to our commercial agreement with Samsung Bioepis, which is recognized in collaboration profit sharing in our condensed consolidated statements of income. For the three and

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nine months ended September 30, 2021, we recognized net profit-sharing expense of \$71.8 million and \$210.2 million, respectively, to reflect Samsung Bioepis' 50.0% sharing of the net collaboration profits, compared to a net profit-sharing expense of \$72.9 million and \$200.1 million, respectively, in the prior year comparative periods.

Other Services

Simultaneous with the formation of Samsung Bioepis, we also entered into a technical development services agreement, a manufacturing agreement and a license agreement with Samsung Bioepis. Revenue related to these services are reflected in revenue from collaborative and other relationships as a component of other revenue in our condensed consolidated statements of income.

Amounts payable to Samsung Bioepis related to the agreements discussed above were \$125.7 million and \$99.0 million as of September 30, 2021 and December 31, 2020, respectively.

For additional information on our collaboration arrangements with Samsung Bioepis and our other significant collaboration arrangements, please read *Note 18, Collaborative and Other Relationships*, to our consolidated financial statements included in our 2020 Form 10-K.

17. Investments in Variable Interest Entities

Consolidated Variable Interest Entities

Our condensed consolidated financial statements include the financial results of variable interest entities in which we are the primary beneficiary. The following are our significant variable interest entities.

Neurimmune SubOne AG

We have a collaboration and license agreement with Neurimmune for the development and commercialization of antibodies for the potential treatment of Alzheimer's disease, including ADUHELM (as amended, the Neurimmune Agreement). We are responsible for the development, manufacturing and commercialization of all collaboration products. The Neurimmune Agreement is effective for the longer of the duration of certain patents relating to a licensed product or 12 years from the first commercial sale of a licensed product.

We consolidate the results of Neurimmune as we determined that we are the primary beneficiary of Neurimmune because we have the power through the collaboration to direct the activities that most significantly impact the entity's economic performance and we are required to fund 100.0% of the research and development costs incurred in support of the collaboration.

In October 2017 we amended the terms of the Neurimmune Agreement and made a \$150.0 million payment to Neurimmune in exchange for a 15.0% reduction in the previously negotiated royalty rates payable on products developed under the Neurimmune Agreement, including royalties payable on commercial sales of ADUHELM. In May 2018 we made an additional \$50.0 million payment to Neurimmune to further reduce the previously negotiated royalty rates payable on products developed under the Neurimmune Agreement, including royalties payable on commercial sales of ADUHELM, by an additional 5.0%. Our royalty rates payable on products developed under the Neurimmune Agreement, including royalty rates payable on commercial sales of ADUHELM, now range from the high single digits to sub-teens. As we consolidate the results of Neurimmune, we treated these payments as distributions and recognized them as charges to noncontrolling interests in the fourth quarter of 2017 and the second quarter of 2018, as applicable.

Under the terms of the Neurimmune Agreement, we were required to pay Neurimmune a milestone payment of \$75.0 million upon the regulatory filing with the FDA for the approval of ADUHELM. During the second quarter of 2020 we paid Neurimmune \$75.0 million upon the completed submission of the BLA for the approval of ADUHELM to the FDA, which was recognized as a charge to net income (loss) attributable to noncontrolling interests, net of tax in our condensed consolidated statements of income. In addition, during the second quarter of 2020 we recognized net profit-sharing income of \$33.8 million to reflect Eisai's 45.0% share of the \$75.0 million milestone payment, which was recognized in collaboration profit sharing in our condensed consolidated statements of income.

In June 2021 ADUHELM was granted accelerated approval by the FDA. Under the terms of the Neurimmune Agreement, we were required to pay Neurimmune a milestone payment of \$100.0 million related to the launch of ADUHELM in the U.S. During the second quarter of 2021 we made this \$100.0 million payment, which was recognized as a charge to net income (loss) attributable to noncontrolling interests, net of tax in our condensed

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consolidated statements of income. In addition, during the second quarter of 2021 we recognized net profit-sharing income of \$45.0 million to reflect Eisai's 45.0% share of the \$100.0 million milestone payment, which was recognized in collaboration profit sharing in our condensed consolidated statements of income.

Additionally, if aducanumab receives regulatory approval in the jurisdictions where we have submitted filings, we may pay up to \$100.0 million in additional milestones to Neurimmune, which includes \$50.0 million if launched in three or more countries in the European Union (E.U.) and \$50.0 million if launched in Japan. Milestones payable to Neurimmune are shared expenses under the ADUHELM Collaboration Agreement with Eisai.

Research and development costs for which we reimburse Neurimmune are reflected in research and development expense in our condensed consolidated statements of income. During the three and nine months ended September 30, 2021 and 2020, amounts reimbursed were immaterial.

During the nine months ended September 30, 2021, we recorded a net deferred tax asset of approximately \$500.0 million. The net deferred tax asset is comprised of approximately \$875.0 million of gross deferred tax asset, reduced by approximately \$375.0 million of unrecognized tax benefit. The deferred tax benefit relates to Neurimmune's tax basis in ADUHELM, the realization of which is dependent on future sales of ADUHELM and approval of the Swiss cantonal tax authorities, with an equal and offsetting amount assigned to net income (loss) attributable to noncontrolling interests, net of tax in our condensed consolidated statements of income, resulting in a zero net impact to net income attributable to Biogen Inc.

Excluding the impact of the Neurimmune deferred tax asset, the assets and liabilities of Neurimmune are not significant to our condensed consolidated financial position or results of operations as it is a research and development organization. We have provided no financing to Neurimmune other than contractually required amounts.

Under the ADUHELM Collaboration Agreement, Eisai had an option to share in the benefit and cost associated with the royalty reductions discussed above; however, Eisai did not elect to share in the benefit and cost with respect to either the October 2017 or May 2018 royalty reductions, which will impact the amount of profits (losses) on commercial sales of ADUHELM to be shared with Eisai.

For additional information on our collaboration arrangements with Eisai, please read *Note 16, Collaborative and Other Relationships*, to these condensed consolidated financial statements.

Unconsolidated Variable Interest Entities

We have relationships with various variable interest entities that we do not consolidate as we lack the power to direct the activities that significantly impact the economic success of these entities. These relationships include investments in certain biotechnology companies and research collaboration agreements.

As of September 30, 2021 and December 31, 2020, the carrying value of our investments in certain biotechnology companies representing potential unconsolidated variable interest entities totaled \$17.2 million and \$12.8 million, respectively. Our maximum exposure to loss related to these variable interest entities is limited to the carrying value of our investments.

We have also entered into research collaboration agreements with certain variable interest entities where we are required to fund certain development activities. These development activities are included in research and development expense in our condensed consolidated statements of income as they are incurred. We have provided no financing to these variable interest entities other than previously contractually required amounts.

For additional information on our investments in Neurimmune and other variable interest entities, please read *Note 19, Investments in Variable Interest Entities*, to our consolidated financial statements included in our 2020 Form 10-K.

18. Litigation

We are currently involved in various claims and legal proceedings, including the matters described below. For information as to our accounting policies relating to claims and legal proceedings, including use of estimates and contingencies, please read *Note 1, Summary of Significant Accounting Policies*, to our consolidated financial statements included in our 2020 Form 10-K.

With respect to some loss contingencies, an estimate of the possible loss or range of loss cannot be made until management has further information, including, for example, (i) which claims, if any, will survive dispositive

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motion practice; (ii) information to be obtained through discovery; (iii) information as to the parties' damages claims and supporting evidence; (iv) the parties' legal theories; and (v) the parties' settlement positions.

The claims and legal proceedings in which we are involved also include challenges to the scope, validity or enforceability of the patents relating to our products, pipeline or processes and challenges to the scope, validity or enforceability of the patents held by others. These include claims by third parties that we infringe their patents. An adverse outcome in any of these proceedings could result in one or more of the following and have a material impact on our business or consolidated results of operations and financial position: (i) loss of patent protection; (ii) inability to continue to engage in certain activities; and (iii) payment of significant damages, royalties, penalties and/or license fees to third parties.

Loss Contingencies

ADUHELM Securities Litigation

We and certain current and former officers are named as defendants in an action filed by a shareholder on November 13, 2020 and now pending in the U.S. District Court for the District of Massachusetts. The action alleges violations of federal securities laws under 15 U.S.C §78j(b) and §78t(a) and 17 C.F.R. §240.10b-5 and seeks a declaration of the action as a class action and monetary relief. An estimate of the possible loss or range of loss cannot be made at this time. No trial date has been set. We have filed a motion to dismiss, which is pending.

IMRALDI Patent Litigation

In September 2018 Fresenius Kabi Deutschland GmbH (Fresenius Kabi) commenced proceedings for damages and injunctive relief against Biogen France SAS in the Tribunal de Grande Instance de Paris (the French proceeding) and in November 2018 against Biogen GmbH in the Düsseldorf Regional Court (the German proceeding), alleging that IMRALDI, the adalimumab biosimilar product of Samsung Bioepis that Biogen has commercialized in Europe, infringes national counterparts of European Patent No. 3 148 510 (the '510 Patent, expiring in May 2035). In May 2020 the European Patent Office (EPO) revoked the '510 Patent. Fresenius Kabi has appealed to the EPO's Technical Boards of Appeal, a hearing has been set for June 2022, and the German and French proceedings have been stayed pending the decision on appeal.

In July 2020 the Danish Patent Board of Appeal revoked certain Danish utility models that Fresenius Kabi had asserted against Biogen and Fresenius Kabi has appealed to the Danish Maritime and Commercial High Court. No hearing has been scheduled in the appeal.

In June 2020 Fresenius Kabi commenced proceedings in Denmark's Maritime and Commercial High Court alleging that IMRALDI infringes of the Danish counterpart of European Patent No. 3 145 488 and a Danish utility model. In September 2021 the Court ruled that the patent and utility model are invalid. Fresenius Kabi has appealed to the High Court of Eastern Denmark.

In July 2019 Gedeon Richter Nyrt commenced proceedings for damages and injunctive relief against Biogen GmbH in the Düsseldorf Regional Court alleging infringement of the German counterpart of European Patent No. 3 212 667, which expires in October 2035. The case has been stayed during proceedings in the EPO seeking to invalidate that patent. In November 2020 Gedeon Richter Nyrt commenced additional proceedings against Biogen GmbH in the Düsseldorf Regional Court alleging infringement of a German utility model. A hearing has been set for November 2021.

An estimate of the possible loss or range of loss in the IMRALDI patent litigation described above cannot be made at this time.

Qui Tam Litigation

In July 2015 a qui tam action filed by Michael Bawduniak on behalf of the U.S. and certain states was unsealed by the U.S. District Court for the District of Massachusetts. The action alleges sales and promotional activities in violation of the federal False Claims Act and state law counterparts and seeks damages of \$981.1 million plus statutory trebling of damages, civil penalties, attorneys' fees and costs. No trial date has been set. The U.S. has not made an intervention decision. An estimate of the possible loss cannot be made at this time.

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Dispute with Former Convergence Shareholders

In November and December 2019 Shareholder Representative Services LLC, on behalf of the former shareholders of Convergence, sent us correspondence asserting claims of \$200.0 million for alleged breach of the contract under which we acquired Convergence. We dispute the claims.

Samsung BioLogics Arbitration

In December 2020 we requested arbitration in the International Chamber of Commerce Court of International Arbitration against Samsung BioLogics seeking interpretation of certain provisions in the Joint Venture Agreement executed on December 6, 2011, as amended, by and between Biogen and Samsung BioLogics (the Joint Venture Agreement). Samsung BioLogics has asserted counterclaims, including breach of the Joint Venture Agreement, and seeks declaratory relief and unspecified damages. An estimate of the possible loss or range of loss cannot be made at this time. We expect a hearing in the fourth quarter of 2021.

ERISA Class Action Litigation

In September 2020 the U.S. District Court for the District of Massachusetts consolidated two cases filed against us in July and August 2020 by participants in the Biogen 401(k) Savings Plan alleging breach of fiduciary duty under ERISA. Plaintiffs seek a declaration of the action as a class action and monetary and other relief. No trial date has been set. An estimate of the possible loss or range of loss cannot be made at this time.

Humana Patient Assistance Litigation

In September 2021 Humana Inc. (Humana) filed suit against us in the U.S. District Court for the District of Massachusetts alleging damages related to our providing MS patients with free medications and making charitable contributions to non-profit organizations that assist MS patients. Humana alleges violation of the federal RICO Act and state laws and seeks statutory treble damages, attorneys' fees and costs. No trial date has been set. An estimate of the possible loss or range of loss cannot be made at this time.

Other Matters

Petition for Inter Partes Review

In July 2018 Mylan Pharmaceuticals, Inc. (Mylan) filed a petition that was granted by the U.S. Patent Trial and Appeal Board (PTAB) for *inter partes* review of our U.S. Patent No. 8,399,514 (the '514 Patent). The '514 Patent includes claims covering treatment of MS with 480 mg of dimethyl fumarate per day as provided for in our TECFIDERA label. In February 2020 the PTAB issued a final written decision upholding the patentability of the '514 Patent and in April 2020 Mylan filed an appeal in the U.S. Court of Appeals for the Federal Circuit (the Federal Circuit), which is pending.

Hatch-Waxman Act Litigation relating to TECFIDERA Orange-Book Listed Patents

In 2017 to 2020, we filed patent infringement proceedings relating to TECFIDERA Orange-Book listed patents pursuant to the Drug Price Competition and Patent Term Restoration Act of 1984, commonly known as the Hatch-Waxman Act (the Delaware Actions), against Accord Healthcare Inc., Alkem Laboratories Ltd., Amneal Pharmaceuticals LLC, Cipla Limited, Graviti Pharmaceuticals Pvt. Ltd., Hetero USA, Inc., Lupin Atlantis Holdings SA, Macleods Pharmaceuticals, Ltd., MSN Laboratories Pvt. Ltd., Pharmathen S.A., Princeton Pharmaceutical Inc., Sandoz Inc., Shilpa Medicare Limited, Slayback Pharma LLC, Sun Pharmaceutical Industries, Ltd., Sun Pharmaceutical Industries, Inc., Sun Pharma Global FZE, Torrent Pharmaceuticals Ltd., TWi Pharmaceuticals, Inc., Windlas Healthcare Pvt. Ltd. and Zydsu Pharmaceuticals (USA) Inc. (collectively, the Delaware Defendants) in the U.S. District Court for the District of Delaware (the Delaware Court) and against Mylan in the U.S. District Court for the Northern District of West Virginia (the West Virginia Court).

On June 22, 2020, the West Virginia Court entered judgment for Mylan that the asserted claims of the '514 Patent are invalid for lack of written description. We appealed the judgment to the Federal Circuit and the appeal is pending.

The Delaware Court entered judgment for the Delaware Defendants on the grounds that the judgment of the West Virginia Court applies to the Delaware Actions under principles of collateral estoppel. We have appealed the judgments and the appeal is pending.

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Hatch-Waxman Act Litigation relating to VUMERITY Orange-Book Listed Patents

In March 2021 Biogen and Alkermes Pharma Ireland Limited filed patent infringement proceedings relating to VUMERITY Orange-Book listed patents (U.S. Patent Nos. 8,699,281, 9,090,558 and 10,080,733) pursuant to the Hatch-Waxman Act in the Delaware Court against Teva Pharmaceuticals Development, Inc. On October 8, 2021, the case was dismissed.

European Patent Office Oppositions

In 2016 the EPO revoked our European Patent No. 2 137 537, which covers the treatment of MS with 480 mg of dimethyl fumarate as provided for in our TECFIDERA label. We have appealed to the Technical Boards of Appeal of the EPO and a hearing has been set for January 2022.

In March 2018 the EPO revoked Forward Pharma A/S's European Patent No. 2 801 355. In September 2021 the EPO's Technical Boards of Appeal announced its affirmation of the revocation.

TYSABRI Patent Revocation Matters

In November 2017 Swiss Pharma International AG, affiliated with the Polpharma Group, filed an action in the Commercial Court of Rome to invalidate the Italian counterpart of our European Patent No. 1 485 127 (the E.U. '127 Patent) which covers administration of natalizumab (TYSABRI) to treat MS and expires in February 2023. A hearing has been set for June 2022.

In August 2020 Polpharma Biologics S.A., also affiliated with the Polpharma Group, brought an action in the Polish Patent Office to revoke our Polish Patent No. 215263, which corresponds to the E.U. '127 Patent and expires in February 2023. The action was suspended by the Polish Patent Office in April 2021 pending examination of our amended patent claims.

Annulment Proceedings in General Court of the European Union relating to TECFIDERA

Pharmaceutical Works Polpharma SA (Polpharma) and Mylan Ireland Ltd. (Mylan Ireland) each filed actions in the General Court of the European Union (Polpharma in October 2018 and Mylan Ireland in November 2020) to annul decisions of the European Medicines Agency (EMA) refusing to validate their applications to market generic versions of TECFIDERA. The EMA's refusals were on the grounds that TECFIDERA benefits from regulatory data protection. On May 5, 2021 the European General Court annulled the EMA's non-validation decision with respect to Polpharma. We have appealed the decision to the European Court of Justice and the appeal is pending. The case brought by Mylan Ireland has been stayed.

Product Liability and Other Legal Proceedings

We are also involved in product liability claims and other legal proceedings generally incidental to our normal business activities. While the outcome of any of these proceedings cannot be accurately predicted, we do not believe the ultimate resolution of any of these existing matters would have a material adverse effect on our business or financial condition.

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

The following discussion should be read in conjunction with our unaudited condensed consolidated financial statements (condensed consolidated financial statements) and the accompanying notes beginning on page 5 of this quarterly report on Form 10-Q and our audited consolidated financial statements and the accompanying notes included in our Annual Report on Form 10-K for the year ended December 31, 2020 (2020 Form 10-K).

Executive Summary

Introduction

Biogen is a global biopharmaceutical company focused on discovering, developing and delivering worldwide innovative therapies for people living with serious neurological and neurodegenerative diseases as well as related therapeutic adjacencies. Our core growth areas include multiple sclerosis (MS) and neuroimmunology; Alzheimer's disease and dementia; neuromuscular disorders, including spinal muscular atrophy (SMA) and amyotrophic lateral sclerosis (ALS); movement disorders, including Parkinson's disease; ophthalmology; and neuropsychiatry. We are also focused on discovering, developing and delivering worldwide innovative therapies in our emerging growth areas of immunology; acute neurology; and neuropathic pain. In addition, we commercialize biosimilars of advanced biologics. We support our drug discovery and development efforts through the commitment of significant resources to discovery, research and development programs and business development opportunities.

Our marketed products include TECFIDERA, VUMERITY, AVONEX, PLEGRIDY, TYSABRI and FAMPYRA for the treatment of MS; SPINRAZA for the treatment of SMA; ADUHELM for the treatment of Alzheimer's disease; and FUMADERM for the treatment of severe plaque psoriasis. We have certain business and financial rights with respect to RITUXAN for the treatment of non-Hodgkin's lymphoma, chronic lymphocytic leukemia (CLL) and other conditions; RITUXAN HYCELA for the treatment of non-Hodgkin's lymphoma and CLL; GAZYVA for the treatment of CLL and follicular lymphoma; OCREVUS for the treatment of primary progressive MS and relapsing MS (RMS); and other potential anti-CD20 therapies pursuant to our collaboration arrangements with Genentech, Inc. (Genentech), a wholly-owned member of the Roche Group. For additional information on our collaboration arrangements with Genentech, please read *Note 18, Collaborative and Other Relationships*, to our

consolidated financial statements included in our 2020 Form 10-K.

Our innovative drug development and commercialization activities are complemented by our biosimilar business that expands access to medicines and reduces the cost burden for healthcare systems. Through our agreements with Samsung Bioepis Co., Ltd. (Samsung Bioepis), our joint venture with Samsung BioLogics Co., Ltd. (Samsung BioLogics), we market and sell BENEPALI, an etanercept biosimilar referencing ENBREL, IMRALDI, an adalimumab biosimilar referencing HUMIRA, and FLIXABI, an infliximab biosimilar referencing REMICADE, in certain countries in Europe. For additional information on our collaboration arrangements with Samsung Bioepis, please read *Note 16, Collaborative and Other Relationships*, to our condensed consolidated financial statements included in this report.

We seek to ensure an uninterrupted supply of our medicines to patients around the world. To that end, we continually review our manufacturing capacity, capabilities, processes and facilities. In order to support our future growth and drug development pipeline, we are expanding our large molecule production capacity by building a large-scale biologics manufacturing facility in Solothurn, Switzerland. In the second quarter of 2021 a portion of the facility received a Good Manufacturing Practice (GMP) multi-product license from the Swiss Agency for Therapeutic Products (SWISSMEDIC). We believe that the Solothurn facility will support our anticipated near-term needs for the manufacturing of ADUHELM and other biologic assets. In addition, we believe that the Solothurn site may provide us with the ability to further expand if we need additional large scale manufacturing capacity to support future clinical and commercial manufacturing requirements.

Our revenue depends upon continued sales of our products as well as the financial rights we have in our anti-CD20 therapeutic programs, and, unless we develop, acquire rights to and/or commercialize new products and technologies, we will be substantially dependent on sales from our products and our financial rights in our anti-CD20 therapeutic programs for many years.

In the longer term, our revenue growth will depend upon the successful clinical development, regulatory approval and launch of new commercial products as well as additional indications for our existing products, our ability to obtain and maintain patents and other rights related to our marketed products, assets originating from our research and development efforts and/or successful execution of external business development opportunities.

Business Environment

The biopharmaceutical industry and the markets in which we operate are intensely competitive. Many of our competitors are working to develop or have commercialized products similar to those we market or are developing and have considerable experience in undertaking clinical trials and in obtaining regulatory approval to market pharmaceutical products. In addition, the commercialization of certain of our own approved products, products of our collaborators and pipeline product candidates may negatively impact future sales of our existing products.

Our products and revenue streams continue to face increasing competition in many markets from generic versions, prodrugs and biosimilars of existing products as well as products approved under abbreviated regulatory pathways. Such products are likely to be sold at substantially lower prices than branded products. Accordingly, the introduction of such products as well as other lower-priced competing products may significantly reduce both the price that we are able to charge for our products and the volume of products we sell, which will negatively impact our revenue. In addition, in some markets, when a generic or biosimilar version of one of our products is commercialized, it may be automatically substituted for our product and significantly reduce our revenue in a short period of time.

Sales of our products depend, to a significant extent, on the availability and extent of adequate coverage, pricing and reimbursement from government health administration authorities, private health insurers and other organizations. When a new pharmaceutical product is approved, the availability of government and private reimbursement for that product may be uncertain, as is the pricing and amount for which that product will be reimbursed.

Drug prices are under significant scrutiny in the markets in which our products are prescribed. We expect drug pricing and other health care costs to continue to be subject to intense political and societal pressures on a global basis.

Our failure to obtain or maintain adequate coverage, pricing or reimbursement for our products could have an adverse effect on our business, reputation, revenue and results of operations, could curtail or eliminate our ability to adequately fund research and development programs for the discovery and commercialization of new products or could cause a decline or volatility in our stock price.

In addition to the impact of competition, pricing actions and other measures being taken worldwide designed to reduce healthcare costs and limit the overall level of government expenditures, our sales and operations could also be affected by other risks of doing business internationally, including the impact

of public health epidemics, such as the COVID-19 pandemic, on employees, the global economy and the delivery of healthcare treatments, foreign currency exchange fluctuations, changes in intellectual property legal protections and changes in trade regulations and procedures.

For additional information on our competition and pricing risks that could negatively impact our product sales, please read *Item 3. Quantitative and Qualitative Disclosures About Market Risk* and *Item 1A. Risk Factors* included in this report.

ADUHELM (aducanumab)

U.S.

In June 2021 the U.S. Food and Drug Administration (FDA) granted accelerated approval of ADUHELM, which we are developing in collaboration with Eisai Co., Ltd. (Eisai), based on reduction in amyloid beta plaques observed in patients treated with ADUHELM. As part of the accelerated approval, we will conduct a confirmatory trial to verify the clinical benefit of ADUHELM in patients with Alzheimer's disease. The FDA may withdraw approval if, among other things, the confirmatory trial fails to verify clinical benefit, ADUHELM's benefit-risk is no longer positive or we fail to comply with the conditions of the accelerated approval.

The U.S. ADUHELM product label states that treatment with ADUHELM should be initiated in patients with mild cognitive impairment or mild dementia stage of disease, the population which was studied in clinical trials. We expect patient uptake will be gradual and we do not expect all eligible patients will be treated with ADUHELM for a variety of reasons, including appropriate patient selection criteria, a complex diagnostic and care pathway, the lack of readiness of healthcare providers and institutions to initiate treatment, concern regarding the accelerated approval of ADUHELM and its data and the ability to obtain and maintain adequate reimbursement for ADUHELM. We expect a Medicare National Coverage Determination by the second quarter of 2022, which should clarify Medicare reimbursement for the class of antibodies directed against amyloid.

Under our collaboration agreement with Eisai (ADUHELM Collaboration Agreement), we and Eisai will co-promote ADUHELM with a region-based profit split, with Eisai reimbursing us for 45.0% of development and commercialization costs incurred by the collaboration for the advancement of ADUHELM in the U.S. Shipments of ADUHELM commenced during the second quarter of 2021.

We have made, and will continue to make, commercial, medical and infrastructure investments in support of activities associated with the launch of ADUHELM in the U.S., including the adding of

headcount and the manufacture of pre-launch inventory.

Rest of World

In October 2020 the European Medicines Agency (EMA) accepted for review the Marketing Authorization Application for aducanumab and in December 2020 the Ministry of Health, Labor and Welfare accepted for review the Japanese New Drug Application (NDA) for aducanumab.

If we do not receive regulatory approval or are unable to successfully commercialize aducanumab in other jurisdictions, our financial condition, business and operations may be adversely affected.

TECFIDERA

In June 2020 and September 2020 judgments were entered in favor of the defendants in the patent infringement proceedings relating to TECFIDERA Orange-Book listed patents pursuant to the Drug Price Competition and Patent Term Restoration Act of 1984, commonly known as the Hatch-Waxman Act, in West Virginia and Delaware. We have appealed the judgments in both actions.

Multiple TECFIDERA generic entrants are now in the U.S. market and have deeply discounted prices compared to TECFIDERA. The generic competition for TECFIDERA has significantly reduced our TECFIDERA revenue and is expected to have a substantial negative impact on our TECFIDERA revenue for as long as there is generic competition.

On May 5, 2021, the European General Court annulled the EMA's non-validation decision with respect to a generic application related to TECFIDERA in the European Union (E.U.). This generic application is now before the EMA, which is reassessing TECFIDERA's regulatory data protection by performing a scientific assessment pursuant to the European General Court's decision. The result of the scientific assessment of the EMA is expected in the fourth quarter of 2021. We have appealed the European General Court's decision to the European Court of Justice and the appeal is pending.

We will face TECFIDERA generic competition in the E.U. if regulatory data protection is not upheld and we expect that this would have an adverse impact on our TECFIDERA sales and our results of operations.

For additional information, please read *Note 18, Litigation*, to our condensed consolidated financial statements included in this report and the discussion under *Results of Operations - Product Revenue - Multiple Sclerosis (MS) - Fumarate* below.

Business Update Regarding COVID-19

The COVID-19 pandemic continues to present a substantial public health and economic challenge around the world. The length of time and full extent to which the COVID-19 pandemic directly or indirectly impacts our business, results of operations and financial condition, including sales, expenses, reserves and allowances, the supply chain, manufacturing, clinical trials, research and development costs and employee-related costs, depends on future developments that are highly uncertain, subject to change and are difficult to predict, including as a result of new information that may emerge concerning COVID-19 and the actions taken to contain or treat COVID-19 as well as the economic impact on local, regional, national and international customers and markets.

We are monitoring the demand for our products, including the duration and degree to which we may see delays in starting new patients on a product due to hospitals diverting the resources that are necessary to administer certain of our products to care for COVID-19 patients, including products, such as TYSABRI and SPINRAZA, that are administered in a physician's office or hospital setting. We may also see reduced demand for immunosuppressant therapies during the COVID-19 pandemic.

While we are currently continuing the clinical trials we have underway in sites across the globe, COVID-19 precautions have impacted the timeline for some of our clinical trials and these precautions may, directly or indirectly, have a further impact on timing in the future. For example, our Phase 3 study of BIIB093 (glibenclamide IV) for large hemispheric infarction (LHI), a severe form of ischemic stroke, has been delayed as this study involves administration of BIIB093 in an acute hospital setting. To help mitigate the impact of the COVID-19 pandemic to our clinical trials, we are pursuing innovative approaches such as remote monitoring, remote patient visits and supporting home infusions. These alternative measures have resulted in an immaterial increase to the cost of the clinical trials underway.

Factors such as the COVID-19 pandemic, adverse weather events, labor or raw material shortages and other supply chain disruptions could result in product shortages or other difficulties and delays in manufacturing our products.

For additional information on the various risks posed by the COVID-19 pandemic, please read *Item 3. Quantitative and Qualitative Disclosures About Market Risk* and *Item 1A. Risk Factors* included in this report.

Financial Highlights

Diluted earnings per share attributable to Biogen Inc. was \$2.22 for the three months ended September 30, 2021, representing a decrease of 50.2% compared to \$4.46 in the same period in 2020.

As described below under *Results of Operations*, our net income and diluted earnings per share attributable to Biogen Inc. for the three months ended September 30, 2021, compared to the three months ended September 30, 2020, reflects the following:

Revenue

- Total revenue was \$2,778.9 million for the third quarter of 2021, representing a \$597.2 million, or 17.7%, decrease compared to \$3,376.1 million in the same period in 2020.
- Product revenue, net totaled \$2,205.7 million for the third quarter of 2021, representing a \$484.6 million, or 18.0%, decrease compared to \$2,690.3 million in the same period in 2020. This decrease was primarily due to a \$428.9 million, or 21.6%, decrease in MS product revenue as well as a \$50.3 million, or 10.2%, decrease in SPINRAZA product revenue.
 - The decrease in MS product revenue was primarily due to a decrease in U.S. TECFIDERA demand as a result of multiple TECFIDERA generic entrants in the U.S. market.
 - The decrease in SPINRAZA revenue was primarily due to a decrease in demand as a result of increased competition in the U.S.
- Revenue from anti-CD20 therapeutic programs totaled \$415.4 million for the third quarter of 2021, representing a \$144.7 million, or 25.8%, decrease compared to \$560.1 million in the same period in 2020. This decrease was primarily due to a \$136.2 million, or 51.7%, decrease in RITUXAN revenue. Sales of RITUXAN have been adversely affected by the onset of biosimilars competition.
- Other revenue totaled \$157.8 million for the third quarter of 2021, representing a 25.5% increase from \$125.7 million in the same period in 2020.

Expense

- Total cost and expense was \$1,984.9 million for the third quarter of 2021, representing a \$304.8 million, or 13.3%, decrease compared to \$2,289.7 million in the same period in

2020. This decrease was primarily due to a \$438.5 million decrease in research and development expense.

- The decrease in research development expense for the third quarter of 2021 was primarily due to \$601.3 million in upfront payments recognized in connection with our collaboration with Denali Therapeutics Inc. (Denali) in the third quarter of 2020.

As described below under *Financial Condition, Liquidity and Capital Resources*:

- We generated \$2,801.6 million of net cash flows from operations for the nine months ended September 30, 2021.
- Cash, cash equivalents and marketable securities totaled approximately \$3,923.4 million as of September 30, 2021.
- We repurchased and retired approximately 2.2 million shares of our common stock at a cost of approximately \$750.0 million during the third quarter of 2021 under a program authorized by our Board of Directors in October 2020 to repurchase up to \$5.0 billion of our common stock (2020 Share Repurchase Program). Approximately \$2.8 billion remained available under our 2020 Share Repurchase Program as of September 30, 2021.

Acquisitions and Collaborative and Other Relationships

InnoCare Pharma Limited

In July 2021 we entered into a license and collaboration agreement with InnoCare Pharma Limited (InnoCare) for orelabrutinib, an oral small molecule Bruton's tyrosine kinase inhibitor for the potential treatment of MS.

For additional information on our proposed collaboration with InnoCare, please read *Note 16, Collaborative and Other Relationships*, to our condensed consolidated financial statements included in this report.

Other Key Developments

Exchange Offer

In February 2021 we completed a private offer to exchange (Exchange Offer) our tendered 5.200% Senior Notes due September 15, 2045 (2045 Senior Notes) for a new series of 3.250% Senior Notes due February 15, 2051 (2051 Senior Notes) and cash, and an offer to purchase our tendered 2045 Senior Notes for cash.

For additional information on our Exchange Offer, please read *Note 10, Indebtedness*, to our condensed consolidated financial statements included in this report.

North Carolina Gene Therapy Manufacturing Facility

In March 2021 we announced our plans to build a new gene therapy manufacturing facility in Research Triangle Park, North Carolina to support our growing gene therapy pipeline across multiple therapeutic areas. The new facility will be 175,000 square feet and is expected to be operational by 2023, with an estimated total investment of approximately \$200.0 million.

Solothurn, Switzerland Manufacturing Facility

In May 2021 we announced that a portion of our Solothurn manufacturing facility received a GMP multi-product license from SWISSMEDIC.

For additional information on our Solothurn manufacturing facility, please read *Note 9, Property, Plant and Equipment*, to our condensed consolidated financial statements included in this report.

BIIB125 (zuranolone)

In June 2021 we and Sage Therapeutics, Inc. (Sage) announced positive Phase 3 results for BIIB125 (zuranolone) for the potential treatment of major depressive disorder (MDD) and postpartum depression (PPD). In October 2021 we and Sage announced our plan to submit an NDA to the FDA for zuranolone in the second half of 2022, with rolling

submission expected to start in early 2022. The planned initial submission package will seek approval of zuranolone for MDD, and an additional filing for PPD is anticipated in the first half of 2023.

For additional information on our collaboration arrangement with Sage, please read *Note 16, Collaborative and Other Relationships*, to our condensed consolidated financial statements included in this report.

Lecanemab (BAN2401)

In June 2021 the FDA granted Breakthrough Therapy designation for lecanemab, an anti-amyloid antibody for the potential treatment of Alzheimer's disease, which we are developing in collaboration with Eisai. In September 2021 Eisai initiated a rolling submission to the FDA of a Biologics License Application (BLA) for lecanemab. The BLA is being submitted under the accelerated approval pathway and is primarily based on clinical, biomarker and safety data from the Phase 2b clinical trial in people with early Alzheimer's disease and confirmed amyloid pathology.

BYOOVIZ (ranibizumab-nuna)

In September 2021 we and Samsung Bioepis announced that the FDA has approved BYOOVIZ (ranibizumab-nuna), a biosimilar referencing LUCENTIS for the treatment of neovascular (wet) age-related macular degeneration, macular edema following retinal vein occlusion, and myopic choroidal neovascularization. In addition to the U.S. approval, BYOOVIZ was approved in Europe in August 2021.

BIIB067 (tofersen)

In October 2021 we announced topline results from our pivotal Phase 3 VALOR study of BIIB067 (tofersen), an investigational antisense drug being evaluated for people with superoxide dismutase 1 (SOD1) amyotrophic lateral sclerosis (ALS), indicating that the primary endpoint was not met. We are engaging with regulators and other key stakeholders to determine potential next steps.

Results of Operations

Revenue

Revenue is summarized as follows:

(In millions, except percentages)	For the Three Months Ended September 30,					
	2021		2020		\$ Change	% Change
Product revenue, net:						
United States	\$ 973.5	35.0 %	\$ 1,498.2	44.4 %	\$ (524.7)	(35.0)%
Rest of world	1,232.2	44.4	1,192.1	35.3	40.1	3.4
Total product revenue, net	2,205.7	79.4	2,690.3	79.7	(484.6)	(18.0)
Revenue from anti-CD20 therapeutic programs	415.4	14.9	560.1	16.6	(144.7)	(25.8)
Other revenue	157.8	5.7	125.7	3.7	32.1	25.5
Total revenue	\$ 2,778.9	100.0 %	\$ 3,376.1	100.0 %	\$ (597.2)	(17.7)%

(In millions, except percentages)	For the Nine Months Ended September 30,					
	2021		2020		\$ Change	% Change
Product revenue, net:						
United States	\$ 2,850.7	34.6 %	\$ 4,803.1	45.3 %	\$ (1,952.4)	(40.6)%
Rest of world	3,802.7	46.1	3,587.5	33.9	215.2	6.0
Total product revenue, net	6,653.4	80.7	8,390.6	79.2	(1,737.2)	(20.7)
Revenue from anti-CD20 therapeutic programs	1,244.4	15.1	1,558.8	14.7	(314.4)	(20.2)
Other revenue	350.1	4.2	642.6	6.1	(292.5)	(45.5)
Total revenue	\$ 8,247.9	100.0 %	\$ 10,592.0	100.0 %	\$ (2,344.1)	(22.1)%

Product Revenue

Product revenue is summarized as follows:

(In millions, except percentages)	For the Three Months Ended September 30,					
	2021		2020		\$ Change	% Change
Multiple Sclerosis:						
Fumarate*	\$ 619.5	28.1 %	\$ 967.5	36.0 %	\$ (348.0)	(36.0)%
Interferon**	387.5	17.6	474.1	17.6	(86.6)	(18.3)
TYSABRI	522.8	23.7	516.5	19.2	6.3	1.2
FAMPYRA	26.2	1.2	26.8	1.0	(0.6)	(2.2)
Subtotal: MS product revenue	1,556.0	70.5	1,984.9	73.8	(428.9)	(21.6)
Spinal Muscular Atrophy:						
SPINRAZA	444.1	20.1	494.4	18.4	(50.3)	(10.2)
Alzheimer's disease:						
ADUHELM***	0.3	—	—	—	0.3	nm
Biosimilars:						
BENEPALI	120.8	5.5	124.2	4.6	(3.4)	(2.7)
IMRALDI	57.4	2.6	56.2	2.1	1.2	2.1
FLIXABI	24.6	1.1	27.5	1.0	(2.9)	(10.5)
Subtotal: Biosimilar product revenue	202.8	9.2	207.9	7.7	(5.1)	(2.5)
Other:						
FUMADERM	2.5	0.1	3.1	0.1	(0.6)	(19.4)
Total product revenue, net	\$ 2,205.7	100.0 %	\$ 2,690.3	100.0 %	\$ (484.6)	(18.0)%

*Fumarate includes TECFIDERA and VUMERITY.

**Interferon includes AVONEX and PLEGRIDY.

***In June 2021 the FDA granted accelerated approval of ADUHELM, which became commercially available in the U.S. during the second quarter of 2021. For additional information, please read Note 16, Collaborative and Other Relationships - Eisai Co., Ltd. - ADUHELM Collaboration Agreement, to our condensed consolidated financial statements included in this report.

nm Not meaningful

(In millions, except percentages)	For the Nine Months Ended September 30,					
	2021		2020		\$ Change	% Change
Multiple Sclerosis:						
Fumarate*	\$ 1,750.9	26.3 %	\$ 3,258.6	38.9 %	\$ (1,507.7)	(46.3)%
Interferon**	1,188.4	17.9	1,421.5	17.0	(233.1)	(16.4)
TYSABRI	1,550.4	23.3	1,470.9	17.5	79.5	5.4
FAMPYRA	78.8	1.2	78.1	0.9	0.7	0.9
Subtotal: MS product revenue	4,568.5	68.7	6,229.1	74.3	(1,660.6)	(26.7)
Spinal Muscular Atrophy:						
SPINRAZA	1,464.4	22.1	1,554.0	18.5	(89.6)	(5.8)
Alzheimer's disease:						
ADUHELM***	2.0	—	—	—	2.0	nm
Biosimilars:						
BENEPALI	363.9	5.5	363.9	4.3	—	—
IMRALDI	170.9	2.6	162.6	1.9	8.3	5.1
FLIXABI	75.4	1.1	71.8	0.9	3.6	5.0
Subtotal: Biosimilar product revenue	610.2	9.2	598.3	7.1	11.9	2.0
Other:						
FUMADERM	8.3	0.1	9.2	0.1	(0.9)	(9.8)
Total product revenue, net	\$ 6,653.4	100.0 %	\$ 8,390.6	100.0 %	\$ (1,737.2)	(20.7)%

*Fumarate includes TECFIDERA and VUMERITY.

**Interferon includes AVONEX and PLEGRIDY.

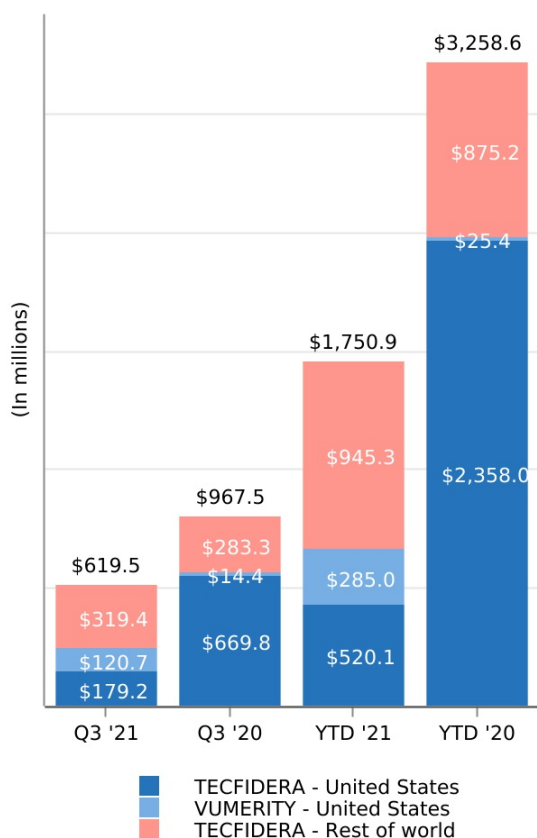
***In June 2021 the FDA granted accelerated approval of ADUHELM, which became commercially available in the U.S. during the second quarter of 2021. For additional information, please read *Note 16, Collaborative and Other Relationships - Eisai Co., Ltd. - ADUHELM Collaboration Agreement*, to our condensed consolidated financial statements included in this report.

^{nm} Not meaningful

Multiple Sclerosis (MS)

Fumarate

For the Three (Q3) and Nine (YTD) Months Ended September 30, 2021 ('21) and 2020 ('20)



Fumarate revenue includes sales from TECFIDERA and VUMERITY. In October 2019 the FDA approved VUMERITY for the treatment of RMS and VUMERITY became commercially available in the U.S. in November 2019.

For the three and nine months ended September 30, 2021, compared to the same periods in 2020, the decreases of 56% and 66%, respectively, in U.S. Fumarate revenue were primarily due to a decrease in TECFIDERA demand as a result of multiple TECFIDERA generic entrants in the U.S. market. The decrease was partially offset by an increase in VUMERITY sales volume.

For the three and nine months ended September 30, 2021, compared to the same periods in 2020, the increases of 13% and 8%, respectively, in rest of world Fumarate revenue were primarily due to increases in TECFIDERA sales volumes of 10% and 7%, respectively.

In June 2020 and September 2020 judgments were entered in favor of the defendants in the patent

infringement proceedings relating to TECFIDERA Orange-Book listed patents pursuant to the Hatch-Waxman Act in West Virginia and Delaware. We have appealed the judgments in both actions.

Multiple TECFIDERA generic entrants are now in the U.S. market and have deeply discounted prices compared to TECFIDERA. The generic competition for TECFIDERA has significantly reduced our TECFIDERA revenue and is expected to have a substantial negative impact on our TECFIDERA revenue for as long as there is generic competition.

We anticipate an increase in TECFIDERA sales volume in rest of world in 2021, compared to 2020, notwithstanding the increasing competition from additional treatments for MS and potential disruptions due, directly or indirectly, to the COVID-19 pandemic.

On May 5, 2021, the European General Court annulled the EMA's non-validation decision with respect to a generic application related to TECFIDERA in the E.U. This generic application is now before the EMA, which is reassessing TECFIDERA's regulatory data protection by performing a scientific assessment pursuant to the European General Court's decision. The result of the scientific assessment of the EMA is expected in the fourth quarter of 2021. We have appealed the European General Court's decision to the European Court of Justice and the appeal is pending.

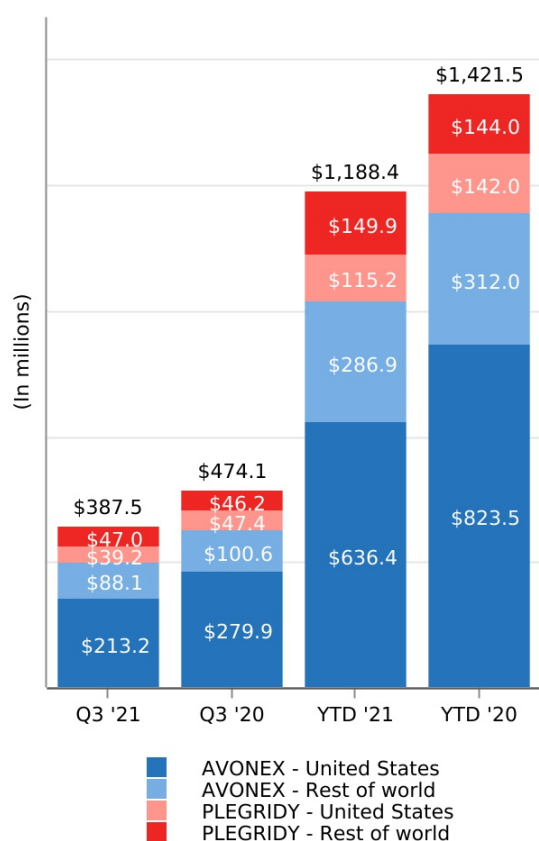
We will face TECFIDERA generic competition in the E.U. if regulatory data protection is not upheld and we expect that this would have an adverse impact on our TECFIDERA sales and our results of operations.

For additional information, please read *Note 18, Litigation*, to our condensed consolidated financial statements included in this report.

We expect an increase in VUMERITY sales volume driven by demand growth.

Interferon

For the Three and Nine Months Ended September 30, 2021 and 2020



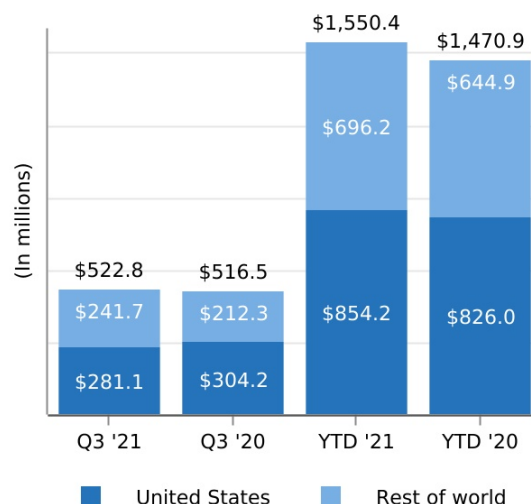
For the three and nine months ended September 30, 2021, compared to the same periods in 2020, the decreases of 23% and 22%, respectively, in U.S. Interferon revenue were primarily due to decreases in Interferon sales volumes of 19% and 19%, respectively. The net declines in sales volumes reflect the continued decline of the Interferon market as patients transition to other higher efficacy and oral MS therapies.

For the three and nine months ended September 30, 2021, compared to the same periods in 2020, the decreases of 8% and 4%, respectively, in rest of world Interferon revenue were primarily due to decreases in Interferon sales volumes of 11% and 5%, respectively.

We expect that Interferon revenue will continue to decline in both the U.S. and rest of world markets in 2021, compared to 2020, as a result of increasing competition from our other MS products as well as other treatments for MS, including biosimilars, and pricing reductions in certain European markets.

TYSABRI

For the Three and Nine Months Ended September 30, 2021 and 2020



For the three months ended September 30, 2021, compared to the same period in 2020, the decrease of 8% in U.S. TYSABRI revenue was primarily due to a decrease in sales volume of 13%, partially offset by an increase in pricing.

For the nine months ended September 30, 2021, compared to the same period in 2020, the increase of 3% in U.S. TYSABRI revenue was primarily due to an increase in pricing, partially offset by a decrease in sales volume.

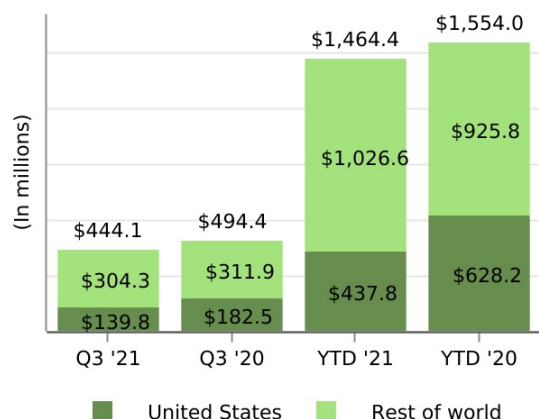
For the three and nine months ended September 30, 2021, compared to the same periods in 2020, the increases of 14% and 8%, respectively, in rest of world TYSABRI revenue were primarily due to favorable volume impacts, partially offset by decreases in pricing.

We anticipate TYSABRI sales volume to modestly increase on a global basis in 2021, compared to 2020, despite increasing competition from additional treatments for MS, including OCREVUS. We expect to continue to face price reductions in certain European markets.

Spinal Muscular Atrophy

SPINRAZA

For the Three and Nine Months Ended
September 30, 2021 and 2020



For the three and nine months ended September 30, 2021, compared to the same periods in 2020, the decreases of 23% and 30%, respectively, in U.S. SPINRAZA revenue were primarily due to decreases in sales volumes resulting from increased competition.

For the three months ended September 30, 2021, compared to the same period in 2020, the decrease of 2% in rest of world SPINRAZA revenue was primarily due to a decrease in sales volume resulting from increased competition as well as a decrease in pricing.

For the nine months ended September 30, 2021, compared to the same period in 2020, the increase of 11% in rest of world SPINRAZA revenue was primarily due to an increase in sales volume of 10% due in part to the timing of shipments in developing markets and increases in patients. The increase was also due to the favorable impact of foreign currency exchange of 4%.

In 2021 we expect that SPINRAZA revenue will be subject to increased competition resulting in higher discontinuations and a lower rate of new patient starts combined with the impact of loading dose dynamics, as patients transition to dosing once every four months, and lower prices in certain rest of world countries.

We face competition from a gene therapy product and an oral product. We expect that we will experience competition from both products in additional jurisdictions in the future, which may adversely affect our sales of SPINRAZA.

For additional information on our collaboration arrangements with Ionis Pharmaceuticals, Inc. (Ionis), please read *Note 18, Collaborative and Other*

Relationships, to our consolidated financial statements included in our 2020 Form 10-K.

Alzheimer's Disease

ADUHELM

In June 2021 the FDA granted accelerated approval of ADUHELM, which became commercially available in the U.S. during the second quarter of 2021. For the three and nine months ended September 30, 2021, U.S. ADUHELM revenue was approximately \$0.3 million and \$2.0 million, respectively.

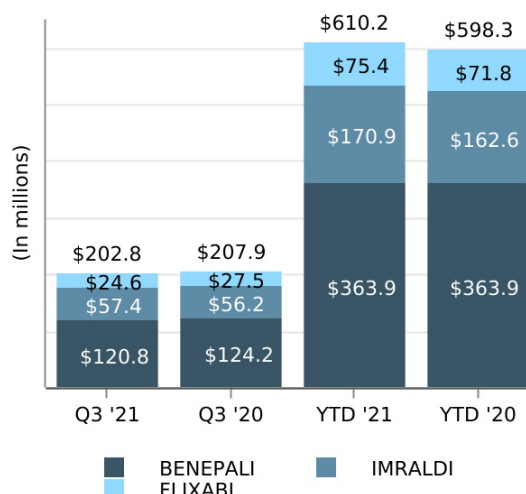
In 2021 we expect minimal sales of ADUHELM in the U.S.

For additional information on our collaboration arrangements with Eisai, please read *Note 16, Collaborative and Other Relationships*, to our condensed consolidated financial statements included in this report.

Biosimilars

BENEPALI, IMRALDI and FLIXABI

For the Three and Nine Months Ended
September 30, 2021 and 2020



For the three months ended September 30, 2021, compared to the same period in 2020, the decrease of 2% in biosimilar revenue was primarily due to decreases in pricing, partially offset by the favorable impact of higher volumes.

For the nine months ended September 30, 2021, compared to the same period in 2020, the increase of 2% in biosimilar revenue was primarily due to the favorable impact of higher volumes and foreign currency exchange, partially offset by decreases in pricing.

In 2021 we expect revenue for our biosimilars business to be flat as compared to 2020. We expect to continue to face price reductions in certain European countries.

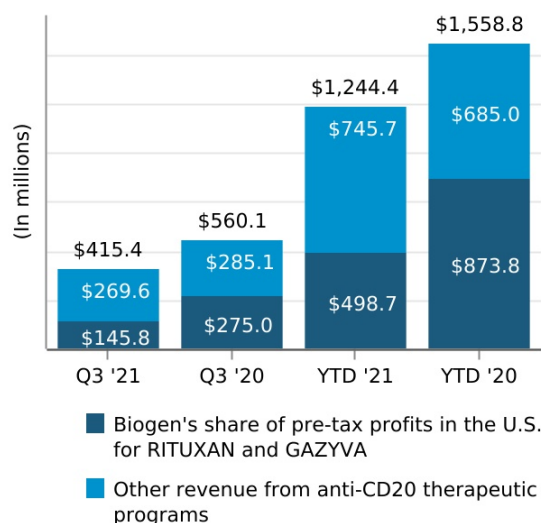
For additional information on our collaboration arrangements with Samsung Bioepis, please read *Note 16, Collaborative and Other Relationships*, to our condensed consolidated financial statements included in this report.

Revenue from Anti-CD20 Therapeutic Programs

Genentech (Roche Group)

Our share of RITUXAN, including RITUXAN HYCELA, and GAZYVA collaboration operating profits in the U.S. and other revenue from anti-CD20 therapeutic programs are summarized in the table below. For purposes of this discussion, we refer to RITUXAN and RITUXAN HYCELA collectively as RITUXAN.

For the Three and Nine Months Ended September 30, 2021 and 2020



Biogen's Share of Pre-tax Profits in the U.S. for RITUXAN and GAZYVA

The following tables provide a summary of amounts comprising our share of pre-tax profits in the U.S. for RITUXAN and GAZYVA:

(In millions)	For the Three Months Ended September 30,	
	2021	2020
Product revenue, net	\$ 457.0	\$ 814.4
Cost and expense	70.8	81.1
Pre-tax profits in the U.S.	386.2	733.3
Biogen's share of pre-tax profits	\$ 145.8	\$ 275.0

(In millions)	For the Nine Months Ended September 30,	
	2021	2020
Product revenue, net	\$ 1,562.5	\$ 2,700.5
Cost and expense	222.9	350.0
Pre-tax profits in the U.S.	1,339.6	2,350.5
Biogen's share of pre-tax profits	\$ 498.7	\$ 873.8

For the three and nine months ended September 30, 2021, compared to the same periods in 2020, the decreases in U.S. product revenue, net were primarily due to decreases in sales volumes of RITUXAN in the U.S. of 43.3% and 41.0%, respectively, primarily due to the onset of competition from multiple biosimilar products.

For the three and nine months ended September 30, 2021, compared to the same periods in 2020, product revenue, net also reflected increases in GAZYVA sales volume of 5.1% and 10.5%, respectively.

For the three and nine months ended September 30, 2021, compared to the same periods in 2020, the decreases in collaboration costs and expense were primarily due to lower cost of sales on RITUXAN.

We are aware of several other anti-CD20 molecules, including biosimilar products, that have recently been approved and are competing with RITUXAN and GAZYVA in the oncology and other markets. In November 2019, January 2020 and January 2021 biosimilar products referencing RITUXAN were launched in the U.S. and are being offered at lower prices. This competition has had a significant adverse impact on the pre-tax profits of our collaboration arrangements with Genentech, as the sales of RITUXAN have decreased substantially compared to prior periods. We expect that biosimilar competition will continue to increase as these products capture additional market share and that this will have a significant adverse impact on our co-promotion profits in the U.S. in future years.

Other Revenue from Anti-CD20 Therapeutic Programs

Other revenue from anti-CD20 therapeutic programs consists of royalty revenue on sales of OCREVUS and our share of pre-tax co-promotion profits from RITUXAN in Canada.

For the nine months ended September 30, 2021, compared to the same period in 2020, the increase in other revenue from anti-CD20 therapeutic programs was primarily due to sales growth of OCREVUS. Royalty revenue recognized on sales of OCREVUS for the three and nine months ended September 30, 2021, totaled \$264.2 million and \$730.5 million, respectively, compared to \$272.5

million and \$643.0 million, respectively, in the prior year comparative periods.

OCREVUS royalty revenue is based on our estimates from third party and market research data of OCREVUS sales occurring during the corresponding period. Differences between actual and estimated royalty revenue will be adjusted for in the period in which they become known, which is generally expected to be the following quarter.

Other Revenue

Other revenue is summarized as follows:

(In millions, except percentages)	For the Three Months Ended September 30,					
	2021		2020		% Change	\$ Change
Revenue from collaborative and other relationships	\$ 6.3	4.0 %	\$ 5.4	4.3 %	16.7 %	\$ 0.9
Other royalty and corporate revenue	151.5	96.0	120.3	95.7	25.9	31.2
Total other revenue	\$ 157.8	100.0 %	\$ 125.7	100.0 %	25.5 %	\$ 32.1

(In millions, except percentages)	For the Nine Months Ended September 30,					
	2021		2020		% Change	\$ Change
Revenue from collaborative and other relationships	\$ 15.7	4.5 %	\$ 14.3	2.2 %	9.8 %	\$ 1.4
Other royalty and corporate revenue	334.4	95.5	628.3	97.8	(46.8)	(293.9)
Total other revenue	\$ 350.1	100.0 %	\$ 642.6	100.0 %	(45.5)%	\$ (292.5)

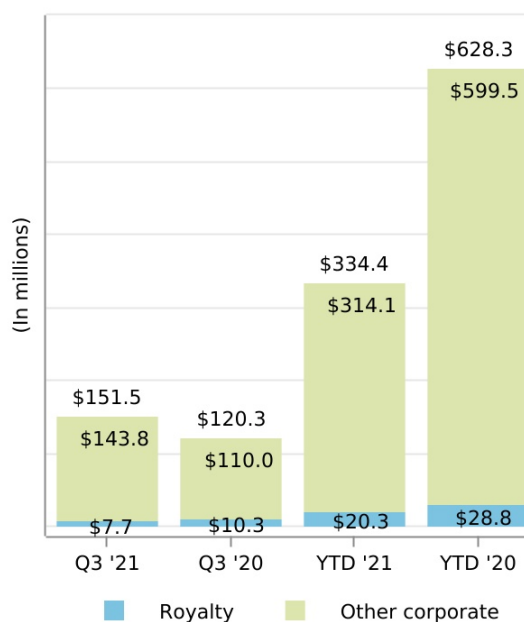
Revenue from Collaborative and Other Relationships

Revenue from collaborative and other relationships primarily includes royalty revenue on biosimilar products from Samsung Bioepis.

For additional information on our collaborative arrangements with Samsung Bioepis, please read *Note 16, Collaborative and Other Relationships*, to our condensed consolidated financial statements included in this report.

Other Royalty and Corporate Revenue

For the Three and Nine Months Ended September 30, 2021 and 2020



We receive royalties from net sales on products related to patents that we have out-licensed and we

record other corporate revenue primarily from amounts earned under contract manufacturing agreements.

For the three months ended September 30, 2021, compared to the same period in 2020, the increase in other corporate revenue was primarily due to higher revenue related to contract manufacturing agreements.

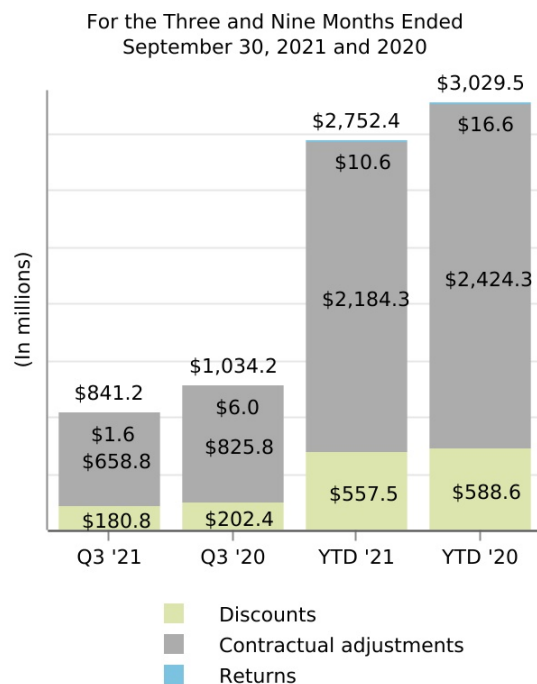
For the nine months ended September 30, 2021, compared to the same period in 2020, the decrease in other corporate revenue was primarily due to higher contract manufacturing revenue during the second quarter of 2020, resulting from \$329.4 million in revenue related to the delivery of a license for certain of our manufacturing-related intellectual property to a contract manufacturing customer.

Reserves for Discounts and Allowances

Revenue from product sales is recorded net of reserves established for applicable discounts and allowances, including those associated with the implementation of pricing actions in certain international markets where we operate.

These reserves are based on estimates of the amounts earned or to be claimed on the related sales and are classified as reductions of accounts receivable (if the amount is payable to our customer) or a liability (if the amount is payable to a party other than our customer). These estimates reflect our historical experience, current contractual and statutory requirements, specific known market events and trends, industry data and forecasted customer buying and payment patterns. Actual amounts may ultimately differ from our estimates. If actual results vary, we adjust these estimates, which could have an effect on earnings in the period of adjustment.

Reserves for discounts, contractual adjustments and returns that reduced gross product revenue are summarized as follows:



For the three and nine months ended September 30, 2021, reserves for discounts and allowances as a percentage of gross product revenue were 26.5% and 27.9%, respectively, compared to 27.3% and 26.3%, respectively, in the prior year comparative periods.

Discounts

Discounts include trade term discounts and wholesaler incentives.

For the three and nine months ended September 30, 2021, compared to the same periods in 2020, the decreases in discounts were primarily driven by a decrease in gross sales.

Contractual Adjustments

Contractual adjustments primarily relate to Medicaid and managed care rebates, pharmacy rebates, co-payment (copay) assistance, Veterans Administration, 340B discounts, specialty pharmacy program fees and other government rebates or applicable allowances.

For the three and nine months ended September 30, 2021, compared to the same periods in 2020, the decreases in contractual adjustments were primarily caused by lower TECFIDERA sales in the U.S., resulting in lower Medicaid and managed care rebates, partially offset by pharmacy rebates.

Returns

Product return reserves are established for returns made by wholesalers. In accordance with contractual terms, wholesalers are permitted to return product for reasons such as damaged or expired product. The majority of wholesaler returns are due to product expiration. Provisions for product returns are recognized in the period the related revenue is recognized, resulting in a reduction to product sales.

For the three and nine months ended September 30, 2021, compared to the same periods in 2020, return reserves were relatively consistent.

For additional information on our revenue reserves, please read *Note 3, Revenue*, to our condensed consolidated financial statements included in this report.

Cost and Expense

A summary of total cost and expense is as follows:

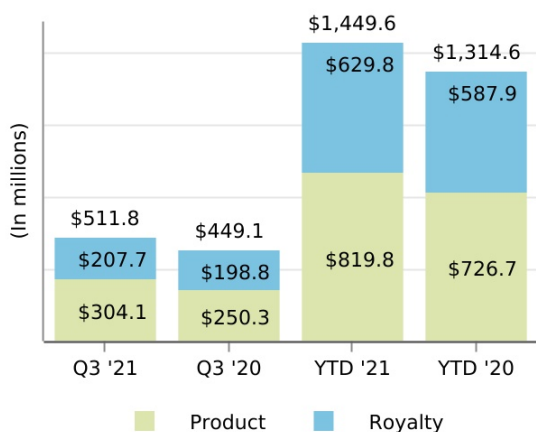
(In millions, except percentages)	For the Three Months Ended September 30,			
	2021	2020	% Change	\$ Change
Cost of sales, excluding amortization and impairment of acquired intangible assets	\$ 511.8	\$ 449.1	14.0 %	\$ 62.7
Research and development	702.4	1,140.9	(38.4)	(438.5)
Selling, general and administrative	654.1	573.1	14.1	81.0
Amortization and impairment of acquired intangible assets	111.0	82.6	34.4	28.4
Collaboration profit sharing	21.2	73.0	(71.0)	(51.8)
(Gain) loss on fair value remeasurement of contingent consideration	(15.6)	(29.0)	(46.2)	13.4
Acquired in-process research and development	—	—	nm	—
Total cost and expense	\$ 1,984.9	\$ 2,289.7	(13.3)%	\$ (304.8)

(In millions, except percentages)	For the Nine Months Ended September 30,			
	2021	2020	% Change	\$ Change
Cost of sales, excluding amortization and impairment of acquired intangible assets	\$ 1,449.6	\$ 1,314.6	10.3 %	\$ 135.0
Research and development	1,801.7	2,264.8	(20.4)	(463.1)
Selling, general and administrative	1,886.4	1,698.3	11.1	188.1
Amortization and impairment of acquired intangible assets	813.2	215.6	277.2	597.6
Collaboration profit sharing	74.5	166.5	(55.3)	(92.0)
(Gain) loss on fair value remeasurement of contingent consideration	(49.1)	(23.5)	108.9	(25.6)
Acquired in-process research and development	18.0	75.0	(76.0)	(57.0)
Total cost and expense	\$ 5,994.3	\$ 5,711.3	5.0 %	\$ 283.0

^{nm} Not meaningful

Cost of Sales, Excluding Amortization and Impairment of Acquired Intangible Assets

For the Three and Nine Months Ended September 30, 2021 and 2020



Product Cost of Sales

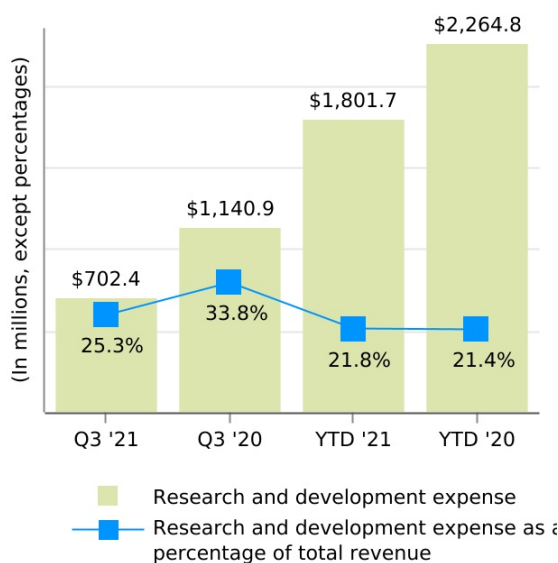
For the three and nine months ended September 30, 2021, compared to the same periods in 2020, the increases in product cost of sales were primarily due to product mix and higher cost of sales associated with contract manufacturing agreements.

Royalty Cost of Sales

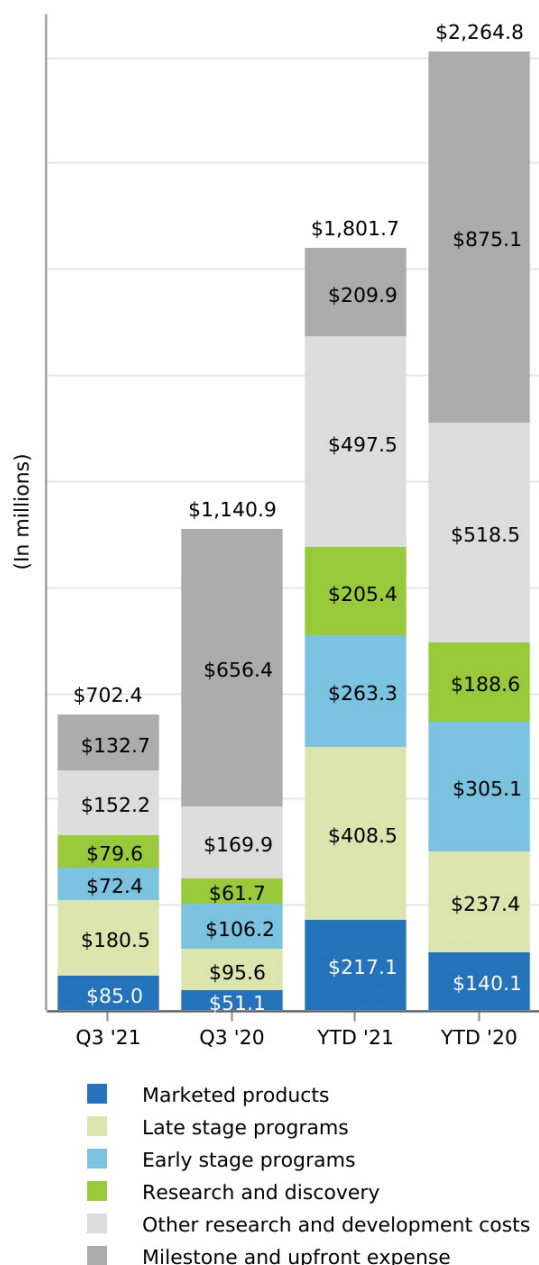
For the three and nine months ended September 30, 2021, compared to the same periods in 2020, the increases in royalty cost of sales were primarily due to higher royalties payable on higher sales of TYSABRI and VUMERITY.

Research and Development

For the Three and Nine Months Ended September 30, 2021 and 2020



For the Three and Nine Months Ended
September 30, 2021 and 2020



management costs, as well as depreciation, information technology and facility-based expenses. These costs are considered other research and development costs in the table above and are not allocated to a specific program or stage.

Research and development expense incurred in support of our marketed products includes costs associated with product lifecycle management activities including, if applicable, costs associated with the development of new indications for existing products. Late stage programs are programs in Phase 3 development or in registration stage. Early stage programs are programs in Phase 1 or Phase 2 development. Research and discovery represents costs incurred to support our discovery research and translational science efforts. Costs are reflected in the development stage based upon the program status when incurred. Therefore, the same program could be reflected in different development stages in the same year. For several of our programs, the research and development activities are part of our collaborative and other relationships. Our costs reflect our share of the total costs incurred.

For the three and nine months ended September 30, 2021, compared to the same periods in 2020, the decreases in research and development expense were primarily due to \$601.3 million in upfront payments recognized upon the closing of our collaboration with Denali in the third quarter of 2020, partially offset by a \$125.0 million upfront payment recognized upon closing of our collaboration with InnoCare in the third quarter of 2021, the development of zuranolone for the potential treatment of MDD and PPD, the development of BIIB124 (SAGE-324) for the potential treatment of essential tremor, which we are developing in collaboration with Sage, and closeout costs associated with BIIB111 (timrepigene emparvovec) and BIIB112 (cotoretigene toliparvovec).

Early Stage Programs

For the three and nine months ended September 30, 2021, compared to the same periods in 2020, the decreases in spending related to our early stage programs were primarily due to decreases in costs associated with:

- the discontinuation of opicinumab (anti-LINGO) in MS;
- the discontinuation of BIIB054 (cinpanemab) in Parkinson's disease and the discontinuation of gosuranemab (BIIB092) in Alzheimer's disease;
- the advancement of dapirolizumab pego, an anti-CD40L pegylated Fab that we are developing in collaboration with UCB, for the

We support our drug discovery and development efforts through the commitment of significant resources to discovery, research and development programs and business development opportunities.

A significant amount of our research and development costs consists of indirect costs incurred in support of overall research and development activities and non-specific programs, including activities that benefit multiple programs, such as

potential treatment of systemic lupus erythaeatosus (SLE) into late stage; and

- the advancement of BIIB059 (anti-BDCA2) for the potential treatment of SLE into late stage.

These decreases were partially offset by increases in costs associated with:

- an increase in spending in the development of BIIB124 for the potential treatment of essential tremor;
- an increase in spending in the development of BIIB122 (DNL151) for the potential treatment of Parkinson's disease, which we are developing in collaboration with Denali;
- close out costs related to the discontinuation of gosuranemab (BIIB092) in Alzheimer's disease;
- an increase in spending in the development of BIIB135 (Orelabrutinib) for the potential treatment of MS; and
- closeout costs related to BIIB112.

Late Stage Programs

For the three and nine months ended September 30, 2021, compared to the same periods in 2020, the increases in spending associated with our late stage programs were primarily due to:

- an increase in spending in the development of zuranolone for the potential treatment of MDD and PPD;
- the advancement of dapirolizumab pegol for the potential treatment of SLE into late stage;
- the advancement of BIIB059 for the potential treatment of SLE into late stage;
- an increase in spending related to lecanemab; and
- closeout costs related to BIIB111.

In March 2019 Eisai initiated a global Phase 3 trial for the development of lecanemab in early Alzheimer's disease. Under our collaboration arrangement, Eisai serves as the global operational and regulatory lead for lecanemab and all costs, including research, development, sales and marketing expense, are shared equally between us and Eisai.

For additional information on our collaboration arrangements with Eisai, please read *Note 16, Collaborative and Other Relationships*, to our condensed consolidated financial statements included in this report.

Selling, General and Administrative

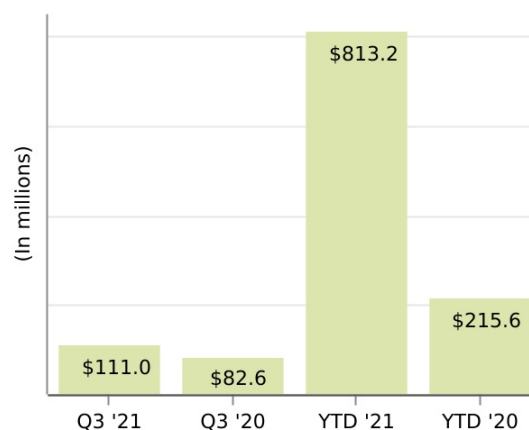
For the Three and Nine Months Ended September 30, 2021 and 2020



For the three and nine months ended September 30, 2021, compared to the same periods in 2020, selling, general and administrative expense increased 14.1% and 11.1%, respectively, primarily due to increases in personnel in support of the launch of ADUHELM in the U.S. Beginning in the second quarter of 2021, reimbursement from Eisai for its share of U.S. ADUHELM selling, general and administrative expense is reflected within collaboration profit sharing.

Amortization and Impairment of Acquired Intangible Assets

For the Three and Nine Months Ended September 30, 2021 and 2020



Our amortization expense is based on the economic consumption and impairment of intangible assets. Our most significant amortizable intangible assets are related to our TYSABRI, AVONEX, SPINRAZA, VUMERITY and TECFIDERA (rest of world)

products and other programs acquired through business combinations.

For the three and nine months ended September 30, 2021, amortization and impairment of acquired intangible assets reflects charges of \$15.0 million and \$365.0 million, respectively, related to BIIB111 for the potential treatment of choroideremia, and charges of \$28.4 million and \$220.0 million, respectively, related to BIIB112 for the potential treatment of X-linked retinitis pigmentosa.

For the nine months ended September 30, 2021, amortization and impairment of acquired intangible assets reflects the impact of a \$44.3 million impairment charge related to vixotrigine (BIIB074) for the potential treatment of trigeminal neuralgia (TGN).

For the three and nine months ended September 30, 2020, amortization and impairment of acquired intangible assets reflects the impact of a \$19.3 million impairment charge related to one of our in-process research and development (IPR&D) intangible assets.

We monitor events and expectations regarding product performance. If new information indicates that the assumptions underlying our most recent analysis are substantially different than those utilized in our current estimates, our analysis would be updated and may result in a significant change in the anticipated lifetime revenue of the relevant products. The occurrence of an adverse event could substantially increase the amount of amortization expense related to our acquired intangible assets as compared to previous periods or our current expectations, which may result in a significant negative impact on our future results of operations.

IPR&D Related to Business Combinations

IPR&D represents the fair value assigned to research and development assets that we acquired as part of a business combination and had not yet reached technological feasibility at the date of acquisition. We review amounts capitalized as acquired IPR&D for impairment annually, as of October 31, and whenever events or changes in circumstances indicate to us that the carrying value of the assets might not be recoverable.

Overall, the value of our acquired IPR&D assets is dependent upon several variables, including estimates of future revenue and the effects of competition, our ability to secure sufficient pricing in a competitive market, our ability to confirm safety and efficacy based on data from clinical trials and regulatory feedback, the level of anticipated development costs and the probability and timing of successfully advancing a particular research program from one clinical trial phase to the next. We are

continually reevaluating our estimates concerning these and other variables, including our life cycle management strategies, research and development priorities and development risk, changes in program and portfolio economics and related impact of foreign currency exchange rates and economic trends and evaluating industry and company data regarding the productivity of clinical research and the development process. Changes in our estimates may result in a significant change to our valuation of our IPR&D assets.

Vixotrigine

In the periods since we acquired vixotrigine, there have been numerous delays in the initiation of Phase 3 studies for the potential treatment of TGN and for the potential treatment of diabetic painful neuropathy (DPN), another form of neuropathic pain. We have engaged with the FDA regarding the design of the Phase 3 studies of vixotrigine for the potential treatment of TGN and DPN and are now performing an additional clinical trial of vixotrigine.

The performance of this additional clinical trial delayed the initiation of the Phase 3 studies of vixotrigine for the potential treatment of TGN, and, as a result, we recognized an impairment charge of \$44.3 million related to vixotrigine for the potential treatment of TGN during the first quarter of 2021. As of September 30, 2021, the carrying value associated with the remaining vixotrigine IPR&D asset for DPN was \$132.0 million.

BIIB111 and BIIB112

During the fourth quarter of 2020 we recognized an impairment charge of \$115.0 million related to BIIB111 as a result of third-party manufacturing delays that impacted the timing and increased the costs associated with advancing BIIB111 through Phase 3 development.

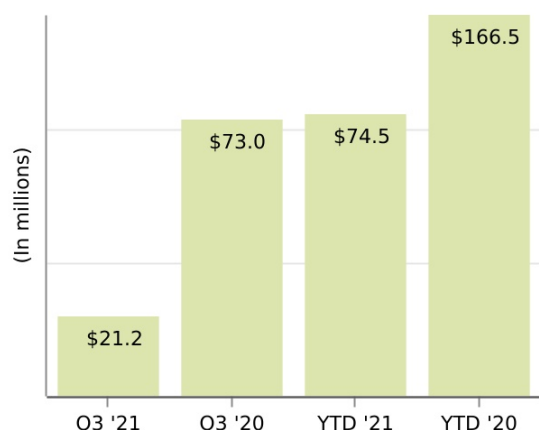
During the second quarter of 2021 we announced that our Phase 3 STAR study of BIIB111 and our Phase 2/3 XIRIUS study of BIIB112 did not meet their primary endpoints. In the third quarter of 2021 we suspended further development on these programs based on the decision by management as part of its strategic review process. For the three and nine months ended September 30, 2021, we recorded impairment charges of \$15.0 million and \$365.0 million, respectively, related to BIIB111, and charges of \$28.4 million and \$220.0 million, respectively, related to BIIB112. As a result, the remaining book values associated with these programs were reduced to zero.

In addition, for the three months ended September 30, 2021, as a result of our decision to suspend further development of BIIB111 and BIIB112, we recorded charges of approximately \$39.1 million related to our manufacturing arrangements and

other costs that we expect to incur as a result of suspending these programs.

Collaboration Profit Sharing

For the Three and Nine Months Ended
September 30, 2021 and 2020



Collaboration profit sharing primarily includes Samsung Bioepis' 50.0% share of the profit or loss related to our biosimilars commercial agreement with Samsung Bioepis and, beginning in the second quarter of 2021, Eisai's 45.0% share of income and expenses in the U.S. related to the ADUHELM Collaboration Agreement.

For the three and nine months ended September 30, 2021, we recognized net profit-sharing expense of \$71.8 million and \$210.2 million, respectively, to reflect Samsung Bioepis' 50.0% sharing of the net collaboration profits compared to a net profit sharing expense of \$72.9 million and \$200.1 million, respectively, in the prior year comparative periods.

For the three and nine months ended September 30, 2021, we recognized net profit-sharing income of \$50.6 million and \$90.7 million, respectively, to reflect Eisai's 45.0% share of loss related to the ADUHELM Collaboration Agreement. For the nine months ended September 30, 2021, we also recognized net profit-sharing income of \$45.0 million to reflect Eisai's 45.0% share of the \$100.0 million milestone payment made to Neurimmune related to the launch of ADUHELM in the U.S.

For the nine months ended September 30, 2020, we also recognized net profit-sharing income of \$33.8 million to reflect Eisai's 45.0% share of the \$75.0 million milestone payment made to Neurimmune related to the submission of the BLA for the approval of ADUHELM to the FDA.

For additional information on our collaboration arrangements with Samsung Bioepis and Eisai, please read *Note 16, Collaborative and Other Relationships*, to

our condensed consolidated financial statements included in this report.

(Gain) Loss on Fair Value Remeasurement of Contingent Consideration

For the Three and Nine Months Ended
September 30, 2021 and 2020

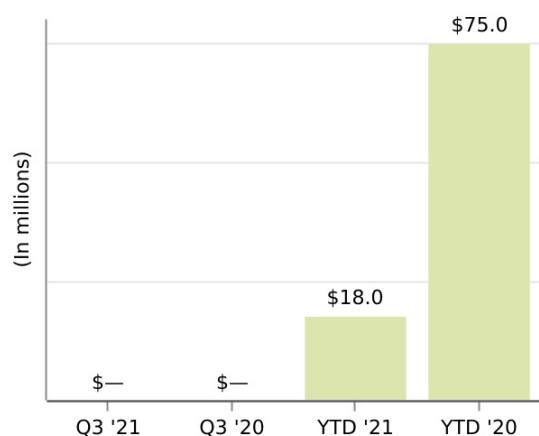


Consideration payable for certain of our business combinations includes future payments that are contingent upon the occurrence of a particular event or events. We record an obligation for such contingent consideration payments at fair value on the acquisition date. We then revalue our contingent consideration obligations each reporting period. Changes in the fair value of our contingent consideration obligations, other than changes due to payments, are recognized as a (gain) loss on fair value remeasurement of contingent consideration in our condensed consolidated statements of income.

For the three and nine months ended September 30, 2021, the decrease in the fair value of our contingent consideration obligations was primarily due to reductions in the probability of technical and regulatory success and delays in the expected timing of the achievement of certain remaining developmental milestones related to our vixotrigine programs.

Acquired In-Process Research and Development

For the Three and Nine Months Ended
September 30, 2021 and 2020



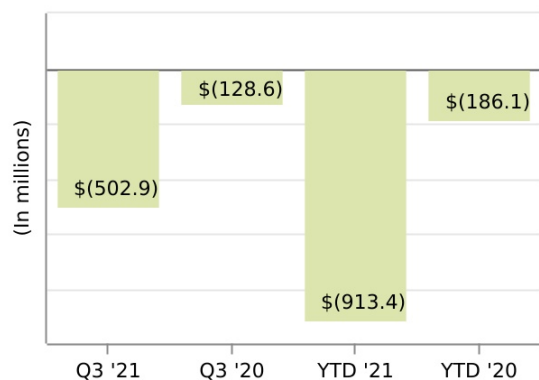
BIIB118 Acquisition

In March 2020 we acquired BIIB118 (CK1 inhibitor) for the potential treatment of patients with behavioral and neurological symptoms across various psychiatric and neurological diseases from Pfizer Inc. (Pfizer). In connection with this acquisition, we made an upfront payment of \$75.0 million to Pfizer, which was accounted for as an asset acquisition and recorded as acquired IPR&D in our condensed consolidated statements of income as BIIB118 has not yet reached technological feasibility.

For additional information on our acquisition of BIIB118, please read *Note 2, Acquisitions*, to our condensed consolidated financial statements included in this report.

Other Income (Expense), Net

For the Three and Nine Months Ended
September 30, 2021 and 2020



For the three months ended September 30, 2021, compared to the same period in 2020, the

change in other income (expense), net primarily reflects net unrealized losses on our holdings in equity securities.

For the nine months ended September 30, 2021, compared to the same period in 2020, the change in other income (expense), net primarily reflects net unrealized losses on our holdings in equity securities.

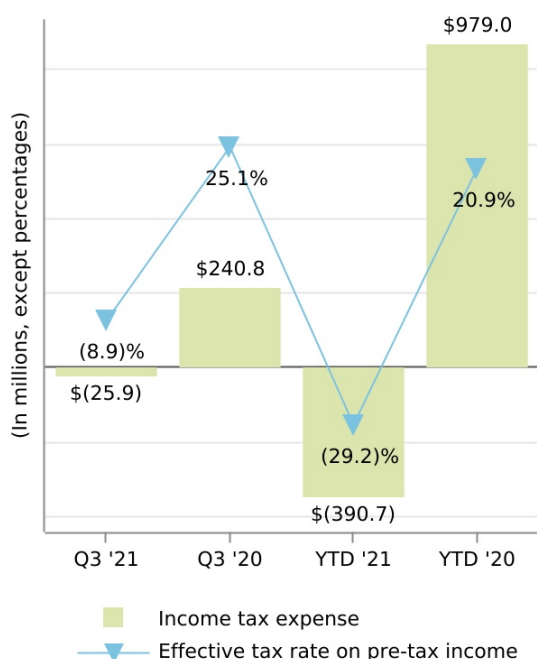
For the three months ended September 30, 2021, net unrealized losses and realized gains on our holdings in equity securities were approximately \$426.9 million and \$2.7 million, respectively, compared to net unrealized losses and realized gains (losses) of \$82.3 million and zero, respectively, in the prior year comparative period. The net unrealized losses recognized during the three months ended September 30, 2021, primarily reflect decreases in the aggregate fair value of our investments in Denali, Ionis, Sage and Sangamo common stock of approximately \$424.3 million.

For the nine months ended September 30, 2021, net unrealized losses and realized gains on our holdings in equity securities were approximately \$715.2 million and \$9.3 million, respectively, compared to net unrealized losses and realized gains (losses) of \$40.3 million and zero, respectively, in the prior year comparative period. The net unrealized losses recognized during the nine months ended September 30, 2021, primarily reflect decreases in the aggregate fair value of our investments in Denali, Ionis, Sage and Sangamo common stock of approximately \$709.1 million.

We expect a moderate increase in interest expense for 2021, compared to 2020, primarily due to lower interest being capitalized as a result of assets being placed into service during 2021.

Income Tax (Benefit) Provision

For the Three and Nine Months Ended
September 30, 2021 and 2020



Our effective tax rate fluctuates from year to year due to the global nature of our operations. The factors that most significantly impact our effective tax rate include changes in tax laws, variability in the allocation of our taxable earnings among multiple jurisdictions, the amount and characterization of our research and development expense, the levels of certain deductions and credits, acquisitions and licensing transactions.

For the three and nine months ended September 30, 2021, compared to the same periods in 2020, the decreases in our effective tax rate, excluding the impact of the Neurimmune deferred tax asset discussed below, were primarily due to the change in the territorial mix of our profitability, which included the adverse effect of generic competition for TECFIDERA in the U.S. market; the tax impacts of the BIIB111 and BIIB112 impairment charges; and the impact of the non-cash tax effects of changes in the value of our equity investments, where we recorded unrealized losses in 2021. The tax effects of this change in value of our equity investments were recorded in the current period, as the changes in value of equity investments cannot be reliably forecasted. Our 2020 effective tax rate also reflected an income tax expense related to the establishment of a valuation allowance against certain deferred tax assets, the realization of which is dependent on future sales of TECFIDERA in the U.S.

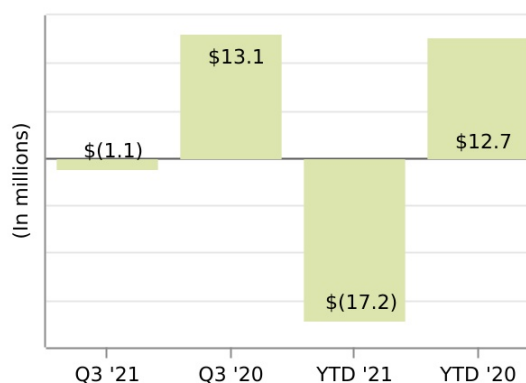
In addition, for the nine months ended September 30, 2021, compared to the same period in 2020, the decrease in our effective tax rate was primarily due to a current year deferred tax benefit in Switzerland resulting from the accelerated approval of ADUHELM by the FDA in the U.S. recognized during the second quarter of 2021. We recorded a net deferred tax asset of approximately \$500.0 million. The net deferred tax asset is comprised of approximately \$875.0 million of gross deferred tax asset, reduced by approximately \$375.0 million of unrecognized tax benefit discussed below. The deferred tax benefit relates to Neurimmune's tax basis in ADUHELM, the realization of which is dependent on future sales of ADUHELM and approval of the Swiss cantonal tax authorities, with an equal and offsetting amount assigned to net income (loss) attributable to noncontrolling interests, net of tax in our condensed consolidated statements of income, resulting in a zero net impact to net income attributable to Biogen Inc.

For additional information on our collaboration arrangement with Neurimmune, please read *Note 17, Investments in Variable Interest Entities*, to our condensed consolidated financial statements included in this report

For additional information on our income taxes please read *Note 14, Income Taxes*, to our condensed consolidated financial statements included in this report.

Equity in (Income) Loss of Investee, Net of Tax

For the Three and Nine Months Ended
September 30, 2021 and 2020



In February 2012 we entered into a joint venture agreement with Samsung BioLogics establishing an entity, Samsung Bioepis, to develop, manufacture and market biosimilar products.

In June 2018 we exercised our option under our joint venture agreement to increase our ownership

percentage in Samsung Bioepis from approximately 5.0% to approximately 49.9%. The share purchase transaction was completed in November 2018. As of September 30, 2021, our ownership percentage remained at approximately 49.9%.

We recognize our share of the results of operations related to our investment in Samsung Bioepis under the equity method of accounting one quarter in arrears when the results of the entity become available, which is reflected as equity in (income) loss of investee, net of tax in our condensed consolidated statements of income. We recognize amortization on certain basis differences resulting from our November 2018 investment.

Certain officers and affiliates of our joint venture partner, Samsung BioLogics, are currently subject to ongoing criminal proceedings that we continue to monitor. While these proceedings could impact the operations of Samsung Bioepis and its business, we have assessed the value of our investment in Samsung Bioepis and continue to believe that the fair value of the investment is in excess of its net book value.

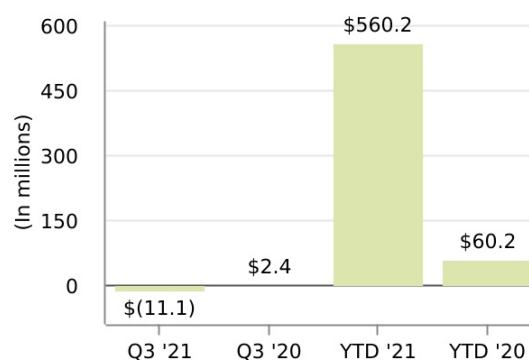
For the three and nine months ended September 30, 2021, we recognized net income on our investment of \$1.1 million and \$17.2 million, respectively, reflecting our share of Samsung Bioepis' operating results and amortization of basis differences, net of tax, compared to net losses on our investment of \$13.1 million and \$12.7 million, respectively, in the prior year comparative periods.

Net income on our investment for the nine months ended September 30, 2021, reflects a \$31.2 million benefit related to the release of a valuation allowance on deferred tax assets associated with Samsung Bioepis. The valuation allowance was released in the second quarter of 2021 based on a consideration of the positive and negative evidence, including the historic earnings of Samsung Bioepis.

For additional information on our collaboration arrangements with Samsung Bioepis, please read *Note 16, Collaborative and Other Relationships*, to our condensed consolidated financial statements included in this report.

Noncontrolling Interests

For the Three and Nine Months Ended
September 30, 2021 and 2020



For the nine months ended September 30, 2021, compared to the same period in 2020, the increase is due to the recognition of a current year deferred tax benefit associated with the accelerated approval of ADUHELM by the FDA in the U.S. During the second quarter of 2021, we recorded a net deferred tax asset of approximately \$500.0 million related to Neurimmune's tax basis in ADUHELM, the realization of which is dependent on future sales of ADUHELM and approval of the Swiss cantonal tax authorities, with an equal and offsetting amount assigned to net income (loss) attributable to noncontrolling interests, net of tax in our condensed consolidated statements of income, resulting in a zero net impact to net income attributable to Biogen Inc.

For the nine months ended September 30, 2021, compared to the same period in 2020, the change in net income (loss) attributable to noncontrolling interests, net of tax was also due to the \$100.0 million milestone payment to Neurimmune related to the launch of ADUHELM in the U.S. during the second quarter of 2021.

For the nine months ended September 30, 2020, net income (loss) attributable to noncontrolling interests, net of tax was primarily related to the \$75.0 million milestone payment to Neurimmune related to the submission of the BLA for the approval of ADUHELM to the FDA.

For additional information on our collaboration agreement with Neurimmune, please read *Note 17, Investments in Variable Interest Entities*, to our condensed consolidated financial statements included in this report.

For additional information on our income taxes please read *Note 14, Income Taxes*, to our condensed consolidated financial statements included in this report.

Financial Condition, Liquidity and Capital Resources

Our financial condition is summarized as follows:

(In millions, except percentages)	As of September 30, 2021	As of December 31, 2020	Change %
Financial assets:			
Cash and cash equivalents	\$ 1,541.8	\$ 1,331.2	15.8 %
Marketable securities — current	1,413.3	1,278.9	10.5
Marketable securities — non-current	968.3	772.1	25.4
Total cash, cash equivalents and marketable securities	<u>\$ 3,923.4</u>	<u>\$ 3,382.2</u>	<u>16.0 %</u>
Borrowings:			
Current portion of notes payable	\$ 998.8	\$ —	— %
Notes payable	6,272.3	7,426.2	(15.5)%
Total borrowings	<u>\$ 7,271.1</u>	<u>\$ 7,426.2</u>	<u>(2.1)%</u>
Working capital:			
Current assets	\$ 7,162.3	\$ 6,887.1	4.0 %
Current liabilities	(4,211.6)	(3,742.2)	12.5
Total working capital	<u>\$ 2,950.7</u>	<u>\$ 3,144.9</u>	<u>(6.2)%</u>

For the nine months ended September 30, 2021, certain significant cash flows were as follows:

- \$2,801.6 million in net cash flow provided by operating activities, which reflected an upfront payment of \$125.0 million made in connection with entering into our collaboration with InnoCare and recognized as research and development expense;
- \$1,800.0 million used for share repurchases;
- \$170.0 million used in connection with our Exchange Offer;
- \$206.5 million used for purchases of property, plant and equipment;
- \$100.1 million in total net payments of income taxes; and
- \$100.0 million milestone payment to Neurimmune.

Overview

We have historically financed our operating and capital expenditures primarily through cash flow earned through our operations. We expect our operating expenditures, particularly those related to research and development, clinical trials, commercialization of new products and international expansion to continue to grow. However, we expect to continue funding our current and planned operating requirements primarily through our cash flow earned from our operations as well as our existing cash resources. We believe generic competition for TECFIDERA in the U.S. will continue to reduce our cash flow from operations in 2021 and will have a

significant adverse impact on our future cash flow from operations. We believe that our existing funds, when combined with cash generated from operations and our access to additional financing resources, if needed, are sufficient to satisfy our operating, working capital, strategic alliance, milestone payment, capital expenditure and debt service requirements for the foreseeable future. In addition, we may choose to opportunistically return cash to shareholders and pursue other business initiatives, including acquisition and licensing activities. We may, from time to time, also seek additional funding through a combination of new collaborative agreements, strategic alliances and additional equity and debt financings or from other sources should we identify a significant new opportunity.

For additional information on certain risks that could negatively impact our financial position or future results of operations, please read *Item 3. Quantitative and Qualitative Disclosures About Market Risk* and *Item 1A. Risk Factors* included in this report.

Cash, Cash Equivalents and Marketable Securities

Until required for another use in our business, we typically invest our cash reserves in bank deposits, certificates of deposit, commercial paper, corporate notes, U.S. and foreign government instruments, overnight reverse repurchase agreements and other interest-bearing marketable debt instruments in accordance with our investment policy. It is our policy to mitigate credit risk in our cash reserves and marketable securities by maintaining a well-diversified portfolio that limits the amount of exposure as to institution, maturity and investment type.

As of September 30, 2021, we had cash, cash equivalents and marketable securities totaling approximately \$3.9 billion compared to approximately \$3.4 billion as of December 31, 2020. The change in cash, cash equivalents and marketable securities at September 30, 2021, from December 31, 2020, was primarily due to net cash flow provided by operating activities, partially offset by cash used for share repurchases and capital expenditures, cash payments made in connection with our Exchange Offer and a milestone payment made to Neurimmune.

Investments and other assets in our condensed consolidated balance sheets as of September 30, 2021 and December 31, 2020, include the carrying value of our investment in Samsung Bioepis of \$586.1 million and \$620.2 million, respectively. As Samsung Bioepis is a privately-held entity, our ability to liquidate our investment may be limited and we may realize significantly less than the value of such investment. This investment is also subject to foreign currency exchange fluctuations.

In connection with our collaboration with Sangamo, we purchased approximately 24 million shares of Sangamo common stock in April 2020. As of September 30, 2021 and December 31, 2020, the fair value of this investment was \$210.5 million and \$333.7 million, respectively.

In connection with our collaboration with Denali, we purchased approximately 13 million shares of Denali common stock in September 2020. As of September 30, 2021 and December 31, 2020, the fair value of this investment was \$612.9 million and \$935.7 million, respectively.

In connection with our collaboration with Sage, we purchased approximately 6.2 million shares of Sage common stock in December 2020. As of September 30, 2021 and December 31, 2020, the fair value of this investment was \$236.9 million and \$433.9 million, respectively.

Our investment in Ionis common stock had a fair value of \$96.4 million and \$249.1 million as of September 30, 2021 and December 31, 2020, respectively. The decrease was partially due to the sale of a portion of our investment in Ionis common stock during the first quarter of 2021.

For additional information on our collaboration arrangements with Samsung Bioepis, Sangamo, Denali and Sage, please read *Note 16, Collaborative and Other Relationships*, to our condensed consolidated financial statements included in this report.

For additional information on our collaboration arrangements with Ionis, please read *Note 18, Collaborative and Other Relationships*, to our

consolidated financial statements included in our 2020 Form 10-K.

Borrowings

In February 2021 we completed our Exchange Offer, consisting of the following:

- \$624.6 million aggregate principal amount of our 2045 Senior Notes was exchanged for \$700.7 million aggregate principal amount of our 2051 Senior Notes and approximately \$151.8 million of aggregate cash payments; and
- \$8.9 million aggregate principal amount of our 2045 Senior Notes was redeemed for approximately \$12.1 million of aggregate cash payments, excluding accrued and unpaid interest.

In April 2020 we issued senior unsecured notes for an aggregate principal amount of \$3.0 billion (2020 Senior Notes), consisting of the following:

- \$1.5 billion aggregate principal amount of 2.25% Senior Notes due May 1, 2030; and
- \$1.5 billion aggregate principal amount of 3.15% Senior Notes due May 1, 2050.

The following is a summary of our currently outstanding senior unsecured notes issued in 2015 (2015 Senior Notes):

- \$1.0 billion aggregate principal amount of 3.625% Senior Notes due September 15, 2022;
- \$1.75 billion aggregate principal amount of 4.05% Senior Notes due September 15, 2025; and
- \$1.12 billion aggregate principal amount of 5.20% Senior Notes due September 15, 2045.

Our 2020 Senior Notes and our 2015 Senior Notes were issued at a discount, which are amortized as additional interest expense over the period from issuance through maturity.

For a summary of the fair and carrying values of our outstanding borrowings as of September 30, 2021 and December 31, 2020, please read *Note 6, Fair Value Measurements*, to our condensed consolidated financial statements included in this report.

Credit Facility

In January 2020 we entered into a \$1.0 billion, five-year senior unsecured revolving credit facility under which we are permitted to draw funds for working capital and general corporate purposes. The terms of the revolving credit facility include a financial covenant that requires us not to exceed a maximum consolidated leverage ratio. As of September 30,

2021, we had no outstanding borrowings and were in compliance with all covenants under this facility.

Working Capital

Working capital is defined as current assets less current liabilities. Total working capital decreased by \$194.2 million, or 6.2%, primarily driven by an increase in current liabilities, partially offset by an increase in current liabilities.

The increase in current liabilities was primarily due to the reclassification of our \$1.0 billion aggregate principal amount of 3.625% Senior Notes due September 15, 2022 from long-term to short-term, partially offset by a reduction in accounts payable as well as accrued expense and other, which was primarily related to decreases in the accrual of contingent payments, the accrual for employee compensation and benefits and the fair values of derivative liabilities.

The increase in total current assets was primarily driven by an increase in net cash, cash equivalents and marketable securities, due to \$2,801.6 million of cash generated from operations, partially offset by cash used for share repurchases, capital expenditures and a Neurimmune milestone payment as well as cash payments made in conjunction with our Exchange Offer.

Share Repurchase Programs

In October 2020 our Board of Directors authorized our 2020 Share Repurchase Program, which is a program to repurchase up to \$5.0 billion of our common stock. Our 2020 Share Repurchase Program does not have an expiration date. All share

Cash Flow

The following table summarizes our cash flow activity:

(In millions, except percentages)

Net cash flow provided by operating activities	\$ 2,801.6
Net cash flow used in investing activities	(451.0)
Net cash flow used in financing activities	(2,096.0)

Operating Activities

Cash flow from operating activities represents the cash receipts and disbursements related to all of our activities other than investing and financing activities. We expect cash provided from operating activities will continue to be our primary source of funds to finance operating needs and capital expenditures for the foreseeable future.

repurchases under our 2020 Share Repurchase Program will be retired. Under our 2020 Share Repurchase Program, we repurchased and retired approximately 2.2 million and 6.0 million shares of our common stock at a cost of approximately \$750.0 million and \$1.8 billion during the three and nine months ended September 30, 2021, respectively. Approximately \$2.8 billion remained available under our 2020 Share Repurchase Program as of September 30, 2021.

In December 2019 our Board of Directors authorized a program to repurchase up to \$5.0 billion of our common stock (December 2019 Share Repurchase Program), which was completed as of September 30, 2020. All shares repurchased under our December 2019 Share Repurchase Program were retired. Under our December 2019 Share Repurchase Program, we repurchased and retired approximately 4.5 million and 16.7 million shares of our common stock at a cost of approximately \$1.3 billion and \$5.0 billion during the three and nine months ended September 30, 2020, respectively.

In March 2019 our Board of Directors authorized a program to repurchase up to \$5.0 billion of our common stock (March 2019 Share Repurchase Program), which was completed as of March 31, 2020. All shares repurchased under our March 2019 Share Repurchase Program were retired. Under our March 2019 Share Repurchase Program, we repurchased and retired approximately 4.1 million shares of our common stock at a cost of approximately \$1.3 billion during the nine months ended September 30, 2020.

For the Nine Months Ended September 30,

	2021	2020	% Change
\$	2,801.6	\$ 4,596.9	(39.1)%
	(451.0)	(442.2)	(2.0)
	(2,096.0)	(4,871.6)	57.0

Operating cash flow is derived by adjusting our net income for:

- non-cash operating items such as depreciation and amortization, impairment charges, unrealized gain (loss) on strategic investments, acquired IPR&D and share-based compensation;
- changes in operating assets and liabilities, which reflect timing differences between the receipt and payment of cash associated with transactions and when they are recognized in results of operations; and

- changes in the fair value of contingent payments associated with our acquisitions of businesses and payments related to collaborations.

For the nine months ended September 30, 2021, compared to the same period in 2020, the decrease in net cash flow provided by operating activities was primarily due to lower net income.

Investing Activities

For the nine months ended September 30, 2021, compared to the same period in 2020, the increase in net cash flow used in investing activities was primarily due to higher net proceeds received from the sale of marketable securities in 2020 as compared to the current year, partially offset by higher capital expenditures and acquisitions of IPR&D and other intangible assets in 2020 as well as the upfront payments made to Sangamo and Denali.

Financing Activities

For the nine months ended September 30, 2021, compared to the same period in 2020, the decrease in net cash flow used in financing activities was primarily due to the greater number of shares repurchased in 2020 as compared to the comparative period in 2021, partially offset by cash used in connection with our Exchange Offer and a milestone payment to Neurimmune in 2021.

Contractual Obligations and Off-Balance Sheet Arrangements

Contractual Obligations

Our contractual obligations primarily consist of our obligations under non-cancellable operating leases, long-term debt obligations and defined benefit and other purchase obligations, excluding amounts related to uncertain tax positions, funding commitments, contingent development, regulatory and commercial milestone payments, contingent payments and contingent consideration related to our business combinations, as described below.

There have been no material changes in our contractual obligations since December 31, 2020.

Royalty Payments

TYSABRI

We are obligated to make contingent payments of 18.0% on annual worldwide net sales of TYSABRI up to \$2.0 billion and 25.0% on annual worldwide net sales of TYSABRI that exceed \$2.0 billion. Royalty payments are recognized as cost of sales in our condensed consolidated statements of income.

SPINRAZA

We make royalty payments on annual worldwide net sales of SPINRAZA using a tiered royalty rate between 11.0% and 15.0%, which are recognized as cost of sales in our condensed consolidated statements of income.

VUMERITY

In October 2019 the FDA approved VUMERITY for the treatment of RMS. Under our agreement with Alkermes Pharma Ireland Limited, a subsidiary of Alkermes plc (Alkermes), we make royalty payments to Alkermes on worldwide net sales of VUMERITY using a royalty rate of 15.0%, which are recorded as cost of sales in our condensed consolidated statements of income.

In October 2019 we entered into a new supply agreement and amended our license and collaboration agreement with Alkermes. We have elected to initiate a technology transfer and, following a transition period, to manufacture VUMERITY or have VUMERITY manufactured by a third party we have engaged in exchange for paying an increased royalty rate to Alkermes on any portion of future worldwide net sales of VUMERITY that is manufactured by us or our designee. For additional information on our collaboration arrangement with Alkermes, please read *Note 18, Collaborative and Other Relationships*, to our consolidated financial statements included in our 2020 Form 10-K.

Contingent Consideration related to Business Combinations

In connection with our acquisition of Convergence Pharmaceuticals Holdings Ltd., we agreed to make additional payments based upon the achievement of certain milestone events.

We recognized the contingent consideration liabilities associated with this acquisition at its fair value on the acquisition date and revalue this obligation each reporting period. We may pay up to approximately \$400.0 million in remaining milestones related to this acquisition.

Contingent Development, Regulatory and Commercial Milestone Payments

Based on our development plans as of September 30, 2021, we could trigger potential future milestone payments to third parties of up to approximately \$10.9 billion, including approximately \$2.1 billion in development milestones, approximately \$1.2 billion in regulatory milestones and approximately \$7.6 billion in commercial milestones, as part of our various collaborations, including licensing and development programs. Payments under these agreements generally become due and payable

upon achievement of certain development, regulatory or commercial milestones. Because the achievement of these milestones was not considered probable as of September 30, 2021, such contingencies have not been recorded in our financial statements. Amounts related to contingent milestone payments are not considered contractual obligations as they are contingent on the successful achievement of certain development, regulatory or commercial milestones.

If certain clinical and commercial milestones are met, we may pay up to \$20.5 million in milestones in 2021 under our current agreements. In addition, if aducanumab receives regulatory approval in the jurisdictions where we have submitted filings, we may pay up to \$100.0 million in additional milestones to Neurimmune, which includes \$50.0 million if launched in three or more countries in the E.U. and \$50.0 million if launched in Japan. Milestones payable to Neurimmune are shared expenses under the ADUHELM Collaboration Agreement.

For additional information on our collaboration arrangements with Eisai, please read *Note 16, Collaborative and Other Relationships*, to our condensed consolidated financial statements included in this report.

For additional information on our collaboration arrangement with Neurimmune, please read *Note 17, Investments in Variable Interest Entities*, to our condensed consolidated financial statements included in this report.

Other Funding Commitments

As of September 30, 2021, we have several ongoing clinical studies in various clinical trial stages. Our most significant clinical trial expenditures are to contract research organizations (CROs). The contracts with CROs are generally cancellable, with notice, at our option. We recorded accrued expense of approximately \$47.0 million in our condensed consolidated balance sheet for expenditures incurred by CROs as of September 30, 2021. We have approximately \$644.1 million in cancellable future commitments based on existing CRO contracts as of September 30, 2021.

As part of the sale of our Hillerød, Denmark manufacturing operations to FUJIFILM Corporation (FUJIFILM), we provided FUJIFILM with certain minimum batch production commitment guarantees. There is a risk that the minimum contractual batch production commitments will not be met. Based upon current estimates we do not expect to incur an adverse commitment obligation associated with such guarantees. We developed this estimate using a probability-weighted estimate of future manufacturing activity and may further adjust this estimate based upon changes in business conditions, which may

result in the increase or reduction of this adverse commitment obligation in subsequent periods.

For additional information on the divestiture of our Hillerød, Denmark manufacturing operations, please read *Note 3, Divestitures*, to our consolidated financial statements included in our 2020 Form 10-K.

Tax Related Obligations

We exclude liabilities pertaining to uncertain tax positions from our summary of contractual obligations as we cannot make a reliable estimate of the period of cash settlement with the respective taxing authorities. As of September 30, 2021, we have approximately \$102.4 million of liabilities associated with uncertain tax positions.

As of September 30, 2021 and December 31, 2020, we have accrued income tax liabilities of approximately \$633.0 million and \$697.0 million, respectively, under a one-time mandatory deemed repatriation tax on accumulated foreign subsidiaries' previously untaxed foreign earnings (the Transition Toll Tax). Of the amounts accrued as of September 30, 2021, approximately \$72.7 million is expected to be paid within one year. The Transition Toll Tax will be paid in installments over an eight-year period, which started in 2018, and will not accrue interest.

Other Off-Balance Sheet Arrangements

We do not have any relationships with entities often referred to as structured finance or special purpose entities that were established for the purpose of facilitating off-balance sheet arrangements. As such, we are not exposed to any financing, liquidity, market or credit risk that could arise if we had engaged in such relationships. We consolidate variable interest entities if we are the primary beneficiary.

New Accounting Standards

For a discussion of new accounting standards please read *Note 1, Summary of Significant Accounting Policies*, to our condensed consolidated financial statements included in this report.

Critical Accounting Estimates

The preparation of our condensed consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the U.S., requires us to make estimates, judgments and assumptions that may affect the reported amounts of assets, liabilities, equity, revenue and expense and related disclosure of contingent assets and liabilities. On an ongoing basis we evaluate our estimates, judgments and assumptions. We base our estimates on historical

experience and on various other assumptions that we believe are reasonable, the results of which form the basis for making judgments about the carrying values of assets, liabilities and equity and the amount of revenue and expense. Actual results may differ from these estimates.

For a discussion of our critical accounting estimates, please read *Part II, Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations* in our 2020 Form 10-K. There have been no material changes to our critical accounting estimates since our 2020 Form 10-K.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

We are subject to certain risks that may affect our results of operations, cash flow and fair values of assets and liabilities, including volatility in foreign currency exchange rates, interest rate movements and pricing pressures worldwide as well as changes in economic conditions in the markets in which we operate as a result of the COVID-19 pandemic. We manage the impact of foreign currency exchange rates and interest rates through various financial instruments, including derivative instruments such as foreign currency forward contracts, interest rate lock contracts and interest rate swap contracts. We do not enter into financial instruments for trading or speculative purposes. The counterparties to these contracts are major financial institutions, and there is no significant concentration of exposure with any one counterparty.

Foreign Currency Exchange Risk

Our results of operations are subject to foreign currency exchange rate fluctuations due to the global nature of our operations. As a result, our consolidated financial position, results of operations and cash flow can be affected by market fluctuations in foreign currency exchange rates, primarily with respect to the Euro, British pound sterling, Canadian dollar, Swiss franc, Japanese yen and South Korean won.

While the financial results of our global activities are reported in U.S. dollars, the functional currency for most of our foreign subsidiaries is their respective local currency. Fluctuations in the foreign currency exchange rates of the countries in which we do business will affect our operating results, often in ways that are difficult to predict. In particular, as the U.S. dollar strengthens versus other currencies, the value of the non-U.S. revenue will decline when reported in U.S. dollars. The impact to net income as a result of a strengthening U.S. dollar will be partially mitigated by the value of non-U.S. expense, which will also decline when reported in U.S. dollars. As the U.S. dollar weakens versus other currencies, the value of

the non-U.S. revenue and expense will increase when reported in U.S. dollars.

We have established revenue and operating expense hedging and balance sheet risk management programs to protect against volatility of future foreign currency cash flow and changes in fair value caused by volatility in foreign currency exchange rates.

During the second quarter of 2018 the International Practices Task Force of the Center for Audit Quality categorized Argentina as a country with a projected three-year cumulative inflation rate greater than 100.0%, which indicated that Argentina's economy is highly inflationary. This categorization did not have a material impact on our results of operations or financial position as of September 30, 2021, and is not expected to have a material impact on our results of operations or financial position in the future.

Revenue and Operating Expense Hedging Program

Our foreign currency hedging program is designed to mitigate, over time, a portion of the impact resulting from volatility in exchange rate changes on revenue and operating expense. We use foreign currency forward contracts to manage foreign currency risk, with the majority of our forward contracts used to hedge certain forecasted revenue and operating expense transactions denominated in foreign currencies in the next 18 months. We do not engage in currency speculation. For a more detailed disclosure of our revenue and operating expense hedging program, please read *Note 8, Derivative Instruments*, to our condensed consolidated financial statements included in this report.

Our ability to mitigate the impact of foreign currency exchange rate changes on revenue and net income diminishes as significant foreign currency exchange rate fluctuations are sustained over extended periods of time. In particular, devaluation or significant deterioration of foreign currency exchange rates are difficult to mitigate and likely to negatively impact earnings. The cash flow from these contracts are reported as operating activities in our condensed consolidated statements of cash flow.

Balance Sheet Risk Management Hedging Program

We also use forward contracts to mitigate the foreign currency exposure related to certain balance sheet items. The primary objective of our balance sheet risk management program is to mitigate the exposure of foreign currency denominated net monetary assets and liabilities of foreign affiliates. In these instances, we principally utilize currency forward contracts. We have not elected hedge accounting for the balance sheet related items. The cash flow from

these contracts are reported as operating activities in our condensed consolidated statements of cash flow.

The following quantitative information includes the impact of currency movements on forward contracts used in our revenue, operating expense and balance sheet hedging programs. As of September 30, 2021 and December 31, 2020, a hypothetical adverse 10.0% movement in foreign currency exchange rates compared to the U.S. dollar across all maturities would result in a hypothetical decrease in the fair value of forward contracts of approximately \$344.1 million and \$458.2 million, respectively. The estimated fair value change was determined by measuring the impact of the hypothetical exchange rate movement on outstanding forward contracts. Our use of this methodology to quantify the market risk of such instruments is subject to assumptions and actual impact could be significantly different. The quantitative information about market risk is limited because it does not take into account all foreign currency operating transactions.

Net Investment Hedge Program

Our net investment hedging program is designed to mitigate currency fluctuations between the U.S. dollar and the South Korean won as a result of our approximately 49.9% ownership interest in Samsung Bioepis. We entered into foreign currency forward contracts to manage the foreign currency risk with our forward contracts used to hedge changes in the spot rate over the next one month. As of September 30, 2021 and December 31, 2020, a hypothetical adverse 10.0% movement would result in a hypothetical decrease in fair value of approximately \$52.4 million and \$56.9 million, respectively. The estimated fair value was determined by measuring the impact of the hypothetical spot rate movement on outstanding forward contracts.

Interest Rate Risk

Our investment portfolio includes cash equivalents and short-term investments. The fair value of our marketable securities is subject to change as a result of potential changes in market interest rates. The potential change in fair value for interest rate sensitive instruments has been assessed on a hypothetical 100 basis point adverse movement across all maturities. As of September 30, 2021 and December 31, 2020, we estimate that such hypothetical 100 basis point adverse movement would result in a hypothetical loss in fair value of approximately \$15.0 million and \$13.2 million, respectively, to our interest rate sensitive instruments. The fair values of our investments were determined using third-party pricing services or other market observable data.

Pricing Pressure

Governments in certain international markets in which we operate have implemented measures, and may in the future implement new or additional measures, to reduce health care costs to limit the overall level of government expenditures. These measures vary by country and may include, among other things, patient access restrictions, suspensions on price increases, prospective and possible retroactive price reductions and other recoupments and increased mandatory discounts or rebates, recoveries of past price increases and greater importation of drugs from lower-cost countries. In addition, certain countries set prices by reference to the prices in other countries where our products are marketed. Our inability to obtain and maintain adequate prices in a particular country may not only limit the revenue from our products within that country but may also adversely affect our ability to secure acceptable prices in existing and potential new markets, which may limit market growth. The continued implementation of pricing actions throughout Europe may also lead to higher levels of parallel trade.

In the U.S., federal and state legislatures, health agencies and third-party payors continue to focus on containing the cost of health care. Legislative and regulatory proposals, enactments to reform health care insurance programs and increasing pressure from social sources could significantly influence the way our products are prescribed and purchased. It is possible that additional federal health care reform measures will be adopted in the future, which could result in increased pricing pressure and reduced reimbursement for our products and otherwise have an adverse impact on our consolidated financial position or results of operations. There is also significant economic pressure on state budgets that may result in states increasingly seeking to achieve budget savings through mechanisms that limit coverage or payment for our drugs. Managed care organizations are also continuing to seek price discounts and, in some cases, impose restrictions on the coverage of certain drugs.

Our products continue to face increasing competition in many markets from new originator therapies, generics, prodrugs and biosimilars of existing products and products approved under abbreviated regulatory pathways. Such products are likely to be sold at substantially lower prices than branded products. Accordingly, the introduction of such products as well as other lower-priced competing products may significantly reduce both the price that we are able to charge for our products and the volume of products we sell, which will negatively impact our revenue. In addition, in some markets, when a generic

or biosimilar version of one of our products is commercialized, it may be automatically substituted for our product and significantly reduce our revenue in a short period of time.

Multiple TECFIDERA generic entrants are now in the U.S. market and have deeply discounted prices compared to TECFIDERA. The generic competition for TECFIDERA has significantly reduced our TECFIDERA revenue and is expected to have a substantial negative impact on our TECFIDERA revenue for as long as there is generic competition.

On May 5, 2021, the European General Court annulled the EMA's non-validation decision with respect to a generic application related to TECFIDERA in the E.U. This generic application is now before the EMA, which is reassessing TECFIDERA's regulatory data protection by performing a scientific assessment pursuant to the European General Court's decision. The result of the scientific assessment of the EMA is expected in the fourth quarter of 2021. We have appealed the European General Court's decision to the European Court of Justice and the appeal is pending.

We will face TECFIDERA generic competition in the E.U. if regulatory data protection is not upheld and we expect that this would have an adverse impact on our TECFIDERA sales and our results of operations.

Credit Risk

We are subject to credit risk from our accounts receivable related to our product sales. The majority of our accounts receivable arise from product sales in the U.S. and Europe with concentrations of credit risk limited due to the wide variety of customers and markets using our products as well as their dispersion across many different geographic areas. Our accounts receivable are primarily due from wholesale and other third-party distributors, public hospitals, pharmacies and other government entities. We monitor the financial performance and creditworthiness of our customers so that we can properly assess and respond to changes in their credit profile. We operate in certain countries where weakness in economic conditions, including as a result of the COVID-19 pandemic, can result in extended collection periods. We continue to monitor these conditions, including the volatility associated with international economies and the relevant financial markets, and assess their possible impact on our business. To date, we have not experienced any significant losses with respect to the collection of our accounts receivable.

We believe that our allowance for doubtful accounts was adequate as of September 30, 2021 and December 31, 2020. However, if significant changes occur in the availability of government funding or the reimbursement practices of these or

other governments, we may not be able to collect on amounts due to us from customers in such countries and our results of operations could be adversely affected.

Item 4. Controls and Procedures

Disclosure Controls and Procedures and Internal Control over Financial Reporting

Controls and Procedures

We have carried out an evaluation, under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended), as of September 30, 2021. Based upon that evaluation, our principal executive officer and principal financial officer concluded that, as of the end of the period covered by this report, our disclosure controls and procedures are effective in ensuring that:

- (a) the information required to be disclosed by us in the reports that we file or submit under the Securities Exchange Act is recorded, processed, summarized and reported within the time periods specified in the U.S. Securities and Exchange Commission's rules and forms; and
- (b) such information is accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosure.

In designing and evaluating our disclosure controls and procedures, our management recognized that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and our management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting during the quarter ended September 30, 2021, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Part II — OTHER INFORMATION

Item 1. Legal Proceedings

For a discussion of legal proceedings as of September 30, 2021, please read *Note 18, Litigation*, to our condensed consolidated financial statements included in this report, which is incorporated into this item by reference.

Item 1A. Risk Factors

Risks Related to Our Business

We are substantially dependent on revenue from our products.

Our revenue depends upon continued sales of our products as well as the financial rights we have in our anti-CD20 therapeutic programs. A significant portion of our revenue is concentrated on sales of our products in increasingly competitive markets and in markets affected directly and indirectly by the COVID-19 pandemic. Any of the following negative developments relating to any of our products or any of our anti-CD20 therapeutic programs may adversely affect our revenue and results of operations or could cause a decline in our stock price:

- the introduction or greater acceptance of competing products, including new originator therapies, generics, prodrugs and biosimilars of existing products and products approved under abbreviated regulatory pathways;
- safety or efficacy issues;
- limitations and additional pressures on product pricing or price increases, including those resulting from governmental or regulatory requirements; increased competition, including from generic or biosimilar versions of our products; or changes in, or implementation of, reimbursement policies and practices of payors and other third parties;
- adverse legal, administrative, regulatory or legislative developments;
- our ability to maintain a positive reputation among patients, healthcare providers and others, which may be impacted by our pricing and reimbursement decisions; or
- the inability or reluctance of patients to receive a diagnosis, prescription or administration of our products or a decision to prescribe and administer competitive therapies as a direct or indirect result of the COVID-19 pandemic.

ADUHELM is in the early stages of commercial launch in the U.S. In addition to risks associated with new product launches and the other factors described in these Risk Factors, our ability to successfully commercialize ADUHELM may be adversely affected due to:

- the lack of readiness of healthcare providers to initiate treatment as well as our ability to successfully identify eligible patients based on the information included in ADUHELM's label;
- concern regarding the accelerated approval of ADUHELM and its data;
- our ability to obtain and maintain adequate reimbursement for ADUHELM;
- the lack of market acceptance of ADUHELM;
- the effectiveness of our commercial strategy for marketing ADUHELM;
- delays in the manufacturing, distribution and supply of ADUHELM;
- the approval of other new products for the same or similar indications; and
- our ability to maintain a positive reputation among patients, healthcare providers and others in the Alzheimer's disease community, which may be impacted by pricing and reimbursement decisions relating to ADUHELM.

As part of the accelerated approval, we will conduct a confirmatory trial to verify the clinical benefit of ADUHELM in patients with Alzheimer's disease. The FDA may withdraw approval if, among other things, the confirmatory trial fails to verify clinical benefit, ADUHELM's benefit-risk is no longer positive or we fail to comply with the conditions of the accelerated approval.

Our long-term success depends upon the successful development of new products and additional indications for our existing products.

Our long-term success will depend upon the successful development of new products from our research and development activities or our licenses or acquisitions from third parties, including our commercialization agreements with Samsung Bioepis, as well as additional indications for our existing products.

Product development is very expensive and involves a high degree of uncertainty and risk and may not be successful. Only a small number of research and development programs result in the commercialization of a product. It is difficult to predict the success and the time and cost of product development of novel approaches for the treatment of diseases. The development of novel approaches for the treatment of diseases, including development efforts in new modalities such as those based on the antisense oligonucleotide platform and gene therapy, may present additional challenges and risks, including obtaining approval from regulatory authorities that have limited experience with the development of such therapies.

Clinical trial data are subject to differing interpretations and even if we view data as sufficient to support the safety, effectiveness and/or approval of an investigational therapy, regulatory authorities may disagree and may require additional data, limit the scope of the approval or deny approval altogether. Furthermore, the approval of a product candidate by one regulatory agency does not mean that other regulatory agencies will also approve such product candidate.

Success in preclinical work or early stage clinical trials does not ensure that later stage or larger scale clinical trials will be successful. Clinical trials may indicate that our product candidates lack efficacy, have harmful side effects, result in unexpected adverse events or raise other concerns that may significantly reduce the likelihood of regulatory approval. This may result in terminated programs, significant restrictions on use and safety warnings in an approved label, adverse placement within the treatment paradigm or significant reduction in the commercial potential of the product candidate.

Even if we could successfully develop new products or indications, we may make a strategic decision to discontinue development of a product candidate or indication if, for example, we believe commercialization will be difficult relative to the standard of care or we prefer to pursue other opportunities in our pipeline.

Sales of new products or products with additional indications may not meet investor expectations.

If we fail to compete effectively, our business and market position would suffer.

The biopharmaceutical industry and the markets in which we operate are intensely competitive. We compete in the marketing and sale of our products, the development of new products and processes, the acquisition of rights to new products with commercial potential and the hiring and retention of personnel. We compete with biotechnology and pharmaceutical companies that have a greater number of products on the market and in the product pipeline, substantially greater financial, marketing, research and development and other resources and other technological or competitive advantages.

Our products continue to face increasing competition from the introduction of new originator therapies, generics, prodrugs and biosimilars of existing products and products approved under abbreviated regulatory pathways. Some of these products are likely to be sold at substantially lower prices than our branded products. The introduction of such products as well as other lower-priced competing products has reduced, and may in the future, significantly reduce both the price that we are able to charge for our products and the volume of products we sell, which will negatively impact our revenue. For instance, demand and price for TECFIDERA declined significantly as a result of multiple TECFIDERA generic entrants entering the U.S. market in 2020. In addition, in some markets, when a generic or biosimilar version of one of our products is commercialized, it may be automatically substituted for our product and significantly reduce our revenue in a short period of time.

Our ability to compete, maintain and grow our business may also be adversely affected due to a number of factors, including:

- the introduction of other products, including products that may be more efficacious, safer, less expensive or more convenient alternatives to our products, including our own products and products of our collaborators;
- the off-label use by physicians of therapies indicated for other conditions to treat patients;
- patient dynamics, including the size of the patient population and our ability to identify, attract and maintain new and current patients to our therapies;
- the reluctance of physicians to prescribe, and patients to use, our products without additional data on the efficacy and safety of such products;

- damage to physician and patient confidence in any of our products, generic or biosimilars of our products or any other product from the same class as one of our products, or to our sales and reputation as a result of label changes, pricing and reimbursement decisions or adverse experiences or events that may occur with patients treated with our products or generic or biosimilars of our products;
- inability to obtain appropriate pricing and reimbursement for our products compared to our competitors in key international markets; or
- our ability to obtain and maintain patent, data or market exclusivity for our products.

Our business may be adversely affected if we do not successfully execute or realize the anticipated benefits of our strategic and growth initiatives.

The successful execution of our strategic and growth initiatives may depend upon internal development projects, commercial initiatives and external opportunities, which may include the acquisition and in-licensing of products, technologies and companies or the entry into strategic alliances and collaborations.

While we believe we have a number of promising programs in our pipeline, failure or delay of internal development projects to advance or difficulties in executing on our commercial initiatives could impact our current and future growth, resulting in additional reliance on external development opportunities for growth.

Supporting the further development of our existing products and potential new products in our pipeline will require significant capital expenditures and management resources, including investments in research and development, sales and marketing, manufacturing capabilities and other areas of our business. We have made, and may continue to make, significant operating and capital expenditures for potential new products prior to regulatory approval with no assurance that such investment will be recouped, which may adversely affect our financial condition, business and operations.

The availability of high quality, fairly valued external product development is limited and the opportunity for their acquisition is highly competitive. As such, we are not certain that we will be able to identify suitable candidates for acquisition or if we will be able to reach agreement.

We may fail to initiate or complete transactions for many reasons, including failure to obtain regulatory or other approvals as well as disputes or litigation. Furthermore, we may not be able to achieve the full strategic and financial benefits expected to result from transactions, or the benefits may be delayed or not occur at all. We may also face additional costs or liabilities in completed transactions that were not contemplated prior to completion.

Any failure in the execution of a transaction, in the integration of an acquired asset or business or in achieving expected synergies could result in slower growth, higher than expected costs, the recording of asset impairment charges and other actions which could adversely affect our business, financial condition and results of operations.

Sales of our products depend, to a significant extent, on adequate coverage, pricing and reimbursement from third-party payors, which are subject to increasing and intense pressure from political, social, competitive and other sources. Our inability to obtain and maintain adequate coverage, or a reduction in pricing or reimbursement, could have an adverse effect on our business, reputation, revenue and results of operations.

Sales of our products depend, to a significant extent, on adequate coverage, pricing and reimbursement from third-party payors. When a new pharmaceutical product is approved, the availability of government and private reimbursement for that product may be uncertain, as is the pricing and amount for which that product will be reimbursed.

Pricing and reimbursement for our products may be adversely affected by a number of factors, including:

- changes in, and implementation of, federal, state or foreign government regulations or private third-party payors' reimbursement policies;
- pressure by employers on private health insurance plans to reduce costs;
- consolidation and increasing assertiveness of payors seeking price discounts or rebates in connection with the placement of our products on their formularies and, in some cases, the imposition of restrictions on access or coverage of particular drugs or pricing determined based on perceived value; and
- our value-based contracting program pursuant to which we aim to tie the pricing of our products to their clinical values by either aligning price to patient outcomes or adjusting price for patients who discontinue therapy for any reason, including efficacy or tolerability concerns.

Our ability to set the price for our products varies significantly from country to country and, as a result, so can the price of our products. Certain countries set prices by reference to the prices in other countries where our products are marketed. Our inability to obtain and maintain adequate prices in a particular country may not only limit the revenue from our products within that country but may also adversely affect our ability to secure acceptable prices in existing and potential new markets, which may limit market growth. This may create the opportunity for third-party cross-border trade or influence our decision to sell or not to sell a product, thus adversely affecting our geographic expansion plans and revenue.

Drug prices are under significant scrutiny in the markets in which our products are prescribed. We expect drug pricing and other health care costs to continue to be subject to intense political and societal pressures on a global basis. Competition from current and future competitors may negatively impact our ability to maintain pricing and our market share. New products marketed by our competitors could cause our revenue to decrease due to potential price reductions and lower sales volumes. Additionally, the introduction of generic or biosimilar versions of our products, follow-on products, prodrugs or products approved under abbreviated regulatory pathways may significantly reduce the price that we are able to charge for our products and the volume of products we sell.

Many payors continue to adopt benefit plan changes that shift a greater portion of prescription costs to patients, including more limited benefit plan designs, higher patient co-pay or co-insurance obligations and limitations on patients' use of commercial manufacturer co-pay payment assistance programs (including through co-pay accumulator adjustment or maximization programs). Significant consolidation in the health insurance industry has resulted in a few large insurers and pharmacy benefit managers exerting greater pressure in pricing and usage negotiations with drug manufacturers, significantly increasing discounts and rebates required of manufacturers and limiting patient access and usage. Further consolidation among insurers, pharmacy benefit managers and other payors would increase the negotiating leverage such entities have over us and other drug manufacturers. Additional discounts, rebates, coverage or plan changes, restrictions or exclusions as described above could have a material adverse effect on sales of our affected products.

Our failure to obtain or maintain adequate coverage, pricing or reimbursement for our products could have an adverse effect on our business, reputation, revenue and results of operations.

We depend on relationships with collaborators, joint venture partners and other third parties for revenue, and for the development, regulatory approval, commercialization and marketing of certain of our products and product candidates, which are outside of our full control.

We rely on a number of collaborative, joint venture and other third-party relationships for revenue and the development, regulatory approval, commercialization and marketing of certain of our products and product candidates. We also outsource certain aspects of our regulatory affairs and clinical development relating to our products and product candidates to third parties. Reliance on third parties subjects us to a number of risks, including:

- we may be unable to control the resources our collaborators, joint venture partners or third parties devote to our programs, products or product candidates;
- disputes may arise under an agreement, including with respect to the achievement and payment of milestones or ownership of rights to technology developed, and the underlying agreement may fail to provide us with significant protection or may fail to be effectively enforced if the collaborators, joint ventures partners or third parties fail to perform;
- the interests of our collaborators, joint venture partners or third parties may not always be aligned with our interests, and such parties may not pursue regulatory approvals or market a product in the same manner or to the same extent that we would, which could adversely affect our revenue, or may adopt tax strategies that could have an adverse effect on our business, results of operations or financial condition;
- third-party relationships require the parties to cooperate, and failure to do so effectively could adversely affect product sales or the clinical development or regulatory approvals of product candidates under joint control, could result in termination of the research, development or commercialization of product candidates or could result in litigation or arbitration;
- any failure on the part of our collaborators, joint venture partners or third parties to comply with applicable laws, including tax laws, regulatory requirements and/or applicable contractual obligations or to fulfill any responsibilities they may have to protect and enforce any intellectual property rights underlying our products could have an adverse effect on our revenue as well as involve us in possible legal proceedings; and

- any improper conduct or actions on the part of our collaborators, joint venture partners or third parties could subject us to civil or criminal investigations and monetary and injunctive penalties, impact the accuracy and timing of our financial reporting and/or adversely impact our ability to conduct business, our operating results and our reputation.

Certain officers and affiliates of our joint venture partner, Samsung BioLogics, are currently subject to ongoing criminal proceedings that may impact its operations and business or divert the attention of the Samsung Bioepis management team from its ongoing operations. In addition, as Samsung Bioepis is a privately-held entity, our ability to liquidate our investment may be limited and we may realize significantly less than the value of such investment.

Given these risks, there is considerable uncertainty regarding the success of our current and future collaborative efforts. If these efforts fail, our product development or commercialization of new products could be delayed, revenue from products could decline and/or we may not realize the anticipated benefits of these arrangements.

Our results of operations may be adversely affected by current and potential future healthcare reforms.

In the U.S., federal and state legislatures, health agencies and third-party payors continue to focus on containing the cost of health care. Legislative and regulatory proposals, enactments to reform health care insurance programs and increasing pressure from social sources could significantly influence the manner in which our products are prescribed and purchased. For example, provisions of the Patient Protection and Affordable Care Act (PPACA) have resulted in changes in the way health care is paid for by both governmental and private insurers, including increased rebates owed by manufacturers under the Medicaid Drug Rebate Program, annual fees and taxes on manufacturers of certain branded prescription drugs, the requirement that manufacturers participate in a discount program for certain outpatient drugs under Medicare Part D and the expansion of the number of hospitals eligible for discounts under Section 340B of the Public Health Service Act. These changes have had and are expected to continue to have a significant impact on our business.

We may face uncertainties as a result of efforts to repeal, substantially modify or invalidate some or all of the provisions of the PPACA. There is no assurance that the PPACA, as currently enacted or as amended in the future, will not adversely affect our business and financial results, and we cannot predict how future federal or state legislative or administrative changes relating to healthcare reform will affect our business.

There is increasing public attention on the costs of prescription drugs and we expect drug pricing and other health care costs to continue to be subject to intense political and societal pressures on a global basis. For example, two committees of the U.S. House of Representatives are investigating the approval and price of ADUHELM. In addition, there have been, and are expected to continue to be, legislative proposals to address prescription drug pricing. Some of these proposals could have significant effects on our business, including an executive order issued in September 2020 to test a “most favored nation” model for Part B and Part D drugs that tie reimbursement rates to international drug pricing metrics. These actions and the uncertainty about the future of the PPACA and healthcare laws may put downward pressure on pharmaceutical pricing and increase our regulatory burdens and operating costs.

There is also significant economic pressure on state budgets, including as a result of the COVID-19 pandemic, that may result in states increasingly seeking to achieve budget savings through mechanisms that limit coverage or payment for our drugs. In recent years, some states have considered legislation and ballot initiatives that would control the prices of drugs, including laws to allow importation of pharmaceutical products from lower cost jurisdictions outside the U.S. and laws intended to impose price controls on state drug purchases. State Medicaid programs are increasingly requesting manufacturers to pay supplemental rebates and requiring prior authorization by the state program for use of any drug for which supplemental rebates are not being paid. Government efforts to reduce Medicaid expenses may lead to increased use of managed care organizations by Medicaid programs. This may result in managed care organizations influencing prescription decisions for a larger segment of the population and a corresponding limitation on prices and reimbursement for our products.

In the E.U. and some other international markets, the government provides health care at low cost to consumers and regulates pharmaceutical prices, patient eligibility or reimbursement levels to control costs for the government-sponsored health care system. Many countries have announced or implemented measures, and may in the future implement new or additional measures, to reduce health care costs to limit the overall level of government expenditures. These measures vary by country and may include, among other things, patient access restrictions, suspensions on price increases, prospective and possible retroactive price reductions and other recoupments and increased mandatory discounts or rebates, recoveries of past price increases and greater importation of drugs from lower-cost countries. These measures have negatively impacted our revenue and may continue to adversely affect our revenue and results of operations in the future.

Our success in commercializing biosimilars is subject to risks and uncertainties inherent in the development, manufacture and commercialization of biosimilars. If we are unsuccessful in such activities, our business may be adversely affected.

The development, manufacture and commercialization of biosimilar products require specialized expertise and are very costly and subject to complex regulation. Our success in commercializing biosimilars is subject to a number of risks, including:

- ***Reliance on Third Parties.*** We are dependent, in part, on the efforts of Samsung Bioepis, collaboration partners and other third parties over whom we have limited or no control in the development and manufacturing of biosimilar products. If these third parties fail to perform successfully, our biosimilar product development or commercialization of biosimilar products could be delayed, revenue from biosimilar products could decline and/or we may not realize the anticipated benefits of these arrangements;
- ***Regulatory Compliance.*** Biosimilar products may face regulatory hurdles or delays due to the evolving and uncertain regulatory and commercial pathway of biosimilar products in certain jurisdictions;
- ***Intellectual Property and Regulatory Challenges.*** Biosimilar products may face extensive patent clearances, patent infringement litigation, injunctions or regulatory challenges, which could prevent the commercial launch of a product or delay it for many years or result in imposition of monetary damages, penalties or other civil sanctions and damage our reputation;
- ***Failure to Gain Market and Patient Acceptance.*** Market success of biosimilar products will be adversely affected if patients, physicians and/or payors do not accept biosimilar products as safe and efficacious products offering a more competitive price or other benefit over existing therapies;
- ***Ability to Provide Adequate Supply.*** Manufacturing biosimilars is complex. If we encounter any manufacturing or supply chain difficulties we may be unable to meet higher than anticipated demand. We are dependent on a third-party for the manufacture of biosimilar products and such third-party may not perform its obligations in a timely and cost-effective manner or in compliance with applicable regulations and may be unable or unwilling to increase production capacity commensurate with demand for our existing or future biosimilar products; and
- ***Competitive Challenges.*** Biosimilar products face significant competition, including from innovator products and biosimilar products offered by other companies. Local tendering processes may restrict biosimilar products from being marketed and sold in some jurisdictions. The number of competitors in a jurisdiction, the timing of approval and the ability to market biosimilar products successfully in a timely and cost-effective manner are additional factors that may impact our success and/or the success of Samsung Bioepis in this business area.

Risks Related to Intellectual Property

If we are unable to obtain and maintain adequate protection for our data, intellectual property and other proprietary rights, our business may be harmed.

Our success, including our long-term viability and growth, depends, in part, on our ability to obtain and defend patent and other intellectual property rights, including certain regulatory forms of exclusivity, that are important to the commercialization of our products and product candidates. Patent protection and/or regulatory exclusivity in the U.S. and other important markets remains uncertain and depends, in part, upon decisions of the patent offices, courts, administrative bodies and lawmakers in these countries. We may fail to obtain or preserve patent and other intellectual property rights, including certain regulatory forms of exclusivity, or the protection we obtain may not be of sufficient breadth and degree to protect our commercial interests in all countries where we conduct business, which could result in financial, business or reputational harm to us or could cause a decline or volatility in our stock price. In addition, settlements of such proceedings often result in reducing the period of patent and other protections, resulting in a reduction in revenue from affected products.

In many markets, including the U.S., manufacturers may be allowed to rely on the safety and efficacy data of the innovator's product and do not need to conduct clinical trials before marketing a competing version of a product after there is no longer patent or regulatory exclusivity. In such cases, manufacturers often charge significantly lower prices and a major portion of the company's revenue may be reduced in a short period of time. In addition, manufacturers of generics and biosimilars may choose to launch or attempt to launch their products before the expiration of our patent or other intellectual property protections.

Furthermore, our products may be determined to infringe patents or other intellectual property rights held by third parties. Legal proceedings, administrative challenges or other types of proceedings are and may in the future

be necessary to determine the validity, scope or non-infringement of certain patent rights claimed by third parties to be pertinent to the manufacture, use or sale of our products. Such proceedings are unpredictable and are often protracted and expensive. Negative outcomes of such proceedings could hinder or prevent us from manufacturing and marketing our products, require us to seek a license for the infringed product or technology or result in the assessment of significant monetary damages against us that may exceed amounts, if any, accrued in our financial statements. A failure to obtain necessary licenses for an infringed product or technology could prevent us from manufacturing or selling our products. Furthermore, payments under any licenses that we are able to obtain would reduce our profits from the covered products and services. Any of these circumstances could result in financial, business or reputational harm to us or could cause a decline or volatility in our stock price.

Risks Related to Development, Clinical Testing and Regulation of Our Products and Product Candidates

Successful preclinical work or early stage clinical trials does not ensure success in later stage trials, regulatory approval or commercial viability of a product.

Positive results in a clinical trial may not be replicated in subsequent or confirmatory trials. Additionally, success in preclinical work or early stage clinical trials does not ensure that later stage or larger scale clinical trials will be successful or that regulatory approval will be obtained. Even if later stage clinical trials are successful, regulatory authorities may delay or decline approval of our product candidates. Regulatory authorities may disagree with our view of the data, require additional studies or disagree with our trial design or endpoints. Regulatory authorities may also fail to approve the facilities or processes used to manufacture a product candidate, our dosing or delivery methods or companion devices. Regulatory authorities may grant marketing approval that is more restricted than anticipated, including limiting indications to narrow patient populations and the imposition of safety monitoring, educational requirements, requiring confirmatory trials and risk evaluation and mitigation strategies. The occurrence of any of these events could result in significant costs and expense, have an adverse effect on our business, financial condition and results of operations and/or cause our stock price to decline or experience periods of volatility.

Clinical trials and the development of biopharmaceutical products is a lengthy and complex process. If we fail to adequately manage our clinical activities, our clinical trials or potential regulatory approvals may be delayed or denied.

Conducting clinical trials is a complex, time-consuming and expensive process. Our ability to complete clinical trials in a timely fashion depends on a number of key factors, including protocol design, regulatory and institutional review board approval, patient enrollment rates and compliance with current Good Clinical Practices. If we or our third-party clinical trial providers or CROs do not successfully carry out these clinical activities, our clinical trials or the potential regulatory approval of a product candidate may be delayed or denied.

We have opened clinical trial sites and are enrolling patients in a number of countries where our experience is limited. In most cases, we use the services of third parties to carry out our clinical trial related activities and rely on such parties to accurately report their results. Our reliance on third parties for these activities may impact our ability to control the timing, conduct, expense and quality of our clinical trials. One CRO has responsibility for a substantial portion of our activities and reporting related to our clinical trials and if such CRO does not adequately perform, many of our trials may be affected. We may need to replace our CROs, which may result in the delay of the affected trials or otherwise adversely affect our efforts to obtain regulatory approvals and commercialize our product candidates.

Adverse safety events or restrictions on use and safety warnings for our products can negatively affect our business, product sales and stock price.

Adverse safety events involving our marketed products, generic or biosimilar versions of our marketed products or products from the same class as one of our products may have a negative impact on our business. Discovery of safety issues with our products could create product liability and could cause additional regulatory scrutiny and requirements for additional labeling or safety monitoring, withdrawal of products from the market and/or the imposition of fines or criminal penalties. Adverse safety events may also damage physician, patient and/or investor confidence in our products and our reputation. Any of these could result in adverse impacts on our results of operations.

Regulatory authorities are making greater amounts of stand-alone safety information directly available to the public through periodic safety update reports, patient registries and other reporting requirements. The reporting of adverse safety events involving our products or products similar to ours and public rumors about such events may increase claims against us and may also cause our product sales to decline or our stock price to experience periods of volatility.

Restrictions on use or significant safety warnings that may be required to be included in the label of our products, such as the risk of developing progressive multifocal leukoencephalopathy (PML) in the label for certain of our products, may significantly reduce expected revenue for those products and require significant expense and management time.

The illegal distribution and sale by third parties of counterfeit or unfit versions of our products or stolen products could have a negative impact on our reputation and business.

Third parties might illegally distribute and sell counterfeit or unfit versions of our products, which do not meet our rigorous manufacturing, distribution and testing standards. A patient who receives a counterfeit or unfit drug may be at risk for a number of dangerous health consequences. Our reputation and business could suffer harm as a result of counterfeit or unfit drugs sold under our brand name. Inventory that is stolen from warehouses, plants or while in-transit, and that is subsequently improperly stored and sold through unauthorized channels, could adversely impact patient safety, our reputation and our business.

The increasing use of social media platforms presents new risks and challenges.

Social media is increasingly being used to communicate about our products and the diseases our therapies are designed to treat. Social media practices in the biopharmaceutical industry continue to evolve and regulations relating to such use are not always clear and creates uncertainty and risk of noncompliance with regulations applicable to our business. For example, patients may use social media channels to comment on the effectiveness of a product or to report an alleged adverse event. When such disclosures occur, there is a risk that we fail to monitor and comply with applicable adverse event reporting obligations or we may not be able to defend the company or the public's legitimate interests in the face of the political and market pressures generated by social media due to restrictions on what we may say about our products. There is also a risk of inappropriate disclosure of sensitive information or negative or inaccurate posts or comments about us on social media. We may also encounter criticism on social media regarding our company, management, product candidates or products. The immediacy of social media precludes us from having real-time control over postings made regarding us via social media, whether matters of fact or opinion. Our reputation could be damaged by negative publicity or if adverse information concerning us is posted on social media platforms or similar mediums, which we may not be able to reverse. If any of these events were to occur or we otherwise fail to comply with applicable regulations, we could incur liability, face overly restrictive regulatory actions or incur other harm to our business.

Risks Related to Our Operations

A breakdown or breach of our technology systems could subject us to liability or interrupt the operation of our business.

We are increasingly dependent upon technology systems and data to operate our business. Further, the COVID-19 pandemic has caused us to modify our business practices, including changing the requirement that most of our office-based employees in the U.S. and our other key markets work from the office. As a result, we are increasingly dependent upon our technology systems to operate our business and our ability to effectively manage our business depends on the security, reliability and adequacy of our technology systems and data, which includes use of cloud technologies, including Software as a Service (SaaS), Platform as a Service (PaaS) and Infrastructure as a Service (IaaS). A breakdown, invasion, corruption, destruction or breach of our technology systems, including our cloud technologies, and/or unauthorized access to our data and information could subject us to liability or negatively impact the operation of our business. Our technology systems, including our cloud technologies, continue to increase in multitude and complexity, making them potentially vulnerable to breakdown, malicious intrusion and random attack. Data privacy or security breaches also pose a risk that sensitive data, including intellectual property, trade secrets or personal information belonging to us, patients, customers or other business partners, may be exposed to unauthorized persons or to the public.

Cyber-attacks are increasing in their frequency, sophistication and intensity, and are becoming increasingly difficult to detect. They are often carried out by motivated, well-resourced, skilled and persistent actors, including nation states, organized crime groups, "hacktivists" and employees or contractors acting with malicious intent. Cyber-attacks could include the deployment of harmful malware and key loggers, ransomware, a denial-of-service attack, a malicious website, the use of social engineering and other means to affect the confidentiality, integrity and availability of our technology systems and data. Cyber-attacks could also include supply chain attacks, which could cause a delay in the manufacturing of our products or products produced for contract manufacturing. Our key business partners face similar risks and any security breach of their systems could adversely affect our security posture. In addition, our increased use of cloud technologies could heighten these and other operational risks, and any failure by cloud technology service providers to adequately safeguard their systems and prevent cyber-attacks could disrupt our operations and result in misappropriation, corruption or loss of confidential or proprietary information.

While we continue to build and improve our systems and infrastructure, including our business continuity plans, there can be no assurance that our efforts will prevent breakdowns or breaches in our systems that could adversely affect our business and operations and/or result in the loss of critical or sensitive information, which could result in financial, legal, operational or reputational harm to us, loss of competitive advantage or loss of consumer confidence. Our liability insurance may not be sufficient in type or amount to cover us against claims related to security breaches, cyber-attacks and other related breaches.

Regulators are imposing new data privacy and security requirements, including new and greater monetary fines for privacy violations. For example, the E.U.'s General Data Protection Regulation established regulations regarding the handling of personal data, and provides an enforcement authority and imposes large penalties for noncompliance. New U.S. data privacy and security laws, such as the California Consumer Privacy Act (CCPA), and others that may be passed, similarly introduce requirements with respect to personal information, and non-compliance with the CCPA may result in liability through private actions (subject to statutorily defined damages in the event of certain data breaches) and enforcement. Failure to comply with these current and future laws, policies, industry standards or legal obligations or any security incident resulting in the unauthorized access to, or acquisition, release or transfer of personal information may result in governmental enforcement actions, litigation, fines and penalties or adverse publicity and could cause our customers to lose trust in us, which could have a material adverse effect on our business and results of operations.

Management and other personnel changes may disrupt our operations, and we may have difficulty retaining personnel or attracting and retaining qualified replacements on a timely basis for the management and other personnel who may leave the Company.

Changes in management, other personnel and our overall retention rate may disrupt our business, and any such disruption could adversely affect our operations, programs, growth, financial condition or results of operations. New members of management may have different perspectives on programs and opportunities for our business, which may cause us to focus on new opportunities or reduce or change emphasis on our existing programs.

Our success is dependent upon our ability to attract and retain qualified management and key personnel in a highly competitive environment. Qualified individuals are in high demand, and we may incur significant costs to attract or retain them. We may face difficulty in attracting and retaining talent for a number of reasons, including management changes, the underperformance or discontinuation of one or more late-stage programs, recruitment by competitors or changes in the overall labor market favoring flexible working arrangements. In addition, additional changes in our flexible working arrangements could impact employees' productivity and morale as well as our ability to attract, retain, and motivate employees. We cannot ensure that we will be able to hire or retain the personnel necessary for our operations or that the loss of any personnel will not have a material impact on our financial condition and results of operations.

If we fail to comply with the extensive legal and regulatory requirements affecting the health care industry, we could face increased costs, penalties and a loss of business.

Our activities, and the activities of our collaborators, distributors and other third-party providers, are subject to extensive government regulation and oversight in the U.S. and in foreign jurisdictions, and are subject to change and evolving interpretations, which could require us to incur substantial costs associated with compliance or to alter one or more of our business practices. The FDA and comparable foreign agencies directly regulate many of our most critical business activities, including the conduct of preclinical and clinical studies, product manufacturing, advertising and promotion, product distribution, adverse event reporting, product risk management and our compliance with good practice quality guidelines and regulations. Our interactions with physicians and other health care providers that prescribe or purchase our products are also subject to government regulation designed to prevent fraud and abuse in the sale and use of products and place significant restrictions on the marketing practices of health care companies. Health care companies are facing heightened scrutiny of their relationships with health care providers and have been the target of lawsuits and investigations alleging violations of government regulation, including claims asserting submission of incorrect pricing information, impermissible off-label promotion of pharmaceutical products, payments intended to influence the referral of health care business, submission of false claims for government reimbursement, antitrust violations or violations related to environmental matters. There is also enhanced scrutiny of company-sponsored patient assistance programs, including insurance premium and co-pay assistance programs and donations to third-party charities that provide such assistance. The U.S. government has challenged some of our donations to third-party charities that provide patient assistance. If we, or our vendors or donation recipients, are found to fail to comply with relevant laws, regulations or government guidance in the operation of these programs, we could be subject to significant fines or penalties. Risks relating to compliance with laws and regulations may be heightened as we continue to expand our global operations and enter new therapeutic

areas with different patient populations, which may have different product distribution methods, marketing programs or patient assistance programs from those we currently utilize or support.

Conditions and regulations governing the health care industry are subject to change, with possible retroactive effect, including:

- new laws, regulations or judicial decisions, or new interpretations of existing laws, regulations or judicial decisions, related to health care availability, pricing or marketing practices, compliance with employment practices, method of delivery, payment for health care products and services, compliance with health information and data privacy and security laws and regulations, tracking and reporting payments and other transfers of value made to physicians and teaching hospitals, extensive anti-bribery and anti-corruption prohibitions, product serialization and labeling requirements and used product take-back requirements;
- changes in the FDA and foreign regulatory approval processes or perspectives that may delay or prevent the approval of new products and result in lost market opportunity;
- government shutdowns or relocations may result in delays to the review and approval process, slowing the time necessary for new drug candidates to be reviewed and/or approved, which may adversely affect our business;
- requirements that provide for increased transparency of clinical trial results and quality data, such as the EMA's clinical transparency policy, which could impact our ability to protect trade secrets and competitively-sensitive information contained in approval applications or could be misinterpreted leading to reputational damage, misperception or legal action, which could harm our business; and
- changes in FDA and foreign regulations that may require additional safety monitoring, labeling changes, restrictions on product distribution or use or other measures after the introduction of our products to market, which could increase our costs of doing business, adversely affect the future permitted uses of approved products or otherwise adversely affect the market for our products.

Violations of governmental regulation may be punishable by criminal and civil sanctions, including fines and civil monetary penalties and exclusion from participation in government programs, including Medicare and Medicaid, as well as against executives overseeing our business. We could also be required to repay amounts we received from government payors or pay additional rebates and interest if we are found to have miscalculated the pricing information we submitted to the government. In addition, legal proceedings and investigations are inherently unpredictable, and large judgments or settlements sometimes occur. While we believe that we have appropriate compliance controls, policies and procedures in place to comply with the laws or regulations of the jurisdictions in which we operate, there is a risk that acts committed by our employees, agents, distributors, collaborators or third-party providers might violate such laws or regulations. Whether or not we have complied with the law, an investigation or litigation related to alleged unlawful conduct could increase our expense, damage our reputation, divert management time and attention and adversely affect our business.

Our sales and operations are subject to the risks of doing business internationally.

We are increasing our presence in international markets, subjecting us to many risks that could adversely affect our business and revenue. There is no guarantee that our efforts and strategies to expand sales in international markets will succeed. Emerging market countries may be especially vulnerable to periods of global and local political, legal, regulatory and financial instability and may have a higher incidence of corruption and fraudulent business practices. Certain countries may require local clinical trial data as part of the drug registration process in addition to global clinical trials, which can add to overall drug development and registration timelines. We may also be required to increase our reliance on third-party agents and unfamiliar operations and arrangements previously utilized by companies we collaborate with or acquire in emerging markets.

Our sales and operations are subject to the risks of doing business internationally, including:

- the impact of public health epidemics, such as the COVID-19 pandemic, on the global economy and the delivery of healthcare treatments;
- less favorable intellectual property or other applicable laws;
- the inability to obtain necessary foreign regulatory approvals of products in a timely manner;
- limitations and additional pressures on our ability to obtain and maintain product pricing or receive price increases, including those resulting from governmental or regulatory requirements;
- additional complexity in manufacturing internationally;

- the inability to successfully complete subsequent or confirmatory clinical trials in countries where our experience is limited;
- longer payment and reimbursement cycles and uncertainties regarding the collectability of accounts receivable;
- fluctuations in foreign currency exchange rates that may adversely impact our revenue, net income and value of certain of our investments;
- the imposition of governmental controls;
- diverse data privacy and protection requirements;
- increasingly complex standards for complying with foreign laws and regulations that may differ substantially from country to country and may conflict with corresponding U.S. laws and regulations;
- the far-reaching anti-bribery and anti-corruption legislation in the United Kingdom (U.K.), including the U.K. Bribery Act 2010, and elsewhere and escalation of investigations and prosecutions pursuant to such laws;
- compliance with complex import and export control laws;
- changes in tax laws; and
- the imposition of tariffs or embargoes and other trade restrictions.

In addition, our international operations are subject to regulation under U.S. law. For example, the U.S. Foreign Corrupt Practices Act (FCPA) prohibits U.S. companies and their representatives from paying, offering to pay, promising to pay or authorizing the payment of anything of value to any foreign government official, government staff member, political party or political candidate for the purpose of obtaining or retaining business or to otherwise obtain favorable treatment or influence a person working in an official capacity. In many countries, the health care professionals we regularly interact with may meet the FCPA's definition of a foreign government official. Failure to comply with domestic or foreign laws could result in various adverse consequences, including possible delay in approval or refusal to approve a product, recalls, seizures or withdrawal of an approved product from the market, disruption in the supply or availability of our products or suspension of export or import privileges, the imposition of civil or criminal sanctions, the prosecution of executives overseeing our international operations and damage to our reputation. Any significant impairment of our ability to sell products outside of the U.S. could adversely impact our business and financial results. In addition, while we believe that we have appropriate compliance controls, policies and procedures in place to comply with the FCPA, there is a risk that acts committed by our employees, agents, distributors, collaborators or third-party providers might violate the FCPA and we might be held responsible. If our employees, agents, distributors, collaborators or third-party providers are found to have engaged in such practices, we could suffer severe penalties and may be subject to other liabilities, which could negatively affect our business, operating results and financial condition.

We are building a large-scale biologics manufacturing facility, which will result in the incurrence of significant investment with no assurance that such investment will be recouped.

In order to support our future growth and drug development pipeline, we are expanding our large molecule production capacity by building a large-scale biologics manufacturing facility in Solothurn, Switzerland with no assurance that the additional capacity will be required or this investment will be recouped. If we are unable to fully utilize our manufacturing facilities, our business may be harmed. Charges resulting from excess capacity would have a negative effect on our financial condition and results of operations.

Although a portion of the Solothurn facility received a GMP multi-product license from SWISSMEDIC in May 2021, the manufacturing of a product or product candidate at the Solothurn facility must be approved by the applicable regulatory agencies, including the FDA. There can be no assurance that the regulatory authorities will approve the Solothurn facility for the manufacturing of a product or a product candidate. If we do not receive the necessary regulatory approvals of the Solothurn facility or if our future growth and drug development plans increase, we may not have sufficient large-scale manufacturing capacity to meet our long-term manufacturing requirements.

Manufacturing issues could substantially increase our costs, limit supply of our products and/or reduce our revenue.

The process of manufacturing our products is complex, highly regulated and subject to numerous risks, including:

- *Risks of Reliance on Third Parties and Single Source Providers.* We rely on third-party suppliers and manufacturers for many aspects of our manufacturing process for our products and product candidates. In

some cases, due to the unique manner in which our products are manufactured, we rely on single source providers of raw materials and manufacturing supplies. These third parties are independent entities subject to their own unique operational and financial risks that are outside of our control. These third parties may not perform their obligations in a timely and cost-effective manner or in compliance with applicable regulations, and they may be unable or unwilling to increase production capacity commensurate with demand for our existing or future products. Finding alternative providers could take a significant amount of time and involve significant expense due to the specialized nature of the services and the need to obtain regulatory approval of any significant changes to our suppliers or manufacturing methods. We cannot be certain that we could reach agreement with alternative providers or that the FDA or other regulatory authorities would approve our use of such alternatives. Furthermore, factors such as the COVID-19 pandemic, weather events, labor or raw material shortages and other supply chain disruptions could result in difficulties and delays in manufacturing our products, which could have an adverse impact on our results in operations or result in product shortages.

- *Risks Relating to Compliance with current GMP (cGMP).* We and our third-party providers are generally required to maintain compliance with cGMP and other stringent requirements and are subject to inspections by the FDA and other regulatory authorities to confirm compliance. Any delay, interruption or other issues that arise in the manufacture, fill-finish, packaging or storage of our products as a result of a failure of our facilities or operations or those of third parties to receive regulatory approval or pass any regulatory agency inspection could significantly impair our ability to develop and commercialize our products. Significant noncompliance could also result in the imposition of monetary penalties or other civil or criminal sanctions and damage our reputation.
- *Global Bulk Supply Risks.* We rely on our manufacturing facilities for the production of drug substance for our large molecule products and product candidates. Our global bulk supply of these products and product candidates depends on the uninterrupted and efficient operation of these facilities, which could be adversely affected by equipment failures, labor shortages, public health epidemics, natural disasters, power failures, cyber-attacks and many other factors.
- *Risk of Product Loss.* The manufacturing process for our products is extremely susceptible to product loss due to contamination, oxidation, equipment failure or improper installation or operation of equipment or vendor or operator error. Even minor deviations from normal manufacturing processes could result in reduced production yields, product defects and other supply disruptions. If microbial, viral or other contaminations are discovered in our products or manufacturing facilities, we may need to close our manufacturing facilities for an extended period of time to investigate and remediate the contaminant.
- *Risk Relating to Government Actions.* We and/or our third-party providers may be required by the U.S. federal government to manufacture medical supplies needed to treat COVID-19 patients under the Defense Production Act or other acts or orders of government entities, which may result in delays in the manufacturing and supply of our products.

Any adverse developments affecting our manufacturing operations or the operations of our third-party suppliers and manufacturers may result in shipment delays, inventory shortages, lot failures, product withdrawals or recalls or other interruptions in the commercial supply of our products. We may also have to take inventory write-offs and incur other charges and expense for products that fail to meet specifications, undertake costly remediation efforts or seek more costly manufacturing alternatives. Such developments could increase our manufacturing costs, cause us to lose revenue or market share as patients and physicians turn to competing therapeutics, diminish our profitability or damage our reputation.

In addition, although we have business continuity plans to reduce the potential for manufacturing disruptions or delays and reduce the severity of a disruptive event, there is no guarantee that these plans will be adequate, which could adversely affect our business and operations.

Our effective tax rate fluctuates, and we may incur obligations in tax jurisdictions in excess of accrued amounts.

As a global biopharmaceutical company, we are subject to taxation in numerous countries, states and other jurisdictions. As a result, our effective tax rate is derived from a combination of applicable tax rates, including withholding taxes, in the various places that we operate. In preparing our financial statements, we estimate the amount of tax that will become payable in each of such places. Our effective tax rate may be different than experienced in the past or our current expectations due to many factors, including changes in the mix of our profitability from country to country, the results of examinations and audits of our tax filings, adjustments to the value of our uncertain tax positions, interpretations by tax authorities or other bodies with jurisdiction, the result of

tax cases, changes in accounting for income taxes and changes in tax laws and regulations either prospectively or retrospectively.

Our inability to secure or sustain acceptable arrangements with tax authorities and future changes in the tax laws, among other things, may result in tax obligations in excess of amounts accrued in our financial statements.

The Tax Cuts and Jobs Act of 2017 (2017 Tax Act) resulted in significant changes to the U.S. corporate income tax system. Our estimates concerning the impact of the 2017 Tax Act on our accounting and on our business remain subject to developing interpretations of the provisions of the 2017 Tax Act, which may require further adjustments and changes in our estimates, which could have a material adverse effect on our business, results of operations or financial condition. Further, the current administration could introduce new tax laws or revise or issue new interpretations of the 2017 Tax Act.

The Swiss Federal Act on Tax Reform and AHV Financing (TRAF) resulted in significant changes to the Swiss cantonal income tax system. Final interpretation of the transitional and new regimes of the TRAF may require further adjustments and changes in our estimates, which could have a significant adverse effect on our business, results of operations or financial condition.

The enactment of some or all of the recommendations set forth or that may be forthcoming in the Organization for Economic Cooperation and Development's project on "Base Erosion and Profit Shifting" (BEPS) by tax authorities and economic blocs in the countries in which we operate, could unfavorably impact our effective tax rate. These initiatives focus on common international principles for the entitlement to taxation of global corporate profits and minimum global tax rates.

The ongoing COVID-19 pandemic may, directly or indirectly, adversely affect our business, results of operations and financial condition.

Our business could be adversely affected, directly or indirectly, by the ongoing COVID-19 pandemic. National, state and local governments have implemented and may continue to implement safety precautions, including quarantines, border closures, increased border controls, travel restrictions, shelter in place orders and shutdowns and other measures. These measures may disrupt normal business operations and may have significant negative impacts on businesses and financial markets worldwide.

We continue to monitor our operations and applicable government recommendations, and we have made modifications to our normal operations because of the COVID-19 pandemic, including limiting travel and working from home. We have also suspended the vast majority of our in-person interactions by our customer-facing professionals in healthcare settings. This limits our ability to market our products and educate physicians, which, in turn, could have an adverse effect on our ability to compete in the marketing and sales of our products.

Changes in flexible working arrangements could impact employee retention, employees' productivity and morale, strain our technology resources and introduce operational risks. Additionally, the risk of cyber-attacks or other privacy or data security incidents may be heightened as a result of our moving increasingly towards a remote working environment, which may be less secure and more susceptible to hacking attacks.

The COVID-19 pandemic could affect the health and availability of our workforce as well as those of the third parties we rely on. Furthermore, delays and disruptions experienced by our collaborators, joint venture partners or other third parties due to the COVID-19 pandemic could adversely impact the ability of such parties to fulfill their obligations, which could affect product sales or the clinical development or regulatory approvals of product candidates under joint control.

Our ability to continue our existing clinical trials or to initiate new clinical trials may be adversely affected, directly or indirectly, by the COVID-19 pandemic. For example, our Phase 3 study of BIIB093 for LHI has been delayed as this study involves administration of BIIB093 in an acute hospital setting. Restrictions on travel and/or transport of clinical materials as well as diversion of hospital staff and resources to COVID-19 infected patients could disrupt trial operations and recruitment, possibly resulting in a slowdown in enrollment and/or deviations from or disruptions in key clinical trial activities, such as clinical trial site monitoring. These challenges may lead to difficulties in meeting protocol-specified procedures. We may need to make certain adjustments to the operation of clinical trials in an effort to minimize risks to trial data integrity during the COVID-19 pandemic. In addition, the impact of the COVID-19 pandemic on the operations of the FDA and other health authorities may delay potential approvals of our product candidates.

In response to the COVID-19 pandemic, legislation has been enacted aimed at providing emergency assistance and health care for individuals, families and businesses and broadly supporting the U.S. economy. Additional state and federal healthcare reform measures may be adopted in the future, any of which could limit the amounts that

federal and state governments will pay for healthcare products and services, which could result in reduced demand for our products or additional pricing pressures and have a financial impact our business that we cannot predict.

While it is not possible at this time to estimate the entirety of the impact that the COVID-19 pandemic will have on our business, operations, employees, customers, suppliers or collaboration partners, continued spread of COVID-19, measures taken by governments, actions taken to protect employees and the broad impact of the pandemic on all business activities may materially and adversely affect our business, supply chain and distribution systems, results of operations and financial condition.

Risks Related to Holding Our Common Stock

Our operating results are subject to significant fluctuations.

Our quarterly revenue, expense and net income (loss) have fluctuated in the past and are likely to fluctuate significantly in the future due to the risks described in these *Risk Factors* as well as the timing of charges and expenses that we may take. We have recorded, or may be required to record, charges that include:

- the cost of restructurings or other initiatives to streamline our operations and reallocate resources;
- impairments with respect to investments, fixed assets and long-lived assets, including IPR&D and other intangible assets;
- inventory write-downs for failed quality specifications, charges for excess or obsolete inventory and charges for inventory write downs relating to product suspensions, expirations or recalls;
- changes in the fair value of contingent consideration or our equity investments;
- bad debt expense and increased bad debt reserves;
- outcomes of litigation and other legal or administrative proceedings, regulatory matters and tax matters;
- payments in connection with acquisitions, divestitures and other business development activities and under license and collaboration agreements;
- failure to meet certain contractual commitments; and
- the impact of public health epidemics, such as the COVID-19 pandemic, on employees, the global economy and the delivery of healthcare treatments.

Our revenue and certain assets and liabilities are also subject to foreign currency exchange rate fluctuations due to the global nature of our operations. Our efforts to mitigate the impact of fluctuating currency exchange rates may not be successful. As a result, currency fluctuations among our reporting currency, the U.S. dollar, and other currencies in which we do business will affect our operating results, often in unpredictable ways. Our net income may also fluctuate due to the impact of charges we may be required to take with respect to foreign currency hedge transactions. In particular, we may incur higher than expected charges from early termination of a hedge relationship.

Our operating results during any one period do not necessarily suggest the anticipated results of future periods.

Our investments in properties may not be fully realized.

We own or lease real estate primarily consisting of buildings that contain research laboratories, office space and manufacturing operations. We may decide to consolidate or co-locate certain aspects of our business operations or dispose of one or more of our properties, some of which may be located in markets that are experiencing high vacancy rates and decreasing property values. If we determine that the fair value of any of our owned properties is lower than their book value, we may not realize the full investment in these properties and incur significant impairment charges or additional depreciation when the expected useful lives of certain assets have been shortened due to the anticipated closing of facilities. If we decide to fully or partially vacate a property, we may incur significant cost, including facility closing costs, employee separation and retention expenses, lease termination fees, rent expense in excess of sublease income and impairment of leasehold improvements and accelerated depreciation of assets. Any of these events may have an adverse impact on our results of operations.

Our investment portfolio is subject to market, interest and credit risk that may reduce its value.

We maintain a portfolio of marketable securities for investment of our cash as well as investments in equity securities of certain biotechnology companies. Changes in the value of our investment portfolio could adversely affect our earnings. The value of our investments may decline due to, among other things, increases in interest rates, downgrades of the bonds and other securities in our portfolio, negative company specific news, biotechnology market sentiment, instability in the global financial markets that reduces the liquidity of securities in our portfolio,

declines in the value of collateral underlying the securities in our portfolio and other factors. Each of these events may cause us to record charges to reduce the carrying value of our investment portfolio or sell investments for less than our acquisition cost. Although we attempt to mitigate these risks through diversification of our investments and continuous monitoring of our portfolio's overall risk profile, the value of our investments may nevertheless decline.

There can be no assurance that we will continue to repurchase shares or that we will repurchase shares at favorable prices.

From time to time our Board of Directors authorizes share repurchase programs. The amount and timing of share repurchases are subject to capital availability and our determination that share repurchases are in the best interest of our shareholders and are in compliance with all respective laws and our applicable agreements. Our ability to repurchase shares will depend upon, among other factors, our cash balances and potential future capital requirements for strategic transactions, our results of operations, our financial condition and other factors beyond our control that we may deem relevant. A reduction in repurchases under, or the completion of, our share repurchase programs could have a negative effect on our stock price. We can provide no assurance that we will repurchase shares at favorable prices, if at all.

We may not be able to access the capital and credit markets on terms that are favorable to us.

We may seek access to the capital and credit markets to supplement our existing funds and cash generated from operations for working capital, capital expenditure and debt service requirements and other business initiatives. The capital and credit markets are experiencing, and have in the past experienced, extreme volatility and disruption, which leads to uncertainty and liquidity issues for both borrowers and investors. In the event of adverse market conditions, we may be unable to obtain capital or credit market financing on favorable terms. Changes in credit ratings issued by nationally recognized credit rating agencies could also adversely affect our cost of financing and the market price of our securities.

Our indebtedness could adversely affect our business and limit our ability to plan for or respond to changes in our business.

Our indebtedness, together with our significant contingent liabilities, including milestone and royalty payment obligations, could have important consequences to our business; for example, such obligations could:

- increase our vulnerability to general adverse economic and industry conditions;
- limit our ability to access capital markets and incur additional debt in the future;
- require us to dedicate a substantial portion of our cash flow from operations to payments on our indebtedness, thereby reducing the availability of our cash flow for other purposes, including business development, research and development and mergers and acquisitions; and
- limit our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate, thereby placing us at a disadvantage compared to our competitors that have less debt.

Some of our collaboration agreements contain change in control provisions that may discourage a third party from attempting to acquire us.

Some of our collaboration agreements include change in control provisions that could reduce the potential acquisition price an acquirer is willing to pay or discourage a takeover attempt that could be viewed as beneficial to shareholders. Upon a change in control, some of these provisions could trigger reduced milestone, profit or royalty payments to us or give our collaboration partner rights to terminate our collaboration agreement, acquire operational control or force the purchase or sale of the programs that are the subject of the collaboration.

General Risk Factors

Our business involves environmental risks, which include the cost of compliance and the risk of contamination or injury.

Our business and the business of several of our strategic partners involve the controlled use of hazardous materials, chemicals, biologics and radioactive compounds. Although we believe that our safety procedures for handling and disposing of such materials comply with state, federal and foreign standards, there will always be the risk of accidental contamination or injury. If we were to become liable for an accident, or if we were to suffer an extended facility shutdown, we could incur significant costs, damages and penalties that could harm our business. Manufacturing of our products and product candidates also requires permits from government agencies for water supply and wastewater discharge. If we do not obtain appropriate permits, including permits for sufficient quantities of water and wastewater, we could incur significant costs and limits on our manufacturing volumes that could harm our business.

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

Issuer Purchases of Equity Securities

The following table summarizes our common stock repurchase activity under our 2020 Share Repurchase Program during the third quarter of 2021:

Period	Total Number of Shares Purchased (#)	Average Price Paid per Share (\$)	Total Number of Shares Purchased as Part of Publicly Announced Programs (#)	Approximate Dollar Value of Shares That May Yet Be Purchased Under Our Programs (\$ in millions)
July 2021	—	\$ —	—	\$ 3,550.0
August 2021	2,100,000	\$ 340.89	2,100,000	\$ 2,834.1
September 2021	99,230	\$ 344.06	99,230	\$ 2,800.0
Total	2,199,230	\$ 341.03		

In October 2020 our Board of Directors authorized our 2020 Share Repurchase Program, which is a program to repurchase up to \$5.0 billion of our common stock. Our 2020 Share Repurchase Program does not have an expiration date. All share repurchases under our 2020 Share Repurchase Program will be retired. Under our 2020 Share Repurchase Program, we repurchased and retired approximately 2.2 million and 6.0 million shares of our common stock at a cost of approximately \$750.0 million and \$1.8 billion during the three and nine months ended September 30, 2021, respectively. Approximately \$2.8 billion remained available under our 2020 Share Repurchase Program as of September 30, 2021.

In December 2019 our Board of Directors authorized our December 2019 Share Repurchase Program, which was a program to repurchase up to \$5.0 billion of our common stock that was completed as of September 30, 2020. All shares repurchased under our December 2019 Share Repurchase Program were retired. Under our December 2019 Share Repurchase Program, we repurchased and retired approximately 4.5 million and 16.7 million shares of our common stock at a cost of approximately \$1.3 billion and \$5.0 billion during the three and nine months ended September 30, 2020, respectively.

In March 2019 our Board of Directors authorized our March 2019 Share Repurchase Program, which was a program to repurchase up to \$5.0 billion of our common stock that was completed as of March 31, 2020. All shares repurchased under our March 2019 Share Repurchase Program were retired. Under our March 2019 Share Repurchase Program, we repurchased and retired approximately 4.1 million shares of our common stock at a cost of approximately \$1.3 billion during the nine months ended September 30, 2020.

Item 6. Exhibits

The exhibits listed below are filed or furnished as part of this Quarterly Report on Form 10-Q.

EXHIBIT INDEX

Exhibit Number	Description of Exhibit
31.1+	Certification of the Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2+	Certification of the Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1++	Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101++	The following materials from Biogen Inc.'s Quarterly Report on Form 10-Q for the quarter ended September 30, 2021, formatted in iXBRL (Inline Extensible Business Reporting Language): (i) the Condensed Consolidated Statements of Income, (ii) the Condensed Consolidated Statements of Comprehensive Income, (iii) the Condensed Consolidated Balance Sheets, (iv) the Condensed Consolidated Statements of Cash Flow, (v) the Condensed Consolidated Statements of Equity and (vi) Notes to Condensed Consolidated Financial Statements.
104++	The cover page from this Quarterly Report on Form 10-Q for the quarter ended September 30, 2021, formatted in Inline XBRL.

+ Filed herewith

++ Furnished herewith

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.

BIOGEN INC.

/s/ Michael R. McDonnell
Michael R. McDonnell
Chief Financial Officer
(principal financial officer)

October 20, 2021

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

I, Michel Vounatsos, certify that:

1. I have reviewed this quarterly report of Biogen 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 officer(s) 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 officer(s) 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.

Date: October 20, 2021

/s/ Michel Vounatsos

Michel Vounatsos

Chief Executive Officer

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

I, Michael R. McDonnell, certify that:

1. I have reviewed this quarterly report of Biogen 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 officer(s) 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 officer(s) 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.

Date: October 20, 2021

/s/ Michael R. McDonnell

Michael R. McDonnell

Chief Financial Officer

**CERTIFICATION
PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

Pursuant to section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of section 1350, chapter 63 of title 18, United States Code), each of the undersigned officers of Biogen Inc., a Delaware corporation (the "Company"), does hereby certify, to such officer's knowledge, that:

The Quarterly Report on Form 10-Q for the quarter ended September 30, 2021 (the "Form 10-Q") of the Company fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, and the information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: October 20, 2021

/s/ Michel Vounatsos

Michel Vounatsos
Chief Executive Officer
[principal executive officer]

Date: October 20, 2021

/s/ Michael R. McDonnell

Michael R. McDonnell
Chief Financial Officer
[principal financial officer]

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