



Q4 2021
Non-GAAP
Reconciliations

February 28, 2022

Non-GAAP Financial Measures

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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, estimated biosimilars adjusted EBITDA, free cash flow, adjusted gross margin, adjusted SG&A, and as a % of total revenues, adjusted R&D and as a % of total revenues, adjusted EBITDA margin, adjusted net earnings, adjusted effective tax rate, gross leverage ratio, and long-term gross leverage target, are presented in order to supplement investors' and other readers' understanding and assessment of the financial performance of Viatrix Inc. ("Viatrix" 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. Viatrix 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.

2022 Guidance

The Company is not providing forward-looking guidance for U.S. GAAP net earnings (loss) or a quantitative reconciliation of its 2022 adjusted EBITDA guidance to the most directly comparable U.S. GAAP measure, U.S. GAAP net earnings (loss), because it is unable to predict with reasonable certainty the ultimate outcome of certain significant items, including integration and acquisition-related expenses, restructuring expenses, asset impairments, litigation settlements and other contingencies, such as changes to contingent consideration and certain other gains or losses, as well as related income tax accounting, because certain of these items have not occurred, are out of the Company's control and/or cannot be reasonably predicted without unreasonable effort. These items are uncertain, depend on various factors, and could have a material impact on U.S. GAAP reported results for the guidance period.

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.

Full Year 2022 Guidance Items

(Unaudited; in millions)

	GAAP	Non-GAAP
Total Revenues	\$17,000 - \$17,500	N/A
Adjusted EBITDA	N/A	\$5,800 - \$6,200
Net Cash provided by Operating Activities	\$3,200 - \$3,400	N/A
Free Cash Flow	N/A	\$2,500 - \$2,900

Reconciliation of Estimated 2022 GAAP Net Cash Provided by Operating Activities to Free Cash Flow

(Unaudited; in millions)

Estimated GAAP Net Cash provided by Operating Activities	\$3,200 - \$3,400
Less: Capital Expenditures	<u>(\$525) - (\$675)</u>
Free Cash Flow	\$2,500 - \$2,900

Adjusted Net Earnings

<i>(in millions)</i>	Three Months Ended		Year Ended	
	December 31,		December 31,	
	2021	2020	2021	2020
U.S. GAAP net loss	\$ (263.8)	\$ (915.8)	\$ (1,269.1)	\$ (669.9)
Purchase accounting related amortization (primarily included in cost of sales) (a).....	695.0	861.1	4,039.7	1,933.6
Litigation settlements and other contingencies, net.....	273.9	71.3	329.2	107.8
Interest expense (primarily amortization of premiums and discounts on long term debt).....	(13.5)	(4.0)	(53.8)	12.6
Clean energy investments pre-tax loss.....	9.7	11.0	61.9	48.4
Acquisition related costs (primarily included in SG&A) (b).....	84.9	395.4	234.6	613.6
Restructuring related costs (c).....	157.8	276.1	899.4	323.1
Share-based compensation expense	22.5	29.4	111.2	79.2
Other special items included in:				
Cost of sales (d).....	75.9	138.8	333.0	438.1
Research and development expense (e).....	71.1	1.4	83.2	47.2
Selling, general and administrative expense.....	10.1	31.7	49.5	44.6
Other expense, net.....	(5.7)	(0.4)	(8.0)	(16.8)
Tax effect of the above items and other income tax related items (f).....	(146.2)	(245.4)	(343.0)	(589.7)
Adjusted net earnings.....	<u>\$ 971.7</u>	<u>\$ 650.6</u>	<u>\$ 4,467.8</u>	<u>\$ 2,371.8</u>

(a) Includes amortization of the purchase accounting inventory fair value adjustment related to the Combination totaling approximately \$1.19 billion for the year ended December 31, 2021.

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

(c) For the three months ended December 31, 2021, charges of approximately \$135.2 million are included in cost of sales, approximately \$1.4 million are included in R&D, and approximately \$21.4 million are included in SG&A. For the year ended December 31, 2021, charges of approximately \$534.7 million are included in cost of sales, approximately \$13.3 million are included in R&D, and approximately \$351.5 million are included in SG&A.

(d) Costs incurred during the three months and year ended December 31, 2021 include incremental manufacturing variances and site remediation activities as a result of the activities at the Company's Morgantown plant of approximately \$16.1 million and \$123.4 million, respectively, and at other plants in the 2020 restructuring program of approximately \$39.8 million and \$143.3 million, respectively.

(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.

(Loss) Earning to Adjusted EBITDA

<i>(In millions)</i>	Three Months Ended		Year Ended	
	December 31,		December 31,	
	2021	2020	2021	2020
U.S. GAAP net loss.....	\$ (263.8)	\$ (915.8)	\$ (1,269.1)	\$ (669.9)
Add / (deduct) adjustments:				
Net contribution attributable to equity method investments.....	9.7	11.0	61.9	48.4
Income tax provision (benefit).....	59.9	(97.7)	604.7	(51.3)
Interest expense (a).....	148.2	144.4	636.2	497.8
Depreciation and amortization (b).....	749.8	953.1	4,506.5	2,216.1
EBITDA.....	\$ 703.8	\$ 95.0	\$ 4,540.2	\$ 2,041.1
Add / (deduct) adjustments:				
Share-based compensation expense.....	22.5	29.4	111.2	79.2
Litigation settlements and other contingencies, net.....	273.9	71.3	329.2	107.8
Restructuring, acquisition related and other special items (c).....	415.6	819.4	1,445.5	1,426.0
Adjusted EBITDA.....	\$ 1,415.8	\$ 1,015.1	\$ 6,426.1	\$ 3,654.1

(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 to Adjusted Net Earnings.



Summary of Total Revenues by Segment

<i>(In millions, except %s)</i>	Three Months Ended						
	December 31,						
	2021	2020	% Change	2021 Currency Impact ⁽¹⁾	2021 Constant Currency Revenues	Constant Currency % Change ⁽²⁾	
Net sales							
Developed Markets.....	\$ 2,560.8	\$ 2,378.6	8 %	\$ 41.4	\$ 2,602.2	9 %	
Greater China.....	503.8	190.6	nm	(8.7)	495.1	nm	
JANZ.....	539.2	389.5	38 %	31.6	570.8	47 %	
Emerging Markets.....	727.5	629.0	16 %	21.5	749.0	19 %	
Total net sales.....	4,331.3	3,587.7	21 %	85.8	4,417.1	23 %	
Other revenues (3).....	10.3	35.8	(71)%	0.3	10.6	(70)%	
Consolidated total revenues (4).....	\$ 4,341.6	\$ 3,623.5	20 %	\$ 86.1	\$ 4,427.7	22 %	
	Year Ended						
	December 31,						
	2021	2020	% Change	2021 Currency Impact ⁽¹⁾	2021 Constant Currency Revenues	Constant Currency % Change ⁽²⁾	
Net sales							
Developed Markets.....	\$ 10,428.7	\$ 8,510.9	23 %	\$ (185.1)	\$ 10,243.6	20 %	
Greater China.....	2,212.8	259.9	nm	(9.3)	2,203.5	nm	
JANZ.....	2,027.4	1,195.3	70 %	(2.7)	2,024.7	69 %	
Emerging Markets.....	3,144.7	1,853.8	70 %	(9.3)	3,135.4	69 %	
Total net sales.....	17,813.6	11,819.9	51 %	(206.4)	17,607.2	49 %	
Other revenues (3).....	72.7	126.1	(42)%	(1.0)	71.7	(43)%	
Consolidated total revenues (4).....	\$ 17,886.3	\$ 11,946.0	50 %	\$ (207.4)	\$ 17,678.9	48 %	

(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 December 31, 2021, other revenues in Developed Markets, JANZ, and Emerging Markets were approximately \$4.4 million, \$0.2 million, and \$5.7 million, respectively. For the year ended December 31, 2021, other revenues in Developed Markets, JANZ, and Emerging Markets were approximately \$51.0 million, \$1.5 million, and \$20.2 million, respectively.

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



Cost of Sales

	Three Months Ended		Year Ended	
	December 31,		December 31,	
	2021	2020	2021	2020
U.S. GAAP cost of sales	\$ 2,795.2	\$ 2,917.1	\$ 12,310.8	\$ 8,149.3
Deduct:				
Purchase accounting amortization and other related items.....	(695.0)	(861.1)	(4,039.7)	(1,933.6)
Acquisition related items.....	(5.9)	(5.4)	(13.9)	(16.9)
Restructuring and related costs.....	(135.2)	(190.1)	(534.7)	(207.7)
Share-based compensation expense.....	(0.3)	(0.4)	(2.3)	(1.5)
Other special items.....	(75.9)	(138.8)	(333.0)	(438.1)
Adjusted cost of sales.....	<u>\$ 1,882.9</u>	<u>\$ 1,721.3</u>	<u>\$ 7,387.2</u>	<u>\$ 5,551.5</u>
Adjusted gross profit (a).....	<u>\$ 2,458.7</u>	<u>\$ 1,902.2</u>	<u>\$ 10,499.1</u>	<u>\$ 6,394.5</u>
Adjusted gross margin (a).....	<u>57 %</u>	<u>52 %</u>	<u>59 %</u>	<u>54 %</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		Year Ended	
	December 31,		December 31,	
	2021	2020	2021	2020
U.S. GAAP R&D	\$ 267.2	\$ 154.8	\$ 751.1	\$ 555.1
Deduct:				
Acquisition related costs.....	(11.5)	(1.4)	(12.6)	(1.7)
Restructuring and related costs.....	(1.4)	-	(13.3)	(0.3)
Share-based compensation expense.....	(1.0)	(0.7)	(4.4)	(2.3)
Other special items.....	(71.1)	(1.4)	(83.2)	(47.2)
Adjusted R&D.....	<u>\$ 182.2</u>	<u>\$ 151.3</u>	<u>\$ 637.6</u>	<u>\$ 503.6</u>
Adjusted R&D as % of total revenues.....	<u>4 %</u>	<u>4 %</u>	<u>4 %</u>	<u>4 %</u>

SG&A

	Three Months Ended		Year Ended	
	December 31,		December 31,	
	2021	2020	2021	2020
U.S. GAAP SG&A	\$ 1,082.9	\$ 1,361.4	\$ 4,529.2	\$ 3,344.6
Deduct:				
Acquisition related costs.....	(67.5)	(388.5)	(208.1)	(595.0)
Restructuring and related costs.....	(21.4)	(86.0)	(351.5)	(115.0)
Share-based compensation expense.....	(21.2)	(28.3)	(104.4)	(75.4)
Other special items and reclassifications.....	(10.1)	(31.7)	(49.5)	(44.6)
Adjusted SG&A.....	<u>\$ 962.7</u>	<u>\$ 826.9</u>	<u>\$ 3,815.7</u>	<u>\$ 2,514.6</u>
Adjusted SG&A as % of total revenues.....	<u>22 %</u>	<u>23 %</u>	<u>21 %</u>	<u>21 %</u>

Total Operating Expenses

	Three Months Ended		Year Ended	
	December 31,		December 31,	
	2021	2020	2021	2020
U.S. GAAP total operating expenses	\$ 1,624.0	\$ 1,587.5	\$ 5,609.5	\$ 4,007.5
Deduct:.....				
Litigation settlements and other contingencies, net.....	(273.9)	(71.3)	(329.2)	(107.8)
R&D adjustments.....	(85.0)	(3.5)	(113.5)	(51.5)
SG&A adjustments.....	(120.2)	(534.5)	(713.5)	(830.0)
Adjusted total operating expenses.....	<u>\$ 1,144.9</u>	<u>\$ 978.2</u>	<u>\$ 4,453.3</u>	<u>\$ 3,018.2</u>
Adjusted earnings from operations (a).....	<u>\$ 1,313.8</u>	<u>\$ 924.0</u>	<u>\$ 6,045.8</u>	<u>\$ 3,376.3</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		Year Ended	
	December 31,		December 31,	
	2021	2020	2021	2020
U.S. GAAP interest expense	\$ 148.2	\$ 144.4	\$ 636.2	\$ 497.8
Add / (Deduct):				
Interest expense related to clean energy investments.....	(0.1)	(0.2)	(0.5)	(3.2)
Accretion of contingent consideration liability.....	(2.2)	(2.9)	(9.5)	(12.3)
Amortization of premiums and discounts on long-term debt.....	16.9	8.4	68.5	8.4
Restructuring and related costs.....	-	(0.1)	-	(0.1)
Other special items.....	(1.1)	(1.4)	(4.7)	(5.6)
Adjusted interest expense	<u>\$ 161.7</u>	<u>\$ 148.2</u>	<u>\$ 690.0</u>	<u>\$ 485.0</u>

Other (Income) Expenses

	Three Months Ended		Year Ended	
	December 31,		December 31,	
	2021	2020	2021	2020
U.S. GAAP other (income) expense, net	\$ (21.9)	\$ (12.0)	\$ (5.8)	\$ 12.6
Add / (Deduct):				
Clean energy investments pre-tax loss (a).....	(9.7)	(11.0)	(61.9)	(48.4)
Acquisition related costs.....	-	-	-	-
Other items.....	5.7	0.4	8.0	16.8
Adjusted other income, net.....	<u>\$ (25.9)</u>	<u>\$ (22.6)</u>	<u>\$ (59.7)</u>	<u>\$ (19.0)</u>

(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.

Earnings Before Income Taxes and Income Tax Provision

	Three Months Ended		Year Ended	
	December 31,		December 31,	
	2021	2020	2021	2020
U.S. GAAP loss before income taxes	\$ (203.9)	\$ (1,013.5)	\$ (664.4)	\$ (721.2)
Total pre-tax non-GAAP adjustments.....	1,381.8	1,811.8	6,079.9	3,631.4
Adjusted earnings before income taxes.....	<u>\$ 1,177.9</u>	<u>\$ 798.3</u>	<u>\$ 5,415.5</u>	<u>\$ 2,910.2</u>
U.S. GAAP income tax provision (benefit)	\$ 59.9	\$ (97.7)	\$ 604.7	\$ (51.3)
Adjusted tax expense.....	146.2	245.4	343.0	589.7
Adjusted income tax provision.....	<u>\$ 206.1</u>	<u>\$ 147.7</u>	<u>\$ 947.7</u>	<u>\$ 538.4</u>
Adjusted effective tax rate.....	<u>17.5 %</u>	<u>18.5 %</u>	<u>17.5 %</u>	<u>18.5 %</u>

Combined Adjusted EBITDA

<i>(In millions)</i>	Three months ended December 31, 2020	Twelve months ended December 31, 2020
U.S. GAAP net loss.....	\$ (915.8)	\$ (669.9)
Add / (deduct) adjustments:		
Net contribution attributable to equity method investments.....	11.0	48.4
Income tax benefit	(97.7)	(51.3)
Interest expense (a).....	144.4	497.8
Depreciation and amortization (b).....	953.1	2,216.1
EBITDA.....	95.0	2,041.1
Add adjustments:		
Share-based compensation expense.....	29.4	79.2
Litigation settlements and other contingencies, net.....	71.3	107.8
Restructuring, acquisition related and other special items (c).....	819.4	1,426.0
Viatrix Adjusted EBITDA.....	1,015.1	3,654.1
Upjohn Adjusted EBITDA for nine months ended September 30, 2020.....	-	2,806.0
	1,015.1	6,460.1
Upjohn estimated Adjusted EBITDA (d)	347.1	347.1
Combined Adjusted EBITDA.....	<u>\$ 1,362.2</u>	<u>\$ 6,807.2</u>

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

(b) Includes purchase accounting related amortization.

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

(d) 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.



Gross Leverage - Debt to Adjusted EBITDA

	Twelve Months Ended December 31,	
	2021	
Viatrix adjusted EBITDA	\$	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.....		3.49 x



Investor Event

February 28, 2022