



VIATRIS

Q1 2021

Non-GAAP Reconciliations

May 10, 2021

Non-GAAP Financial Measures

This presentation includes the presentation and discussion of certain financial information that differs from what is reported under accounting principles generally accepted in the United States ("U.S. GAAP"). These non-GAAP financial measures, including, but not limited to, adjusted gross profit, adjusted gross margins, adjusted net earnings, EBITDA, adjusted EBITDA margin, adjusted EBITDA, free cash flow, adjusted R&D and as a % of total revenues, adjusted SG&A and as a % of total revenues, adjusted earnings from operations, adjusted interest expense, adjusted other expense (income), adjusted effective tax rate, notional debt to Credit Agreement Adjusted EBITDA leverage ratio, long-term average debt to Credit Agreement Adjusted EBITDA leverage ratio target, constant currency total revenues and constant currency net sales are presented in order to supplement investors' and other readers' understanding and assessment of the financial performance of Viatris Inc. ("Viatris" or the "Company"). Free cash flow refers to U.S. GAAP net cash provided by operating activities, less capital expenditures. Adjusted EBITDA margins refers to adjusted EBITDA divided by total revenues. Viatris has provided reconciliations of such non-GAAP financial measures to the most directly comparable U.S. GAAP financial measures. Investors and other readers are encouraged to review the related U.S. GAAP financial measures and the reconciliations of the non-GAAP measures to their most directly comparable U.S. GAAP measures set forth in this presentation and in the section titled "GAAP/Non-GAAP Reconciliations", and investors and other readers should consider non-GAAP measures only as supplements to, not as substitutes for or as superior measures to, the measures of financial performance prepared in accordance with U.S. GAAP.

Full Year 2021 Guidance Items
(Unaudited; in millions)

	GAAP	Non-GAAP
Revenues	\$17,200 - \$17,800	N/A
Net Loss	\$(100) - \$(300)	N/A
Adjusted EBITDA	N/A	\$6,000 - \$6,400
Net Cash provided by Operating Activities	\$2,650 - \$2,800	N/A
Free Cash Flow	N/A	\$2,000 - \$2,300

Reconciliation of Estimated 2021 GAAP Net Loss to Non-GAAP Adjusted EBITDA

(Unaudited; in millions)

A reconciliation of the estimated 2021 GAAP Net Loss to Non-GAAP Adjusted EBITDA and the items excluded from Adjusted EBITDA is presented below.

Estimated GAAP Net Loss	\$(100) - (300)
Adjusted EBITDA	<u>\$6,000 - 6,400</u>
Difference (at mid-point)	\$ 6,400

Estimated Reconciling Items:

Depreciation and Amortization	3,100
Amortization of the Inventory Fair Value Adjustment from the Combination	1,200
Restructuring and Acquisition Related Costs	1,000
Interest Expense	700
Other Items including tax expense, net	<u>400</u>
Total	<u>\$ 6,400</u>

Reconciliation of Estimated 2021 GAAP Net Cash Provided by Operating Activities to Free Cash Flow

(Unaudited; in millions)

A reconciliation of the estimated 2021 GAAP Net Cash provided by Operating Activities to Free Cash Flow is presented below.

Estimated GAAP Net Cash provided by Operating Activities	\$2,650 - 2,800
Less: Capital Expenditures	<u>\$(500) - \$(650)</u>
Free Cash Flow	\$2,000 - 2,300



Key metrics Utilized for 2021 Guidance
(Unaudited; in millions, except percentages)

	GAAP	Non-GAAP
Gross margin as a % of revenue	31.0 - 33.0%	58.0 - 59.0%
SG&A expenses as a % of revenue	24.0 - 26.0%	20.5 - 21.5%
R&D expenses as a % of revenue	3.8 - 4.0%	3.7 - 3.9%
Net Cash provided by Operating Activities	\$2,650 - \$2,800	N/A
Capital Expenditures	\$500 - \$650	N/A
Effective Tax Rate	12.0 - 16.0%	18.0 - 19.0%
Shares Outstanding	1,209 - 1,213	N/A

2021 Non-GAAP Financial Metrics

The Non-GAAP financial metric Adjusted Gross Margin as a percentage of Revenues excludes the impact of Depreciation and Amortization, the Amortization of the Inventory Fair Value Adjustment from the Combination and certain Restructuring and Acquisition Related Costs when compared to the GAAP Gross Margin as a percentage of Revenues.

The Non-GAAP financial metric Adjusted R&D as a percentage of Revenues excludes the impact of certain Restructuring and Acquisition Related Costs and other items when compared to the GAAP R&D as a percentage of Revenues.

The Non-GAAP financial metric Adjusted SG&A as a percentage of Revenues excludes the impact of certain Restructuring and Acquisition Related Costs and other items when compared to the GAAP SG&A as a percentage of Revenues.

The Non-GAAP financial metric Adjusted Effective Tax Rate percentage the impact of non-GAAP adjustments and other tax related items when compared to the GAAP Effective Tax Rate percentage.

Viartis Inc. and Subsidiaries
Reconciliation of Non-GAAP Financial Measures
(Unaudited; in millions)
Adjusted Net Earnings

<i>(In millions)</i>	Three Months Ended March 31,	
	2021	2020
U.S. GAAP net (loss) earnings	\$ (1,037.6)	\$ 20.8
Purchase accounting related amortization (primarily included in cost of sales) ^(a)	1,255.0	352.2
Litigation settlements and other contingencies, net	22.9	1.8
Interest expense (primarily amortization of premiums and discounts on long term debt)	(13.3)	5.8
Clean energy investments pre-tax loss	17.9	17.3
Acquisition related costs (primarily included in SG&A) ^(b)	59.8	23.2
Restructuring related costs ^(c)	315.4	7.6
Share-based compensation expense	32.7	19.4
Other special items included in:		
Cost of sales ^(d)	86.7	117.3
Research and development expense ^(e)	14.7	1.7
Selling, general and administrative expense	19.3	(3.4)
Other expense, net	—	(0.4)
Tax effect of the above items and other income tax related items ^(f)	342.9	(96.1)
Adjusted net earnings	<u>\$ 1,116.4</u>	<u>\$ 467.2</u>

(a) For the three months ended March 31, 2021, includes amortization of the purchase accounting inventory fair value adjustment related to the Combination totaling approximately \$476.4 million.

(b) Acquisition related costs consist primarily of transaction costs including legal and consulting fees and integration activities.

(c) For the three months ended March 31, 2021, charges of approximately \$167.8 million are included in cost of sales approximately \$6.4 million is included in R&D, and approximately \$141.2 million is included in SG&A.

(d) Costs incurred during the three months ended March 31, 2021 includes incremental manufacturing variances and site remediation activities as a result of the activities at the Company's Morgantown plant of approximately \$45.0 million. Costs incurred during the three months ended March 31, 2020 primarily relate to incremental manufacturing variances and site remediation activities as a result of the activities at the company's Morgantown plant of approximately \$58.8 million. In addition, the prior year period includes approximately \$25.0 million related to a special bonus for plant employees as a result of the COVID-19 pandemic.

(e) Adjustments primarily relate to non-refundable payments related to development collaboration agreements.

(f) Adjusted for changes for uncertain tax positions and for certain impacts of the Combination.



Viatriis Inc. and Subsidiaries
Reconciliation of Non-GAAP Financial Measures
(Unaudited; in millions)
Net Earnings to Adjusted EBITDA

<i>(In millions)</i>	Three Months Ended	
	March 31,	
	2021	2020
U.S. GAAP net (loss) earnings	\$ (1,037.6)	\$ 20.8
Add adjustments:		
Net contribution attributable to equity method investments	17.9	17.3
Income tax provision	596.3	9.9
Interest expense ^(a)	169.0	119.9
Depreciation and amortization ^(b)	1,422.5	415.0
EBITDA	\$ 1,168.1	\$ 582.9
Add adjustments:		
Share-based compensation expense	32.7	19.4
Litigation settlements and other contingencies, net	22.9	1.8
Restructuring, acquisition related and other special items ^(c)	412.9	146.6
Adjusted EBITDA	\$ 1,636.6	\$ 750.7

(a) Includes amortization of premiums and discounts on long-term debt.

(b) Includes purchase accounting related amortization.

(c) See items detailed in the Reconciliation of U.S. GAAP Net (Loss) Earnings to Adjusted Net Earnings.



Viartis Inc. and Subsidiaries
Reconciliation of Non-GAAP Financial Measures
(Unaudited; in millions)
Summary of Total Revenues by Segment

Three Months Ended
March 31,

	2021	2020	% Change	2021 Currency Impact ⁽¹⁾	2021 Constant Currency Revenues	Constant Currency % Change ⁽²⁾
Net sales						
Developed Markets	\$ 2,571.6	\$ 1,986.4	29 %	\$ (96.9)	\$ 2,474.7	25 %
Greater China	591.9	15.1	nm	0.2	592.1	nm
JANZ	481.9	243.2	98 %	(21.9)	460.0	89 %
Emerging Markets	754.7	343.5	120 %	(0.3)	754.4	120 %
Total net sales	4,400.1	2,588.2	70 %	(118.9)	4,281.2	65 %
Other revenues ⁽³⁾	30.2	31.0	(3)%	(0.5)	29.7	(4)%
Consolidated total revenues ⁽⁴⁾	\$ 4,430.3	\$ 2,619.2	69 %	\$ (119.4)	\$ 4,310.9	65 %

(1) Currency impact is shown as unfavorable (favorable).

(2) The constant currency percentage change is derived by translating net sales or revenues for the current period at prior year comparative period exchange rates, and in doing so shows the percentage change from 2021 constant currency net sales or revenues to the corresponding amount in the prior year.

(3) For the three months ended March 31, 2021, other revenues in Developed Markets, Greater China, JANZ, and Emerging Markets were approximately \$22.3 million, \$1.4 million, \$0.4 million, and \$6.1 million, respectively.

(4) Amounts exclude intersegment revenue that eliminates on a consolidated basis.



Viartis Inc. and Subsidiaries
Reconciliation of Non-GAAP Financial Measures
(Unaudited; in millions)
Cost of Sales

	Three Months Ended	
	March 31,	
	2021	2020
U.S. GAAP cost of sales	\$ 3,303.0	\$ 1,713.1
Deduct:		
Purchase accounting related amortization	(1,255.0)	(352.2)
Acquisition related items	(2.5)	(0.8)
Restructuring related costs	(167.8)	(3.7)
Shared-based compensation expense	(0.6)	(0.3)
Other special items	(86.7)	(117.3)
Adjusted cost of sales	<u>\$ 1,790.4</u>	<u>\$ 1,238.8</u>
 Adjusted gross profit ^(a)	 <u>\$ 2,639.9</u>	 <u>\$ 1,380.4</u>
 Adjusted gross margin ^(a)	 <u>60 %</u>	 <u>53 %</u>

(a) U.S. GAAP gross profit is calculated as total revenues less U.S. GAAP cost of sales. U.S. GAAP gross margin is calculated as U.S. GAAP gross profit divided by total revenues. Adjusted gross profit is calculated as total revenues less adjusted cost of sales. Adjusted gross margin is calculated as adjusted gross profit divided by total revenues.

Viatriis Inc. and Subsidiaries
Reconciliation of Non-GAAP Financial Measures
(Unaudited; in millions)
R&D

	Three Months Ended	
	March 31,	
	2021	2020
U.S. GAAP R&D	\$ 184.1	\$ 114.2
Deduct:		
Acquisition related costs	(0.1)	—
Restructuring and related costs	(6.4)	(0.2)
Share-based compensation expense	(1.1)	(0.4)
Other special items	(14.7)	(1.7)
Adjusted R&D	\$ 161.8	\$ 111.9
 Adjusted R&D as % of total revenues	 4 %	 4 %

Viatriis Inc. and Subsidiaries
Reconciliation of Non-GAAP Financial Measures
(Unaudited; in millions)
SG&A

	Three Months Ended	
	March 31,	
	2021	2020
U.S. GAAP SG&A	\$ 1,186.5	\$ 605.4
Add / (Deduct):		
Acquisition related costs	(57.2)	(22.2)
Restructuring and related costs	(141.2)	(3.7)
Share-based compensation expense	(31.0)	(18.6)
Other special items and reclassifications	(19.3)	3.4
Adjusted SG&A	\$ 937.8	\$ 564.3
 Adjusted SG&A as % of total revenues	 21 %	 22 %

Viatriis Inc. and Subsidiaries
Reconciliation of Non-GAAP Financial Measures
(Unaudited; in millions)
Total Operating Expenses

	Three Months Ended	
	March 31,	
	2021	2020
U.S. GAAP total operating expenses	\$ 1,393.5	\$ 721.4
(Deduct):		
Litigation settlements and other contingencies, net	(22.9)	(1.8)
R&D adjustments	(22.3)	(2.3)
SG&A adjustments	(248.7)	(41.1)
Adjusted total operating expenses	\$ 1,099.6	\$ 676.2
 Adjusted earnings from operations ^(a)	 \$ 1,540.3	 \$ 704.2

(a) U.S. GAAP earnings from operations is calculated as U.S. GAAP gross profit less U.S. GAAP total operating expenses. Adjusted earnings from operations is calculated as adjusted gross profit less adjusted total operating expenses.

Viatriis Inc. and Subsidiaries
Reconciliation of Non-GAAP Financial Measures
(Unaudited; in millions)
Interest Expenses

	Three Months Ended	
	March 31,	
	2021	2020
U.S. GAAP interest expense	\$ 169.0	\$ 119.9
Add/(Deduct):		
Amortization of premiums and discounts on long-term debt	16.0	(1.4)
Other special items	(2.7)	(4.4)
Adjusted interest expense	\$ 182.3	\$ 114.1

Viatriis Inc. and Subsidiaries
Reconciliation of Non-GAAP Financial Measures
(Unaudited; in millions)
Other Expenses

	Three Months Ended	
	March 31,	
	2021	2020
U.S. GAAP other expense, net	\$ 6.1	\$ 34.1
Add / (Deduct):		
Clean energy investments pre-tax loss ^(a)	(17.9)	(17.3)
Other items	—	0.4
Adjusted other expense (income)	\$ (11.8)	\$ 17.2

- (a) Adjustment represents exclusion of activity related to Mylan's clean energy investments, the activities of which qualify for income tax credits under section 45 of the U.S. Internal Revenue Code of 1986, as amended.

Viatriis Inc. and Subsidiaries
Reconciliation of Non-GAAP Financial Measures
(Unaudited; in millions)
Earnings Before Income Taxes and Income Tax Provision

	Three Months Ended	
	March 31,	
	2021	2020
U.S. GAAP (loss) earnings before income taxes	\$ (441.3)	\$ 30.7
Total pre-tax non-GAAP adjustments	1,811.1	542.5
Adjusted earnings before income taxes	<u>\$ 1,369.8</u>	<u>\$ 573.2</u>
U.S. GAAP income tax provision	\$ 596.3	\$ 9.9
Adjusted tax (benefit) expense	(342.9)	96.1
Adjusted income tax provision	<u>\$ 253.4</u>	<u>\$ 106.0</u>
Adjusted effective tax rate	<u>18.5 %</u>	<u>18.5 %</u>

Viатris Inc. and Subsidiaries
Reconciliation of Non-GAAP Financial Measures
(Unaudited; in millions)
Combined Adjusted EBITDA

<i>(In millions)</i>	Three Months Ended March 31, 2020
Upjohn - U.S. GAAP Income before taxes	\$ 885.3
Interest expense	53.7
Depreciation and amortization	76.8
Upjohn EBITDA	\$ 1,015.7
Other adjustments	60.9
Upjohn Adjusted EBITDA	\$ 1,076.6
Add: Mylan Adjusted EBITDA	750.7
Combined Adjusted EBITDA	\$ 1,827.3