



Q1 2023

Non-GAAP Reconciliations

May 8, 2023

Non-GAAP Financial Measures and Other Information

Key References

Operational change refers to constant currency percentage change and is derived by translating amounts for the current period at prior year comparative period exchange rates, and in doing so shows the percentage change from 2023 constant currency net sales, revenues and adjusted EBITDA to the corresponding amount in the prior year.

Divestiture adjusted operational change refers to operational changes, further adjusted for the impact of the biosimilars divestiture in November 2022 by excluding biosimilars net sales from 2022 periods.

Note: Certain amounts reflect rounding.

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 EBITDA, free cash flow, adjusted gross margin, adjusted gross profit, 2022 adjusted net sales excluding biosimilars, adjusted SG&A and as a percentage of total revenues, adjusted R&D and as a percentage of total revenues, constant currency adjusted EBITDA, adjusted EBITDA margin, adjusted net earnings, and adjusted effective tax rate, adjusted earnings from operations, adjusted interest expense, adjusted other (income) expense, net, constant currency total revenues, constant currency net sales, constant currency adjusted EBITDA, divestiture adjusted change, divestiture adjusted operational change, gross leverage ratio and long-term gross leverage ratio, 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 on our website at <https://investor.viatris.com/financial-information/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.

SG&A and R&D TSA Reimbursement

Expenses related to TSA services provided to Biocon Biologics are recorded in their respective functional line item; however, reimbursement of those expenses plus the mark-up is included in other (income) expense, net. For comparability purposes, amounts related to the cost reimbursement are reclassified to adjusted SG&A and adjusted R&D. This reclassification has no impact on adjusted net earnings or adjusted EBITDA.

Full-Year 2023 Guidance Items

(Unaudited; in millions)

	GAAP	Non-GAAP
Total Revenues	\$15,500 - \$16,000	N/A
Adjusted EBITDA	N/A	\$5,000 - \$5,400
Net Cash provided by Operating Activities	\$2,800 - \$3,100	N/A
Free Cash Flow	N/A	\$2,300 - \$2,700

Note: For non-GAAP measures, see slide 3

- (1) Includes the full-year expected performance for the planned divestitures and excludes any potential related costs, such as taxes and transaction costs, as well as any similar costs related to the eye care acquisitions. Also excludes any future acquired IPR&D for unsigned deals.

Reconciliation of Estimated 2023 U.S. GAAP Net Cash Provided by Operating Activities to Free Cash Flow

(Unaudited; in millions)

Estimated U.S. GAAP Net Cash provided by Operating Activities ⁽¹⁾	\$2,800 - \$3,100
Less: Capital Expenditures	(\$400) - (\$500)
Free Cash Flow ⁽¹⁾	\$2,300 - \$2,700

Note: For non-GAAP measures, see slide 3

(1) Includes the full-year expected performance for the planned divestitures and excludes any potential related costs, such as taxes and transaction costs, as well as any similar costs related to the eye care acquisitions. Also excludes any future acquired IPR&D for unsigned deals.

Adjusted Net Earnings

	Three Months Ended March 31,	
	2023	2022
U.S. GAAP net earnings.....	\$ 224.7	\$ 399.2
Purchase accounting related amortization (primarily included in cost of sales) (a).....	653.3	658.9
Litigation settlements and other contingencies, net.....	0.6	6.2
Interest expense (primarily amortization of premiums and discounts on long term debt).....	(10.3)	(13.7)
Clean energy investments pre-tax gain.....	-	(0.1)
Acquisition and divestiture related costs (primarily included in SG&A) (b).....	58.1	84.7
Restructuring related costs (c).....	9.7	16.8
Share-based compensation expense.....	42.6	28.3
Other special items included in:		
Cost of sales (d).....	38.8	41.0
Research and development expense.....	2.0	0.3
Selling, general and administrative expense.....	14.9	7.4
Other expense, net (e).....	(21.8)	(1.5)
Tax effect of the above items and other income tax related items (f).....	(79.7)	(102.2)
Adjusted net earnings.....	<u>\$ 932.9</u>	<u>\$ 1,125.3</u>

Significant items include the following:

- (a) For the three months ended March 31, 2023, charges include an intangible asset charge of approximately \$32.0 million related to the potential divestiture of the Upjohn Distributor Markets to write down the disposal group to fair value, less cost to sell. Also includes amortization of the step-up in the fair value of inventory related to the Oyster Point acquisition of approximately \$7.3 million.
- (b) Acquisition and divestiture related costs consist primarily of transaction costs including legal and consulting fees and integration activities.
- (c) For the three months ended March 31, 2023, charges include approximately \$10.9 million in cost of sales and approximately \$(1.2) million in SG&A.
- (d) For the three months ended March 31, 2023, charges include incremental manufacturing variances at plants in the 2020 restructuring program of approximately \$22.7 million and inventory reserves related to the potential divestiture of the Upjohn Distributor Markets of approximately \$9.2 million.
- (e) For the three months ended March 31, 2023, includes a gain of approximately \$18.9 million as a result of remeasuring our pre-existing 13.5% equity interest in Famy Life Sciences to fair value.
- (f) Adjusted for changes for uncertain tax positions.

Net Earnings to Adjusted EBITDA

	Three Months Ended	
	March 31,	
	2023	2022
U.S. GAAP net earnings.....	\$ 224.7	\$ 399.2
Add / (deduct) adjustments:		
Net contribution attributable to equity method investments.....	-	(0.1)
Income tax provision.....	98.0	128.3
Interest expense (a).....	147.0	146.2
Depreciation and amortization (b).....	730.0	736.0
EBITDA.....	\$ 1,199.7	\$ 1,409.6
Add adjustments:		
Share-based compensation expense	42.6	28.3
Litigation settlements and other contingencies, net.....	0.6	6.2
Restructuring, acquisition and divestiture related and other special items (c).....	98.0	142.2
Adjusted EBITDA.....	<u>\$ 1,340.9</u>	<u>\$ 1,586.3</u>

- (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 Earnings to Adjusted Net Earnings.

Summary of Total Revenues by Segment

	Three Months Ended									
	March 31,									
	2023	2022	% Change	2023 Currency Impact ⁽¹⁾	2023 Constant Currency Revenues	Constant Currency % Change ⁽²⁾	2022 Biosimilars ⁽³⁾	2022 Adjusted Ex Biosimilars ⁽⁴⁾	Divestiture Adjusted Operational Change ⁽⁵⁾	
Net sales										
Developed Markets	\$ 2,170.4	\$ 2,476.1	(12)%	\$ 73.2	\$ 2,243.6	(9)%	\$ 144.6	\$ 2,331.5	(4)%	
Greater China.....	564.6	573.1	(1)%	35.0	599.6	5 %	0.1	573.0	5 %	
JANZ.....	342.2	423.8	(19)%	33.6	375.8	(11)%	4.6	419.2	(10)%	
Emerging Markets	641.9	705.2	(9)%	55.3	697.2	(1)%	15.5	689.7	1 %	
Total net sales.....	\$ 3,719.1	\$ 4,178.2	(11)%	\$ 197.1	\$ 3,916.2	(6)%	\$ 164.8	\$ 4,013.4	(2)%	
Other revenues (6).....	10.0	13.5	NM	0.3	10.3	NM				
Consolidated total revenues (7).....	\$ 3,729.1	\$ 4,191.7	(11)%	\$ 197.4	\$ 3,926.5	(6)%				

(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 2023 constant currency net sales or revenues to the corresponding amount in the prior year.

(3) Represents biosimilars net sales in the relevant period.

(4) Represents U.S. GAAP net sales minus 2022 biosimilars net sales for the relevant period.

(5) See Key References on slide 3.

(6) For the three months ended March 31, 2023, other revenues in Developed Markets, JANZ, and Emerging Markets were approximately \$7.1 million, \$0.2 million, and \$2.7 million, respectively.

(7) Amounts exclude intersegment revenue which eliminates on a consolidated basis.

Cost of Sales

	Three Months Ended	
	March 31,	
	2023	2022
U.S. GAAP cost of sales.....	\$ 2,186.9	\$ 2,420.5
Deduct:		
Purchase accounting related amortization.....	(653.4)	(658.8)
Acquisition and divestiture related items.....	(5.0)	(9.0)
Restructuring related costs.....	(10.9)	(13.1)
Share-based compensation expense.....	(0.6)	(0.3)
Other special items.....	(38.8)	(41.0)
Adjusted cost of sales.....	<u>\$ 1,478.2</u>	<u>\$ 1,698.3</u>
Adjusted gross profit (a).....	<u>\$ 2,250.9</u>	<u>\$ 2,493.4</u>
Adjusted gross margin (a).....	<u>60 %</u>	<u>59 %</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.

R&D

	Three Months Ended	
	March 31,	
	2023	2022
U.S. GAAP R&D.....	\$ 182.9	\$ 142.3
Deduct:		
Acquisition and divestiture related costs.....	(2.0)	(2.0)
Share-based compensation expense.....	(1.6)	(1.4)
SG&A and R&D TSA reimbursement (a).....	(10.3)	-
Other special items.....	(2.0)	(0.3)
Adjusted R&D.....	<u>\$ 167.0</u>	<u>\$ 138.6</u>
Adjusted R&D as % of total revenues.....	<u>4 %</u>	<u>3 %</u>

(a) See SG&A and R&D TSA Reimbursement on slide 3.

SG&A

	Three Months Ended	
	March 31,	
	2023	2022
U.S. GAAP SG&A.....	\$ 958.9	\$ 915.3
Add / (Deduct):		
Acquisition and divestiture related costs.....	(51.1)	(73.8)
Restructuring and related costs.....	1.2	(3.7)
Purchase accounting amortization and other related items.....	-	(0.1)
Share-based compensation expense.....	(40.3)	(26.5)
SG&A and R&D TSA reimbursement (a).....	(24.4)	-
Other special items and reclassifications.....	(14.9)	(7.4)
Adjusted SG&A.....	<u>\$ 829.4</u>	<u>\$ 803.8</u>
Adjusted SG&A as % of total revenues.....	<u>22 %</u>	<u>19 %</u>

(a) See SG&A and R&D TSA Reimbursement on slide 3.

Total Operating Expenses

	Three Months Ended	
	March 31,	
	2023	2022
U.S. GAAP total operating expenses.....	\$ 1,142.4	\$ 1,063.8
Deduct:.....		
Litigation settlements and other contingencies, net.....	(0.6)	(6.2)
R&D adjustments.....	(15.9)	(3.7)
SG&A adjustments.....	(129.5)	(111.5)
Adjusted total operating expenses.....	<u>\$ 996.4</u>	<u>\$ 942.4</u>
Adjusted earnings from operations (a).....	<u>\$ 1,254.5</u>	<u>\$ 1,551.0</u>

(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.

Interest Expense

	Three Months Ended	
	March 31,	
	2023	2022
U.S. GAAP interest expense.....	\$ 147.0	\$ 146.2
Add / (Deduct):		
Accretion of contingent consideration liability.....	(2.2)	(2.0)
Amortization of premiums and discounts on long-term debt.....	13.5	16.8
Other special items.....	(1.0)	(1.1)
Adjusted interest expense.....	<u>\$ 157.3</u>	<u>\$ 159.9</u>

Other (Income) Expense, Net

	Three Months Ended	
	March 31,	
	2023	2022
U.S. GAAP other (income) expense, net.....	\$ (69.9)	\$ 33.7
Add:		
Clean energy investments pre-tax gain (a).....	-	0.1
Famy Life Sciences gain (remeasurement of original investment).....	18.9	-
SG&A and R&D TSA reimbursement (b).....	34.7	-
Other items.....	2.9	1.5
Adjusted other (income) expense, net.....	<u>\$ (13.4)</u>	<u>\$ 35.3</u>

(a) Adjustment represents exclusion of activity related to Viatrix' 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.
(b) See SG&A and R&D TSA Reimbursement on slide 3.

Earnings Before Income Taxes and Income Tax Provision

	Three Months Ended	
	March 31,	
	2023	2022
U.S. GAAP earnings before income taxes.....	\$ 322.7	\$ 527.5
Total pre-tax non-GAAP adjustments.....	787.9	828.3
Adjusted earnings before income taxes.....	<u>\$ 1,110.6</u>	<u>\$ 1,355.8</u>
U.S. GAAP income tax provision.....	\$ 98.0	\$ 128.3
Adjusted tax expense.....	79.7	102.2
Adjusted income tax provision.....	<u>\$ 177.7</u>	<u>\$ 230.5</u>
Adjusted effective tax rate.....	<u>16.0 %</u>	<u>17.0 %</u>

Free Cash Flow over the Last 9 Quarters

	Year Ended		Three Months Ended	Free Cash Flow over
	December 31, 2021	December 31, 2022	March 31, 2023	the last 9 quarters
U.S. GAAP net cash provided by operating activities	\$3,017	\$2,953	\$971	\$6,941
Less: Capital expenditures	(457)	(406)	(48)	(911)
Free cash flow	<u>\$2,560</u>	<u>\$2,547</u>	<u>\$923</u>	<u>\$6,030</u>

Gross Leverage - Debt to Adjusted EBITDA

Gross Leverage Ratio is the ratio of Viatis' total debt at notional amounts at March 31, 2023 to the sum of Viatis' adjusted EBITDA for the quarters ended June 30, 2022, September 30, 2022, December 31, 2022 and March 31, 2023.

	Three Months Ended				Twelve Months Ended
	June 30, 2022	September 30, 2022	December 31, 2022	March 31, 2023	March 31, 2023
Adjusted EBITDA.....	\$ 1,482.1	\$ 1,497.8	\$ 1,210.6	\$ 1,340.9	\$ 5,531.4
Reported debt balances:					
Long-term debt, including current portion.....					18,569.5
Short-term borrowings and other current obligations.....					204.6
Total.....					18,774.1
Add / (deduct):					
Net premiums on various debt issuances.....					(572.6)
Deferred financing fees.....					34.3
Total debt at notional amounts.....					\$ 18,235.8
Gross debt to adjusted EBITDA.....					3.3 x

Long-term Gross Leverage Target

The stated forward-looking non-GAAP financial measure of long-term gross leverage target of 3.0x, with a range of 2.8x – 3.2x, is based on the ratio of (i) targeted notional gross debt and (ii) targeted Adjusted EBITDA. However, the Company has not quantified future amounts to develop this target but has stated its goal to manage notional gross debt and adjusted earnings and adjusted EBITDA over time in order to generally maintain or reach the target. This target does not reflect Company guidance.

Net Earnings to Adjusted EBITDA

	Three Months Ended			
	June 30, 2022	September 30, 2022	December 31, 2022	March 31, 2023
U.S. GAAP net earnings.....	\$ 313.9	\$ 354.3	\$ 1,011.2	\$ 224.7
Add adjustments:				
Net contribution attributable to equity method investments.....	0.1	-	-	-
Income tax provision.....	75.4	73.2	457.7	98.0
Interest expense.....	145.9	153.2	147.1	147.0
Depreciation and amortization.....	722.3	699.5	869.8	730.0
EBITDA.....	\$ 1,257.6	\$ 1,280.2	\$ 2,485.8	\$ 1,199.7
Add / (deduct) adjustments:				
Share-based compensation expense	29.4	29.1	29.6	42.6
Litigation settlements and other contingencies, net.....	10.9	(3.9)	(8.8)	0.6
Biocon Biologics gain on divestiture.....	-	-	(1,754.1)	-
Impairment of goodwill related to assets held for sale.....	-	-	117.0	-
Restructuring, acquisition related and other special items.....	184.2	192.4	341.1	98.0
Adjusted EBITDA.....	\$ 1,482.1	\$ 1,497.8	\$ 1,210.6	\$ 1,340.9

Gross Leverage - Debt to Adjusted EBITDA - Q4 2022

	Year Ended
	December 31, 2022
Adjusted EBITDA (a)	\$ 5,776.8
Reported debt balances:	
Long-term debt, including current portion.....	19,265.7
Short-term borrowings and other current obligations.....	-
Total.....	19,265.7
Add / (deduct):	
Net premiums on various debt issuances.....	(583.8)
Deferred financing fees.....	35.7
Fair value adjustment for hedged debt.....	(0.6)
Total debt at notional amounts.....	<u>\$ 18,717.0</u>
Gross debt to adjusted EBITDA.....	3.2 x

(a) See Q4 2022 reconciliation from U.S. GAAP Net Earnings to Adjusted EBITDA in the subsequent table.

Net Earnings to Adjusted EBITDA - Q4 2022

	Year ended
	December 31, 2022
U.S. GAAP net earnings.....	\$ 2,078.6
Add adjustments:	
Income tax provision.....	734.6
Interest expense (a).....	592.4
Depreciation and amortization (b).....	3,027.6
EBITDA.....	6,433.2
Add / (deduct) adjustments:	
Share-based compensation expense.....	116.4
Litigation settlements and other contingencies, net.....	4.4
Biocon Biologics gain on divestiture.....	(1,754.1)
Impairment of goodwill related to assets held for sale.....	117.0
Restructuring, acquisition and divestiture related and other special items.....	859.9
Adjusted EBITDA.....	\$ 5,776.8

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

(b) Includes purchase accounting related amortization.

Gross Leverage - Debt to Adjusted EBITDA - Q4 2021

	Year Ended
	December 31, 2021
Adjusted EBITDA (a)	\$ 6,426.1
Reported debt balances:	
Long-term debt, including current portion.....	21,577.4
Short-term borrowings and other current obligations.....	1,493.0
Total.....	23,070.4
Add / (deduct):	
Net premiums on various debt issuances.....	(651.6)
Deferred financing fees.....	42.4
Fair value adjustment for hedged debt.....	(16.3)
Total debt at notional amounts.....	\$ 22,444.9
Gross debt to adjusted EBITDA.....	3.5 x

(a) See Q4 2021 reconciliation from U.S. GAAP Net Loss to Adjusted EBITDA in the subsequent table. Beginning in 2022, the Company no longer excludes upfront and milestone related R&D expenses from adjusted EBITDA. For purposes of calculating the gross leverage ratio, adjusted EBITDA for prior periods has not been revised as the impact of this change was immaterial to the report gross leverage ratio for those periods.

Net Loss to Adjusted EBITDA - Q4 2021

	Year ended
	December 31, 2021
U.S. GAAP net loss.....	\$ (1,269.1)
Add / (deduct) adjustments:	
Net contribution attributable to equity method investments.....	61.9
Income tax provision.....	604.7
Interest expense (a).....	636.2
Depreciation and amortization (b).....	<u>4,506.5</u>
EBITDA.....	4,540.2
Add adjustments:	
Share-based compensation expense.....	111.2
Litigation settlements and other contingencies, net.....	329.2
Restructuring, acquisition related and other special items.....	<u>1,445.5</u>
Adjusted EBITDA.....	<u>\$ 6,426.1</u>

(a) Includes clean energy investment financing and accretion of contingent consideration.

(b) Includes purchase accounting related amortization.

Gross Leverage - Debt to Combined Adjusted EBITDA - Q4 2020

	Year Ended
	December 31, 2020
Combined Adjusted EBITDA (a)	\$ 6,807.2
Reported debt balances:	
Long-term debt, including current portion.....	24,685.5
Short-term borrowings and other current obligations.....	1,100.9
Total.....	25,786.4
Add / (deduct):	
Net premiums on various debt issuances.....	(731.4)
Deferred financing fees.....	49.2
Fair value adjustment for hedged debt.....	(31.6)
Total debt at notional amounts.....	\$ 25,072.6
Gross debt to adjusted EBITDA.....	3.7 x

(a) See Q4 2020 reconciliation from U.S. GAAP Net Loss to Combined Adjusted EBITDA in the subsequent table. Beginning in 2022, the Company no longer excludes upfront and milestone related R&D expenses from adjusted EBITDA. For purposes of calculating the gross leverage ratio, adjusted EBITDA for prior periods has not been revised as the impact of this change was immaterial to the report gross leverage ratio for those periods.

Net Loss to Combined Adjusted EBITDA - Q4 2020

	Year ended
	December 31, 2020
U.S. GAAP net loss.....	\$ (669.9)
Add / (deduct) adjustments:	
Net contribution attributable to equity method investments.....	48.4
Income tax benefit	(51.3)
Interest expense (a).....	497.8
Depreciation and amortization (b).....	2,216.1
EBITDA.....	2,041.1
Add adjustments:	
Share-based compensation expense.....	79.2
Litigation settlements and other contingencies, net.....	107.8
Restructuring, acquisition related and other special items.....	1,426.0
Viатris Adjusted EBITDA.....	3,654.1
Upjohn Adjusted EBITDA for nine months ended September 30, 2020.....	2,806.0
	6,460.1
Upjohn estimated Adjusted EBITDA (c)	347.1
Combined Adjusted EBITDA.....	<u>\$ 6,807.2</u>

(a) Includes clean energy investment financing and accretion of contingent consideration.

(b) Includes purchase accounting related amortization.

(c) Amount represents an estimate of Upjohn's Adjusted EBITDA for the period from October 1, 2020, through the closing of the Combination, including estimated adjustments.