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 June 30, 2023

OR

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

For the transition period from _____to_____

Commission file number 001-39695

VIATRIS INC.

(Exact name of registrant as specified in its charter)

Delaware	**83-4364296**
(State or other jurisdiction of incorporation or organization)	*(I.R.S. Employer Identification No.)*

1000 Mylan Boulevard, Canonsburg, Pennsylvania 15317
(Address of principal executive offices)

(724) 514-1800
(Registrant's telephone number, including area code)

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

Title of Each Class:	**Trading Symbol(s)**	**Name of Each Exchange on Which Registered:**
Common Stock, par value $0.01 per share	VTRS	The NASDAQ Stock 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	☑	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

The number of shares of common stock outstanding, par value $0.01 per share, of the registrant as of August 2, 2023 was 1,199,532,495.

VIATRIS INC. AND SUBSIDIARIES

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For the Quarterly Period Ended
June 30, 2023

Glossary of Defined Terms

Unless the context requires otherwise, references to "Viatris," "the Company," "we," "us" or "our" in this Form 10-Q (defined below) refer to Viatris Inc. and its subsidiaries. We also have used several other terms in this Form 10-Q, most of which are explained or defined below. Some amounts in this Form 10-Q may not add due to rounding.

2003 LTIP	Mylan N.V. Amended and Restated 2003 Long-Term Incentive Plan
2020 Incentive Plan	Viatris Inc. 2020 Stock Incentive Plan
2022 Form 10-K	Viatris' annual report on Form 10-K for the fiscal year ended December 31, 2022, as amended
Adjusted EBITDA	Non-GAAP financial measure that the Company believes is appropriate to provide information to investors - EBITDA (defined below) is further adjusted for share-based compensation expense, litigation settlements, and other contingencies, net, restructuring and other special items
ANDA	Abbreviated New Drug Application
AOCE	Accumulated other comprehensive earnings
API	Active pharmaceutical ingredient
ARV	Antiretroviral medicines
ASC	Accounting Standards Codification
ASU	Accounting Standards Update
Biocon	Biocon Limited
Biocon Biologics	Biocon Biologics Limited, a majority owned subsidiary of Biocon
Biocon Biologics Transaction	The transaction between Viatris and Biocon Biologics pursuant to which Viatris contributed its biosimilars portfolio, composed of the Biocon collaboration programs, biosimilars to Humira®, Enbrel®, and Eylea®, as well as related assets and liabilities to Biocon Biologics
Biocon Agreement	The transaction agreement between Viatris and Biocon Biologics, dated February 27, 2022, relating to the Biocon Biologics Transaction, as amended from time to time by that certain Amendment No. 1 to Transaction Agreement, dated November 28, 2022 and that certain Omnibus Amendment No. 1, dated May 17, 2023
Biogen	Biogen MA Inc. and Biogen International GmbH, collectively
Business Combination Agreement	Business Combination Agreement, dated as of July 29, 2019, as amended from time to time, among Viatris, Mylan, Pfizer and certain of their affiliates
CCPS	Compulsory convertible preferred shares
Code	The U.S. Internal Revenue Code of 1986, as amended
Combination	Refers to Mylan combining with Pfizer's Upjohn Business in a Reverse Morris Trust transaction to form Viatris on November 16, 2020
Commercial Paper Program	The $1.65 billion unsecured commercial paper program entered into as of November 16, 2020 by Viatris, as issuer, Mylan Inc., Utah Acquisition Sub Inc. and Mylan II B.V., as guarantors, and certain dealers from time to time
COVID-19	Novel coronavirus disease of 2019
CP Notes	Unsecured, short-term commercial paper notes issued pursuant to the Commercial Paper Program
Developed Markets segment	Viatris' business segment that includes our operations primarily in the following markets: North America and Europe
Distribution	Pfizer's distribution to Pfizer stockholders all the issued and outstanding shares of Upjohn Inc.

DOJ	U.S. Department of Justice
EBITDA	Non-GAAP financial measure that the Company believes is appropriate to provide information to investors - U.S. GAAP net earnings (loss) adjusted for net contribution attributable to equity method investments, income tax provision (benefit), interest expense and depreciation and amortization
EDPA	U.S. District Court for the Eastern District of Pennsylvania
Emerging Markets segment	Viatris' business segment that includes, but is not limited to, our operations primarily in the following markets: Parts of Asia, the Middle East, South and Central America, Africa, and Eastern Europe
EU	European Union
Exchange Act	Securities Exchange Act of 1934, as amended
Famy Life Sciences	Famy Life Sciences Private Limited
FASB	Financial Accounting Standards Board
FDA	U.S. Food and Drug Administration
Form 10-Q	This quarterly report on Form 10-Q for the quarterly period ended June 30, 2023
GA Depot	Long-acting glatiramer acetate depot product
Global Systemically Important Banks	Financial institutions that are considered systemically important by the Financial Stability Board.
Greater China segment	Viatris' business segment that includes our operations primarily in the following markets: China, Taiwan and Hong Kong
Gx	Generic drugs
IPR&D	In-process research and development
IRS	U.S. Internal Revenue Service
IT	Information technology
JANZ segment	Viatris' business segment that includes our operations in the following markets: Japan, Australia and New Zealand
LIBOR	London Interbank Offered Rate
Lilly	Eli Lilly and Company
Mapi	Mapi Pharma Ltd.
Maximum Leverage Ratio	The maximum consolidated leverage ratio financial covenant requiring maintenance of a maximum ratio of consolidated total indebtedness as of the end of any quarter to consolidated EBITDA for the trailing four quarters as defined in the related credit agreements from time to time
MDL	Multidistrict litigation
Mylan	Mylan N.V. and its subsidiaries
Mylan Inc. U.S. Dollar Notes	The 4.200% Senior Notes due 2023, 4.550% Senior Notes due 2028, 5.400% Senior Notes due 2043 and 5.200% Senior Notes due 2048 issued by Mylan Inc., which are fully and unconditionally guaranteed on a senior unsecured basis by Mylan II B.V., Viatris Inc. and Utah Acquisition Sub Inc.
NASDAQ	The NASDAQ Stock Market
NDA	New drug application
NHS	National Health Services
Note Securitization Facility	The note securitization facility entered into in August 2022 for borrowings up to $200 million and expiring in August 2023
OTC	Over-the-counter
Oyster Point	Oyster Point Pharma, Inc.
Pfizer	Pfizer Inc.

PSUs	Performance awards
R&D	Research and development
Receivables Facility	The $400 million accounts receivable entered into in August 2020 and expiring in April 2025
Registered Upjohn Notes	The 1.650% Senior Notes due 2025, 2.300% Senior Notes due 2027, 2.700% Senior Notes due 2030, 3.850% Senior Notes due 2040 and 4.000% Senior Notes due 2050 originally issued on October 29, 2021 registered with the SEC in exchange for the corresponding Unregistered Upjohn U.S. Dollar Notes in a similar aggregate principal amount and with terms substantially identical to the corresponding Unregistered Upjohn U.S. Dollar Notes and fully and unconditionally guaranteed by Mylan Inc., Mylan II B.V. and Utah Acquisition Sub Inc.
Respiratory Delivery Platform	Pfizer's proprietary dry powder inhaler delivery platform
Restricted Stock Awards	The Company's nonvested restricted stock and restricted stock unit awards, including PSUs
Revolving Facility	The $4.0 billion revolving facility dated as of July 1, 2021, by and among Viatris, certain lenders and issuing banks from time to time party thereto and Bank of America, N.A., as administrative agent
RICO	Racketeer Influenced and Corrupt Organizations Act
RSUs	The Company's unvested restricted stock unit awards
Sanofi	Sanofi-Aventis U.S., LLC
SARs	Stock Appreciation Rights
SDNY	U.S. District Court for the Southern District of New York
SEC	U.S. Securities and Exchange Commission
Securities Act	Securities Act of 1933, as amended
Senior U.S. Dollar Notes	The Upjohn U.S. Dollar Notes, the Utah U.S. Dollar Notes and the Mylan Inc. U.S. Dollar Notes, collectively
Separation and Distribution Agreement	Separation and Distribution Agreement between Viatris and Pfizer, dated as of July 29, 2019, as amended from time to time
SG&A	Selling, general and administrative expenses
SOFR	Secured overnight financial rate
Stock awards	Stock options and SARs
Teva	Teva Pharmaceutical Industries Ltd.
TSA	Transition services agreement
U.K.	United Kingdom
U.S.	United States
U.S. GAAP	Accounting principles generally accepted in the U.S.
Unregistered Upjohn U.S. Dollar Notes	The 1.650% Senior Notes due 2025, 2.300% Senior Notes due 2027, 2.700% Senior Notes due 2030, 3.850% Senior Notes due 2040 and 4.000% Senior Notes due 2050 originally issued on June 22, 2020 by Upjohn Inc. (now Viatris Inc.) in a private offering exempt from the registration requirements of the Securities Act and fully and unconditionally guaranteed by Mylan Inc., Mylan II B.V. and Utah Acquisition Sub Inc.
Upjohn	Upjohn Inc., a wholly owned subsidiary of Pfizer prior to the Distribution, that combined with Mylan and was renamed Viatris Inc.

Upjohn Business	Pfizer's off-patent branded and generic established medicines business that, in connection with the Combination, was separated from Pfizer and combined with Mylan to form Viatris
Upjohn Distributor Markets	Select geographic markets that were part of the Combination that are smaller in nature and in which we had no established infrastructure prior to or following the Combination and that the Company intends to divest
Upjohn U.S. Dollar Notes	Senior unsecured notes denominated in U.S. dollars and originally issued by Upjohn Inc. or Viatris Inc. pursuant to an indenture dated June 22, 2020 and fully and unconditionally guaranteed by Mylan Inc., Mylan II B.V. and Utah Acquisition Sub Inc.
Utah Acquisition Sub	Utah Acquisition Sub Inc., a Delaware corporation and an indirect wholly owned subsidiary of Viatris
Utah U.S. Dollar Notes	The 3.950% Senior Notes due 2026 and 5.250% Senior Notes due 2046 issued by Utah Acquisition Sub Inc., which are fully and unconditionally guaranteed on a senior unsecured basis by Mylan Inc., Viatris Inc. and Mylan II B.V.
Viatris	Viatris Inc., formerly known as Upjohn Inc. prior to the completion of the Combination
YEN Term Loan Facility	The ¥40 billion term loan agreement dated as of July 1, 2021, among Viatris, the guarantors from time to time party thereto, the lenders from time to time party thereto and Mizuho Bank, Ltd., as administrative agent

PART I — FINANCIAL INFORMATION

VIATRIS INC. AND SUBSIDIARIES
Condensed Consolidated Statements of Operations
(Unaudited; in millions, except per share amounts)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Revenues:				
Net sales	$ 3,909.5	$ 4,105.4	$ 7,628.6	$ 8,283.6
Other revenues	9.1	11.4	19.1	24.9
Total revenues	3,918.6	4,116.8	7,647.7	8,308.5
Cost of sales	2,310.0	2,413.5	4,496.9	4,834.0
Gross profit	1,608.6	1,703.3	3,150.8	3,474.5
Operating expenses:				
Research and development	208.3	162.6	391.2	304.9
Acquired IPR&D	10.2	—	10.2	—
Selling, general and administrative	1,031.9	981.1	1,990.8	1,896.4
Litigation settlements and other contingencies, net	(11.0)	10.9	(10.4)	17.1
Total operating expenses	1,239.4	1,154.6	2,381.8	2,218.4
Earnings from operations	369.2	548.7	769.0	1,256.1
Interest expense	143.7	145.9	290.7	292.1
Other (income) expense, net	(107.5)	13.5	(177.4)	47.2
Earnings before income taxes	333.0	389.3	655.7	916.8
Income tax provision	69.0	75.4	167.0	203.7
Net earnings	$ 264.0	$ 313.9	$ 488.7	$ 713.1
Earnings per share attributable to Viatris Inc. shareholders				
Basic	$ 0.22	$ 0.26	$ 0.41	$ 0.59
Diluted	$ 0.22	$ 0.26	$ 0.41	$ 0.59
Weighted average shares outstanding:				
Basic	1,199.0	1,212.3	1,200.8	1,211.4
Diluted	1,203.5	1,217.1	1,204.6	1,215.1

See Notes to Condensed Consolidated Financial Statements

VIATRIS INC. AND SUBSIDIARIES
Condensed Consolidated Statements of Comprehensive Earnings (Loss)
(Unaudited; in millions)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Net earnings	$ 264.0	$ 313.9	$ 488.7	$ 713.1
Other comprehensive loss, before tax:				
Foreign currency translation adjustment	(254.1)	(1,149.9)	(208.8)	(1,619.1)
Change in unrecognized (loss) gain and prior service cost related to defined benefit plans	(6.8)	0.5	(5.5)	(2.1)
Net unrecognized gain on derivatives in cash flow hedging relationships	36.8	17.6	39.6	17.8
Net unrecognized (loss) gain on derivatives in net investment hedging relationships	(12.8)	384.4	(79.0)	585.7
Net unrealized gain (loss) on marketable securities	0.2	(1.0)	1.1	(2.7)
Other comprehensive loss, before tax	(236.7)	(748.4)	(252.6)	(1,020.4)
Income tax provision (benefit)	4.3	89.8	(8.2)	134.5
Other comprehensive loss, net of tax	(241.0)	(838.2)	(244.4)	(1,154.9)
Comprehensive earnings (loss)	$ 23.0	$ (524.3)	$ 244.3	$ (441.8)

See Notes to Condensed Consolidated Financial Statements

VIATRIS INC. AND SUBSIDIARIES
Condensed Consolidated Balance Sheets
(Unaudited in millions, except share and per share amounts)

	June 30, 2023	December 31, 2022
ASSETS		
Assets		
Current assets:		
Cash and cash equivalents	$ 629.2	$ 1,259.9
Accounts receivable, net	3,607.3	3,814.5
Inventories	3,641.5	3,519.5
Prepaid expenses and other current assets	1,725.1	1,811.2
Assets held for sale	174.9	230.3
Total current assets	9,778.0	10,635.4
Property, plant and equipment, net	2,983.2	3,024.5
Intangible assets, net	22,084.4	22,607.1
Goodwill	10,532.5	10,425.8
Deferred income tax benefit	966.0	925.9
Other assets	2,351.1	2,403.5
Total assets	$ 48,695.2	$ 50,022.2
LIABILITIES AND EQUITY		
Liabilities		
Current liabilities:		
Accounts payable	$ 1,962.0	$ 1,766.6
Short-term borrowings	23.2	—
Income taxes payable	158.1	279.6
Current portion of long-term debt and other long-term obligations	1,334.4	1,259.1
Other current liabilities	3,046.1	3,440.9
Total current liabilities	6,523.8	6,746.2
Long-term debt	17,246.0	18,015.2
Deferred income tax liability	2,407.8	2,432.0
Other long-term obligations	1,674.3	1,756.5
Total liabilities	27,851.9	28,949.9
Equity		
Viatris Inc. shareholders' equity		
Common stock: $0.01 par value, 3,000,000,000 shares authorized; shares issued: 1,220,385,566 and 1,213,793,231, respectively	12.2	12.1
Additional paid-in capital	18,719.4	18,645.8
Retained earnings	5,369.1	5,175.6
Accumulated other comprehensive loss	(3,005.6)	(2,761.2)
	21,095.1	21,072.3
Less: Treasury stock — at cost		
Common stock shares: 21,239,521 as of June 30, 2023	251.8	—
Total equity	20,843.3	21,072.3
Total liabilities and equity	$ 48,695.2	$ 50,022.2

See Notes to Condensed Consolidated Financial Statements

VIATRIS INC. AND SUBSIDIARIES
Condensed Consolidated Statements of Equity
(Unaudited; in millions, except share and per share amounts)

	Common Stock		Additional Paid-In Capital	Retained Earnings	Treasury Stock		Accumulated Other Comprehensive Loss	Total Equity
	Shares	Cost			Shares	Cost		
Balance at March 31, 2023	1,220,224,204	$ 12.2	$18,679.6	$ 5,252.5	21,239,521	$(251.8)	$ (2,764.6)	$20,927.9
Net earnings	—	—	—	264.0	—	—	—	264.0
Other comprehensive loss, net of tax	—	—	—	—	—	—	(241.0)	(241.0)
Issuance of restricted stock and stock options exercised, net	71,988	—	0.1	—	—	—	—	0.1
Taxes related to the net share settlement of equity awards	—	—	(0.3)	—	—	—	—	(0.3)
Share-based compensation expense	—	—	39.2	—	—	—	—	39.2
Issuance of common stock	89,374	—	0.8	—	—	—	—	0.8
Cash dividends declared, $0.12 per common share	—	—	—	(147.4)	—	—	—	(147.4)
Balance at June 30, 2023	1,220,385,566	$ 12.2	$18,719.4	$ 5,369.1	21,239,521	$(251.8)	$ (3,005.6)	$20,843.3

	Common Stock		Additional Paid-In Capital	Retained Earnings	Treasury Stock		Accumulated Other Comprehensive Loss	Total Equity
	Shares	Cost			Shares	Cost		
Balance at December 31, 2022	1,213,793,231	$ 12.1	$18,645.8	$ 5,175.6	—	$ —	$ (2,761.2)	$21,072.3
Net earnings	—	—	—	488.7	—	—	—	488.7
Other comprehensive loss, net of tax	—	—	—	—	—	—	(244.4)	(244.4)
Issuance of restricted stock and stock options exercised, net	6,422,573	0.1	3.7	—	—	—	—	3.8
Taxes related to the net share settlement of equity awards	—	—	(19.7)	—	—	—	—	(19.7)
Share-based compensation expense	—	—	81.8	—	—	—	—	81.8
Common stock repurchase	—	—	—	—	21,239,521	(251.8)	—	(251.8)
Issuance of common stock	169,762	—	1.7	—	—	—	—	1.7
Cash dividends declared, $0.24 per common share	—	—	—	(295.2)	—	—	—	(295.2)
Other	—	—	6.1	—	—	—	—	6.1
Balance at June 30, 2023	1,220,385,566	$ 12.2	$18,719.4	$ 5,369.1	21,239,521	$(251.8)	$ (3,005.6)	$20,843.3

See Notes to Condensed Consolidated Financial Statements

	Ordinary Shares [1]		Additional Paid-In Capital	Retained Earnings	Treasury Stock		Accumulated Other Comprehensive Loss	Total Equity
	Shares	Cost			Shares	Cost		
Balance at March 31, 2022	1,212,323,483	$ 12.1	$18,555.1	$ 3,941.5	—	$ —	$ (2,061.0)	$20,447.7
Net earnings	—	—	—	313.9	—	—	—	313.9
Other comprehensive loss, net of tax	—	—	—	—	—	—	(838.2)	(838.2)
Issuance of restricted stock, net	64,292	—	—	—	—	—	—	—
Taxes related to the net share settlement of equity awards	—	—	0.5	—	—	—	—	0.5
Share-based compensation expense	—	—	29.4	—	—	—	—	29.4
Issuance of common stock	59,682	—	0.7	—	—	—	—	0.7
Cash dividends declared, $0.12 per common share	—	—	—	(148.6)	—	—	—	(148.6)
Balance at June 30, 2022	1,212,447,457	$ 12.1	$18,585.7	$ 4,106.8	—	$ —	$ (2,899.2)	$19,805.4

	Common Stock		Additional Paid-In Capital	Retained Earnings	Treasury Stock		Accumulated Other Comprehensive Loss	Total Equity
	Shares	Cost			Shares	Cost		
Balance at December 31, 2021	1,209,507,463	$ 12.1	$18,536.1	$ 3,688.8	—	$ —	$ (1,744.3)	$20,492.7
Net earnings	—	—	—	713.1	—	—	—	713.1
Other comprehensive loss, net of tax	—	—	—	—	—	—	(1,154.9)	(1,154.9)
Issuance of restricted stock, net	2,880,312	—	—	—	—	—	—	—
Taxes related to the net share settlement of equity awards	—	—	(8.8)	—	—	—	—	(8.8)
Share-based compensation expense	—	—	57.7	—	—	—	—	57.7
Issuance of common stock	59,682	—	0.7	—	—	—	—	0.7
Cash dividends declared, $0.24 per common share	—	—	—	(295.1)	—	—	—	(295.1)
Balance at June 30, 2022	1,212,447,457	$ 12.1	$18,585.7	$ 4,106.8	—	$ —	$ (2,899.2)	$19,805.4

See Notes to Condensed Consolidated Financial Statements

VIATRIS INC. AND SUBSIDIARIES
Condensed Consolidated Statements of Cash Flows
(Unaudited; in millions)

	Six Months Ended June 30,	
	2023	**2022**
Cash flows from operating activities:		
Net earnings	$ 488.7	$ 713.1
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization	1,416.7	1,458.3
Share-based compensation expense	81.8	57.7
Deferred income tax benefit	(94.9)	(157.6)
Other non-cash items	42.9	3.8
Litigation settlements and other contingencies, net	(6.3)	10.0
Changes in operating assets and liabilities:		
Accounts receivable	69.2	(142.3)
Inventories	(266.5)	(270.1)
Accounts payable	192.7	254.5
Income taxes	(22.1)	17.8
Other operating assets and liabilities, net	(416.1)	(4.2)
Net cash provided by operating activities	1,486.1	1,941.0
Cash flows from investing activities:		
Cash paid for acquisitions, net of cash acquired	(667.7)	—
Capital expenditures	(115.6)	(148.4)
Purchase of marketable securities	(16.6)	(13.2)
Proceeds from the sale of marketable securities	16.6	12.8
Payments for product rights and other, net	(55.9)	(13.0)
Proceeds from sale of property, plant and equipment	13.1	12.8
Net cash used in investing activities	(826.1)	(149.0)
Cash flows from financing activities:		
Proceeds from issuance of long-term debt	—	795.4
Payments of long-term debt	(750.1)	(1,787.0)
Purchase of common stock	(250.0)	—
Change in short-term borrowings, net	23.1	(473.5)
Taxes paid related to net share settlement of equity awards	(30.0)	(13.2)
Contingent consideration payments	(8.4)	(18.9)
Payments of financing fees	—	(1.3)
Cash dividends paid	(287.7)	(290.6)
Non-contingent payments for product rights	(9.7)	—
Issuance of common stock	1.7	0.7
Other items, net	32.9	(0.2)
Net cash used in financing activities	(1,278.2)	(1,788.6)
Effect on cash of changes in exchange rates	(12.9)	(40.2)
Net decrease in cash, cash equivalents and restricted cash	(631.1)	(36.8)
Cash, cash equivalents and restricted cash — beginning of period	1,262.5	706.2
Cash, cash equivalents and restricted cash — end of period	$ 631.4	$ 669.4

See Notes to Condensed Consolidated Financial Statements

VIATRIS INC. AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements (Unaudited)

1. General

The accompanying unaudited condensed consolidated financial statements ("interim financial statements") of Viatris Inc. and subsidiaries were prepared in accordance with U.S. GAAP and the rules and regulations of the SEC for reporting on Form 10-Q; therefore, as permitted under these rules, certain footnotes and other financial information included in audited financial statements were condensed or omitted. The interim financial statements contain all adjustments (consisting of only normal recurring adjustments) necessary to present fairly the interim results of operations, comprehensive earnings, financial position, equity and cash flows for the periods presented.

These interim financial statements should be read in conjunction with the consolidated financial statements and notes thereto in Viatris' 2022 Form 10-K. The December 31, 2022 condensed consolidated balance sheet was derived from audited financial statements.

The interim results of operations and comprehensive earnings for the three and six months ended June 30, 2023, and cash flows for the six months ended June 30, 2023, are not necessarily indicative of the results to be expected for the full fiscal year or any other future period.

2. Revenue Recognition and Accounts Receivable

The Company recognizes revenues in accordance with ASC 606, *Revenue from Contracts with Customers*. Under ASC 606, the Company recognizes net revenue for product sales when control of the promised goods or services is transferred to our customers in an amount that reflects the consideration we expect to be entitled to in exchange for those goods or services. Revenues are recorded net of provisions for variable consideration, including discounts, rebates, governmental rebate programs, price adjustments, returns, chargebacks, promotional programs and other sales allowances. Accruals for these provisions are presented in the condensed consolidated financial statements as reductions in determining net sales and as a contra asset in accounts receivable, net (if settled via credit) and other current liabilities (if paid in cash).

Our net sales may be impacted by wholesaler and distributor inventory levels of our products, which can fluctuate throughout the year due to the seasonality of certain products, pricing, the timing of product demand, purchasing decisions and other factors. Such fluctuations may impact the comparability of our net sales between periods.

Consideration received from licenses of intellectual property is recorded as other revenues. Royalty or profit share amounts, which are based on sales of licensed products or technology, are recorded when the customer's subsequent sales or usages occur. Such consideration is included in other revenues in the condensed consolidated statements of operations.

The following table presents the Company's net sales by product category for each of our reportable segments for the three and six months ended June 30, 2023 and 2022, respectively:

(In millions)	Three Months Ended June 30, 2023				
Product Category	**Developed Markets**	**Greater China**	**JANZ**	**Emerging Markets**	**Total**
Brands	$ 1,300.2	$ 530.5	$ 207.4	$ 406.6	$ 2,444.7
Complex Gx	132.7	—	6.5	—	139.2
Generics	920.9	1.6	161.6	241.5	1,325.6
Total	$ 2,353.8	$ 532.1	$ 375.5	$ 648.1	$ 3,909.5

(In millions)	Six Months Ended June 30, 2023				
Product Category	**Developed Markets**	**Greater China**	**JANZ**	**Emerging Markets**	**Total**
Brands	$ 2,532.2	$ 1,092.9	$ 397.7	$ 842.2	$ 4,865.0
Complex Gx	262.6	—	12.6	0.1	275.3
Generics	1,729.4	3.8	307.4	447.7	2,488.3
Total	$ 4,524.2	$ 1,096.7	$ 717.7	$ 1,290.0	$ 7,628.6

(In millions)	Three Months Ended June 30, 2022				
Product Category	**Developed Markets**	**Greater China**	**JANZ**	**Emerging Markets**	**Total**
Brands	$ 1,305.4	$ 546.3	$ 243.1	$ 388.3	$ 2,483.1
Complex Gx and Biosimilars	327.0	0.3	12.1	15.4	354.8
Generics	846.7	1.7	171.9	247.2	1,267.5
Total	$ 2,479.1	$ 548.3	$ 427.1	$ 650.9	$ 4,105.4

(In millions)	Six Months Ended June 30, 2022				
Product Category	**Developed Markets**	**Greater China**	**JANZ**	**Emerging Markets**	**Total**
Brands	$ 2,604.1	$ 1,116.0	$ 492.1	$ 825.0	$ 5,037.2
Complex Gx and Biosimilars	691.1	0.3	22.4	31.8	745.6
Generics	1,660.0	5.1	336.4	499.3	2,500.8
Total	$ 4,955.2	$ 1,121.4	$ 850.9	$ 1,356.1	$ 8,283.6

(a) Amounts for the three and six months ended June 30, 2023 include the unfavorable impact of foreign currency translations compared to the prior year period.

(b) Amounts for the three and six months ended June 30, 2022 include $161.8 million and $326.6 million, respectively, related to the biosimilars business which was subsequently contributed to Biocon Biologics in November 2022. The Company has not recognized the results of the biosimilars business in its consolidated financial statements subsequent to November 29, 2022.

The following table presents net sales on a consolidated basis for select key products for the three and six months ended June 30, 2023 and 2022:

(In millions)	Three months ended June 30, 2023	Three months ended June 30, 2022	Six months ended June 30, 2023	Six months ended June 30, 2022
Select Key Global Products				
Lipitor ®	$ 380.0	$ 405.6	$ 797.9	$ 845.7
Norvasc ®	182.4	203.0	385.1	410.8
Lyrica ®	137.1	155.8	281.4	327.4
EpiPen® Auto-Injectors	127.5	106.5	223.3	195.3
Viagra ®	111.0	115.1	226.0	244.9
Celebrex ®	82.0	85.9	170.8	171.2
Creon ®	74.1	75.4	146.8	150.1
Effexor ®	64.8	73.7	129.4	151.2
Zoloft ®	54.5	62.5	111.0	135.6
Xalabrands	50.4	42.7	97.1	95.7
Select Key Segment Products				
Dymista ®	$ 57.7	$ 55.5	$ 110.9	$ 99.4
Yupelri ®	55.0	49.1	102.0	92.7
Xanax ®	51.8	37.2	91.5	77.2
Amitiza ®	41.5	44.1	78.1	85.9

(a) The Company does not disclose net sales for any products considered competitively sensitive.

(b) Products disclosed may change in future periods, including as a result of seasonality, competition or new product launches.

(c) Amounts for the three and six months ended June 30, 2023 include the unfavorable impact of foreign currency translations compared to the prior year period.

Variable Consideration and Accounts Receivable

The following table presents a reconciliation of gross sales to net sales by each significant category of variable consideration during the three and six months ended June 30, 2023 and 2022, respectively:

	Three Months Ended June 30,		Six Months Ended June 30,	
(In millions)	**2023**	**2022**	**2023**	**2022**
Gross sales	$ 6,519.0	$ 7,008.7	$ 12,792.0	$ 14,207.0
Gross to net adjustments:				
Chargebacks	(1,374.2)	(1,594.2)	(2,724.9)	(3,178.4)
Rebates, promotional programs and other sales allowances	(961.0)	(1,075.3)	(1,953.2)	(2,281.2)
Returns	(68.3)	(82.7)	(118.7)	(165.3)
Governmental rebate programs	(206.0)	(151.1)	(366.6)	(298.5)
Total gross to net adjustments	$ (2,609.5)	$ (2,903.3)	$ (5,163.4)	$ (5,923.4)
Net sales	$ 3,909.5	$ 4,105.4	$ 7,628.6	$ 8,283.6

[a] Amounts for the three and six months ended June 30, 2022 include the biosimilars business which was subsequently contributed to Biocon Biologics in November 2022. The Company has not recognized the results of the biosimilars business in its consolidated financial statements subsequent to November 29, 2022.

No significant revisions were made to the methodology used in determining these provisions or the nature of the provisions during the three and six months ended June 30, 2023. Such allowances were comprised of the following at June 30, 2023 and December 31, 2022, respectively:

(In millions)	**June 30, 2023**	**December 31, 2022**
Accounts receivable, net	$ 1,575.5	$ 1,798.7
Other current liabilities	880.2	888.8
Total	$ 2,455.7	$ 2,687.5

Accounts receivable, net was comprised of the following at June 30, 2023 and December 31, 2022, respectively:

(In millions)	**June 30, 2023**	**December 31, 2022**
Trade receivables, net	$ 3,123.7	$ 3,243.8
Other receivables	483.6	570.7
Accounts receivable, net	$ 3,607.3	$ 3,814.5

Accounts Receivable Factoring Arrangements

We have entered into accounts receivable factoring agreements with financial institutions to sell certain of our non-U.S. accounts receivable. These transactions are accounted for as sales and result in a reduction in accounts receivable because the agreements transfer effective control over and risk related to the receivables to the buyers. Our factoring agreements do not allow for recourse in the event of uncollectibility, and we do not retain any interest in the underlying accounts receivable once sold. We derecognized $188.2 million and $34.7 million of accounts receivable as of June 30, 2023 and December 31, 2022, respectively, under these factoring arrangements.

3. Recent Accounting Pronouncements

Adoption of New Accounting Standards

In September 2022, the FASB issued Accounting Standards Update 2022-04, *Liabilities—Supplier Finance Programs (Subtopic 405-50)*, which requires entities to provide qualitative and quantitative disclosures about their supplier finance programs, including a rollforward of related obligations. The adoption of ASU 2022-04 did not affect the Company's financial condition, results of operations or cash flows as the guidance only requires additional disclosures. We adopted this ASU effective January 1, 2023.

The Company has certain voluntary supply chain finance programs with financial intermediaries which provide participating suppliers the option to be paid by the intermediary earlier than the original invoice due date. The Company's responsibility is limited to making payments on the terms originally negotiated with the suppliers, regardless of whether the intermediary pays the supplier in advance of the original due date. The range of payment terms the Company negotiates with suppliers are consistent, regardless of whether a supplier participates in a supply chain finance program. The total amounts due to financial intermediaries to settle supplier invoices under supply chain finance programs as of June 30, 2023 and December 31, 2022 were $55.6 million and $33.4 million, respectively. These amounts are included within *Accounts payable* in the condensed consolidated balance sheets.

There were no other significant changes in new accounting standards from those disclosed in Viatris' 2022 Form 10-K. Refer to Viatris' 2022 Form 10-K for additional information.

4. Acquisitions and Other Transactions

Oyster Point Acquisition

During the first quarter of 2023, the Company completed the acquisition of Oyster Point for approximately $427.4 million in cash, which included $11 per share paid to Oyster Point stockholders through a tender offer, payment for vested share-based awards, and the repayment of debt of Oyster Point. In addition to the upfront cash consideration, each Oyster Point stockholder received one non-tradeable contingent value right representing up to an additional $2 per share, or approximately $60 million in the aggregate, contingent upon Oyster Point achieving certain metrics based upon full year 2022 performance. Oyster Point did not achieve the metrics that would have triggered a contingent payment and the contingent value rights have expired. Oyster Point is focused on the discovery, development, and commercialization of first-in-class pharmaceutical therapies to treat ophthalmic diseases.

Vested share-based awards to acquire Oyster Point common stock that were outstanding immediately prior to the closing of the acquisition were cancelled in exchange for the right to receive an amount in cash based upon a formula contained within the merger agreement. The unvested share-based awards were converted into Viatris share-based awards based upon a formula contained within the merger agreement.

In accordance with U.S. GAAP, the Company used the acquisition method of accounting to account for this transaction. Under the acquisition method of accounting, the assets acquired and liabilities assumed in the transaction were recorded at their respective estimated fair values at the acquisition date. During the six months ended June 30, 2023, the Company incurred acquisition related costs of approximately $19.8 million, which were recorded primarily in SG&A in the condensed consolidated statement of operations.

The U.S. GAAP purchase price was $392.7 million, net of cash acquired. The preliminary allocation of the purchase price to the assets acquired and liabilities assumed for Oyster Point is as follows:

(In millions)		
Current assets (excluding inventories and net of cash acquired)	$	26.9
Inventories		37.8
Property, plant and equipment		1.4
Identified intangible assets		334.0
Goodwill		5.9
Deferred income tax benefit		17.7
Other assets		7.7
Total assets acquired	$	431.4
Current liabilities		37.0
Other noncurrent liabilities		1.7
Net assets acquired (net of $34.7 of cash acquired)	$	392.7

The preliminary fair value estimates for the assets acquired and liabilities assumed were based upon preliminary calculations, valuations and assumptions that are subject to change as the Company obtains additional information during the measurement period (up to one year from the acquisition date). The primary areas subject to change relate to the finalization of the valuation of intangible assets and income taxes. There were no changes to the fair value estimates in the second quarter of 2023.

The Company recorded a step-up in the fair value of inventory of approximately $29.3 million. During the three and six months ended June 30, 2023, the Company recorded amortization of the inventory step-up of approximately $7.3 million and $14.7 million, respectively, which is included in *Cost of sales* in the condensed consolidated statement of operations.

The identified intangible assets of $334.0 million are comprised of product rights and licenses related to a commercial asset, Tyrvaya®, for the treatment of dry eye disease, that have an estimated useful life of 10 years. Significant assumptions utilized in the valuation of identified intangible assets were based on company specific information and projections which are not observable in the market and are thus considered Level 3 measurements as defined by U.S. GAAP.

The goodwill of $5.9 million arising from the acquisition consisted largely of the value of the employee workforce and the expected value of products to be developed in the future. All of the goodwill was assigned to the Developed Markets segment. None of the goodwill recognized in this transaction is currently expected to be deductible for income tax purposes. The operating results of Oyster Point have been included in the Company's condensed consolidated statements of operations since the acquisition date. The total revenues of Oyster Point for the period from the acquisition date to June 30, 2023, were $16.5 million and net loss, net of tax, was approximately $85.8 million. The net loss for the period includes the effect of the purchase accounting adjustments and acquisition related costs.

The following table presents supplemental unaudited pro forma information for the acquisition, as if it had occurred on January 1, 2022. The unaudited pro forma results reflect certain adjustments related to past operating performance and acquisition accounting adjustments, such as increased amortization expense based on the fair value of assets acquired, the impact of transaction costs and the related income tax effects. The unaudited pro forma results do not include any anticipated synergies which may be achievable, or have been achieved, subsequent to the closing of the acquisition. Accordingly, the unaudited pro forma results are not necessarily indicative of the results that actually would have occurred had the acquisitions been completed on the stated date above, nor are they indicative of the future operating results of Viatris and its subsidiaries.

	Three Months Ended		Six Months Ended	
(Unaudited, in millions, except per share amounts)	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
Total revenues	$ 3,918.6	$ 4,121.5	$ 7,647.7	$ 8,315.9
Net earnings	$ 270.6	$ 264.4	$ 514.5	$ 601.4
Earnings per share:				
Basic	$ 0.23	$ 0.22	$ 0.43	$ 0.50
Diluted	$ 0.22	$ 0.22	$ 0.43	$ 0.49
Weighted average shares outstanding:				
Basic	1,199.0	1,212.3	1,200.8	1,211.4
Diluted	1,203.5	1,217.1	1,204.6	1,215.1

Famy Life Sciences Acquisition

On November 7, 2022, the Company entered into a definitive agreement to acquire the remaining equity shares of Famy Life Sciences, a privately-owned research company with a complementary portfolio of ophthalmology therapies under development, for consideration of $281 million. The Company had previously entered into a Master Development Agreement with Famy Life Sciences on December 20, 2019 under which the Company obtained rights with respect to acquiring certain pharmaceutical products and had also acquired shares representing approximately 13.5% equity interest in Famy Life Sciences for $25.0 million at December 31, 2020. The investment was accounted for in accordance with ASC 321, *Investments - Equity Securities*.

The transaction to acquire the remaining equity shares of Famy Life Sciences closed during the first quarter of 2023. The Company recognized a gain of $18.9 million during the first quarter of 2023 as a result of remeasuring its pre-existing 13.5% equity interest in Famy Life Sciences to fair value, which was recorded as a component of *Other (income) expense, net* in the condensed consolidated statement of operations.

In accordance with U.S. GAAP, the Company used the acquisition method of accounting to account for this transaction. Under the acquisition method of accounting, the assets acquired and liabilities assumed in the transaction were recorded at their respective estimated fair values at the acquisition date. The U.S. GAAP purchase price allocated to the transaction was $325.0 million, which consisted of $281 million of cash consideration paid for the remaining equity shares and $43.9 million for the fair value of the pre-existing 13.5% equity interest. The preliminary allocation of the purchase price to the assets acquired and liabilities assumed for Famy Life Sciences is as follows:

(In millions)	
IPR&D	$ 290.0
Goodwill	89.3
Total assets acquired	$ 379.3
Current liabilities	2.2
Deferred tax liabilities	52.1
Net assets acquired (net of $0.2 of cash acquired)	$ 325.0

The preliminary fair value estimates for the assets acquired and liabilities assumed were based upon preliminary calculations, valuations and assumptions that are subject to change as the Company obtains additional information during the measurement period (up to one year from the acquisition date). The primary areas subject to change relate to the finalization of the valuation of IPR&D and income taxes. There were no changes to the fair value estimates in the second quarter of 2023.

The amount allocated to IPR&D represents an estimate of the fair value of purchased in-process technology for research projects that, as of the closing date of the acquisition, had not reached technological feasibility and had no alternative future use. The fair value of IPR&D of $290.0 million was based on the excess earnings method, which utilizes forecasts of expected cash inflows (including estimates for ongoing costs) and other contributory charges. A discount rate of 23.9% was utilized to discount net cash inflows to present values. IPR&D is accounted for as an indefinite-lived intangible asset and will be subject to impairment testing until completion or abandonment of the projects. Upon successful completion and launch of

each product, the Company will make a determination of the estimated useful life of the individual asset. The acquired IPR&D projects are in various stages of completion and the estimated costs to complete these projects total approximately $120 million, which are expected to be incurred through 2024. There are risks and uncertainties associated with the timely and successful completion of the projects included in IPR&D, and no assurances can be given that the underlying assumptions used to estimate the fair value of IPR&D will not change or the timely completion of each project to commercial success will occur.

The goodwill of $89.3 million arising from the acquisition consisted largely of the value of the employee workforce and the expected value of products to be developed in the future. All of the goodwill was assigned to the Developed Markets segment. None of the goodwill recognized in this transaction is currently expected to be deductible for income tax purposes. The acquisition did not have a material impact on the Company's results of operations since the acquisition date or on a pro forma basis for the three and six months ended June 30, 2023 and 2022.

Ophthalmology is one of the key therapeutic areas of focus that the Company announced in February 2022 when it announced plans for certain strategic actions. With the combination of Viatris' global commercial footprint, R&D and regulatory capabilities and supply chain, along with Oyster Point's deep knowledge of the ophthalmology space from a clinical, medical, regulatory and commercial perspective—including Tyrvaya®—and Famy Life Sciences' Phase III-ready pipeline, the Company believes it has the foundation to create a leading global ophthalmology franchise, accelerating efforts to address the unmet needs of patients with ophthalmic disease and the eye care professionals who treat them.

Mapi Pharma Ltd. ("Mapi") Equity Investment

In April 2018, the Company entered into an exclusive license and commercialization agreement with Mapi for the development and commercialization on a world-wide basis of a long-acting glatiramer acetate depot product ("GA Depot"). Under the terms of the license and commercialization agreement, as of June 30, 2023, Mapi is eligible to receive regulatory approval and commercial launch milestone payments of up to $90.0 million. Additionally, upon commercial launch of GA Depot, Mapi is eligible to receive royalties and sales-based milestones.

The Company holds investments in preferred shares of Mapi that are accounted for at cost, less impairment, if any, adjusted for observable price changes, in accordance with ASC 321, *Investments – Equity Securities*. During the second quarter of 2023, the Company made an additional investment of $30.0 million in preferred shares of Mapi. The preferred shares are convertible on a one-to-one basis into Mapi ordinary shares at Viatris' option. The Company recognized a gain of $45.6 million during the second quarter of 2023 as a result of remeasuring our pre-existing equity interest in Mapi, which was recorded as a component of *Other (Income) Expense, Net* in the condensed consolidated statements of operations. The Company has determined that Mapi represents a variable interest entity ("VIE"), but has concluded that Viatris is not the primary beneficiary of Mapi as we do not have the power to direct the activities of the VIE that most significantly impact the VIE's economic performance. Accordingly, we have not consolidated Mapi's results of operations and financial position into our condensed consolidated financial statements.

As of June 30, 2023 and December 31, 2022, our condensed consolidated balance sheets included, within *Other Assets*, $132.1 million and $56.4 million, respectively, related to our equity investments in Mapi, which included cumulative unrealized gains of $62.1 million and $16.5 million, respectively, and within *Prepaid Expenses and Other Current Assets*, $52.5 million and $42.5 million, respectively, related to advances, including for initial orders of commercial launch supply of GA Depot under our supply agreement with Mapi. Our maximum exposure to loss as a result of our involvement with Mapi is limited to the carrying value of the investments and advances.

5. Divestitures

Biocon Biologics Transaction

On November 29, 2022, Viatris completed a transaction to contribute its biosimilars portfolio to Biocon Biologics. Under the terms of the Biocon Agreement, Viatris received $3 billion in consideration in the form of a $2 billion cash payment, adjusted as set forth in the Biocon Agreement, and approximately $1 billion of CCPS representing a stake of approximately 12.9% (on a fully diluted basis) in Biocon Biologics. In the second quarter of 2023, the Company recorded a gain of $28.9 million as a result of remeasuring the CCPS in Biocon Biologics to fair value. The Company's CCPS in Biocon Biologics are classified as equity securities, refer to Note 11 *Financial Instruments and Risk Management* for further discussion. Viatris also is entitled to $335 million of additional cash payments in 2024. In addition, Viatris and Biocon Biologics have agreed to a closing working capital target of $250 million. An amount of cash equal to all or a portion of the closing working capital target may become payable to Biocon Biologics in connection with certain events in the future, depending on the valuations attributable to such events. Refer to Note 8 *Balance Sheet Components* for additional information on assets and liabilities related to Biocon Biologics.

Viatris and Biocon Biologics also entered an agreement pursuant to which Viatris is providing commercialization and certain other transition services on behalf of Biocon Biologics, including billings, collections, and the remittance of rebates, to ensure business continuity for patients, customers and colleagues. The original term of the transition services agreement was generally up to two years; however, the parties agreed to reduce the term of the transition services agreement to expire on December 31, 2023, subject to early termination of services at the discretion at Biocon Biologics and/or extensions until April 30, 2024 for certain services. Under the transition services agreement, Viatris is entitled to be reimbursed for its costs (subject to certain caps) plus a markup of $44 million for 2023. In the event services are provided after 2023 through April 30, 2024, Viatris is entitled to be reimbursed for its costs plus service-based markups for such period. During the three and six months ended June 30, 2023, the Company recognized TSA income of approximately $46.9 million and $92.6 million, respectively, as a component of *Other (Income) Expense, Net*.

Other Potential Divestitures

In November 2022, the Company provided an update on the strategic priorities announced in February 2022, including identifying the following businesses no longer considered core to its future strategy that the Company intends to divest:

- OTC;
- API (while retaining some selective development API capabilities);
- Women's health care, primarily related to our oral and injectable contraceptives. This does not include all of our women's health care related products; as an example, our Xulane® product in the U.S. is excluded; and
- Upjohn Distributor Markets.

In the fourth quarter of 2022, we determined that our Upjohn Distributor Markets should be classified as held for sale. Upon classification as held for sale, we recognized a total charge of $374.2 million in that quarter, which was comprised of a goodwill impairment charge of $117.0 million, other charges, principally inventory write-offs, of $84.3 million and a charge of approximately $172.9 million to write down the disposal group to fair value, less cost to sell. During the three and six months ended June 30, 2023, the Company recorded additional charges of $10.0 million and $19.2 million, respectively. During the six months ended June 30, 2023, the Company additionally recorded an intangible asset charge of $32.0 million to write down the disposal group to fair value, less cost to sell. As of June 30, 2023 and December 31, 2022, assets held for sale associated with the Upjohn Distributor Markets consisted of intangible assets of $174.9 million and $230.3 million, respectively. If these transactions are not completed, the distribution arrangements will expire in accordance with our agreement with Pfizer and the Company will wind down operations in these markets, which may result in additional asset write-offs and other costs being incurred. These additional charges could be in excess of $250 million.

6. Share-Based Incentive Plan

Prior to the Distribution, Viatris adopted and Pfizer, in the capacity as Viatris' sole stockholder at such time, approved the 2020 Incentive Plan (the *Viatris Inc. 2020 Stock Incentive Plan*) which became effective as of the Distribution. In connection with the Combination, as of November 16, 2020, the Company assumed the 2003 LTIP (*Mylan N.V. Amended and Restated 2003 Long-Term Incentive Plan*), which had previously been approved by Mylan shareholders. The 2020 Incentive Plan and 2003 LTIP include (i) 72,500,000 shares of Viatris' common stock authorized for grant pursuant to the 2020 Incentive Plan, which may include dividend payments payable in common stock on unvested shares granted under awards, (ii) 6,757,640 shares of common stock to be issued pursuant to the exercise of outstanding stock options granted to participants under the 2003 LTIP and assumed by Viatris in connection with the Combination and (iii) 13,535,627 shares of common stock subject to outstanding equity-based awards, other than stock options, assumed by Viatris in connection with the Combination, or that otherwise remain available for issuance under the 2003 LTIP.

Under the 2020 Incentive Plan and 2003 LTIP, shares are reserved for issuance to key employees, consultants, independent contractors and non-employee directors of the Company through a variety of incentive awards, including: stock options, SARs, restricted stock and units, PSUs, other stock-based awards and short-term cash awards. Stock option awards are granted with an exercise price equal to the fair market value of the shares underlying the stock options at the date of the grant, generally become exercisable over periods ranging from three to four years, and generally expire in ten years.

The following table summarizes stock awards (stock options and SARs) activity under the 2020 Incentive Plan and 2003 LTIP:

	Number of Shares Under Stock Awards	Weighted Average Exercise Price per Share
Outstanding at December 31, 2022	4,449,642	$ 38.53
Granted	283,361	$ 7.68
Exercised	(9,125)	$ 5.67
Forfeited	(335,798)	$ 31.42
Outstanding at June 30, 2023	4,388,080	$ 37.15
Vested and expected to vest at June 30, 2023	4,361,367	$ 37.31
Exercisable at June 30, 2023	4,151,296	$ 38.72

As of June 30, 2023, stock awards outstanding, stock awards vested and expected to vest and stock awards exercisable had average remaining contractual terms of 4.2 years, 4.1 years and 3.9 years, respectively. Also, at June 30, 2023, stock awards outstanding, stock awards vested and expected to vest and stock awards exercisable had aggregate intrinsic values of $0.6 million, $0.6 million, and $0.2 million, respectively.

A rollforward of the changes in the Company's nonvested Restricted Stock Awards (restricted stock and restricted stock unit awards, including PSUs) from December 31, 2022 to June 30, 2023 is presented below:

	Number of Restricted Stock Awards	Weighted Average Grant-Date Fair Value Per Share
Nonvested at December 31, 2022	27,271,926	$ 11.81
Granted	20,286,212	11.16
Released	(7,797,097)	13.03
Forfeited	(2,101,991)	11.65
Nonvested at June 30, 2023	37,659,050	$ 11.21

As of June 30, 2023, the Company had $285.5 million of total unrecognized compensation expense, net of estimated forfeitures, related to all of its stock-based awards, which we expect to recognize over the remaining weighted average vesting period of 1.6 years. The total intrinsic value of Restricted Stock Awards released during the six months ended June 30, 2023 and 2022 was $101.6 million and $64.1 million, respectively.

7. Pensions and Other Postretirement Benefits

Defined Benefit Plans

The Company sponsors various defined benefit pension plans in several countries. Benefits provided generally depend on length of service, pay grade and remuneration levels. Employees in the U.S., Puerto Rico and certain international locations are also provided retirement benefits through defined contribution plans.

The Company also sponsors other postretirement benefit plans including plans that provide for postretirement supplemental medical coverage. Benefits from these plans are provided to employees and their spouses and dependents who meet various minimum age and service requirements. In addition, the Company sponsors other plans that provide for life insurance benefits and postretirement medical coverage for certain officers and management employees.

Net Periodic Benefit Cost

Components of net periodic benefit cost for the three and six months ended June 30, 2023 and 2022 were as follows:

	Pension and Other Postretirement Benefits			
	Three Months Ended June 30,		Six Months Ended June 30,	
(In millions)	2023	2022	2023	2022
Service cost	$ 7.1	$ 9.5	$ 14.2	$ 19.0
Interest cost	18.2	10.4	36.5	20.8
Expected return on plan assets	(16.4)	(16.6)	(32.8)	(33.2)
Amortization of prior service costs	—	—	—	0.1
Recognized net actuarial (gains)/losses	(5.0)	0.1	(10.0)	0.1
Other	4.4	—	4.4	—
Net periodic benefit cost	$ 8.3	$ 3.4	$ 12.3	$ 6.8

The Company is making the minimum mandatory contributions to its defined benefit pension plans in the U.S. and Puerto Rico for the 2023 plan year. The Company expects to make total benefit payments of approximately $108.5 million from pension and other postretirement benefit plans in 2023. The Company anticipates making contributions to pension and other postretirement benefit plans of approximately $51.3 million in 2023.

8. Balance Sheet Components

Selected balance sheet components consist of the following:

Cash and restricted cash

(In millions)	June 30, 2023	December 31, 2022	June 30, 2022
Cash and cash equivalents	$ 629.2	$ 1,259.9	$ 664.7
Restricted cash, included in prepaid expenses and other current assets	2.2	2.6	4.7
Cash, cash equivalents and restricted cash	$ 631.4	$ 1,262.5	$ 669.4

Inventories

(In millions)	June 30, 2023	December 31, 2022
Raw materials	$ 417.5	$ 571.5
Work in process	1,132.2	755.4
Finished goods	2,091.8	2,192.6
Inventories	$ 3,641.5	$ 3,519.5

Prepaid expenses and other current assets

(In millions)	June 30, 2023	December 31, 2022
Prepaid expenses	$ 205.8	$ 194.6
Deferred consideration due from Biocon Biologics	164.8	—
Available-for-sale fixed income securities	35.5	35.3
Fair value of financial instruments	94.6	134.7
Equity securities	46.7	42.6
Other current assets	1,177.7	1,404.0
Prepaid expenses and other current assets	$ 1,725.1	$ 1,811.2

Prepaid expenses consist primarily of prepaid rent, insurance and other individually insignificant items.

Property, plant and equipment, net

(In millions)	June 30, 2023	December 31, 2022
Machinery and equipment	$ 3,011.0	$ 2,936.7
Buildings and improvements	1,502.8	1,539.7
Construction in progress	407.3	474.0
Land and improvements	125.1	133.4
Gross property, plant and equipment	5,046.2	5,083.8
Accumulated depreciation	2,063.0	2,059.3
Property, plant and equipment, net	$ 2,983.2	$ 3,024.5

Other assets

(In millions)	June 30, 2023	December 31, 2022
Non-marketable equity investments	$ 154.2	$ 94.0
Deferred consideration due from Biocon Biologics	146.1	299.5
CCPS in Biocon Biologics	1,028.9	997.4
Operating lease right-of-use assets	250.4	259.3
Other long-term assets	771.5	753.3
Other assets	$ 2,351.1	$ 2,403.5

Accounts payable

(In millions)	June 30, 2023	December 31, 2022
Trade accounts payable	$ 1,309.6	$ 1,158.0
Other payables	652.4	608.6
Accounts payable	$ 1,962.0	$ 1,766.6

Other current liabilities

(In millions)	June 30, 2023	December 31, 2022
Accrued sales allowances	$ 880.2	$ 888.8
Legal and professional accruals, including litigation accruals	252.1	297.2
Payroll and employee benefit liabilities	672.0	746.8
Contingent consideration	63.7	64.4
Accrued restructuring	47.2	95.3
Accrued interest	64.2	80.2
Fair value of financial instruments	98.7	187.0
Due to Biocon Biologics	11.6	22.5
Operating lease liability	85.3	80.6
Other	871.1	978.1
Other current liabilities	$ 3,046.1	$ 3,440.9

Other long-term obligations

(In millions)	June 30, 2023	December 31, 2022
Employee benefit liabilities	$ 530.5	$ 544.6
Contingent consideration [(1)]	315.4	310.6
Tax related items, including contingencies	393.1	414.6
Operating lease liability	166.9	181.4
Accrued restructuring	60.4	60.4
Other	208.0	244.9
Other long-term obligations	$ 1,674.3	$ 1,756.5

(1) Balances as of June 30, 2023 and December 31, 2022 include $228.4 million and $221.2 million, respectively, due to Biocon Biologics. Refer to Note 11 *Financial Instruments and Risk Management* for additional information.

9. Earnings per Share

Basic earnings per share is computed by dividing net earnings by the weighted average number of shares outstanding during the period. Diluted earnings per share is computed by dividing net earnings by the weighted average number of shares outstanding during the period increased by the number of additional shares that would have been outstanding related to potentially dilutive securities or instruments, if the impact is dilutive.

Basic and diluted earnings per share attributable to Viatris Inc. are calculated as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
(In millions, except per share amounts)	2023	2022	2023	2022
Basic earnings attributable to Viatris Inc. common shareholders				
Net earnings attributable to Viatris Inc. common shareholders	$ 264.0	$ 313.9	$ 488.7	$ 713.1
Shares (denominator):				
Weighted average shares outstanding	1,199.0	1,212.3	1,200.8	1,211.4
Basic earnings per share attributable to Viatris Inc. shareholders	$ 0.22	$ 0.26	$ 0.41	$ 0.59
Diluted earnings attributable to Viatris Inc. common shareholders				
Net earnings attributable to Viatris Inc. common shareholders	$ 264.0	$ 313.9	$ 488.7	$ 713.1
Shares (denominator):				
Weighted average shares outstanding	1,199.0	1,212.3	1,200.8	1,211.4
Share-based awards	4.5	4.8	3.8	3.7
Total dilutive shares outstanding	1,203.5	1,217.1	1,204.6	1,215.1
Diluted earnings per share attributable to Viatris Inc. shareholders	$ 0.22	$ 0.26	$ 0.41	$ 0.59

Additional stock awards and Restricted Stock Awards were outstanding during the three and six months ended June 30, 2023 and 2022, but were not included in the computation of diluted earnings per share for each respective period because the effect would be anti-dilutive. Excluded shares at June 30, 2023 include certain share-based compensation awards whose performance conditions had not been fully met. Such excluded shares and anti-dilutive awards represented 24.2 million shares and 19.0 million shares for the three and six months ended June 30, 2023, respectively, and 9.8 million shares and 12.6 million shares for the three and six months ended June 30, 2022, respectively.

The Company paid a quarterly dividend of $0.12 per share on the Company's issued and outstanding common stock on March 17, 2023 and June 16, 2023. On August 4, 2023, the Company's Board of Directors declared a quarterly cash dividend of $0.12 per share on the Company's issued and outstanding common stock, which will be payable on September 15, 2023 to shareholders of record as of the close of business on August 24, 2023. The declaration and payment of future dividends to holders of the Company's common stock will be at the discretion of the Board of Directors, and will depend upon factors, including but not limited to, the Company's financial condition, earnings, capital requirements of its businesses, legal requirements, regulatory constraints, industry practice, and other factors that the Board of Directors deems relevant.

On February 28, 2022, the Company announced that its Board of Directors had authorized a share repurchase program for the repurchase of up to $1.0 billion of the Company's shares of common stock. Such repurchases may be made from time-to-time at the Company's discretion and effected by any means, including but not limited to, open market repurchases, pursuant to plans in accordance with Rules 10b5-1 or 10b-18 under the Exchange Act, privately negotiated transactions (including accelerated stock repurchase programs) or any combination of such methods as the Company deems appropriate. The program does not have an expiration date. During the six months ended June 30, 2023, the Company repurchased approximately 21.2 million shares of common stock at a cost of approximately $250 million. The Company did not repurchase any shares of common stock under the share repurchase program in 2022. The share repurchase program does not obligate the Company to acquire any particular amount of common stock.

10. Goodwill and Intangible Assets

Goodwill

The changes in the carrying amount of goodwill for the six months ended June 30, 2023 are as follows:

(In millions)	Developed Markets (1)	Greater China	JANZ	Emerging Markets (2)	Total
Balance at December 31, 2022:	7,461.5	940.6	689.0	1,334.7	10,425.8
Acquisitions	95.3	—	—	—	95.3
Foreign currency translation	42.8	(4.0)	(21.5)	(5.9)	11.4
Balance at June 30, 2023:	$ 7,599.6	$ 936.6	$ 667.5	$ 1,328.8	$ 10,532.5

(1) Balances as of June 30, 2023 and December 31, 2022 include an accumulated impairment loss of $385.0 million.
(2) Balances as of June 30, 2023 and December 31, 2022 include an accumulated impairment loss of $117.0 million.

The Company reviews goodwill for impairment annually on April 1st or more frequently if events or changes in circumstances indicate that the carrying value of goodwill may not be recoverable. The Company performed the annual goodwill impairment test as of April 1, 2023.

The Company performed its annual goodwill impairment test on a quantitative basis for its five reporting units, North America, Europe, Emerging Markets, JANZ, and Greater China. In estimating each reporting unit's fair value, the Company performed an extensive valuation analysis, utilizing a discounted cash flow approach. The determination of the fair value of the reporting units requires the Company to make significant estimates and assumptions that affect the reporting unit's expected future cash flows. These estimates and assumptions, utilizing Level 3 inputs, primarily include, but are not limited to, the discount rate, terminal growth rates, operating income before depreciation and amortization, capital expenditures forecasts and control premiums.

When compared to the prior year's annual goodwill impairment test completed on April 1, 2022, the Company has experienced significant fluctuations in foreign exchange rates in certain international markets, combined with a significant increase in market interest rates. These market factors have caused the discount rate utilized in all our reporting units to increase between 1.0% to 4.5%, resulting in a significant reduction in the calculated fair values at April 1, 2023 for all our reporting units. Also, in conjunction with the Company's annual strategic planning process which included determining long-term growth rate targets for our business, operational results during the forecast period were reduced and long-term growth rates were increased. As a result of these changes, the calculated fair values of the North America, Greater China and Europe reporting units declined in excess of 10% and the JANZ and Emerging Markets reporting units declined in excess of 15% when compared to the prior year fair values.

As of April 1, 2023, the allocation of the Company's total goodwill was as follows: North America $3.15 billion, Europe $4.47 billion, Emerging Markets $1.34 billion, JANZ $0.68 billion and Greater China $0.94 billion.

As of April 1, 2023, the Company determined that the fair value of the North America and Greater China reporting units was substantially in excess of the respective unit's carrying value.

For the Europe reporting unit, the estimated fair value exceeded its carrying value by approximately $535 million or 3.9% for the annual goodwill impairment test. As it relates to the discounted cash flow approach for the Europe reporting unit at April 1, 2023, the Company forecasted cash flows for the next 10 years. During the forecast period, the revenue compound annual growth rate was approximately 2.4%. A terminal year value was calculated with a 2.0% revenue growth rate applied. The discount rate utilized was 11.0% and the estimated tax rate was 14.9%. If all other assumptions are held constant, a reduction in the terminal value growth rate by 1.0% or an increase in discount rate by 0.5% would result in an impairment charge for the Europe reporting unit.

For the JANZ reporting unit, the estimated fair value exceeded its carrying value by approximately $145 million or 5.5% for the annual goodwill impairment test. As it relates to the discounted cash flow approach for the JANZ reporting unit at April 1, 2023, the Company forecasted cash flows for the next 10 years. During the forecast period, the revenue compound annual growth rate was approximately negative 2.0%. A terminal year value was calculated with a 1.5% revenue growth rate applied. The discount rate utilized was 7.0% and the estimated tax rate was 30.6%. If all other assumptions are held constant, a reduction in the terminal value growth rate by 0.5% or an increase in discount rate by 0.5% would result in an impairment charge for the JANZ reporting unit.

For the Emerging Markets reporting unit, the estimated fair value exceeded its carrying value by approximately $513 million or 7.7% for the annual goodwill impairment test. As it relates to the discounted cash flow approach for the Emerging Markets reporting unit at April 1, 2023, the Company forecasted cash flows for the next 10 years. During the forecast period, the revenue compound annual growth rate was approximately 1.8%. A terminal year value was calculated with a 2.0% revenue growth rate applied. The discount rate utilized was 11.5% and the estimated tax rate was 17.4%. If all other assumptions are held constant, a reduction in the terminal value growth rate by 2.5% or an increase in discount rate by 1.0% would result in an impairment charge for the Emerging Markets reporting unit.

Due to the inherent uncertainty involved in making these estimates, actual results could differ from those estimates. In addition, changes in underlying assumptions, especially as they relate to the key assumptions detailed, could have a significant impact on the fair value of the reporting units.

Intangible Assets, Net

Intangible assets consist of the following components at June 30, 2023 and December 31, 2022:

(In millions)	Weighted Average Life (Years)	Original Cost	Accumulated Amortization	Net Book Value
June 30, 2023				
Product rights, licenses and other [1]	15	$ 37,929.8	$ 16,176.7	$ 21,753.1
In-process research and development		331.3	—	331.3
		$ 38,261.1	$ 16,176.7	$ 22,084.4
December 31, 2022				
Product rights, licenses and other [1]	15	$ 37,490.5	$ 14,923.6	$ 22,566.9
In-process research and development		40.2	—	40.2
		$ 37,530.7	$ 14,923.6	$ 22,607.1

[1] Represents amortizable intangible assets. Other intangible assets consists principally of customer lists and contractual rights.

During the six months ended June 30, 2023, the Company acquired product rights and licenses from Oyster Point of approximately $334.0 million, and IPR&D of approximately $290.0 million from Famy Life Sciences. Refer to Note 4 *Acquisitions and Other Transactions* for additional information.

Amortization expense and intangible asset disposal & impairment charges (which are included as a component of amortization expense) are classified primarily within cost of sales in the condensed consolidated statements of operations and were as follows for the three and six months ended June 30, 2023 and 2022:

	Three Months Ended June 30,		Six Months Ended June 30,	
(In millions)	2023	2022	2023	2022
Intangible asset amortization expense	$ 591.2	$ 634.1	$ 1,194.5	$ 1,282.2
Intangible asset disposal & impairment charges	—	—	32.0	—
Total intangible asset amortization expense (including disposal & impairment charges)	$ 591.2	$ 634.1	$ 1,226.5	$ 1,282.2

During the six months ended June 30, 2023, the Company recognized an intangible asset charge of approximately $32.0 million, which was recorded within *Cost of sales* in the condensed consolidated statement of operations, to write down the disposal group to fair value, less cost to sell, related to our Upjohn Distributor Markets, which are classified as held for sale. As of June 30, 2023 and December 31, 2022, the Company has approximately $174.9 million and $230.3 million, respectively, of intangible assets related to the Upjohn Distributor Markets that are classified as held for sale in the condensed consolidated balance sheets. Refer to Note 5 *Divestitures* for additional information.

Intangible asset amortization expense over the remainder of 2023 and for the years ending December 31, 2024 through 2027 is estimated to be as follows:

(In millions)	
2023	$ 1,182
2024	2,271
2025	2,177
2026	2,121
2027	1,909

11. Financial Instruments and Risk Management

The Company is exposed to certain financial risks relating to its ongoing business operations. The primary financial risks that are managed by using derivative instruments are foreign currency risk and interest rate risk.

Foreign Currency Risk Management

In order to manage certain foreign currency risks, the Company enters into foreign exchange forward contracts to mitigate risk associated with changes in spot exchange rates of mainly non-functional currency denominated assets or liabilities. The foreign exchange forward contracts are measured at fair value and reported as current assets or current liabilities in the condensed consolidated balance sheets. Any gains or losses on the foreign exchange forward contracts are recognized in earnings in the period incurred in the condensed consolidated statements of operations.

The Company has also entered into forward contracts to hedge forecasted foreign currency denominated sales from certain international subsidiaries and a portion of forecasted intercompany inventory sales denominated in Euro, Japanese Yen, Chinese Renminbi and Indian Rupee for up to twenty-four months. These contracts are designated as cash flow hedges to manage foreign currency transaction risk and are measured at fair value and reported as current assets or current liabilities in the condensed consolidated balance sheets. Any changes in the fair value of designated cash flow hedges are deferred in AOCE and are reclassified into earnings when the hedged item impacts earnings.

Net Investment Hedges

The Company may hedge the foreign currency risk associated with certain net investment positions in foreign subsidiaries by either borrowing directly in foreign currencies and designating all or a portion of the foreign currency debt as a hedge of the applicable net investment position or entering into foreign currency swaps that are designated as hedges of net investments.

The Company has designated certain Euro and Yen borrowings as a hedge of its investment in certain Euro-functional and Yen-functional currency subsidiaries in order to manage foreign currency translation risk. Borrowings designated as net investment hedges are marked-to-market using the current spot exchange rate as of the end of the period, with gains and losses included in the foreign currency translation component of AOCE until the sale or substantial liquidation of the underlying net investments. In addition, the Company manages the related foreign exchange risk of the Euro and Yen borrowings not designated as net investment hedges through certain Euro and Yen denominated financial assets and forward currency swaps.

The following table summarizes the principal amounts of the Company's outstanding Euro and Yen borrowings and the notional amounts of the Euro and Yen borrowings designated as net investment hedges:

(In millions)	Principal Amount	Notional Amount Designated as a Net Investment Hedge	
		June 30, 2023	December 31, 2022
2.250% Euro Senior Notes due 2024	€ 1,000.0	€ 1,000.0	€ 1,000.0
3.125% Euro Senior Notes due 2028	750.0	750.0	750.0
2.125% Euro Senior Notes due 2025	500.0	500.0	500.0
1.023% Euro Senior Notes due 2024	750.0	750.0	750.0
1.362% Euro Senior Notes due 2027	850.0	850.0	850.0
1.908% Euro Senior Notes due 2032	1,250.0	1,250.0	1,250.0
Total	€ 5,100.0	€ 5,100.0	€ 5,100.0
Yen			
YEN Term Loan	¥ 40,000.0	¥ 40,000.0	¥ 40,000.0
Yen Total	¥ 40,000.0	¥ 40,000.0	¥ 40,000.0

At June 30, 2023, the principal amount of the Company's outstanding Yen borrowings and the notional amount of the Yen borrowings designated as net investment hedges was $277.2 million.

Interest Rate Risk Management

The Company enters into interest rate swaps from time to time in order to manage interest rate risk associated with the Company's fixed-rate and floating-rate debt. Interest rate swaps that meet specific accounting criteria are accounted for as fair value or cash flow hedges. All derivative instruments used to manage interest rate risk are measured at fair value and reported as current assets or current liabilities in the condensed consolidated balance sheets. For fair value hedges, the changes in the fair value of both the hedging instrument and the underlying debt obligations are included in interest expense. For cash flow hedges, the change in fair value of the hedging instrument is deferred through AOCE and is reclassified into earnings when the hedged item impacts earnings.

Credit Risk Management

The Company regularly reviews the creditworthiness of its financial counterparties and does not expect to incur a significant loss from the failure of any counterparties to perform under any agreements. The Company is not subject to any obligations to post collateral under derivative instrument contracts. Certain derivative instrument contracts entered into by the Company are governed by master agreements, which contain credit-risk-related contingent features that would allow the counterparties to terminate the contracts early and request immediate payment should the Company trigger an event of default on other specified borrowings. The Company records all derivative instruments on a gross basis in the condensed consolidated balance sheets. Accordingly, there are no offsetting amounts that net assets against liabilities.

The following table summarizes the classification and fair values of derivative instruments in our condensed consolidated balance sheets:

	Asset Derivatives			Liability Derivatives		
(In millions)	Balance Sheet Location	June 30, 2023 Fair Value	December 31, 2022 Fair Value	Balance Sheet Location	June 30, 2023 Fair Value	December 31, 2022 Fair Value
Derivatives designated as hedges:						
Foreign currency forward contracts	Prepaid expenses & other current assets	$ 44.8	$ 30.4	Other current liabilities	$ 6.0	$ 26.4
Total derivatives designated as hedges		44.8	30.4		6.0	26.4
Derivatives not designated as hedges:						
Foreign currency forward contracts	Prepaid expenses & other current assets	49.8	104.3	Other current liabilities	92.7	160.6
Total derivatives not designated as hedges		49.8	104.3		92.7	160.6
Total derivatives		$ 94.6	$ 134.7		$ 98.7	$ 187.0

The following table summarizes information about the gains/(losses) incurred to hedge or offset operational foreign exchange or interest rate risk:

		Amount of Gains/(Losses) Recognized in Earnings		Amount of Gains/(Losses) Recognized in AOCE (Net of Tax) on Derivatives		Amount of Gains/(Losses) Reclassified from AOCE into Earnings	
				Three months ended June 30,			
(In millions)	Location of Gain/(Loss)	2023	2022	2023	2022	2023	2022
Derivative Financial Instruments in Cash Flow Hedging Relationships [1]:							
Foreign currency forward contracts	Net sales [3]	$ —	$ —	$ 32.4	$ 33.1	$ 7.8	$ 28.1
Interest rate swaps	Interest expense [3]	—	—	(0.9)	(0.8)	(1.1)	(1.1)
Non-derivative Financial Instruments in Net Investment Hedging Relationships:							
Foreign currency borrowings		—	—	(10.1)	298.6	—	—
Derivative Financial Instruments Not Designated as Hedging Instruments:							
Foreign currency option and forward contracts	Other (income) expense, net [2]	(31.4)	53.1	—	—	—	—
Total		$ (31.4)	$ 53.1	$ 21.4	$ 330.9	$ 6.7	$ 27.0

(In millions)	Location of Gain/(Loss)	Amount of Gains/(Losses) Recognized in Earnings		Amount of Gains/(Losses) Recognized in AOCE (Net of Tax) on Derivatives		Amount of Gains/(Losses) Reclassified from AOCE into Earnings	
		Six months ended June 30,					
		2023	2022	2023	2022	2023	2022
Derivative Financial Instruments in Cash Flow Hedging Relationships [1]:							
Foreign currency forward contracts	Net sales [3]	$ —	$ —	$ 43.5	$ 42.8	$ 16.7	$ 42.3
Interest rate swaps	Interest expense [3]	—	—	(1.8)	(1.7)	(2.3)	(2.2)
Non-derivative Financial Instruments in Net Investment Hedging Relationships:							
Foreign currency borrowings		—	—	(62.0)	454.9	—	—
Derivative Financial Instruments Not Designated as Hedging Instruments:							
Foreign currency option and forward contracts	Other (income) expense, net [2]	13.2	74.8	—	—	—	—
Total		$ 13.2	$ 74.8	$ (20.3)	$ 496.0	$ 14.4	$ 40.1

(1) At June 30, 2023, the Company expects that approximately $4.0 million of pre-tax net gains on cash flow hedges will be reclassified from AOCE into earnings during the next twelve months.

(2) Represents the location of the gain/(loss) recognized in earnings on derivatives.

(3) Represents the location of the gain/(loss) reclassified from AOCE into earnings.

Fair Value Measurement

Fair value is based on the price that would be received from the sale of an identical asset or paid to transfer an identical liability in an orderly transaction between market participants at the measurement date. In order to increase consistency and comparability in fair value measurements, a fair value hierarchy has been established that prioritizes observable and unobservable inputs used to measure fair value into three broad levels, which are described below:

- *Level 1:* Quoted prices (unadjusted) in active markets that are accessible at the measurement date for identical assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.
- *Level 2:* Observable market-based inputs other than quoted prices in active markets for identical assets or liabilities.
- *Level 3:* Unobservable inputs are used when little or no market data is available. The fair value hierarchy gives the lowest priority to Level 3 inputs.

In determining fair value, the Company utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible, as well as considers counterparty credit risk in its assessment of fair value.

Financial assets and liabilities carried at fair value are classified in the tables below in one of the three categories described above:

	June 30, 2023			December 31, 2022		
(In millions)	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Recurring fair value measurements						
Financial Assets						
Cash equivalents:						
Money market funds	$ 222.9	$ —	$ —	$ 688.8	$ —	$ —
Total cash equivalents	222.9	—	—	688.8	—	—
Equity securities:						
Exchange traded funds	46.5	—	—	42.4	—	—
Marketable securities	0.2	—	—	0.2	—	—
Total equity securities	46.7	—	—	42.6	—	—
CCPS in Biocon Biologics	—	—	1,028.9	—	—	997.4
Available-for-sale fixed income investments:						
Corporate bonds	—	15.5	—	—	13.2	—
U.S. Treasuries	—	9.7	—	—	11.7	—
Agency mortgage-backed securities	—	4.8	—	—	4.7	—
Asset backed securities	—	5.4	—	—	5.1	—
Other	—	0.1	—	—	0.6	—
Total available-for-sale fixed income investments	—	35.5	—	—	35.3	—
Foreign exchange derivative assets	—	94.6	—	—	134.7	—
Total assets at recurring fair value measurement	$ 269.6	$ 130.1	$ 1,028.9	$ 731.4	$ 170.0	$ 997.4
Financial Liabilities						
Foreign exchange derivative liabilities	—	98.7	—	—	187.0	—
Contingent consideration	—	—	379.1	—	—	375.0
Total liabilities at recurring fair value measurement	$ —	$ 98.7	$ 379.1	$ —	$ 187.0	$ 375.0

For financial assets and liabilities that utilize Level 2 inputs, the Company utilizes both direct and indirect observable price quotes, including interest rate yield curves, foreign exchange forward prices and bank price quotes. Below is a summary of valuation techniques for the Company's financial assets and liabilities:

- *Cash equivalents* — valued at observable net asset value prices.
- *Equity securities, exchange traded funds* — valued at the active quoted market prices from broker or dealer quotations or transparent pricing sources at the reporting date. Unrealized gains and losses attributable to changes in fair value are included in *Other (income) expense, net* in the condensed consolidated statements of operations.
- *Equity securities, marketable securities* — valued using quoted stock prices from public exchanges at the reporting date. Unrealized gains and losses attributable to changes in fair value are included in *Other (income) expense, net* in the condensed consolidated statements of operations.
- *CCPS in Biocon Biologics* — valued using a Monte Carlo simulation model using Level 3 inputs. The fair value of the CCPS is sensitive to changes in the forecasts of operating metrics, changes in volatility and discount rates, and share dilution. The Company elected the fair value option for the CCPS under *ASC 825*. The fair value is reassessed quarterly and any change in the fair value estimate is recorded in *Other (income) expense, net*, in the condensed consolidated statements of operations for that period.

- *Available-for-sale fixed income investments* — valued at the quoted market prices from broker or dealer quotations or transparent pricing sources at the reporting date. Unrealized gains and losses attributable to changes in fair value, net of income taxes, are included in accumulated other comprehensive loss as a component of shareholders' equity.
- *Foreign exchange derivative assets and liabilities* — valued using quoted forward foreign exchange prices and spot rates at the reporting date. Counterparties to these contracts are highly rated financial institutions.

Contingent Consideration

As of June 30, 2023 and December 31, 2022, the Company had a contingent consideration liability of $228.4 million and $221.2 million, respectively, relating to the Biocon Biologics Transaction. This contingent consideration liability represents the amount of the closing working capital target to which the parties have agreed that may become payable to Biocon Biologics in connection with certain events in the future, depending on the valuations attributable to such events. The remaining contingent consideration liability represents a component of the total purchase consideration for Pfizer's Respiratory Delivery Platform and certain other acquisitions. The measurement of these contingent consideration liabilities is calculated using unobservable Level 3 inputs based on the Company's own assumptions primarily related to the probability and timing of future events and payments which are discounted using a market rate of return. At June 30, 2023 and December 31, 2022, discount rates ranging from 6.4% to 9.0% were utilized in the valuations. Significant changes in unobservable inputs could result in material changes to the contingent consideration liability.

A rollforward of the activity in the Company's fair value of contingent consideration from December 31, 2022 to June 30, 2023 is as follows:

(In millions)	Current Portion [1]	Long-Term Portion [2]	Total Contingent Consideration
Balance at December 31, 2022	$ 64.4	$ 310.6	$ 375.0
Payments	(22.9)	—	(22.9)
Reclassifications	22.2	(22.2)	—
Accretion	—	11.5	11.5
Fair value loss [3]	—	15.5	15.5
Balance at June 30, 2023	$ 63.7	$ 315.4	$ 379.1

(1) Included in other current liabilities in the condensed consolidated balance sheets.

(2) Included in other long-term obligations in the condensed consolidated balance sheets.

(3) Included in litigation settlements and other contingencies, net in the condensed consolidated statements of operations.

Although the Company has not elected the fair value option for other financial assets and liabilities other than the CCPS, any future transacted financial asset or liability will be evaluated for the fair value election.

12. Debt

For additional information, see Note 11 *Debt* in Viatris' 2022 Form 10-K.

Receivables Facility and Note Securitization Facility

The Company has a $400 million Receivables Facility, which expires in April 2025 and a $200 million Note Securitization Facility which expires in August 2023. Under the terms of each of the Receivables Facility and Note Securitization Facility, certain of our accounts receivable secure the amounts borrowed and cannot be used to pay our other debts or liabilities. The amount that we may borrow at a given point in time is determined based on the amount of qualifying accounts receivable that are present at such point in time. Amounts outstanding under either facility are included as a component of short-term borrowings, while the accounts receivables securing these obligations remain as a component of accounts receivable, net, in our condensed consolidated balance sheets.

Long-Term Debt

Effective April 28, 2023, we executed an amendment to the Revolving Facility to convert the benchmark interest rate from LIBOR to an adjusted SOFR, with no change in the applicable interest rate margins.

A summary of long-term debt is as follows:

($ in millions)	Interest Rate as of June 30, 2023	June 30, 2023	December 31, 2022
Current portion of long-term debt:			
2023 Senior Notes [(a)] [*]	3.125 %	$ —	$ 750.6
2023 Senior Notes *	4.200 %	499.9	499.8
2024 Euro Senior Notes ****	1.023 %	825.3	—
Other		0.7	0.7
Deferred financing fees		(0.3)	(0.6)
Current portion of long-term debt		$ 1,325.6	$ 1,250.5
Non-current portion of long-term debt:			
2024 Euro Senior Notes **	2.250 %	1,090.4	1,069.8
2024 Euro Senior Notes ****	1.023 %	—	813.5
2025 Euro Senior Notes *	2.125 %	545.1	534.8
2025 Senior Notes ***	1.650 %	757.7	759.6
2026 Senior Notes **	3.950 %	2,244.2	2,243.2
2027 Euro Senior Notes ****	1.362 %	959.8	945.9
2027 Senior Notes ***	2.300 %	772.6	775.3
2028 Euro Senior Notes **	3.125 %	814.1	798.5
2028 Senior Notes *	4.550 %	749.0	748.9
2030 Senior Notes ***	2.700 %	1,508.9	1,512.8
2032 Euro Senior Notes ****	1.908 %	1,466.5	1,444.4
2040 Senior Notes ***	3.850 %	1,647.3	1,650.6
2043 Senior Notes *	5.400 %	497.4	497.4
2046 Senior Notes **	5.250 %	999.9	999.9
2048 Senior Notes *	5.200 %	747.8	747.8
2050 Senior Notes ***	4.000 %	2,198.5	2,200.8
YEN Term Loan Facility	Variable	277.2	305.1
Other		2.2	2.0
Deferred financing fees		(32.6)	(35.1)
Long-term debt		$ 17,246.0	$ 18,015.2

[(a)] In the first quarter of 2020, the Company terminated interest rate swaps designated as a fair value hedge resulting in net proceeds of approximately $45 million. The fair value adjustment was amortized to interest expense over the remaining term of the notes, which were repaid at maturity in the first quarter of 2023.

[*] Instrument was issued by Mylan Inc.

[**] Instrument was originally issued by Mylan N.V.; now held by Utah Acquisition Sub Inc.

[***] Instrument was issued by Viatris Inc.

[****] Instrument was issued by Upjohn Finance B.V.

At June 30, 2023 and December 31, 2022, the aggregate fair value of the Company's outstanding notes was approximately $15.03 billion and $15.36 billion, respectively. The fair values of the outstanding notes were valued at quoted market prices from broker or dealer quotations and were classified as Level 2 in the fair value hierarchy.

Mandatory minimum repayments remaining on the notional amount of outstanding long-term debt at June 30, 2023 were as follows for each of the periods ending December 31:

(In millions)	Total
2023	$ 500
2024	1,909
2025	1,295
2026	2,527
2027	1,677
Thereafter	10,132
Total	$ 18,040

13. Comprehensive Loss

Accumulated other comprehensive loss, as reflected in the condensed consolidated balance sheets, is comprised of the following:

(In millions)	June 30, 2023	December 31, 2022
Accumulated other comprehensive loss:		
Net unrealized loss on marketable securities, net of tax	$ (1.3)	$ (2.3)
Net unrecognized gain and prior service cost related to defined benefit plans, net of tax	264.5	268.5
Net unrecognized loss on derivatives in cash flow hedging relationships, net of tax	10.9	(18.5)
Net unrecognized gain on derivatives in net investment hedging relationships, net of tax	315.0	377.0
Foreign currency translation adjustment	(3,594.7)	(3,385.9)
	$ (3,005.6)	$ (2,761.2)

Components of accumulated other comprehensive loss, before tax, consist of the following, for the three and six months ended June 30, 2023 and 2022:

	Three Months Ended June 30, 2023							
	Gains and Losses on Derivatives in Cash Flow Hedging Relationships			Gains and Losses on Net Investment Hedges	Gains and Losses on Marketable Securities	Defined Pension Plan Items	Foreign Currency Translation Adjustment	Totals
(In millions)	Foreign Currency Forward Contracts	Interest Rate Swaps	Total					
Balance at March 31, 2023, net of tax			$ (16.8)	$ 325.1	$ (1.6)	$ 269.3	$ (3,340.6)	$ (2,764.6)
Other comprehensive earnings (loss) before reclassifications, before tax			43.5	(12.8)	0.2	3.8	(254.1)	(219.4)
Amounts reclassified from accumulated other comprehensive (loss) earnings, before tax:								
Gain on foreign exchange forward contracts classified as cash flow hedges, included in net sales	(7.8)		(7.8)					(7.8)
Loss on interest rate swaps classified as cash flow hedges, included in interest expense		1.1	1.1					1.1
Gain on divestiture of defined pension plan included in SG&A						(5.6)		(5.6)
Amortization of actuarial gain included in SG&A						(5.0)		(5.0)
Net other comprehensive earnings (loss), before tax			36.8	(12.8)	0.2	(6.8)	(254.1)	(236.7)
Income tax provision (benefit)			9.1	(2.7)	(0.1)	(2.0)	—	4.3
Balance at June 30, 2023, net of tax			$ 10.9	$ 315.0	$ (1.3)	$ 264.5	$ (3,594.7)	$ (3,005.6)

VIATRIS INC. AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements (Unaudited) - Continued

	Six Months Ended June 30, 2023							
	Gains and Losses on Derivatives in Cash Flow Hedging Relationships			Gains and Losses on Net Investment Hedges	Gains and Losses on Marketable Securities	Defined Pension Plan Items	Foreign Currency Translation Adjustment	Totals
(In millions)	Foreign Currency Forward Contracts	Interest Rate Swaps	Total					
Balance at December 31, 2022, net of tax			$ (18.5)	$ 377.0	$ (2.3)	$ 268.5	$ (3,385.9)	$ (2,761.2)
Other comprehensive earnings (loss) before reclassifications, before tax			54.0	(79.0)	1.1	10.1	(208.8)	(222.6)
Amounts reclassified from accumulated other comprehensive (loss) earnings, before tax:								
Gain on foreign exchange forward contracts classified as cash flow hedges, included in net sales	(16.7)		(16.7)					(16.7)
Loss on interest rate swaps classified as cash flow hedges, included in interest expense		2.3	2.3					2.3
Gain on divestiture of defined pension plan included in SG&A						(5.6)		(5.6)
Amortization of actuarial gain included in SG&A						(10.0)		(10.0)
Net other comprehensive earnings (loss), before tax			39.6	(79.0)	1.1	(5.5)	(208.8)	(252.6)
Income tax provision (benefit)			10.2	(17.0)	0.1	(1.5)	—	(8.2)
Balance at June 30, 2023, net of tax			$ 10.9	$ 315.0	$ (1.3)	$ 264.5	$ (3,594.7)	$ (3,005.6)

VIATRIS INC. AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements (Unaudited) - Continued

	Three months ended June 30, 2022							
	Gains and Losses on Derivatives in Cash Flow Hedging Relationships			Gains and Losses on Net Investment Hedges	Gains and Losses on Marketable Securities	Defined Pension Plan Items	Foreign Currency Translation Adjustment	Totals
(In millions)	Foreign Currency Forward Contracts	Interest Rate Swaps	Total					
Balance at March 31, 2022, net of tax			$ 9.4	$ 173.1	$ (1.3)	$ 29.4	$ (2,271.6)	$ (2,061.0)
Other comprehensive earnings (loss) before reclassifications, before tax			44.6	384.4	(1.0)	0.4	(1,149.9)	(721.5)
Amounts reclassified from accumulated other comprehensive (loss) earnings, before tax:								
Gain on foreign exchange forward contracts classified as cash flow hedges, included in net sales	(28.1)		(28.1)					(28.1)
Loss on interest rate swaps classified as cash flow hedges, included in interest expense		1.1	1.1					1.1
Amortization of actuarial loss included in SG&A						0.1		0.1
Net other comprehensive earnings (loss), before tax			17.6	384.4	(1.0)	0.5	(1,149.9)	(748.4)
Income tax provision (benefit)			4.3	85.9	(0.2)	(0.2)	—	89.8
Balance at June 30, 2022, net of tax			$ 22.7	$ 471.6	$ (2.1)	$ 30.1	$ (3,421.5)	$ (2,899.2)

	Six Months Ended June 30, 2022							
	Gains and Losses on Derivatives in Cash Flow Hedging Relationships			Gains and Losses on Net Investment Hedges	Gains and Losses on Marketable Securities	Defined Pension Plan Items	Foreign Currency Translation Adjustment	Totals
(In millions)	Foreign Currency Forward Contracts	Interest Rate Swaps	Total					
Balance at December 31, 2021, net of tax			$ 9.2	$ 16.7	$ —	$ 32.2	$ (1,802.4)	$ (1,744.3)
Other comprehensive earnings (loss) before reclassifications, before tax			57.9	585.7	(2.7)	(2.3)	(1,619.1)	(980.5)
Amounts reclassified from accumulated other comprehensive earnings (loss), before tax:								
Gain on foreign exchange forward contracts classified as cash flow hedges, included in net sales	(42.3)		(42.3)					(42.3)
Loss on interest rate swaps classified as cash flow hedges, included in interest expense		2.2	2.2					2.2
Amortization of prior service costs included in SG&A						0.1		0.1
Amortization of actuarial loss included in SG&A						0.1		0.1
Net other comprehensive earnings (loss), before tax			17.8	585.7	(2.7)	(2.1)	(1,619.1)	(1,020.4)
Income tax provision (benefit)			4.3	130.8	(0.6)	—	—	134.5
Balance at June 30, 2022, net of tax			$ 22.7	$ 471.6	$ (2.1)	$ 30.1	$ (3,421.5)	$ (2,899.2)

14. Segment Information

Viatris has four reportable segments: Developed Markets, Greater China, JANZ, and Emerging Markets. The Company reports segment information on the basis of markets and geography, which reflects its focus on bringing its broad and diversified portfolio of branded, complex generics and generic products to people in markets everywhere. Our Developed Markets segment comprises our operations primarily in North America and Europe. Our Greater China segment includes our operations in China, Taiwan and Hong Kong. Our JANZ segment reflects our operations in Japan, Australia and New Zealand. Our Emerging Markets segment encompasses our presence in more than 125 countries with developing markets and emerging economies including in Asia, Africa, Eastern Europe, Latin America and the Middle East as well as the Company's ARV franchise.

The Company's chief operating decision maker is the Chief Executive Officer, who evaluates the performance of its segments based on total revenues and segment profitability.

Certain costs are not included in the measurement of segment profitability, such as costs, if any, associated with the following:

- Intangible asset amortization expense and impairments of goodwill and long-lived assets;
- R&D and acquired IPR&D expense;
- Net charges or net gains for litigation settlements and other contingencies;
- Certain costs related to transactions and events such as (i) purchase accounting adjustments, where we incur expenses associated with the amortization of fair value adjustments to inventory and property, plant and equipment; (ii) acquisition-related costs, where we incur costs for executing the transaction, integrating the acquired operations and restructuring the combined company; and (iii) other significant items, which are substantive and/or unusual, and in

some cases recurring, items (such as restructuring) that are evaluated on an individual basis by management and that either as a result of their nature or size, would not be expected to occur as part of our normal business on a regular basis. Such special items can include, but are not limited to, non-acquisition-related restructuring costs, as well as costs incurred for asset impairments and disposals of assets or businesses, including costs related to our planned divestitures and the Biocon Biologics Transaction, and, as applicable, any associated transition activities.

- Corporate and other unallocated costs associated with platform functions (such as digital, facilities, legal, finance, human resources, insurance, public affairs and procurement), patient advocacy activities and certain compensation and other corporate costs (such as interest income and expense, and gains and losses on investments, as well as overhead expenses associated with our manufacturing, which include manufacturing variances associated with production) and operations that are not directly assessed to an operating segment as business unit (segment) management does not manage these costs.

The Company does not report depreciation expense, total assets and capital expenditures by segment, as such information is not used by the chief operating decision maker.

The accounting policies of the segments are the same as those described in Note 2 *Summary of Significant Accounting Policies* included in the 2022 Form 10-K.

Presented in the table below is segment information for the periods identified and a reconciliation of segment information to total consolidated information.

	Net Sales		Segment Profitability	
	Three Months Ended June 30,		Three Months Ended June 30,	
(In millions)	**2023**	**2022**	**2023**	**2022**
Reportable Segments:				
Developed Markets	$ 2,353.8	$ 2,479.1	$ 1,059.7	$ 1,255.3
Greater China	532.1	548.3	349.7	392.8
JANZ	375.5	427.1	131.6	158.1
Emerging Markets	648.1	650.9	276.9	301.0
Total reportable segments	$ 3,909.5	$ 4,105.4	$ 1,817.9	$ 2,107.2
Reconciling items:				
Intangible asset amortization expense			(591.2)	(634.1)
Globally managed research and development costs			(208.3)	(162.6)
Acquired IPR&D			(10.2)	—
Litigation settlements & other contingencies			11.0	(10.9)
Transaction related and other special items			(234.6)	(227.1)
Corporate and other unallocated			(415.4)	(523.8)
Earnings from operations			$ 369.2	$ 548.7

	Net Sales		Segment Profitability	
	Six months ended June 30,		Six months ended June 30,	
(In millions)	2023	2022	2023	2022
Reportable Segments:				
Developed Markets	$ 4,524.2	$ 4,955.2	$ 1,998.4	$ 2,466.8
Greater China	1,096.7	1,121.4	744.0	810.5
JANZ	717.7	850.9	262.1	332.4
Emerging Markets	1,290.0	1,356.1	589.9	646.3
Total reportable segments	$ 7,628.6	$ 8,283.6	$ 3,594.4	$ 4,256.0
Reconciling items:				
Intangible asset amortization expense			(1,194.5)	(1,282.2)
Intangible asset disposal & impairment charges			(32.0)	—
Globally managed research and development costs			(391.2)	(304.9)
Acquired IPR&D			(10.2)	—
Litigation settlements & other contingencies			10.4	(17.1)
Transaction related and other special items			(413.1)	(412.7)
Corporate and other unallocated			(794.8)	(983.0)
Earnings from operations			$ 769.0	$ 1,256.1

15. Restructuring

2020 Restructuring Program

During the fourth quarter of 2020, Viatris announced a significant global restructuring program in order to achieve synergies and ensure that the organization is optimally structured and efficiently resourced to deliver sustainable value to patients, shareholders, customers, and other stakeholders. As part of the restructuring, the Company is optimizing its commercial capabilities and enabling functions, and closing, downsizing or divesting certain manufacturing facilities globally that are deemed to be no longer viable either due to surplus capacity, challenging market dynamics or a shift in its product portfolio toward more complex products. The remaining actions under the 2020 restructuring program are expected to be substantially completed in 2023.

For the committed restructuring actions, the Company expects to incur total pre-tax charges of up to approximately $1.4 billion. Such charges are expected to include up to approximately $450 million of non-cash charges mainly related to accelerated depreciation and asset impairment charges, including inventory write-offs. The remaining estimated cash costs of up to approximately $950 million are expected to be primarily related to severance and employee benefits expense, as well as other costs, including those related to contract terminations and other plant disposal costs.

Charges for restructuring and ongoing cost reduction initiatives are recorded in the period the Company commits to a restructuring or cost reduction plan, or executes specific actions contemplated by the plan and all criteria for liability recognition have been met.

The following table summarizes the restructuring charges and the reserve activity for the 2020 restructuring program from December 31, 2022 to June 30, 2023:

(In millions)	Employee Related Costs	Other Exit Costs	Total
Balance at December 31, 2022:	$ 155.6	$ 1.9	$ 157.5
Charges [1]	2.8	6.9	9.7
Cash payment	(24.5)	(3.1)	(27.6)
Utilization	—	(3.8)	(3.8)
Foreign currency translation	0.3	—	0.3
Balance at March 31, 2023:	$ 134.2	$ 1.9	$ 136.1
Charges [1]	1.4	72.6	74.0
Cash payment	(22.5)	(1.6)	(24.1)
Utilization [2]	(4.4)	(72.9)	(77.3)
Foreign currency translation	—	—	—
Balance at June 30, 2023:	$ 108.7	$ —	$ 108.7

(1) For the three months ended June 30, 2023, total restructuring charges in Developed Markets, Emerging Markets, JANZ, and Corporate/Other were approximately $41.7 million, $2.0 million, $30.0 million, and $0.3 million, respectively.

For the six months ended June 30, 2023, total restructuring charges in Developed Markets, Emerging Markets, Greater China, JANZ, and Corporate/Other were approximately $49.4 million, $3.3 million, $(0.6) million, $31.3 million, and $0.3 million, respectively.

(2) For the three and six months ended June 30, 2023, other exit costs includes expense of $71.6 million relating to plant divestitures.

At June 30, 2023 and December 31, 2022, accrued liabilities for restructuring and other cost reduction programs were primarily included in other current liabilities and other long-term obligations in the condensed consolidated balance sheets.

16. Licensing and Other Partner Agreements

We periodically enter into licensing and other partner agreements with other pharmaceutical companies for the development, manufacture, marketing and/or sale of pharmaceutical products. Our significant licensing and other partner agreements are primarily focused on the development, manufacturing, supply and commercialization of multiple complex products. Under these agreements, we have future potential milestone payments and co-development expenses payable to third parties as part of our licensing, development and co-development programs. Payments under these agreements generally become due and are payable upon the satisfaction or achievement of certain developmental, regulatory or commercial milestones or as development expenses are incurred on defined projects. Milestone payment obligations are uncertain, including the prediction of timing and the occurrence of events triggering a future obligation and are not reflected as liabilities in the condensed consolidated balance sheets, except for obligations reflected as acquisition related contingent consideration. Refer to Note 11 *Financial Instruments and Risk Management* for further discussion of contingent consideration.

Our potential maximum development milestones not accrued for at June 30, 2023 totaled approximately $416 million. These agreements may also include potential sales-based milestones and call for us to pay a percentage of amounts earned from the sale of the product as a royalty or a profit share. The amounts disclosed do not include sales-based milestones or royalty or profit share obligations on future sales of product as the timing and amount of future sales levels and costs to produce products subject to these obligations is not reasonably estimable. These sales-based milestones or royalty or profit share obligations may be significant depending upon the level of commercial sales for each product.

There have been no significant changes to our licensing and other partner agreements as disclosed in our 2022 Form 10-K.

17. Income Taxes

Legislative Updates

On August 16, 2022, the U.S. government enacted the Inflation Reduction Act of 2022 (the "Inflation Reduction Act") into law, which includes a new corporate alternative minimum tax ("CAMT") and an excise tax of 1% on the fair market value of net stock repurchases. Both provisions are effective for years after December 31, 2022. The Company reflected the applicable estimated excise tax in treasury stock as part of the cost basis of the stock repurchased and recorded a corresponding liability in *Other current liabilities* on our condensed consolidated balance sheet as of June 30, 2023. The share repurchase and authorization amounts disclosed in this Form 10-Q exclude the excise tax. The Company does not anticipate being subject to the 15% CAMT tax in 2023 based on enacted law and regulatory guidance; however, our CAMT status for 2023 could change in the future, depending on new regulations or regulatory guidance issued by the U.S. Department of the Treasury.

Tax Examinations

The Company is subject to income taxes and tax audits in many jurisdictions. A certain degree of estimation is thus required in recording the assets and liabilities related to income taxes. Tax audits and examinations can involve complex issues, interpretations, and judgments and the resolution of matters that may span multiple years, particularly if subject to litigation or negotiation.

Although the Company believes that adequate provisions have been made for these uncertain tax positions, the Company's assessment of uncertain tax positions, including those arising from legal entity restructuring transactions in connection with the Combination, is based on estimates and assumptions that the Company believes are reasonable but the estimates for unrecognized tax benefits and potential tax benefits may not be representative of actual outcomes, and variations from such estimates could materially affect the Company's financial condition, results of operations or cash flows in the period of resolution, settlement or when the statutes of limitations expire.

The Company is subject to ongoing IRS examinations. The years 2015 through 2019 are open years under examination. The years 2012, 2013 and 2014 have one matter open, and a Tax Court petition was filed regarding the matter and a trial was held in December 2018 and is discussed further below.

Several international audits are currently in progress. In some cases, the tax auditors have proposed adjustments or issued assessments to our tax positions, including with respect to intercompany transactions, and we are in ongoing discussions with some of the auditors regarding the validity of their tax positions.

In instances where assessments have been issued, we disagree with these assessments and believe they are without merit and incorrect as a matter of law. As a result, we anticipate that certain of these matters may become the subject of litigation before tax courts where we intend to vigorously defend our position.

In Australia, the tax authorities have issued notices of assessments to the Company for the years ended December 2009 to December 2020, subject to additional interest and penalties, concerning our tax position with respect to certain intercompany transactions. The tax authorities denied our objections to the assessments for the years ended December 2009 to December 2020 and we have commenced litigation in the Australian Federal Court challenging those decisions. A trial is scheduled for October 2023. The Company made a partial payment of $56.0 million in 2021 and $5.2 million in 2022 in order to stay potential interest and penalties resulting from this litigation.

In France, the tax authorities have issued notices of assessments to the Company for the years ended December 2013 to December 2015 concerning our tax position with respect to whether income earned by a Company entity not domiciled in France should be subject to French tax. We have commenced litigation before the French tax courts where the tax authorities will seek unpaid taxes, penalties, and interest.

In India, the tax authorities have issued notices of assessments to the Company seeking unpaid taxes and interest for the financial years covering 2013 to 2018 concerning our tax position with respect to certain corporate tax deductions and certain intercompany transactions. Some of these issues were resolved through the Company entering into an agreement with the tax authorities in March 2023 in respect of the pricing of its international transactions. The Company recorded tax expense of approximately $0.7 million and $22.3 million during the three months and six months ended June 30, 2023, respectively, due to the terms of this agreement. The remaining issues are in the audit phase or are being challenged in the Indian tax courts.

The Company has recorded a net reserve for uncertain tax positions of $281.3 million and $298.1 million, including interest and penalties, in connection with its international audits at June 30, 2023 and December 31, 2022, respectively. In connection with our international tax audits, it is possible that we will incur material losses above the amounts reserved.

The Company’s major U.S. state taxing jurisdictions remain open from fiscal year 2013 through 2021, with several state audits currently in progress. The Company’s major international taxing jurisdictions remain open from 2012 through 2021.

Tax Court Proceedings

The Company's U.S. federal income tax returns for 2012 through 2014 had been subject to proceedings in U.S. Tax Court involving a dispute with the IRS regarding whether certain costs related to ANDAs were eligible to be expensed and deducted immediately or required to be amortized over longer periods. A trial was held in U.S. Tax Court in December 2018 and on April 27, 2021, the Court affirmed Mylan’s position and held that patent litigation expenses related to ANDAs are immediately deductible. The IRS’ appeal was denied by the U.S. Court of Appeals for the Third Circuit.

Accounting for Uncertainty in Income Taxes

The impact of an uncertain tax position that is more likely than not of being sustained upon audit by the relevant taxing authority must be recognized at the largest amount that is more likely than not to be sustained. No portion of an uncertain tax position will be recognized if the position has less than a 50% likelihood of being sustained.

18. Litigation

The Company is involved in various disputes, governmental and/or regulatory inquiries, investigations and proceedings, tax proceedings and litigation matters, both in the U.S. and abroad, that arise from time to time, some of which could result in losses, including damages, fines and/or civil penalties, and/or criminal charges against the Company. These matters are often complex and have outcomes that are difficult to predict.

In addition, in connection with the Combination, the Company has generally assumed liability for, and control of, pending and threatened legal matters relating to the Upjohn Business – including certain matters initiated against Pfizer described below – and has agreed to indemnify Pfizer for liabilities arising out of such assumed legal matters. Pfizer, however, has agreed to retain various matters – including certain specified competition law matters – to the extent they arise from conduct during the pre-Distribution period and has agreed to indemnify the Company for liabilities arising out of such matters.

While the Company believes that it has meritorious defenses with respect to the claims asserted against it and the assumed legal matters referenced above, and intends to vigorously defend its position, the process of resolving these matters is inherently uncertain and may develop over a long period of time, and so it is not possible to predict the ultimate resolution of any such matter. It is possible that an unfavorable resolution of any of the ongoing matters could have a material effect on the Company's business, financial condition, results of operations, cash flows, ability to pay dividends and/or stock price.

Some of these governmental inquiries, investigations, proceedings and litigation matters with which the Company is involved are described below, and unless otherwise disclosed, the Company is unable to predict the outcome of the matter or to provide an estimate of the range of reasonably possible material losses. The Company records accruals for loss contingencies to the extent we conclude it is probable that a liability has been incurred and the amount of the loss can be reasonably estimated. The Company is also involved in other pending proceedings for which, in the opinion of the Company based upon facts and circumstances known at the time, either the likelihood of loss is remote or any reasonably possible loss associated with the resolution of such proceedings is not expected to be material to the Company's business, financial position, results of operations, cash flows, ability to pay dividends and/or stock price. If and when any reasonably possible losses associated with the resolution of such other pending proceedings, in the opinion of the Company, become material, the Company will disclose such matters.

Legal costs are recorded as incurred and are classified in SG&A in the Company's condensed consolidated statements of operations.

EpiPen® Auto-Injector Litigation

On February 14, 2020, the Company, together with other non-Viatris affiliated companies, were named as defendants in a putative direct purchaser class action filed in the U.S. District Court for the District of Kansas relating to the pricing and/or marketing of the EpiPen® Auto-Injector. On September 21, 2021, after Plaintiffs' then operative complaint was dismissed with an option to file a limited amended complaint, Plaintiffs filed an amended complaint asserting federal antitrust claims which are based on allegations concerning a patent settlement between Pfizer and Teva and other alleged actions regarding the launch of Teva's generic epinephrine auto-injector. Plaintiffs' seek monetary damages, declaratory relief, attorneys' fees and costs.

Beginning in March 2020, the Company, together with other non-Viatris affiliated companies, were named as defendants in putative direct purchaser class actions filed in the U.S. District Court for the District of Minnesota relating to contracts with certain pharmacy benefit managers concerning EpiPen® Auto-Injector. The plaintiffs claim that the alleged conduct resulted in the exclusion or restriction of competing products and the elimination of pricing constraints in violation of RICO and federal antitrust law. These actions have been consolidated. Plaintiffs' seek monetary damages, attorneys' fees and costs.

On April 24, 2017, Sanofi Aventis U.S., LLC ("Sanofi") filed a lawsuit against the Company in the U.S. District Court for the District of New Jersey. This lawsuit was transferred into a MDL in the U.S. District Court for the District of Kansas and alleged exclusive dealing and anti-competitive marketing practices in violation of the antitrust laws in connection with the sale and marketing of the EpiPen® Auto-Injector. Sanofi sought monetary damages, declaratory relief, attorneys' fees and costs. The Court granted the Company's motion for summary judgment and dismissed Sanofi's claims. Sanofi's appeal was denied. Sanofi's petition seeking review by the U.S. Supreme Court was also denied and concludes this matter.

The Company has a total accrual of approximately $5.5 million related to these matters at June 30, 2023, which is included in other current liabilities in the condensed consolidated balance sheets. Although it is reasonably possible that the Company may incur additional losses from these matters, any amount cannot be reasonably estimated at this time. In addition, the Company expects to incur additional legal and other professional service expenses associated with such matters in future periods and will recognize these expenses as services are received. The Company believes that the ultimate amount paid for these services and claims could have a material effect on the Company's business, financial condition, results of operations, cash flows, ability to pay dividends and/or stock price in future periods.

Drug Pricing Matters

Department of Justice

On December 3, 2015, the Company received a subpoena from the Antitrust Division of the DOJ seeking information relating to the marketing, pricing, and sale of certain of our generic products and any communications with competitors about such products. On September 8, 2016, the Company, as well as certain employees and a member of senior management, received subpoenas from the DOJ seeking similar information. Related search warrants also were executed.

On May 10, 2018, the Company received a civil investigative demand from the Civil Division of the DOJ seeking information relating to the pricing and sale of its generic drug products.

We have fully cooperated with these investigations, which we believe are related to a broader industry-wide investigation of the generic pharmaceutical industry. We have not had contact from DOJ concerning the above-described subpoenas or civil investigative demand in several years.

Civil Litigation

Beginning in 2016, the Company, along with other manufacturers, has been named as a defendant in lawsuits filed in the United States and Canada generally alleging anticompetitive conduct with respect to generic drugs. The lawsuits have been filed by plaintiffs, including putative classes of direct purchasers, indirect purchasers, and indirect resellers, as well as individual direct and indirect purchasers and certain cities and counties. The lawsuits allege harm under federal laws and the United States lawsuits also allege harm under state laws, including antitrust laws, state consumer protection laws and unjust enrichment claims. Some of the United States lawsuits also name as defendants the Company’s President, including allegations against him with respect to a single drug product, and one of the Company’s sales employees, including allegations against him with respect to certain generic drugs. The vast majority of the lawsuits have been consolidated in an MDL proceeding in the Eastern District of Pennsylvania (“EDPA”). Plaintiffs generally seek monetary damages, restitution, declaratory and injunctive relief, attorneys’ fees and costs. The EDPA Court has ordered certain plaintiffs’ complaints regarding two single-drug product cases to proceed as bellwethers. The Company is named in those plaintiffs’ complaints that regard one of the two individual drug products.

Attorneys General Litigation

On December 21, 2015, the Company received a subpoena and interrogatories from the Connecticut Office of the Attorney General seeking information relating to the marketing, pricing and sale of certain of the Company’s generic products and communications with competitors about such products. On December 14, 2016, attorneys general of certain states filed a complaint in the United States District Court for the District of Connecticut against several generic pharmaceutical drug manufacturers, including the Company, alleging anticompetitive conduct with respect to, among other things, a single drug product. The complaint has subsequently been amended, including on June 18, 2018, to add attorneys general alleging violations of federal and state antitrust laws, as well as violations of various states’ consumer protection laws. This lawsuit has been transferred to the aforementioned MDL proceeding in the EDPA. The operative complaint includes attorneys general of forty-six states, the District of Columbia and the Commonwealth of Puerto Rico. The Company is alleged to have engaged in anticompetitive conduct with respect to four generic drug products. The amended complaint also includes claims asserted by attorneys general of thirty-six states and the Commonwealth of Puerto Rico against certain individuals, including the Company’s President, with respect to a single drug product. The amended complaint seeks declaratory and injunctive relief, disgorgement, attorneys’ fees and costs, and certain states seek monetary damages, civil penalties, restitution, and other equitable monetary relief. The states’ claim for disgorgement and restitution under federal law in this case has been dismissed.

On May 10, 2019, certain attorneys general filed a new complaint in the United States District Court for the District of Connecticut against various drug manufacturers and individuals, including the Company and one of its sales employees, alleging anticompetitive conduct with respect to additional generic drugs. On November 1, 2019, the complaint was amended, adding additional states as plaintiffs. The operative complaint is brought by attorneys general of forty-seven states, certain territories and the District of Columbia. The amended complaint also includes claims asserted by attorneys general of forty-two states and certain territories against several individuals, including a Company sales employee. The amended complaint seeks declaratory and injunctive relief, disgorgement, attorneys' fees and costs, and certain states seek monetary damages, civil penalties, restitution, and other equitable monetary relief. This lawsuit has been transferred to the aforementioned MDL proceeding in the EDPA.

On June 10, 2020, certain attorneys general filed a new complaint in the United States District Court for the District of Connecticut against drug manufacturers, including the Company, and individual defendants (none from the Company), alleging anticompetitive conduct with respect to additional generic drugs. On September 9, 2021, the complaint was amended, adding an additional state as a plaintiff. The operative complaint is brought by attorneys general of forty-six states, certain territories and the District of Columbia. The amended complaint seeks declaratory and injunctive relief, disgorgement, attorneys' fees and costs, and certain states seek monetary damages, civil penalties, restitution, and other equitable monetary relief. The states' claim for disgorgement and restitution under federal law in this case has been dismissed. This lawsuit has been transferred to the aforementioned MDL proceeding in the EDPA and has been ordered to proceed as a bellwether.

Securities Related Litigation

Purported class action complaints were filed in October 2016 against Mylan N.V. and Mylan Inc. (collectively "Mylan"), certain of Mylan's former directors and officers, and certain of the Company's current directors and officers (collectively, for purposes of this paragraph, the "defendants") in the United States District Court for the Southern District of New York ("SDNY") on behalf of certain purchasers of securities of Mylan on the NASDAQ. The complaints alleged that defendants made false or misleading statements and omissions of purportedly material fact, in violation of federal securities laws, in connection with disclosures relating to the classification of their EpiPen® Auto-Injector as a non-innovator drug for purposes of the Medicaid Drug Rebate Program. On March 20, 2017, a consolidated amended complaint was filed alleging substantially similar claims, but adding allegations that defendants made false or misleading statements and omissions of purportedly material fact in connection with allegedly anticompetitive conduct with respect to EpiPen® Auto-Injector and certain generic drugs.

The operative complaint is the third amended consolidated complaint, which was filed on June 17, 2019, and contains the allegations as described above against Mylan, certain of Mylan's former directors and officers, and certain of the Company's current directors, officers, and employees (collectively, for purposes of this paragraph, the "defendants"). A class has been certified covering all persons or entities that purchased Mylan common stock between February 21, 2012 and May 24, 2019 excluding defendants, certain of the Company's current directors and officers, former directors and officers of Mylan, members of their immediate families and their legal representatives, heirs, successors or assigns, and any entity in which defendants have or had a controlling interest. Plaintiffs seek damages and costs and expenses, including attorneys' fees and expert costs. On March 30, 2023, the Court dismissed all of Plaintiffs' claims by granting Defendants' motion for summary judgment and denying Plaintiffs' cross-motion for partial summary judgment. Plaintiffs have filed an appeal to the U.S. Court of Appeals for the Second Circuit.

On April 30, 2017, a similar lawsuit was filed in the Tel Aviv District Court (Economic Division) in Israel, which has been stayed pending a decision in the SDNY class action litigation.

On February 14, 2020, the Abu Dhabi Investment Authority filed a complaint against Mylan in the SDNY asserting allegations pertaining to EpiPen® Auto-Injector and certain generic drugs under the federal securities laws that overlap with those asserted in the third amended complaint identified above. The Abu Dhabi Investment Authority's complaint seeks monetary damages as well as the plaintiff's fees and costs.

On June 26, 2020, a putative class action complaint was filed by the Public Employees Retirement System of Mississippi, which was subsequently amended on November 13, 2020, against Mylan N.V., certain of Mylan N.V.'s former directors and officers, and an officer and director of the Company (collectively for the purposes of this paragraph, the "defendants") in the U.S. District Court for the Western District of Pennsylvania on behalf of certain purchasers of securities of Mylan N.V. The amended complaint alleges that defendants made false or misleading statements and omissions of purportedly material fact, in violation of federal securities laws, in connection with disclosures relating to the Nashik and Morgantown

manufacturing plants and inspections at the plants by the FDA. Plaintiff seeks certification of a class of purchasers of Mylan N.V. securities between February 16, 2016 and May 7, 2019. On May 18, 2023, the Court dismissed 45 of the 46 challenged statements. The complaint seeks monetary damages, as well as the plaintiff's fees and costs.

On February 15, 2021, a complaint was filed by Skandia Mutual Life Ins. Co., Lansforsakringar AB, KBC Asset Management N.V., and GIC Private Limited, against the Company, certain of Mylan N.V.'s former directors and officers, a current director and officer of the Company, and current employees of the Company. The Complaint asserts claims which are based on allegations that are similar to those in the SDNY and the Western District of Pennsylvania complaints identified above. Plaintiffs seek compensatory damages, costs and expenses and attorneys' fees.

On October 28, 2021, the Company and certain of its then officers and directors were named as defendants in a putative class action lawsuit filed in the Court of Common Pleas of Allegheny County, Pennsylvania on behalf of former Mylan shareholders who received Company common stock in connection with the Combination. A non-Viatris affiliated company and persons were also named as defendants. The complaint alleges violations of Sections 11, 12(a)(2), and 15 of the Securities Act of 1933 for purportedly failing to disclose or misrepresenting material information in the registration statement and related prospectus issued in connection with the Combination. On January 3, 2023, an amended complaint was filed naming the same defendants and alleging the same violations as the original complaint. Plaintiffs seek monetary damages, reasonable costs and expenses, and certain other equitable and injunctive relief.

Beginning in May 2023, putative class action complaints were filed against the Company and certain of the Company's current and former officers, directors, or employees (collectively, for the purposes of this paragraph, the "defendants") in the U.S. District Court for the Western District of Pennsylvania on behalf of certain purchasers of securities of the Company. The complaints allege that defendants made false or misleading statements and omissions of material fact, in violation of federal securities laws, in connection with disclosures relating to the Company's projected financial performance and biosimilars business. Plaintiffs seek certification of a class of purchasers of Company securities between March 1, 2021 and February 25, 2022. Plaintiffs seek monetary damages, reasonable costs and expenses, and certain other equitable and injunctive relief.

Opioids

The Company, along with other manufacturers, distributors, pharmacies, pharmacy benefit managers, and individual healthcare providers is a defendant in more than 1,000 cases in the United States and Canada filed by various plaintiffs, including counties, cities and other local governmental entities, asserting civil claims related to sales, marketing and/or distribution practices with respect to prescription opioid products. In addition, lawsuits have been filed as putative class actions including on behalf of children with Neonatal Abstinence Syndrome due to alleged exposure to opioids.

The lawsuits generally seek equitable relief and monetary damages (including punitive and/or exemplary damages) based on a variety of legal theories, including various statutory and/or common law claims, such as negligence, public nuisance and unjust enrichment. The vast majority of these lawsuits have been consolidated in an MDL in the U.S. District Court for the Northern District Court of Ohio.

On January 13, 2023, the Company received a civil subpoena from the Attorney General of the State of New York seeking information relating to opioids manufactured, marketed, or sold by the Company and related subject matter. The Company is fully cooperating with this subpoena request.

The Company has accrued $5.0 million in connection with the possible resolution of certain of these matters at June 30, 2023, which is included in other current liabilities in the condensed consolidated balance sheets. Although it is reasonably possible that the Company may incur additional losses from these matters, any amount cannot be reasonably estimated at this time. In addition, the Company expects to incur additional legal and other professional service expenses associated with such matters in future periods and will recognize these expenses as services are received. The Company believes that the ultimate amount paid for these services and claims could have a material effect on the Company's business, financial condition, results of operations, cash flows, ability to pay dividends and/or stock price in future periods.

Meda Sweden Commercial Dispute

On August 30, 2021, Ocular AS and other related entities ("Claimants") initiated an arbitration in Sweden against Meda OTC AB and Meda AB (collectively, "Meda" or the "Company") alleging breach of a 2013 sale and purchase agreement between Claimants and Meda concerning commercialization of a dental hygiene product. Claimants sought approximately $155 million in purported damages, plus interest and costs. In May 2023, the arbitration panel ruled in Claimants' favor and the Company resolved the matter for approximately $21.8 million, which was accrued at June 30, 2023 and paid in July 2023.

Citalopram

In 2013, the European Commission issued a decision finding that Lundbeck and several generic companies, including Generics [U.K.] Limited ("GUK" or the "Company"), had violated EU competition rules relating to various settlement agreements entered into in 2002 for citalopram. After various appeals, the European Commission's decision was upheld in March 2021. On March 28, 2023, bodies of the national health authorities in England & Wales served a claim in the U.K. Competition Appeals Tribunal against parties to the citalopram investigation, including GUK, seeking monetary damages, plus interest, purportedly arising from the settlement agreements. The Company, beginning in approximately 2018, has received notices from other health service authorities and insurers asserting an intention to file similar claims. Pursuant to an indemnification agreement, Merck KGaA and GUK have agreed to equally share any damages claimed against Merck KGaA and/or GUK alleged to have been caused by the conduct which is the subject of the European Commission decision.

The Company has accrued approximately €12.1 million as of June 30, 2023 related to this matter. It is reasonably possible that we will incur additional losses above the amount accrued but we cannot estimate a range of such reasonably possible losses at this time. There are no assurances, however, that settlements reached and/or adverse judgments received, if any, will not exceed amounts accrued.

Product Liability

Like other pharmaceutical companies, the Company is involved in a number of product liability lawsuits related to alleged personal injuries arising out of certain products manufactured/or distributed by the Company, including but not limited to those discussed below. Plaintiffs in these cases generally seek damages and other relief on various grounds for alleged personal injury and economic loss.

The Company has accrued approximately $65.4 million as of June 30, 2023 for its product liability matters. It is reasonably possible that we will incur additional losses and fees above the amount accrued but we cannot estimate a range of such reasonably possible losses or legal fees related to these claims at this time. There are no assurances, however, that settlements reached and/or adverse judgments received, if any, will not exceed amounts accrued.

Nitrosamines

The Company, along with numerous other manufacturers, retailers, and others, are parties to litigation relating to alleged trace amounts of nitrosamine impurities in certain products, including valsartan and ranitidine. The vast majority of these lawsuits naming the Company in the United States are pending in two MDLs, namely an MDL pending in the United States District Court for the District of New Jersey concerning valsartan and an MDL pending in the United States District Court for the Southern District of Florida concerning ranitidine. The lawsuits against the Company in the MDLs include putative and certified classes seeking the refund of the purchase price and other economic and punitive damages allegedly sustained by consumers and end payors as well as individuals seeking compensatory and punitive damages for personal injuries allegedly caused by ingestion of the medications. Similar lawsuits pertaining to valsartan have been filed in other countries. Third party payor, consumer and medical monitoring classes were certified in the valsartan MDL and a Rule 23(f) petition to appeal the certification decision was denied. The Company has also received claims and inquiries related to these products, as well as requests to indemnify purchasers of the Company's API and/ or finished dose forms of these products. The original master complaints concerning ranitidine were dismissed on December 31, 2020. The end-payor plaintiff immediately appealed to the U.S. Court of Appeals for the Eleventh Circuit, which affirmed the dismissal. The personal injury and consumer putative class plaintiffs filed amended master complaints. The Company was not named as a defendant in the amended master complaints, though it was still named in certain short form complaints filed by personal injury plaintiffs. The trial court has dismissed all remaining claims against the generic defendants. Certain of the personal injury plaintiffs appealed this dismissal, which remains pending.

Lipitor

A number of individual and multi-plaintiff lawsuits have been filed against Pfizer in various federal and state courts alleging that the plaintiffs developed type 2 diabetes purportedly as a result of the ingestion of Lipitor. Plaintiffs seek compensatory and punitive damages. In February 2014, the federal actions were transferred for consolidated pre-trial proceedings to an MDL in the U.S. District Court for the District of South Carolina. Since 2016, certain cases in the MDL were remanded to certain state courts. In 2017, the District Court granted Pfizer's motion for summary judgment, dismissing all of the cases pending in the MDL. In June 2018, this dismissal was affirmed by the U.S. Court of Appeals for the Fourth Circuit. The state court proceedings remain pending in Missouri and New York. Prior state court proceedings in California have now been terminated after the California Court previously granted motions (i) to exclude the opinions of plaintiffs' only general causation expert in connection with his opinions involving the three lowest doses of Lipitor (10, 20 and 40 mg); (ii) for summary judgment in connection with the 10, 20, and 40 mg plaintiffs; and (iii) seeking the dismissal of the remaining cases involving the highest dose of Lipitor (80 mg).

Intellectual Property

The Company is involved in a number of patent litigation lawsuits involving the validity and/or infringement of patents held by branded pharmaceutical manufacturers including but not limited to the matters described below. The Company uses its business judgment to decide to market and sell certain products, in each case based on its belief that the applicable patents are invalid and/or that its products do not infringe, notwithstanding the fact that allegations of patent infringement(s) or other potential third party rights have not been finally resolved by the courts. The risk involved in doing so can be substantial because the remedies available to the owner of a patent for infringement may include, a reasonable royalty on sales or damages measured by the profits lost by the patent owner. If there is a finding of willful infringement, damages may be increased up to three times. Moreover, because of the discount pricing typically involved with bioequivalent products, patented branded products generally realize a substantially higher profit margin than generic and biosimilar products. The Company also faces challenges to its patents, including suits in various jurisdictions pursuant to which generic drug manufacturers, payers, governments, or other parties are seeking damages for allegedly causing delay of generic entry. An adverse decision in any of these matters could have an adverse effect that is material to our business, financial condition, results of operations, cash flows, ability to pay dividends and/or stock price.

The Company has accrued approximately $60.7 million as of June 30, 2023 for its intellectual property matters. It is reasonably possible that we will incur additional losses and fees above the amount accrued but we cannot estimate a range of such reasonably possible losses or legal fees related to these claims at this time. There are no assurances, however, that settlements reached and/or adverse judgments received, if any, will not exceed amounts accrued.

Lyrica - United Kingdom

Beginning in 2014, Pfizer was involved in patent litigation in the English courts concerning the validity of its Lyrica pain use patent. In 2015, the High Court of Justice in London ordered that the NHS England issue guidance for prescribers and pharmacists directing the prescription and dispensing of Lyrica by brand when pregabalin was prescribed for the treatment of neuropathic pain and entered a preliminary injunction against certain Sandoz group companies preventing the sale of Sandoz's full label pregabalin product. Pfizer undertook to compensate certain generic companies and NHS entities for losses caused by these orders, which remained in effect until patent expiration in July 2017. In November 2018, the U.K. Supreme Court ruled that all the relevant claims directed to neuropathic pain were invalid.

Dr. Reddy's Laboratories filed a claim for monetary damages, interest, and costs in May 2020, followed by the Scottish Ministers and fourteen Scottish Health Boards (together, NHS Scotland) in July 2020. In September 2020, Teva, Sandoz, Ranbaxy, Actavis, and the Secretary of State for Health and Social Care, together with 32 other NHS entities (together, NHS England, Wales, and Northern Ireland) filed their claims. All of the claims except for those filed by Dr. Reddy's Laboratories have been resolved. A trial on the remaining claims has been set for November 2023.

Yupelri

Beginning in January 2023, certain generic companies notified us that they had filed ANDAs with the FDA seeking approval to market generic versions of Yupelri® with associated Paragraph IV certifications. The companies assert the invalidity and/or non-infringement of polymorph patents expiring in 2030 and 2031, and a method of use patent expiring in 2039. The companies have not filed Paragraph IV certifications to our compound patents, which currently expire in December 2025, with one compound patent subject to a patent term extension to October 2028. In February 2023, we brought patent infringement actions against the generic filers in federal district courts, including the U.S. District Court for the District of New Jersey, the U.S. District Court for the District of Delaware, and the U.S. District Court for the Middle District of North Carolina, asserting infringement of the patents by the generic companies. The actions filed in Delaware and North Carolina have been dismissed and the actions will proceed in New Jersey.

Tyrvaya

In June 2023, a generic company notified Oyster Point that it had filed an ANDA with the FDA seeking approval to market a generic version of Tyrvaya® with associated Paragraph IV certifications. The generic company asserts the invalidity and/or non-infringement of six Orange Book listed patents that all have expiration dates in October 2035. In July 2023, Oyster Point brought a patent infringement action against the generic filer in the U.S. District Court of the District of New Jersey asserting infringement by the generic company.

Other Litigation

The Company is involved in various other legal proceedings including commercial, contractual, employment, or other similar matters that are considered normal to its business. The Company has approximately $9 million accrued related to these various other legal proceedings at June 30, 2023.

ITEM 2. ***MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS***

The following discussion and analysis addresses material changes in the financial condition and results of operations of Viatris Inc. and subsidiaries for the periods presented. Unless context requires otherwise, the "Company," "Viatris," "our" or "we" refer to Viatris Inc. and its subsidiaries.

This discussion and analysis should be read in conjunction with the Consolidated Financial Statements, the related Notes to Consolidated Financial Statements and Management's Discussion and Analysis of Financial Condition and Results of Operations included in Viatris' 2022 Form 10-K, the unaudited interim financial statements and related Notes included in Part I — ITEM 1 of this Form 10-Q and our other SEC filings and public disclosures. The interim results of operations and comprehensive earnings (loss) for the three and six months ended June 30, 2023, and cash flows for the six months ended June 30, 2023 are not necessarily indicative of the results to be expected for the full fiscal year or any other future period.

This Form 10-Q contains "forward-looking statements". These statements are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements may include, without limitation, statements about the goals or outlooks with respect to the Company's strategic initiatives, including but not limited to the Company's two-phased strategic vision and potential divestitures and acquisitions; the benefits and synergies of acquisitions, divestitures or our global restructuring program; future opportunities for the Company and its products; and any other statements regarding the Company's future operations, financial or operating results, capital allocation, dividend policy and payments, stock repurchases, debt ratio and covenants, anticipated business levels, future earnings, planned activities, anticipated growth, market opportunities, strategies, competitions, commitments, confidence in future results, efforts to create, enhance or otherwise unlock the value of our unique global platform, and other expectations and targets for future periods. Forward-looking statements may often be identified by the use of words such as "will", "may", "could", "should", "would", "project", "believe", "anticipate", "expect", "plan", "estimate", "forecast", "potential", "pipeline", "intend", "continue", "target", "seek" and variations of these words or comparable words. Because forward-looking statements inherently involve risks and uncertainties, actual future results may differ materially from those expressed or implied by such forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to:

- the possibility that the Company may be unable to realize the intended benefits of, or achieve the intended goals or outlooks with respect to, its strategic initiatives;
- the possibility that the Company may be unable to achieve expected benefits, synergies and operating efficiencies in connection with acquisitions, divestitures, or its global restructuring program within the expected timeframe or at all;
- goodwill or other impairment charges or other losses related to the divestiture or sale of businesses or assets;
- the Company's failure to achieve expected or targeted future financial and operating performance and results;
- the potential impact of public health outbreaks, epidemics and pandemics, including the ongoing challenges and uncertainties posed by the COVID-19 pandemic;
- actions and decisions of healthcare and pharmaceutical regulators;
- changes in relevant laws, regulations and policies and/or the application or implementation thereof, including but not limited to tax, healthcare and pharmaceutical laws, regulations and policies globally (including the impact of recent and potential tax reform in the U.S. and pharmaceutical product pricing policies in China);
- the ability to attract and retain key personnel;
- the Company's liquidity, capital resources and ability to obtain financing;
- any regulatory, legal or other impediments to the Company's ability to bring new products to market, including but not limited to "at-risk launches";
- success of clinical trials and the Company's or its partners' ability to execute on new product opportunities and develop, manufacture and commercialize products;
- any changes in or difficulties with the Company's manufacturing facilities, including with respect to inspections, remediation and restructuring activities, supply chain or inventory or the ability to meet anticipated demand;
- the scope, timing and outcome of any ongoing legal proceedings, including government inquiries or investigations, and the impact of any such proceedings on the Company;
- any significant breach of data security or data privacy or disruptions to our information technology systems;
- risks associated with having significant operations globally;
- the ability to protect intellectual property and preserve intellectual property rights;
- changes in third-party relationships;
- the effect of any changes in the Company's or its partners' customer and supplier relationships and customer purchasing patterns, including customer loss and business disruption being greater than expected following an acquisition or divestiture;
- the impacts of competition, including decreases in sales or revenues as a result of the loss of market exclusivity for certain products;
- changes in the economic and financial conditions of the Company or its partners;
- uncertainties regarding future demand, pricing and reimbursement for the Company's products;

- uncertainties and matters beyond the control of management, including but not limited to general political and economic conditions, inflation rates and global exchange rates; and
- inherent uncertainties involved in the estimates and judgments used in the preparation of financial statements, and the providing of estimates of financial measures, in accordance with U.S. GAAP and related standards or on an adjusted basis.

For more detailed information on the risks and uncertainties associated with Viatris, see the risks described in Part I, Item 1A in the 2022 Form 10-K, and our other filings with the SEC. You can access Viatris' filings with the SEC through the SEC website at www.sec.gov or through our website, and Viatris strongly encourages you to do so. Viatris routinely posts information that may be important to investors on our website at investor.viatris.com, and we use this website address as a means of disclosing material information to the public in a broad, non-exclusionary manner for purposes of the SEC's Regulation Fair Disclosure (Reg FD). The contents of our website are not incorporated by reference in this Form 10-Q and shall not be deemed "filed" under the Securities Exchange Act of 1934, as amended. Viatris undertakes no obligation to update any statements herein for revisions or changes after the filing date of this Form 10-Q other than as required by law.

Company Overview

Viatris is a global healthcare company formed in November 2020 whose mission is to empower people worldwide to live healthier at every stage of life, regardless of geography or circumstance. Improving the ability of patients to gain access to sustainable and high-quality healthcare is our relentless pursuit. One that rests on visionary thinking, determination and best-in-class capabilities that were strategically built to remove barriers across the health spectrum and advance access globally.

Viatris' seasoned management team is focused on ensuring that the Company is optimally structured and efficiently resourced to deliver sustainable value to patients, shareholders, customers and other key stakeholders. With a global workforce of more than 38,000, the Company has industry leading commercial, R&D, regulatory, manufacturing, legal and medical expertise complemented by a strong commitment to quality and an unparalleled geographic footprint to deliver high-quality medicines to patients in more than 165 countries and territories. Viatris' portfolio comprises more than 1,400 approved molecules across a wide range of key therapeutic areas, including globally recognized iconic and key brands, generics, and complex generics. The Company operates approximately 40 manufacturing sites worldwide that produce oral solid doses, injectables, complex dosage forms and APIs. Viatris is headquartered in the U.S., with global centers in Pittsburgh, Pennsylvania, Shanghai, China and Hyderabad, India.

Viatris has four reportable segments: Developed Markets, Greater China, JANZ, and Emerging Markets. The Company reports segment information on the basis of markets and geography, which reflects its focus on bringing its broad and diversified portfolio of branded, complex generics, and generic products to people in markets everywhere. Our Developed Markets segment comprises our operations primarily in North America and Europe. Our Greater China segment includes our operations in China, Taiwan and Hong Kong. Our JANZ segment reflects our operations in Japan, Australia and New Zealand. Our Emerging Markets segment encompasses our presence in more than 125 countries with developing markets and emerging economies including in Asia, Africa, Eastern Europe, Latin America and the Middle East as well as the Company's ARV franchise.

Certain Market and Industry Factors

The global pharmaceutical industry is a highly competitive and highly regulated industry. As a result, we face a number of industry-specific factors and challenges, which can significantly impact our results. The following discussion highlights some of these key factors and market conditions.

Generic products, particularly in the U.S., generally contribute most significantly to revenues and gross margins at the time of their launch, and even more so in periods of market exclusivity, or in periods of limited generic competition. As such, the timing of new product introductions can have a significant impact on the Company's financial results. The entrance into the market of additional competition generally has a negative impact on the volume and pricing of the affected products. Additionally, pricing is often affected by factors outside of the Company's control. Conversely, generic products generally experience less volatility over a longer period of time in Europe as compared to the U.S., primarily due to the role of government oversight of healthcare systems in the region.

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

Certain markets in which we do business outside of the U.S. have undergone government-imposed price reductions, and further government-imposed price reductions are expected in the future. Such measures, along with the tender systems discussed below, are likely to have a negative impact on sales and gross profit in these markets. However, government initiatives in certain markets that appear to favor generic products could help to mitigate this unfavorable effect by increasing rates of generic substitution and penetration.

Additionally, a number of markets in which we operate outside of the U.S. have implemented, or may implement, tender systems for generic pharmaceuticals in an effort to lower prices. Generally speaking, tender systems can have an unfavorable impact on sales and profitability. Under such tender systems, manufacturers submit bids that establish prices for generic pharmaceutical products. Upon winning the tender, the winning company will receive priority placement for a period of time. The tender system often results in companies underbidding one another by proposing low pricing in order to win the tender. The loss of a tender by a third party to whom we supply API can also have a negative impact on our sales and profitability. Sales continue to be negatively affected by the impact of tender systems in certain countries.

In addition to the impact of competition, government pricing actions and other measures designed to reduce healthcare costs, our results of operations, cash flows and financial condition could also be affected by other risks of doing business internationally, including the impact of public health epidemics, such as the COVID-19 pandemic, inflation, geopolitical events, including the ongoing conflict between Russia and Ukraine and related trade controls, sanctions, supply chain and staffing challenges and other economic considerations, supply chain disruptions, foreign currency exchange fluctuations, changes in intellectual property legal protections and other regulatory changes.

Recent Developments

Ophthalmology Acquisitions

During the first quarter of 2023, the Company completed the acquisition of Oyster Point for approximately $427.4 million in cash, which included $11 per share paid to Oyster Point stockholders through a tender offer, payment for vested share-based awards, and the repayment of debt of Oyster Point. In addition to the upfront cash consideration, each Oyster Point stockholder received one non-tradeable contingent value right representing up to an additional $2 per share, or approximately $60 million in the aggregate, contingent upon Oyster Point achieving certain metrics based upon full year 2022 performance. Oyster Point did not achieve the metrics that would have triggered a contingent payment and the contingent value rights have expired. Oyster Point is focused on the discovery, development, and commercialization of first-in-class pharmaceutical therapies to treat ophthalmic diseases.

On November 7, 2022, the Company entered into a definitive agreement to acquire the remaining equity shares of Famy Life Sciences, a privately-owned research company with a complementary portfolio of ophthalmology therapies under development, for consideration of $281 million. The Company had previously entered into a Master Development Agreement with Famy Life Sciences on December 20, 2019 under which the Company obtained rights with respect to acquiring certain pharmaceutical products and had also acquired shares representing approximately 13.5% equity interest in Famy Life Sciences for $25.0 million at December 31, 2020. The investment was accounted for in accordance with ASC 321, *Investments - Equity Securities*. The transaction to acquire the remaining equity shares of Famy Life Sciences closed during the first quarter of 2023.

Refer to Note 4 *Acquisitions and Other Transactions* for more information.

Share Repurchase Program

On February 28, 2022, the Company announced that its Board of Directors had authorized a share repurchase program for the repurchase of up to $1.0 billion of the Company’s shares of common stock. Such repurchases may be made from time-to-time at the Company’s discretion and effected by any means, including but not limited to, open market repurchases, pursuant to plans in accordance with Rules 10b5-1 or 10b-18 under the Exchange Act, privately negotiated transactions (including accelerated stock repurchase programs) or any combination of such methods as the Company deems appropriate. The program does not have an expiration date. During the six months ended June 30, 2023, the Company repurchased approximately 21.2 million shares of common stock at a cost of approximately $250 million. The Company did not repurchase any shares of common stock under the share repurchase program in 2022. The share repurchase program does not obligate the Company to acquire any particular amount of common stock.

2020 Restructuring Program

During the fourth quarter of 2020, Viatris announced a significant global restructuring program in order to achieve synergies and ensure that the organization is optimally structured and efficiently resourced to deliver sustainable value to patients, shareholders, customers, and other stakeholders. As part of the restructuring, the Company is optimizing its commercial capabilities and enabling functions, and closing, downsizing or divesting certain manufacturing facilities globally that are deemed to be no longer viable either due to surplus capacity, challenging market dynamics or a shift in its product portfolio toward more complex products. The remaining actions under the 2020 restructuring program are expected to be substantially completed in 2023.

For the committed restructuring actions, the Company expects to incur total pre-tax charges of up to approximately $1.4 billion. Such charges are expected to include up to approximately $450 million of non-cash charges mainly related to accelerated depreciation and asset impairment charges, including inventory write-offs. The remaining estimated cash costs of up to approximately $950 million are expected to be primarily related to severance and employee benefits expense, as well as other costs, including those related to contract terminations and other plant disposal costs. In addition, management believes the potential annual savings related to these committed restructuring activities to be up to approximately $900 million once fully implemented, with most of these savings expected to improve operating cash flow.

Financial Summary

The table below is a summary of the Company's financial results for the three and six months ended June 30, 2023 compared to the prior year period:

	Three Months Ended June 30,		
(In millions, except per share amounts)	**2023**	**2022**	**Change**
Total revenues	$ 3,918.6	$ 4,116.8	$ (198.2)
Gross profit	1,608.6	1,703.3	(94.7)
Earnings from operations	369.2	548.7	(179.5)
Net earnings	264.0	313.9	(49.9)
Diluted earnings per share	$ 0.22	$ 0.26	$ (0.04)

	Six Months Ended June 30,		
(In millions, except per share amounts)	**2023**	**2022**	**Change**
Total revenues	$ 7,647.7	$ 8,308.5	$ (660.8)
Gross profit	3,150.8	3,474.5	(323.7)
Earnings from operations	769.0	1,256.1	(487.1)
Net earnings	488.7	713.1	(224.4)
Diluted earnings per share	$ 0.41	$ 0.59	$ (0.18)

A detailed discussion of the Company's financial results can be found below in the section titled "Results of Operations." As part of this discussion, we also report sales performance using the non-GAAP financial measures of "constant currency" net sales and total revenues. These measures provide information on the change in net sales and total revenues assuming that foreign currency exchange rates had not changed between the prior and current period. The comparisons presented at constant currency rates reflect comparative local currency sales at the prior year's foreign exchange rates. We routinely evaluate our net sales and total revenues performance at constant currency so that sales results can be viewed without the impact of foreign currency exchange rates, thereby facilitating a period-to-period comparison of our operational activities, and believe that this presentation also provides useful information to investors for the same reason.

More information about non-GAAP measures used by the Company as part of this discussion, including adjusted cost of sales, adjusted gross margins, adjusted net earnings and adjusted EBITDA (all of which are defined below) can be found in "Item 2. *Management's Discussion and Analysis of Financial Condition - Results of Operations* and *Results of Operations - Use of Non-GAAP Financial Measures.*"

Results of Operations

Three Months Ended June 30, 2023 Compared to Three Months Ended June 30, 2022

	Three Months Ended June 30,					
(In millions, except %s)	2023	2022	% Change	2023 Currency Impact [1]	2023 Constant Currency Revenues	Constant Currency % Change [2]
Net sales						
Developed Markets	$ 2,353.8	$ 2,479.1	(5)%	$ (11.9)	$ 2,341.9	(6)%
Greater China	532.1	548.3	(3)%	26.3	558.4	2 %
JANZ	375.5	427.1	(12)%	25.2	400.7	(6)%
Emerging Markets	648.1	650.9	— %	52.0	700.1	8 %
Total net sales	$ 3,909.5	$ 4,105.4	(5)%	$ 91.6	$ 4,001.1	(3)%
Other revenues [3]	9.1	11.4	NM	—	9.1	NM
Consolidated total revenues [4]	$ 3,918.6	$ 4,116.8	(5)%	$ 91.6	$ 4,010.2	(3)%

(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) For the three months ended June 30, 2023, other revenues in Developed Markets, JANZ, and Emerging Markets were approximately $6.0 million, $0.4 million, and $2.7 million, respectively.

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

Total Revenues

For the three months ended June 30, 2023, Viatris reported total revenues of $3.92 billion, compared to $4.12 billion for the comparable prior year period, representing a decrease of $198.2 million, or 5%. Total revenues include both net sales and other revenues from third parties. Net sales for the current quarter were $3.91 billion, compared to $4.11 billion for the comparable prior year period, representing a decrease of $195.9 million, or 5%. Other revenues for the current quarter were $9.1 million, compared to $11.4 million for the comparable prior year period.

The decrease in net sales was partially driven by the unfavorable impact of foreign currency translation of approximately $91.6 million, or 2%, primarily reflecting changes in the U.S. Dollar as compared to the currencies of subsidiaries in China, Japan and India. Additionally, net sales further decreased by approximately $161.8 million, or 4%, due to the inclusion of net sales related to the divested biosimilars business in the prior year period. On a constant currency basis, the increase in net sales from the remaining business was approximately $47.3 million, or 1%, for the three months ended June 30, 2023 compared to the prior year period. The increase in constant currency net sales from the remaining business was due to new product sales of approximately $123.8 million, primarily in the U.S. and Europe. New product sales include new products launched in 2023 and the carryover impact of new products, including business development, launched within the last twelve months. This increase was partially offset by a decrease in net sales from existing products due to base business erosion of approximately $76.5 million. Net sales from acquisitions totaled $10.2 million during the current quarter.

From time to time, a limited number of our products may represent a significant portion of our net sales, gross profit and net earnings. Generally, this is due to the timing of new product introductions, seasonality, and the amount, if any, of

additional competition in the market. Our top ten products in terms of net sales, in the aggregate, represented approximately 34% for the three months ended June 30, 2023 and 2022.

Net sales are derived from our four reporting segments: Developed Markets, Greater China, JANZ, and Emerging Markets.

Developed Markets Segment

Net sales from Developed Markets decreased by $125.3 million or 5% during the three months ended June 30, 2023 when compared to the prior year period. The favorable impact of foreign currency translation on current period net sales was approximately $11.9 million, or less than 1%. Net sales decreased by approximately $142.0 million or 6% due to the inclusion of net sales related to the divested biosimilars business in the prior year period. Constant currency net sales from the remaining business decreased by approximately $5.4 million when compared to the prior year period. Net sales within North America totaled approximately $1.02 billion and net sales within Europe totaled approximately $1.34 billion. The decrease in constant currency net sales was driven by anticipated lower net sales of existing products, including Wixela Inhub® in the U.S., as a result of lower pricing and, to a lesser extent, lower volumes due to additional competition. These decreases were partially offset by new product sales, including lenalidomide in the U.S. Net sales from Tyrvaya® totaled $10.2 million during the current quarter.

Greater China Segment

Net sales from Greater China decreased by $16.2 million or 3% for the three months ended June 30, 2023 when compared to the prior year period. This decrease was the result of the unfavorable impact of foreign currency translation of approximately $26.3 million, or 5%. Constant currency net sales increased by approximately $10.4 million, or 2% when compared to the prior year period, driven primarily by increased volumes of existing products. The disposition of the biosimilars business did not have a significant impact on the net sales for the current quarter.

JANZ Segment

Net sales from JANZ decreased by $51.6 million or 12% for the three months ended June 30, 2023 when compared to the prior year period. This decrease was partially the result of the unfavorable impact of foreign currency translation of approximately $25.2 million, or 6%. Constant currency net sales decreased by approximately $21.4 million, or 5% when compared to the prior year period. The decrease was due to lower net sales of existing products mainly driven by lower pricing and, to a lesser extent, volumes, in Japan as a result of government price reductions and additional competition. The disposition of the biosimilars business did not have a significant impact on the net sales for the current quarter.

Emerging Markets Segment

Net sales from Emerging Markets for the three months ended June 30, 2023 were essentially flat when compared to the prior year period. The unfavorable impact of foreign currency translation on current period net sales was approximately $52.0 million or 8%. In addition, net sales also decreased by approximately $14.5 million, or 2% due to the inclusion of the divested biosimilars business in the prior year period. Constant currency net sales from the remaining business increased by $63.7 million, or 10% when compared to the prior year period, driven primarily by higher volumes of existing products, including in certain Middle Eastern countries.

Cost of Sales and Gross Profit

Cost of sales decreased from $2.41 billion for the three months ended June 30, 2022 to $2.31 billion for the three months ended June 30, 2023. Cost of sales was primarily impacted by the decrease in net sales, including the impact of the disposition of the biosimilars business in November 2022.

Gross profit for the three months ended June 30, 2023 was $1.61 billion and gross margins were 41%. For the three months ended June 30, 2022, gross profit was $1.70 billion and gross margins were 41%. This change is primarily related to the decrease in cost of sales. Adjusted gross margins were 60% for the three months ended June 30, 2023, compared to 59% for the three months ended June 30, 2022.

A reconciliation between cost of sales, as reported under U.S. GAAP, and adjusted cost of sales and adjusted gross margin for the three months ended June 30, 2023 compared to the three months ended June 30, 2022 is as follows:

	Three Months Ended June 30,	
(In millions, except %s)	**2023**	**2022**
U.S. GAAP cost of sales	$ 2,310.0	$ 2,413.5
Deduct:		
Purchase accounting related amortization	(609.3)	(644.9)
Acquisition and divestiture related items	(7.6)	(15.8)
Restructuring related costs	(68.9)	(6.7)
Share-based compensation expense	(0.9)	(0.5)
Other special items	(36.4)	(40.5)
Adjusted cost of sales	$ 1,586.9	$ 1,705.1
Adjusted gross profit [(a)]	$ 2,331.7	$ 2,411.7
Adjusted gross margin [(a)]	60 %	59 %

[(a)] 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.

Operating Expenses

Research & Development Expense

R&D expense for the three months ended June 30, 2023 was $208.3 million, compared to $162.6 million for the comparable prior year period, an increase of $45.7 million. This increase was primarily due to continued investment in our pipeline, including approximately $10.5 million related to the ophthalmology acquisitions.

Acquired IPR&D

Acquired IPR&D expense for the three months ended June 30, 2023 was $10.2 million. The current quarter expense was driven by an upfront licensing payment to InDex Pharmaceuticals Holding AB related to cobitolimod in Japan. There was no acquired IPR&D expense for the three months ended June 30, 2022.

Selling, General & Administrative Expense

SG&A expense for the current quarter was $1.03 billion, compared to $981.1 million for the comparable prior year period, an increase of $50.8 million. The increase was primarily due to expenses related to the ophthalmology acquisitions of approximately $38.1 million, higher investment in selling and promotional activities, and increased compensation, including severance-related costs. Partially offsetting these increases were lower acquisition and divestiture related costs of approximately $61.1 million, mainly as a result of transitioning certain support services from Pfizer during 2022.

Litigation Settlements and Other Contingencies, Net

The following table includes the losses/(gains) recognized in litigation settlements and other contingencies, net during the three months ended June 30, 2023 and 2022, respectively:

	Three Months Ended June 30,	
(In millions)	**2023**	**2022**
Contingent consideration adjustment (related to the Respiratory Delivery Platform)	$ 14.1	$ 1.3
Litigation settlements, net	(25.1)	9.6
Total litigation settlements and other contingencies, net	$ (11.0)	$ 10.9

Interest Expense

Interest expense for the three months ended June 30, 2023 totaled $143.7 million, compared to $145.9 million for the three months ended June 30, 2022, essentially flat as the impact of debt repayments was offset by higher costs related to our periodic short-term variable rate borrowings.

Other (Income) Expense, Net

Other (income) expense, net includes gains and losses from changes in the fair value of equity securities, foreign exchange, expense (income) related to post-employment benefit plans, TSA income, and interest and dividend income. Other (income) expense, net for the three months ended June 30, 2023 totaled $107.5 million of income, compared to expense of $13.5 million for the three months ended June 30, 2022.

The current quarter income was primarily driven by the reimbursement for transition services provided to Biocon Biologics of approximately $46.9 million. The costs related to the transition services are included in SG&A and R&D. The current quarter income also included gains of approximately $74.5 million as a result of remeasuring our equity interest in Mapi and the CCPS in Biocon Biologics to fair value, and higher interest income.

Income Tax Provision

For the three months ended June 30, 2023, the Company recognized an income tax provision of $69.0 million, compared to $75.4 million for the comparable prior year period, a decrease of $6.4 million. The current year and prior year provisions were impacted by the levels of income and the changing mix at which it is earned in jurisdictions with differing tax rates.

Six Months Ended June 30, 2023 Compared to Six Months Ended June 30, 2022

(In millions, except %s)	Six Months Ended June 30, 2023	2022	% Change	2023 Currency Impact [1]	2023 Constant Currency Revenues	Constant Currency % Change [2]
Net sales						
Developed Markets	$ 4,524.2	$ 4,955.2	(9)%	$ 61.3	$ 4,585.6	(7)%
Greater China	1,096.7	1,121.4	(2)%	61.3	1,158.0	3 %
JANZ	717.7	850.9	(16)%	58.8	776.4	(9)%
Emerging Markets	1,290.0	1,356.1	(5)%	107.3	1,397.3	3 %
Total net sales	$ 7,628.6	$ 8,283.6	(8)%	$ 288.7	$ 7,917.3	(4)%
Other revenues [3]	19.1	24.9	NM	0.4	19.5	NM
Consolidated total revenues [4]	$ 7,647.7	$ 8,308.5	(8)%	$ 289.1	$ 7,936.8	(4)%

(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) For the six months ended June 30, 2023, other revenues in Developed Markets, JANZ, and Emerging Markets were approximately $13.1 million, $0.6 million, and $5.4 million, respectively.

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

Total Revenues

For the six months ended June 30, 2023, Viatris reported total revenues of $7.65 billion, compared to $8.31 billion for the comparable prior year period, representing a decrease of $660.8 million, or 8%. Total revenues include both net sales and other revenues from third parties. Net sales for the six months ended June 30, 2023 were $7.63 billion, compared to $8.28 billion for the comparable prior year period, representing a decrease of $655.0 million, or 8%. Other revenues for the six months ended June 30, 2023 were $19.1 million, compared to $24.9 million for the comparable prior year period.

The decrease in net sales was partially driven by the unfavorable impact of foreign currency translation of approximately $288.7 million, or 4%, primarily reflecting changes in the U.S. Dollar as compared to the currencies of subsidiaries in countries within the EU, China, Japan and India. Additionally, net sales further decreased by approximately $326.6 million, or 4%, due to the inclusion of net sales related to the divested biosimilars business in the prior year period. On a constant currency basis, the decrease in net sales from the remaining business was approximately $56.2 million, or 1%, for the six months ended June 30, 2023 compared to the prior year period. The decrease in constant currency net sales from the remaining business was due to base business erosion of approximately $264.9 million. This decrease was partially offset by approximately $208.7 million of new product sales, primarily in the U.S. and Europe. New product sales include new products launched in 2023 and the carryover impact of new products, including business development, launched within the last twelve months. Net sales from acquisitions totaled $16.5 million during the six months ended June 30, 2023.

From time to time, a limited number of our products may represent a significant portion of our net sales, gross profit and net earnings. Generally, this is due to the timing of new product introductions, seasonality, and the amount, if any, of additional competition in the market. Our top ten products in terms of net sales, in the aggregate, represented approximately 35% and 34%, respectively, for the six months ended June 30, 2023 and 2022.

Net sales are derived from our four reporting segments: Developed Markets, Greater China, JANZ, and Emerging Markets.

Developed Markets Segment

Net sales from Developed Markets decreased by $431.0 million or 9% during the six months ended June 30, 2023 when compared to the prior year period. This decrease was partially due to the unfavorable impact of foreign currency translation of approximately $61.3 million, or 1%. Net sales also decreased by approximately $286.6 million or 6% due to the inclusion of net sales related to the divested biosimilars business in the prior year period. Constant currency net sales from the remaining business decreased by approximately $99.6 million, or 2% when compared to the prior year period. Net sales within North America totaled approximately $1.94 billion and net sales within Europe totaled approximately $2.58 billion. The decrease in constant currency net sales was driven by anticipated lower net sales of existing products, including cyclosporine ophthalmic emulsion and Wixela Inhub® in the U.S., as a result of lower pricing and, to a lesser extent, lower volumes due to additional competition. These decreases were partially offset by new product sales, including lenalidomide in the U.S. Net sales from Tyrvaya® totaled $16.5 million during the during the six months ended June 30, 2023.

Greater China Segment

Net sales from Greater China decreased by $24.7 million or 2% for the six months ended June 30, 2023 when compared to the prior year period. This decrease was the result of the unfavorable impact of foreign currency translation of approximately $61.3 million, or 5%. Constant currency net sales increased by approximately $37.0 million, or 3% when compared to the prior year period, driven primarily by increased volumes, partially offset by lower pricing, of existing products. The disposition of the biosimilars business did not have a significant impact on the net sales during the six months ended June 30, 2023.

JANZ Segment

Net sales from JANZ decreased by $133.2 million or 16% for the six months ended June 30, 2023 when compared to the prior year period. This decrease was partially the result of the unfavorable impact of foreign currency translation of approximately $58.8 million, or 7%. Constant currency net sales decreased by approximately $64.8 million, or 8% when compared to the prior year period. The decrease was due to lower net sales of existing products mainly driven by lower pricing and, to a lesser extent, volumes, in Japan as a result of government price reductions and additional competition. Net sales decreased by approximately $9.6 million or 1% due to the inclusion of net sales related to the divested biosimilars business in the prior year period.

Emerging Markets Segment

Net sales from Emerging Markets decreased by $66.1 million or 5% for the six months ended June 30, 2023 when compared to the prior year period. This decrease was mainly driven by the unfavorable impact of foreign currency translation of approximately $107.3 million or 8%. In addition, net sales also decreased by approximately $30.0 million, or 2% due to the inclusion of the divested biosimilars business in the prior year period. Constant currency net sales from the remaining business increased by $71.2 million, or 5% when compared to the prior year period, driven primarily by higher volumes of existing products, including in certain Middle Eastern and Asian countries.

Cost of Sales and Gross Profit

Cost of sales decreased from $4.83 billion for the six months ended June 30, 2022 to $4.50 billion for the six months ended June 30, 2023. Cost of sales was primarily impacted by the decrease in net sales, including the impact of the disposition of the biosimilars business in November 2022.

Gross profit for the six months ended June 30, 2023 was $3.15 billion and gross margins were 41%. For the six months ended June 30, 2022, gross profit was $3.47 billion and gross margins were 42%. This change is primarily related to the decrease in cost of sales. Adjusted gross margins were 60% for the six months ended June 30, 2023, compared to 59% for the six months ended June 30, 2022.

A reconciliation between cost of sales, as reported under U.S. GAAP, and adjusted cost of sales and adjusted gross margin for the six months ended June 30, 2023 compared to the six months ended June 30, 2022 is as follows:

	Six Months Ended June 30,	
(In millions)	**2023**	**2022**
U.S. GAAP cost of sales	$ 4,496.9	$ 4,834.0
Deduct:		
Purchase accounting related amortization	(1,262.7)	(1,303.7)
Acquisition and divestiture related items	(12.6)	(24.8)
Restructuring related costs	(79.8)	(19.8)
Share-based compensation expense	(1.5)	(0.8)
Other special items	(75.2)	(81.5)
Adjusted cost of sales	$ 3,065.1	$ 3,403.4
Adjusted gross profit [(a)]	$ 4,582.6	$ 4,905.1
Adjusted gross margin [(a)]	60 %	59 %

[(a)] 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.

Operating Expenses

Research & Development Expense

R&D expense for the six months ended June 30, 2023 was $391.2 million, compared to $304.9 million for the comparable prior year period, an increase of $86.3 million. This increase was primarily due to continued investment in our pipeline, including approximately $21.4 million related to the ophthalmology acquisitions.

Acquired IPR&D

Acquired IPR&D expense for the six months ended June 30, 2023 was $10.2 million. The current year period expense was driven by an upfront licensing payment to InDex Pharmaceuticals Holding AB related to cobitolimod in Japan. There was no acquired IPR&D expense for the six months ended June 30, 2022.

Selling, General & Administrative Expense

SG&A expense for the six months ended June 30, 2023 was $1.99 billion, compared to $1.90 billion for the comparable prior year period, an increase of $94.4 million. The increase was primarily due to expenses related to the ophthalmology acquisitions of approximately $71.6 million, higher investment in selling and promotional activities, and increased compensation, including severance-related costs. Partially offsetting these increases were lower acquisition and divestiture related costs of approximately $83.8 million, mainly as a result of transitioning certain support services from Pfizer during 2022.

Litigation Settlements and Other Contingencies, Net

The following table includes the (gains) / losses recognized in litigation settlements and other contingencies, net during the six months ended June 30, 2023 and June 30, 2022, respectively:

	Six Months Ended June 30,	
(In millions)	**2023**	**2022**
Contingent consideration adjustment (related to the Respiratory Delivery Platform)	$ 15.5	$ 13.6
Litigation settlements, net	(25.9)	3.5
Total litigation settlements and other contingencies, net	$ (10.4)	$ 17.1

Interest Expense

Interest expense for the six months ended June 30, 2023 totaled $290.7 million, compared to $292.1 million for the six months ended June 30, 2022, essentially flat as the impact of debt repayments was offset by higher costs related to our periodic short-term variable rate borrowings.

Other (Income) Expense, Net

Other (income) expense, net includes gains and losses from changes in the fair value of equity securities, foreign exchange, expense (income) related to post-employment benefit plans, TSA income, and interest and dividend income. Other (income) expense, net for the six months ended June 30, 2023 totaled $177.4 million of income, compared to expense of $47.2 million for the six months ended June 30, 2022.

The current year period income was primarily driven by the reimbursement for transition services provided to Biocon Biologics of approximately $92.6 million. The costs related to the transition services are included in SG&A and R&D. The current year period income was also attributed to gains of approximately $96.0 million as a result of remeasuring our equity interests in Mapi and Famy Life Sciences and the CCPS in Biocon Biologics to fair value, and higher interest income. The prior year period expense was primarily driven by higher foreign exchange costs.

Income Tax Provision

For the six months ended June 30, 2023, the Company recognized an income tax provision of $167.0 million, compared to $203.7 million for the comparable prior year period, a decrease of $36.7 million. The current year and prior year provisions were impacted by the levels of income and the changing mix at which it is earned in jurisdictions with differing tax rates. Also impacting the tax provision for the six months ended June 30, 2023 was a tax expense of $22.3 million related to an agreement with the Indian tax authorities in March 2023 in respect of the pricing of its international transactions.

Use of Non-GAAP Financial Measures

Whenever the Company uses non-GAAP financial measures, we provide a reconciliation of the non-GAAP financial measures to their most directly comparable U.S. GAAP financial measure. Investors and other readers are encouraged to review the related U.S. GAAP financial measures and the reconciliation of non-GAAP measures to their most directly comparable U.S. GAAP measure and should consider non-GAAP measures only as a supplement to, not as a substitute for or as a superior measure to, measures of financial performance prepared in accordance with U.S. GAAP. Additionally, since these are not measures determined in accordance with U.S. GAAP, non-GAAP financial measures have no standardized meaning across companies, or as prescribed by U.S. GAAP and, therefore, may not be comparable to the calculation of similar measures or measures with the same title used by other companies.

Management uses these measures internally for forecasting, budgeting, measuring its operating performance, and incentive-based awards. Primarily due to acquisitions, divestitures and other significant events which may impact comparability of our periodic operating results, we believe that an evaluation of our ongoing operations (and comparisons of our current operations with historical and future operations) would be difficult if the disclosure of our financial results was limited to

financial measures prepared only in accordance with U.S. GAAP. We believe that non-GAAP financial measures are useful supplemental information for our investors and when considered together with our U.S. GAAP financial measures and the reconciliation to the most directly comparable U.S. GAAP financial measure, provide a more complete understanding of the factors and trends affecting our operations. The financial performance of the Company is measured by senior management, in part, using adjusted metrics as described below, along with other performance metrics. The Company's use of such non-GAAP measures is governed by an adjusted reporting policy maintained by the Company and such non-GAAP measures are reviewed in detail with the Audit Committee of the Board of Directors.

Adjusted Cost of Sales and Adjusted Gross Margin

We use the non-GAAP financial measure "adjusted cost of sales" and the corresponding non-GAAP financial measure "adjusted gross margin." The principal items excluded from adjusted cost of sales include restructuring, acquisition related and other special items and purchase accounting related amortization, which are described in greater detail below.

Adjusted Net Earnings

Adjusted net earnings is a non-GAAP financial measure and provides an alternative view of performance used by management. Management believes that, primarily due to acquisitions, divestitures and other significant events, an evaluation of the Company's ongoing operations (and comparisons of its current operations with historical and future operations) would be difficult if the disclosure of its financial results were limited to financial measures prepared only in accordance with U.S. GAAP. Management believes that adjusted net earnings is an important internal financial metric related to the ongoing operating performance of the Company, and is therefore useful to investors and that their understanding of our performance is enhanced by this measure. Actual internal and forecasted operating results and annual budgets used by management include adjusted net earnings.

EBITDA and Adjusted EBITDA

EBITDA and adjusted EBITDA are non-GAAP financial measures that the Company believes are appropriate to provide additional information to investors to demonstrate the Company's ability to comply with financial debt covenants and assess the Company's ability to incur additional indebtedness. The Company also believes that adjusted EBITDA better focuses management on the Company's underlying operational results and true business performance and, is used, in part, for management's incentive compensation. We calculate EBITDA as U.S. GAAP net earnings (loss) adjusted for net contribution attributable to equity method investments, income tax provision (benefit), interest expense and depreciation and amortization. EBITDA is further adjusted for share-based compensation expense, litigation settlements and other contingencies, net, and restructuring, impairment of long-lived assets, acquisition and divestiture related and other special items to determine adjusted EBITDA. These adjustments are generally permitted under our credit agreement in calculating adjusted EBITDA for determining compliance with our debt covenants.

The significant items excluded from adjusted cost of sales, adjusted net earnings, and adjusted EBITDA include:

Purchase Accounting Amortization and Other Related Items

The ongoing impact of certain amounts recorded in connection with acquisitions of both businesses and assets is excluded from adjusted cost of sales, adjusted net earnings, and adjusted EBITDA. These amounts include the amortization of intangible assets, inventory step-up, property, plant and equipment step-up, intangible asset impairment charges, including for in-process research and development, and impairment of goodwill. For the acquisition of businesses accounted for under the provisions of *ASC 805, Business Combinations*, these purchase accounting impacts are excluded regardless of the financing method used for the acquisitions, including the use of cash, long-term debt, the issuance of common stock, contingent consideration or any combination thereof.

Fair Value Adjustments, Including Contingent Consideration

The impact of changes to the fair value of assets and liabilities, including contingent and deferred consideration and non-marketable equity investments, and the related accretion income or expense are excluded from adjusted net earnings and adjusted EBITDA because they are not indicative of the Company's ongoing operations due to the variability of the amounts and the lack of predictability as to the occurrence and/or timing and management believes their exclusion is helpful to understanding the underlying, ongoing operational performance of the business.

Share-based Compensation Expense

Share-based compensation expense is excluded from adjusted cost of sales, adjusted net earnings and adjusted EBITDA. Our share-based compensation programs have become increasingly weighted toward performance-based compensation, which leads to variability and to a lack of predictability as to the occurrence and/or timing of amounts incurred. As such, management believes the exclusion of such amounts on an ongoing basis is helpful to understanding the underlying operational performance of the business.

Restructuring, Acquisition and Divestiture Related and Other Special Items

Costs related to restructuring, acquisition and divestiture related activities and other actions are excluded from adjusted cost of sales, adjusted net earnings and adjusted EBITDA, as applicable. These amounts include items such as:

- Costs related to formal restructuring programs and actions, including costs associated with facilities to be closed or divested, employee separation costs, impairment charges, accelerated depreciation, incremental manufacturing variances, equipment relocation costs, decommissioning and other restructuring related costs;
- Certain acquisition and divestiture costs, including costs relating to integration and planning, advisory and legal fees, certain financing related costs, certain reimbursements related to the Company's obligation to reimburse Pfizer for certain financing and transaction related costs under the Business Combination Agreement and Separation and Distribution Agreement, certain other TSA related set-up and exit costs, and other business transformation and/or optimization initiatives, which are not part of a formal restructuring program, including employee separation and post-employment costs;
- The pre-tax loss of the Company's clean energy investments, whose activities qualify for income tax credits under the Code; only included in adjusted net earnings is the net tax effect of the entity's activities;
- Other costs, incurred from time to time, related to certain special events or activities that lead to gains or losses, including, but not limited to, incremental manufacturing variances, asset write-downs, including other-than-temporary impairments of investments in equity or debt instruments, or liability adjustments;
- Certain costs to further develop and optimize our global enterprise resource planning systems, operations and supply chain;
- Gains or losses from divestitures, including impairments of held for sale assets; and
- The impact of changes related to uncertain tax positions are excluded from adjusted cost of sales and adjusted net earnings. In addition, tax adjustments to adjusted earnings are recorded to present items on an after-tax basis consistent with the presentation of adjusted net earnings.

The Company has undertaken restructurings and other optimization initiatives of differing types, scope and amount during the covered periods and, therefore, these charges should not be considered non-recurring; however, management excludes these amounts from adjusted cost of sales, adjusted net earnings and adjusted EBITDA because it believes it is helpful to understanding the underlying, ongoing operational performance of the business.

Litigation Settlements, Net

Charges and gains related to legal matters, such as those discussed in Note 18 *Litigation* included in Part I, Item 1 of this Form 10-Q are generally excluded from adjusted net earnings and adjusted EBITDA. Normal, ongoing defense costs of the Company made in the normal course of our business are not excluded.

Reconciliation of U.S. GAAP Net Earnings to Adjusted Net Earnings

A reconciliation between net earnings as reported under U.S. GAAP, and adjusted net earnings for the periods shown follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
(In millions)	**2023**	**2022**	**2023**	**2022**
U.S. GAAP net earnings	$ 264.0	$ 313.9	$ 488.7	$ 713.1
Purchase accounting related amortization (primarily included in cost of sales) [(a)]	609.3	644.9	1,262.6	1,303.8
Litigation settlements and other contingencies, net	(11.0)	10.9	(10.4)	17.1
Interest expense (primarily amortization of premiums and discounts on long term debt)	(10.5)	(13.1)	(20.8)	(26.8)
Clean energy investments pre-tax gain	—	0.1	—	—
Acquisition and divestiture related costs (primarily included in SG&A) [(b)]	56.3	122.4	114.4	207.1
Restructuring related costs [(c)]	74.1	10.2	83.8	27.0
Share-based compensation expense	39.2	29.4	81.8	57.7
Other special items included in:				
Cost of sales [(d)]	36.4	40.5	75.2	81.5
Research and development expense	0.4	0.6	2.4	0.9
Selling, general and administrative expense	16.4	17.0	31.3	24.4
Other income, net [(e)]	(65.8)	(0.4)	(87.6)	(1.9)
Tax effect of the above items and other income tax related items [(f)]	(103.4)	(111.1)	(183.1)	(213.3)
Adjusted net earnings	$ 905.4	$ 1,065.3	$ 1,838.3	$ 2,190.6

Significant items include the following:

[(a)] For the six months ended June 30, 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 and $14.7 million, for the three and six months ended June 30, 2023, respectively.

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

[(c)] For the three and six months ended June 30, 2023, charges include approximately $68.9 million and $79.8 million, respectively, in cost of sales and approximately $5.2 million and $4.0 million, respectively, in SG&A. Refer to Note 15 *Restructuring* included in Part I, Item 1 of this Form 10-Q for additional information.

[(d)] For the three and six months ended June 30, 2023, charges include incremental manufacturing variances at plants in the 2020 restructuring program of approximately $12.9 million and $35.6 million, respectively, and charges related to the potential divestiture of the Upjohn Distributor Markets of approximately $10.0 million and $19.2 million, respectively.

[(e)] For the three months ended June 30, 2023, includes gains of approximately $74.5 million as a result of remeasuring our non-marketable equity investments to fair value, including our equity interest in Mapi and the CCPS in Biocon Biologics. For the six months ended June 30, 2023, includes gains of approximately $96.0 million as a result of remeasuring our non-marketable equity investments to fair value, including our equity interests in Mapi and Famy Life Sciences and the CCPS in Biocon Biologics.

[(f)] Adjusted for changes for uncertain tax positions.

Reconciliation of U.S. GAAP Net Earnings to EBITDA and Adjusted EBITDA

Below is a reconciliation of U.S. GAAP net earnings to EBITDA and adjusted EBITDA for the three and six months ended June 30, 2023 compared to the prior year period:

	Three Months Ended June 30,		Six Months Ended June 30,	
(In millions)	**2023**	**2022**	**2023**	**2022**
U.S. GAAP net earnings	$ 264.0	$ 313.9	$ 488.7	$ 713.1
Add adjustments:				
Net contribution attributable to equity method investments	—	0.1	—	—
Income tax provision	69.0	75.4	167.0	203.7
Interest expense [(a)]	143.7	145.9	290.7	292.1
Depreciation and amortization [(b)]	686.7	722.3	1,416.7	1,458.3
EBITDA	$ 1,163.4	$ 1,257.6	$ 2,363.1	$ 2,667.2
Add / (deduct) adjustments:				
Share-based compensation expense	39.2	29.4	81.8	57.7
Litigation settlements and other contingencies, net	(11.0)	10.9	(10.4)	17.1
Restructuring, acquisition and divestiture related and other special items [(c)]	114.1	184.2	212.1	326.4
Adjusted EBITDA	$ 1,305.7	$ 1,482.1	$ 2,646.6	$ 3,068.4

[(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.

Liquidity and Capital Resources

Our primary source of liquidity is net cash provided by operating activities, which was $1.49 billion for the six months ended June 30, 2023. We believe that net cash provided by operating activities and available liquidity will continue to allow us to meet our needs for working capital, capital expenditures, interest and principal payments on debt obligations, and dividend payments. Nevertheless, our ability to satisfy our working capital requirements and debt service obligations, and fund planned capital expenditures, share repurchases or dividend payments, will substantially depend upon our future operating performance (which will be affected by prevailing economic conditions), and financial, business and other factors, some of which are beyond our control.

Operating Activities

Net cash provided by operating activities decreased by $454.9 million to $1.49 billion for the six months ended June 30, 2023, as compared to net cash provided by operating activities of $1.94 billion for the six months ended June 30, 2022. Net cash provided by operating activities is derived from net earnings adjusted for non-cash operating items, gains and losses attributed to investing and financing activities and changes in operating assets and liabilities resulting from timing differences between the receipts and payments of cash, including changes in cash primarily reflecting the timing of cash collections from customers, payments to vendors and employees and tax payments in the ordinary course of business.

The decrease in net cash provided by operating activities was principally due to lower operating earnings, including as a result of the disposition of the biosimilars business in November 2022, and the timing of cash payments and collections.

Investing Activities

Net cash used in investing activities was $826.1 million for the six months ended June 30, 2023, as compared to $149.0 million for the six months ended June 30, 2022, an increase of $677.1 million.

In 2023, significant items in investing activities included the following:

- cash paid for acquisitions, net of cash acquired, of $667.7 million.

- capital expenditures, primarily for equipment and facilities, totaling approximately $115.6 million. While there can be no assurance that current expectations will be realized, capital expenditures for the 2023 calendar year are expected to be approximately $400 million to $500 million.

In 2022, significant items in investing activities included the following:

- capital expenditures, primarily for equipment and facilities, totaling approximately $148.4 million.

Financing Activities

Net cash used in financing activities was $1.28 billion for the six months ended June 30, 2023, as compared to $1.79 billion for the six months ended June 30, 2022, a decrease of $510.4 million.

In 2023, significant items in financing activities included the following:

- repayment of the 3.125% Senior Notes at maturity of approximately $750.0 million;
- share repurchases of $250.0 million;
- net short-term borrowings of $23.1 million;
- cash dividends paid of $287.7 million; and
- net cash of $33.2 million collected on behalf of other partners, which is included in Other items, net.

In 2022, significant items in financing activities included the following:

- long-term debt payments of approximately $1.79 billion consisting of the repayment of the 0.816% Euro Senior Notes due 2022 and the 1.125% Senior Notes due 2022;
- long-term debt borrowings of $795.4 million primarily consisting of Revolving Facility borrowings;
- net repayments of short-term borrowings of $473.5 million; and
- cash dividends paid of $290.6 million.

Capital Resources

Our cash and cash equivalents totaled $629.2 million at June 30, 2023, and the majority of these funds are held by our non-U.S. subsidiaries. In order to support our global operations, the majority of our cash and cash equivalents are held within the banking system with the majority of this at Global Systemically Important Banks. We monitor the third-party depository institutions that hold our cash and cash equivalents on a regular basis. Our primary emphasis is on the safety of the principal. Where possible, we diversify our cash and cash equivalents among counterparties to minimize exposure to any one counterparty. The Company anticipates having sufficient liquidity, including existing borrowing capacity under the Revolving Facility, Commercial Paper Program and the Receivables Facility and the Note Securitization Facility combined with cash to be generated from operations, to fund foreseeable cash needs without requiring the repatriation of non-U.S. cash.

The Company has access to $4.0 billion under the Revolving Facility which matures in July 2026. Effective April 28, 2023, we executed an amendment to the Revolving Facility to convert the benchmark interest rate from LIBOR to an adjusted SOFR, with no change in the applicable interest rate margins. Up to $1.65 billion of the Revolving Facility may be used to support borrowings under our Commercial Paper Program. As of June 30, 2023, the Company did not have any borrowings outstanding under the Commercial Paper Program and the Revolving Facility.

The Company has a $400 million Receivables Facility which expires in April 2025, and a $200 million Note Securitization Facility which expires in August 2023. As of June 30, 2023, the Company did not have any borrowings outstanding under the Receivables Facility or the Note Securitization Facility. Under the terms of each of the Receivables Facility and Note Securitization Facility, certain of our accounts receivable secure the amounts borrowed and cannot be used to pay our other debts or liabilities. The amount that we may borrow at a given point in time is determined based on the amount of qualifying accounts receivable that are present at such point in time. Amounts outstanding under either facility are included as a component of short-term borrowings, while the accounts receivable securing these obligations remain as a component of accounts receivable, net, in our condensed consolidated balance sheets. In addition, the agreements governing the Receivables

Facility and Note Securitization Facility contain various customary affirmative and negative covenants, and customary default and termination provisions.

We have entered into accounts receivable factoring agreements with financial institutions to sell certain of our non-U.S. accounts receivable. These transactions are accounted for as sales and result in a reduction in accounts receivable because the agreements transfer effective control over and risk related to the receivables to the buyers. Our factoring agreements do not allow for recourse in the event of uncollectibility, and we do not retain any interest in the underlying accounts receivable once sold. We derecognized $188.2 million and $34.7 million of accounts receivable as of June 30, 2023 and December 31, 2022 under these factoring arrangements, respectively.

The Company has certain voluntary supply chain finance programs with financial intermediaries which provide participating suppliers the option to be paid by the intermediary earlier than the original invoice due date. The Company's responsibility is limited to making payments on the terms originally negotiated with the suppliers, regardless of whether the intermediary pays the supplier in advance of the original due date. The range of payment terms the Company negotiates with suppliers are consistent, regardless of whether a supplier participates in a supply chain finance program. The total amounts due to financial intermediaries to settle supplier invoices under supply chain finance programs as of June 30, 2023 and December 31, 2022 were $55.6 million and $33.4 million, respectively. These amounts are included within *Accounts payable* in the condensed consolidated balance sheets.

For information regarding our dividends paid and declared, refer to Note 9 *Earnings per Share* in Part I, Item 1 of this Form 10-Q.

We are continuously evaluating the potential acquisition of products, as well as companies, as a strategic part of our future growth. Consequently, we may utilize current cash reserves or incur additional indebtedness to finance any such acquisitions, which could impact future liquidity. Also, on an ongoing basis, we review our operations, including the evaluation of potential divestitures of products and businesses, as part of our future strategy. Any divestitures could impact future liquidity. In addition, we plan to continue to explore various other ways to create, enhance or otherwise unlock the value of the Company's unique global platform in order to create shareholder value.

In November 2022, the Company provided an update on the strategic priorities announced in February 2022, including identifying the following businesses no longer considered core to its future strategy that the Company intends to divest:

- OTC;
- API (while retaining some selective development API capabilities);
- Women's health care, primarily related to our oral and injectable contraceptives. This does not include all of our women's health care related products; as an example, our Xulane® product in the U.S. is excluded; and
- Upjohn Distributor Markets.

Long-term Debt Maturity

For information regarding our debt agreements and mandatory minimum repayments remaining on the outstanding notional amount of long-term debt at June 30, 2023, refer to Note 12 *Debt* in Part I, Item 1 of this Form 10-Q.

The YEN Term Loan Facility and the Revolving Facility contain customary affirmative covenants for facilities of this type, including among others, covenants pertaining to the delivery of financial statements, notices of default and certain material events, maintenance of corporate existence and rights, property, and insurance and compliance with laws, as well as customary negative covenants for facilities of this type, including a financial covenant, which set the Maximum Leverage Ratio as of the end of any quarter at 3.75 to 1.00 for the quarter ended March 31, 2023 and each quarter ending thereafter, except in circumstances as defined in the related credit agreement, and other limitations on the incurrence of subsidiary indebtedness, liens, mergers and certain other fundamental changes, investments and loans, acquisitions, transactions with affiliates, payments of dividends and other restricted payments and changes in our lines of business.

The Company is in compliance with its covenants at June 30, 2023 and expects to remain in compliance for the next twelve months.

Supplemental Guarantor Financial Information

Viatris Inc. is the issuer of the Registered Upjohn Notes, which are fully and unconditionally guaranteed on a senior unsecured basis by Mylan Inc., Mylan II B.V. and Utah Acquisition Sub Inc.

Following the Combination, Utah Acquisition Sub Inc. is the issuer of the Utah U.S. Dollar Notes, which are fully and unconditionally guaranteed on a senior unsecured basis by Mylan Inc., Viatris Inc. and Mylan II B.V.

Mylan Inc. is the issuer of the Mylan Inc. U.S. Dollar Notes, which are fully and unconditionally guaranteed on a senior unsecured basis by Mylan II B.V., Viatris Inc. and Utah Acquisition Sub Inc.

The respective obligations of Viatris Inc., Mylan Inc., Utah Acquisition Sub Inc., and Mylan II B.V. as guarantors of the applicable series of Senior U.S. Dollar Notes are senior unsecured obligations of the applicable guarantor and rank *pari passu* in right of payment with all of such guarantor's existing and future senior unsecured obligations that are not expressly subordinated to such guarantor's guarantee of the applicable series of Senior U.S. Dollar Notes, rank senior in right of payment to any future obligations of such guarantor that are expressly subordinated to such guarantor's guarantee of the applicable series of Senior U.S. Dollar Notes, and are effectively subordinated to such guarantor's existing and future secured obligations to the extent of the value of the collateral securing such obligations. Such obligations are structurally subordinated to all of the existing and future liabilities, including trade payables, of the existing and future subsidiaries of such guarantor that do not guarantee the applicable series of Senior U.S. Dollar Notes.

The guarantees by Mylan Inc., Mylan II B.V. and Utah Acquisition Sub Inc. under the applicable series of Senior U.S. Dollar Notes will terminate under certain customary circumstances, each as described in the applicable indenture, including: (1) a sale or disposition of the applicable guarantor in a transaction that complies with the applicable indenture such that such guarantor ceases to be a subsidiary of the issuer of the applicable series of Senior U.S. Dollar Notes; (2) legal defeasance or covenant defeasance or if the issuer's obligations under the applicable indenture are discharged; (3) with respect to the Utah U.S. Dollar Notes, the earlier to occur of (i) with respect to the guarantee provided by Mylan Inc., (x) the release of Utah Acquisition Sub Inc.'s guarantee under all applicable Mylan Inc. Debt (as defined in the applicable indenture) and (y) Mylan Inc. no longer having any obligations in respect of any Mylan Inc. Debt and (ii) with respect to the guarantee provided by Mylan II B.V., (x) the release of Mylan II B.V.'s guarantee under all applicable Triggering Indebtedness (as defined in the applicable indenture) and (y) the issuer and/or borrower of the applicable Triggering Indebtedness no longer having any obligations with respect to such Triggering Indebtedness; (4) with respect to the guarantees provided by Utah Acquisition Sub Inc. and Mylan II B.V. of the Mylan Inc. U.S. Dollar Notes, subject to certain exceptions set forth in the applicable indenture, such guarantor ceasing to be a guarantor or obligor in respect of any Triggering Indebtedness; and (5) with respect to the Registered Upjohn Notes, (a) upon the applicable guarantor no longer being an issuer or guarantor in respect of (i) Mylan Notes (as defined in the indenture governing the Registered Upjohn Notes) that have an aggregate principal amount in excess of $500.0 million or (ii) any Triggering Indebtedness; in each case, other than in respect of indebtedness or guarantees, as applicable, that are being concurrently released; or (b) upon receipt of the consent of holders of a majority of the aggregate principal amount of the outstanding notes of such series in accordance with the indenture governing the Registered Upjohn Notes.

The guarantee obligations of Viatris Inc., Mylan Inc., Utah Acquisition Sub Inc., and Mylan II B.V. under the Senior U.S. Dollar Notes are subject to certain limitations and terms similar to those applicable to other guarantees of similar instruments, including that (i) the guarantees are subject to fraudulent transfer and conveyance laws and (ii) each guarantee is limited in amount to an amount not to exceed the maximum amount that can be guaranteed by the applicable guarantor without rendering the guarantee, as it relates to such guarantor, voidable under applicable fraudulent transfer and conveyance laws or similar laws affecting the rights of creditors generally.

The following table presents unaudited summarized financial information of Viatris Inc., Mylan Inc., Utah Acquisition Sub Inc., and Mylan II B.V. on a combined basis as of and for the six months ended June 30, 2023 and as of and for the year ended December 31, 2022. All intercompany balances have been eliminated in consolidation. This unaudited combined summarized financial information is presented utilizing the equity method of accounting.

(In millions)	Combined Summarized Balance Sheet Information of Viatris Inc., Mylan Inc., Utah Acquisition Sub Inc. and Mylan II B.V.	
	June 30, 2023	December 31, 2022
ASSETS		
Current assets	$ 518.0	$ 996.3
Non-current assets	62,097.7	61,972.6
LIABILITIES AND EQUITY		
Current liabilities	26,541.1	26,631.5
Non-current liabilities	15,231.4	15,265.2

(In millions)	Combined Summarized Income Statement Information of Viatris Inc., Mylan Inc., Utah Acquisition Sub Inc. and Mylan II B.V.	
	Six Months Ended June 30, 2023	Year Ended December 31, 2022
Revenues	$ —	$ —
Gross profit	—	—
Loss from operations	(488.2)	(1,132.4)
Net earnings	488.7	2,078.6

Other Commitments

The Company is involved in various disputes, governmental and/or regulatory inquiries, investigations and proceedings, tax proceedings and litigation matters, both in the U.S. and abroad, that arise from time to time, some of which could result in losses, including damages, fines and/or civil penalties, and/or criminal charges against the Company. These matters are often complex and have outcomes that are difficult to predict. We have approximately $180.7 million accrued for legal contingencies at June 30, 2023.

While the Company believes that it has meritorious defenses with respect to the claims asserted against it and the assumed legal matters referenced above, and intends to vigorously defend its position, the process of resolving these matters is inherently uncertain and may develop over a long period of time, and so it is not possible to predict the ultimate resolution of any such matter. It is possible that an unfavorable resolution of any of the ongoing matters could have a material effect on the Company's business, financial condition, results of operations, cash flows, ability to pay dividends and/or stock price.

In conjunction with the Combination, Viatris entered into a TSA with Pfizer pursuant to which each party will provide certain limited transition services to the other party generally for an initial period of 24 months from the closing date of the Combination. In addition to the monthly service fees under the TSA, Viatris agreed to reimburse Pfizer for fifty percent of the costs, up to the first $380 million incurred, to establish and wind down the TSA services. Viatris will be required to fully reimburse Pfizer for total costs in excess of $380 million. During the three and six months ended June 30, 2023, the Company incurred approximately $1.0 million and $4.7 million, respectively, related to this provision of the TSA and approximately $142.7 million during the period beginning on the closing date of the Combination and ended June 30, 2023. We expect to incur future costs related to the completion of the services. As of December 31, 2022, the Company has exited substantially all transition services with Pfizer.

In conjunction with the Biocon Biologics Transaction, Viatris and Biocon Biologics also entered an agreement pursuant to which Viatris is providing commercialization and certain other transition services on behalf of Biocon Biologics, including billings, collections, and the remittance of rebates, to ensure business continuity for patients, customers and colleagues. The original term of the transition services agreement was generally up to two years; however, the parties agreed to reduce the term of the transition services agreement to expire on December 31, 2023, subject to early termination of services at the discretion at Biocon Biologics and/or extensions until April 30, 2024 for certain services. Under the transition services agreement, Viatris is entitled to be reimbursed for its costs (subject to certain caps) plus a markup of $44 million for 2023. In the event services are provided after 2023 through April 30, 2024, Viatris is entitled to be reimbursed for its costs plus service-

based markups for such period. During the three and six months ended June 30, 2023, the Company recognized TSA income of approximately $46.9 million and $92.6 million, respectively, as a component of *Other (Income) Expense, Net*.

Application of Critical Accounting Policies

There have been no changes to the Critical Accounting Policies disclosed in Viatris' 2022 Form 10-K. The following discussion supplements our Critical Accounting Policy for Acquisitions, Intangible Assets, Goodwill and Contingent Consideration as it relates to the annual goodwill impairment test performed as of April 1, 2023.

The Company performed its annual goodwill impairment test on a quantitative basis for its five reporting units, North America, Europe, Emerging Markets, JANZ, and Greater China. In estimating each reporting unit's fair value, the Company performed an extensive valuation analysis, utilizing a discounted cash flow approach. The determination of the fair value of the reporting units requires the Company to make significant estimates and assumptions that affect the reporting unit's expected future cash flows. These estimates and assumptions, utilizing Level 3 inputs, primarily include, but are not limited to, the discount rate, terminal growth rates, operating income before depreciation and amortization, capital expenditures forecasts and control premiums.

When compared to the prior year's annual goodwill impairment test completed on April 1, 2022, the Company has experienced significant fluctuations in foreign exchange rates in certain international markets, combined with a significant increase in market interest rates. These market factors have caused the discount rate utilized in all our reporting units to increase between 1.0% to 4.5%, resulting in a significant reduction in the calculated fair values at April 1, 2023 for all our reporting units. Also, in conjunction with the Company's annual strategic planning process which included determining long-term growth rate targets for our business, operational results during the forecast period were reduced and long-term growth rates were increased. As a result of these changes, the calculated fair values of the North America, Greater China and Europe reporting units declined in excess of 10% and the JANZ and Emerging Markets reporting units declined in excess of 15% when compared to the prior year fair values.

As of April 1, 2023, the allocation of the Company's total goodwill was as follows: North America $3.15 billion, Europe $4.47 billion, Emerging Markets $1.34 billion, JANZ $0.68 billion and Greater China $0.94 billion.

As of April 1, 2023, the Company determined that the fair value of the North America and Greater China reporting units was substantially in excess of the respective unit's carrying value.

For the Europe reporting unit, the estimated fair value exceeded its carrying value by approximately $535 million or 3.9% for the annual goodwill impairment test. As it relates to the discounted cash flow approach for the Europe reporting unit at April 1, 2023, the Company forecasted cash flows for the next 10 years. During the forecast period, the revenue compound annual growth rate was approximately 2.4%. A terminal year value was calculated with a 2.0% revenue growth rate applied. The discount rate utilized was 11.0% and the estimated tax rate was 14.9%. If all other assumptions are held constant, a reduction in the terminal value growth rate by 1.0% or an increase in discount rate by 0.5% would result in an impairment charge for the Europe reporting unit.

For the JANZ reporting unit, the estimated fair value exceeded its carrying value by approximately $145 million or 5.5% for the annual goodwill impairment test. As it relates to the discounted cash flow approach for the JANZ reporting unit at April 1, 2023, the Company forecasted cash flows for the next 10 years. During the forecast period, the revenue compound annual growth rate was approximately negative 2.0%. A terminal year value was calculated with a 1.5% revenue growth rate applied. The discount rate utilized was 7.0% and the estimated tax rate was 30.6%. If all other assumptions are held constant, a reduction in the terminal value growth rate by 0.5% or an increase in discount rate by 0.5% would result in an impairment charge for the JANZ reporting unit.

For the Emerging Markets reporting unit, the estimated fair value exceeded its carrying value by approximately $513 million or 7.7% for the annual goodwill impairment test. As it relates to the discounted cash flow approach for the Emerging Markets reporting unit at April 1, 2023, the Company forecasted cash flows for the next 10 years. During the forecast period, the revenue compound annual growth rate was approximately 1.8%. A terminal year value was calculated with a 2.0% revenue growth rate applied. The discount rate utilized was 11.5% and the estimated tax rate was 17.4%. If all other assumptions are held constant, a reduction in the terminal value growth rate by 2.5% or an increase in discount rate by 1.0% would result in an impairment charge for the Emerging Markets reporting unit.

Due to the inherent uncertainty involved in making these estimates, actual results could differ from those estimates. In addition, changes in underlying assumptions, especially as they relate to the key assumptions detailed, could have a significant impact on the fair value of the reporting units.

ITEM 3. *QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK*

For a discussion of the Company's market risk, see "Item 7A. Quantitative and Qualitative Disclosures about Market Risk" in Viatris' 2022 Form 10-K.

ITEM 4. *CONTROLS AND PROCEDURES*

An evaluation was performed under the supervision and with the participation of the Company's management, including the Principal Executive Officer and the Principal Financial Officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures as of June 30, 2023. Based upon that evaluation, the Principal Executive Officer and the Principal Financial Officer concluded that the Company's disclosure controls and procedures were effective.

Management has not identified any changes in the Company's internal control over financial reporting ("ICFR") that occurred during the second quarter of 2023 that have materially affected, or are reasonably likely to materially affect, the Company's ICFR.

PART II — OTHER INFORMATION

ITEM 1. *LEGAL PROCEEDINGS*

For information regarding legal proceedings, refer to Note 18 *Litigation*, in the accompanying Notes to interim financial statements in this Form 10-Q.

ITEM 1A. *RISK FACTORS*

There have been no material changes in the Company's risk factors from those disclosed in Viatris' 2022 Form 10-K.

ITEM 2. *UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS*

There were no repurchases of the Company's common stock during the three months ended June 30, 2023. Refer to Part I, Item 2. *Management's Discussion and Analysis of Financial Condition and Results of Operations– Recent Developments* of this Form 10-Q for additional information regarding the Company's authorized share repurchase program.

ITEM 5. *OTHER INFORMATION*

Trading Arrangements

On June 15, 2023, Andrew Cuneo, President, JANZ and Emerging Markets, adopted a written plan intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) of the Exchange Act. The plan provides for the sale of up to 20,000 shares of the Company's common stock until all such shares are sold or June 7, 2024, whichever comes first.

ITEM 6. *EXHIBITS*

2.1	Omnibus Amendment No. 1, effective as of May 17, 2023, by and among Viatris Inc., Biocon Biologics UK Limited, Biosimilar Collaborations Ireland Limited, Biosimilars Newco Limited, and Biocon Biologics Limited.
10.1	LIBOR Transition Amendment, dated as of April 28, 2023, to the Amended and Restated Revolving Credit Agreement, dated as of July 1, 2021, among Viatris Inc., the guarantors from time to time party thereto, the lenders and issuing banks from time to time party thereto and Bank of America, N.A., as administrative agent, filed by Viatris Inc. as Exhibit 10.4 to the Form 10-Q for the quarter ended March 31, 2023, and incorporated herein by reference.^
10.2	Transition and Advisory Agreement and Release, dated May 19, 2023, by and between Viatris Inc. and Robert J. Coury.*
22	List of subsidiary guarantors and issuers of guaranteed securities, filed by Viatris Inc. as Exhibit 22 to the Form 10-Q for the quarter ended March 31, 2023, and incorporated herein by reference.
31.1	Certification of Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32	Certification of Principal Executive Officer and Principal Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	Inline XBRL Instance Document
101.SCH	Inline XBRL Taxonomy Extension Schema
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase
101.DEF	Inline XBRL Taxonomy Definition Linkbase
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase
104	Cover Page Interactive Data File - the cover page interactive data file does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document (included in Exhibit 101).

* Denotes management contract or compensatory plan or arrangement.

^ Annexes, schedules and/or exhibits have been omitted pursuant to Item 601(a)(5) of Regulation S-K. Viatris agrees to furnish supplementally a copy of any omitted attachment to the SEC on a confidential basis upon request.

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.

Viatris Inc.

By: /s/ SCOTT A. SMITH

Scott A. Smith
Chief Executive Officer
(Principal Executive Officer)

August 7, 2023

/s/ SANJEEV NARULA

Sanjeev Narula
Chief Financial Officer
(Principal Financial Officer)

August 7, 2023

Exhibit 2.1

OMNIBUS AMENDMENT NO. 1

This OMNIBUS AMENDMENT NO. 1, effective as of May 17, 2023 (this "Amendment"), is by and among Viatris Inc., a Delaware corporation ("Viatris"), Biocon Biologics UK Limited, a U.K. private limited company ("Biocon UK"), Biosimilar Collaborations Ireland Limited, an Irish private limited company ("Biosimilar Collaborations"), Biosimilars Newco Limited, a U.K. private limited company ("Biosimilars Newco"), and Biocon Biologics Limited, a public limited company incorporated under the Indian Companies Act, 2013 ("Biocon"). Each of the parties hereto is referred to individually as a "Party" and collectively as the "Parties."

RECITALS

WHEREAS, Viatris and Biocon are parties to that certain Transaction Agreement, dated as of February 27, 2022, as amended by that certain Amendment No. 1 to Transaction Agreement, dated as of November 28, 2022, by and between Viatris and Biocon (the "Transaction Agreement");

WHEREAS, Viatris and Biocon UK are parties to that certain letter agreement, dated as of February 27, 2022, relating to payments of Closing Working Capital, as amended by that certain Amendment No. 1 to Letter Agreement, dated as of November 29, 2022, by and between Viatris and Biocon UK (the "Working Capital Letter");

WHEREAS, Viatris, Biocon UK, Biosimilar Collaborations, Biosimilars Newco and Biocon are parties to that certain Transition Services Agreement, dated as of November 29, 2022 (the "Transition Services Agreement" and, collectively with the Transaction Agreement and the Working Capital Letter, the "Specified Documents"); and

WHEREAS, the Parties desire to amend each of the Specified Documents in accordance with the terms set forth herein.

NOW, THEREFORE, in consideration of the premises and the representations, warranties, covenants and agreements contained in this Amendment and the Specified Documents, and subject to the conditions set forth herein and therein, the Parties hereby agree as follows:

1. Capitalized Terms. Unless otherwise indicated herein, capitalized terms which are used but not otherwise defined herein shall have the respective meanings ascribed to such terms in the Transaction Agreement.

2. Amendments to the Transaction Agreement.

(a) Section 1.07(a) of the Transaction Agreement is hereby amended and restated in its entirety:

> "(a) if the Adjustment Amount is positive, then Buyer shall cause the Subsidiary Buyer to pay to the Irish Seller and the ROW Acquired Company to pay to the ROW Seller, as applicable (with the allocation between the Irish Seller and the ROW Seller in accordance with Section 1.03 being designated in writing by Seller Parent within three (3) Business Days after the Binding Closing Statement Date, or, if the

Binding Closing Statement Date occurs prior to March 3, 2023, on or prior to March 3, 2023), by wire transfer of immediately available funds to account(s) designated in writing by Seller Parent within three (3) Business Days after the Binding Closing Statement Date, or, if the Binding Closing Statement Date occurs prior to March 3, 2023, on or prior to March 3, 2023, an amount equal to such Adjustment Amount;"

(b) Section 1.07(b) of the Transaction Agreement is hereby amended and restated in its entirety:

"(b) if the Adjustment Amount is negative, then Seller Parent shall cause the ROW Seller to pay to the ROW Acquired Company and the Irish Seller to pay to the Subsidiary Buyer, as applicable (with the allocation between the Irish Seller and the ROW Seller in accordance with Section 1.03 being designated in writing by Seller Parent within three (3) Business Days after the Binding Closing Statement Date, or, if the Binding Closing Statement Date occurs prior to March 3, 2023, on or prior to March 3, 2023), by wire transfer of immediately available funds to an account designated in writing by Buyer within three (3) Business Days after the Binding Closing Statement Date, or, if the Binding Closing Statement Date occurs prior to March 3, 2023, on or prior to March 3, 2023, an amount equal to the absolute value of such Adjustment Amount; and"

(c) Section 1.09(b) of the Transaction Agreement is hereby amended by replacing the words "for a period of the later of (i) two (2) years after the Closing Date and (ii) the termination or expiration of all Transition Services" with the words "for a period until the termination or expiration of all Transition Services".

(d) Section 9.02 of the Transaction Agreement is hereby amended by amending and restating the following definitions:

"Closing Working Capital" means the amount of (a) total current assets of the Business (for the avoidance of doubt, including any Transferred Assets constituting current assets but not transferred to the Business Companies as a result of Section 1.09), on a consolidated basis, as of the Reference Time, minus (b) total current liabilities of the Business (for the avoidance of doubt, including any Assumed Liabilities constituting current liabilities but not transferred to the Business Companies as a result of Section 1.09), on a consolidated basis, as of the Reference Time, each as calculated in accordance with the Accounting Principles, but including only the line items and applying the procedures and adjustments contained in the example calculation set forth in Section 9.02(e) of the Seller Parent Disclosure Letter (which is provided for purposes of illustrating such line items, procedures and adjustments); provided, however, that Closing Working Capital shall not include (A) any Assumed Indebtedness or (B) any Seller Parent/Buyer Contracts Amounts.

"Working Capital Closing Transfer Amount" means:

(a) if the Closing Working Capital is greater than the Working Capital Target, an amount equal to $0 (zero dollars);

(b) if the Closing Working Capital is a negative number, an amount equal to (i) $0 (zero dollars), minus (ii) the absolute value of the Closing Working Capital; and

(c) if the Closing Working Capital is between $0 (zero dollars) and the Working Capital Target, an amount equal to the Closing Working Capital.

"Working Capital Target" means $250,000,000 (two hundred fifty million dollars).

(e) The Parties agree that for all purposes of the Transaction Agreement: (i) the Closing Working Capital shall be deemed to equal $32,227,703 (thirty-two million two hundred twenty-seven thousand seven hundred three dollars); (ii) the Assumed Indebtedness Amount shall be deemed to equal $0 (zero dollars); (iii) the Closing Collaboration Adjustment Amount shall be deemed to equal $(54,666,105) (negative fifty-four million six hundred sixty-six thousand one hundred five dollars); (iv) as a result of the foregoing, the Adjustment Amount shall be deemed to equal ($22,438,402) (negative twenty-two million four hundred thirty-eight thousand four hundred two dollars); and (v) the Binding Closing Statement Date shall be the date hereof.

(f) Clause (xi) of Annex B is hereby deleted in its entirety.

(g) For the avoidance of doubt, the Parties acknowledge and agree that, prior to the date of this Amendment, (i) the current assets and current liabilities of the Business included in the calculation of the Closing Working Capital have been transferred to Biosimilars Newco and (ii) the ROW Seller paid, pursuant to Section 1.07(b) of the Transaction Agreement, to Biosimilars Newco an amount equal to the absolute value of the Adjustment Amount.

(h) The fourth sentence of Section (iv) of Annex D of the Transaction Agreement is hereby amended and restated in its entirety:

"The BMC will hold monthly meetings commencing in the first month after the date of this Agreement until one (1) year after the date of this Agreement and quarterly meetings thereafter until the termination or expiration of all Transition Services, unless the Parties mutually agree in writing to a different frequency."

(i) The third sentence of Section (v) of Annex D of the Transaction Agreement is hereby amended and restated in its entirety:

"The IMO will hold monthly meetings commencing in the first month after the date of this Agreement until one (1) year after the date of this Agreement and quarterly meetings thereafter until the termination or expiration of all Transition Services, unless the Parties mutually agree in writing to a different frequency."

3. Amendments to the Working Capital Letter.

(a) Paragraph 1 of the Working Capital Letter is hereby amended by amending and restating the following definition:

"Specified WC/Cash" means an amount of cash equal to the Working Capital Target."

(b) Paragraph 2 of the Working Capital Letter is hereby deleted in its entirety.

(c) For the avoidance of doubt, the Parties acknowledge and agree that Specified WC/Cash shall not be reduced by the amount of the Closing Working Capital transferred to Biosimilars Newco.

4. Amendment to the Transition Services Agreement.

(a) Section 1.01 of the Transition Services Agreement is hereby amended by amending and restating the following definitions:

"Applicable Cap" means (i) for calendar year 2022, $187,000,000 (one hundred eighty-seven million dollars) and (ii) for calendar year 2023, $139,000,000 (one hundred thirty-nine million dollars).

"Services" means the services to be provided by the Seller Parent Group, which comprise the services identified (i) in Schedule A (for the avoidance of doubt, including any Omitted Services and any Additional Services added to Schedule A in accordance with Section 2.01(c) and Section 2.01(d), respectively) and (ii) in Schedule G.

(b) Section 1.01 of the Transition Services Agreement is hereby amended by adding the following definitions:

"Key Information" means (i) the material Business Records and (ii) true, correct and complete copies of the material Customer Contracts, in the case of each of clauses (i) and (ii), that are (A) required for the Buyer Group to materially achieve Migration in the European Union by December 31, 2023 and (B) required to be delivered by Seller Parent to the Buyer Group pursuant to the Transaction Agreement or the Transition Services Agreement.

"Wind-Down Activities" means any and all activities that are obligations of the Seller Parent Group set forth in the Migration Plan, or as otherwise mutually agreed in writing by the Parties at least seventy five (75) days prior to December 31, 2023."

(c) Section 2.01(a) of the Transition Services Agreement is hereby amended by adding the words "and Schedule G" immediately preceding the words "constitute all of the Services".

(d) Section 2.01 of the Transition Services Agreement is hereby amended by adding the following new paragraphs (e) and (f) immediately after paragraph (d) thereof:

"(e) If a Buyer Party identifies any Service that is described on Schedule G that a Buyer Party wishes the Seller Parent Group to provide after December 31, 2023 (the "Essential Financial Services"), a Buyer Party must notify Seller Parent in writing of its request for the Seller Parent Group to provide such Essential Financial Service at least seventy five (75) days prior to December 31, 2023. In the event an Essential Financial Service is extended, Buyer and Seller Parent shall jointly instruct the PIMC to update the Migration Plan as appropriate.

(f) If a Buyer Party identifies any Service (other than any Essential Financial Service) that is described on Schedule A that a Buyer Party wishes the Seller Parent Group to provide after December 31, 2023 (the "Requested Extended Services"), a Buyer Party must notify Seller Parent in writing of its request for the Seller Parent Group to provide such Requested Extended Services at least seventy five (75) days prior to December 31, 2023 and Seller Parent shall consider in good faith such request and shall have the right to decide in its sole discretion whether to provide such Requested Extended Services. If Seller Parent agrees in its sole discretion to provide such Requested Extended Services, Buyer and Seller Parent shall jointly instruct the PIMC to update the Migration Plan as appropriate."

(e) Section 2.04(a) of the Transition Services Agreement is hereby amended by replacing the third sentence thereof with the following sentences:

"Buyer shall deliver to Seller Parent, no later than March 31, 2023, a draft of the plan to achieve Migration by December 31, 2023, which plan shall (i) include Seller Parent's obligations to make the Key Personnel available to Subsidiary Buyer as reasonably necessary to plan, coordinate and achieve Migration and (ii) not include any obligations of Seller Parent that are contemplated by the Services set forth in Schedule A or Schedule G or the Excluded Services set forth in Schedule E (as it may be updated from time to time in accordance with this Section 2.04(a), the "Migration Plan"). The Migration Plan shall also include the transfer to the Buyer Group of each Regulatory Approval for the Products, in each case with expected timelines and on a country-by-country basis. Following delivery of the draft Migration Plan to Seller Parent, Seller Parent shall have a reasonable opportunity to review and comment on the Migration Plan."

(f) Section 2.08 of the Transition Services Agreement is hereby amended by adding the words "or Schedule G" after the words "Schedule A".

(g) Section 3.01 of the Transition Services Agreement is hereby amended and restated in its entirety as follows:

"SECTION 3.01. Compensation for Services. As compensation for the Services rendered in any month, Subsidiary Buyer shall cause the Service Recipients to pay to the Service Providers (a) the Cost of Services for any Services rendered in such month (the "Cost Reimbursement"), plus (b) (i) from the Effective Date until December 31, 2023, the Monthly Mark-Up for such month and (ii) following December 31, 2023 (A) a mark-up of eighteen percent (18%) of the Cost of Services for any Essential Financial Services and (B) a mark-up of twenty-five percent

(25%) of the Cost of Services for any Requested Extended Services that Seller Parent agrees to provide in accordance with Section 2.01(f) and any Services extended in accordance with clause (b) of the proviso in Section 4.01 rendered in such month (this clause (b), the "Mark-Ups"); provided that, notwithstanding anything to the contrary herein, (x) in no event shall the Monthly Mark-Up be paid for fewer than thirteen (13) months, regardless of the Services rendered (or not rendered) in such months, (y) in no event shall the Cost of Services for calendar year 2022 or 2023 exceed the Applicable Cap for such calendar year and (z) in no event shall the Mark-Up be paid in respect of any Essential Financial Service or Requested Extended Service, in each case directly attributable to Seller Parent's failure to provide the Key Information by December 31, 2023; provided that the Buyer Group has given Seller Parent written notice of any such missing Key Information with specificity at least seventy-five (75) days prior to December 31, 2023, which notice shall specify the Essential Financial Service or Requested Extended Service to which the missing Key Information relates. For the avoidance of doubt, the Cost of Services shall not include costs and expenses to the extent incurred by the Seller Parent Group exclusively in performing the Wind-Down Activities. If any sum due for payment by any Party under this Section 3.01 is not paid by the due date for such payment in accordance with this Agreement, then such Party shall pay the other Party Default Interest on that sum from, but excluding, the due date to, but excluding, the date of actual payment."

(h) Section 4.01 of the Transition Services Agreement is hereby amended and restated in its entirety as follows:

"SECTION 4.01. Term. This Agreement is effective as of the Effective Date and shall remain in effect until, and each Service shall terminate on, December 31, 2023 (such period, including to the extent it may be extended pursuant to clause (b) of the immediately succeeding proviso, the "Term"); provided that, (a) solely with respect to each particular Service, this Agreement shall terminate upon the earlier of (i) the Applicable Termination Date for such Service and (ii) termination of such Service in accordance with Section 2.04 or 4.02, (b) in the event a Regulatory Approval for any Product could not transfer to the Buyer Group on or prior to December 31, 2023 due to delayed or prohibited (provided that the prohibition is not permanent) approval by the applicable Regulatory Authority (including due to inaction by such Regulatory Authority, but not if such transfer has been permanently prohibited by such Regulatory Authority), then, at the option of the Buyer Group, all or certain Services to the extent related to such Product under this Agreement shall continue until the earlier to occur of (i) the transfer of such Regulatory Approval to the Buyer Group and (ii) April 30, 2024 and (c) the Essential Financial Services and the Requested Extended Services, to the extent provided after December 31, 2023 in accordance with this Agreement, shall terminate on April 30, 2024. Notwithstanding the foregoing clause (b), in the event that any Regulatory Approval could not transfer to the Buyer Group on or prior to December 31, 2023, or at any time is permanently prohibited from being transferred to the Buyer Group by a Regulatory Authority, the Parties shall work together in good faith to find an alternative solution to transfer the benefits and burdens of such Regulatory Approval to the Buyer Group."

(i) Section 1.1(a) of Schedule A of the Transition Services Agreement is hereby amended by replacing the words "twenty-four (24) months from and after the Closing Date" with "December 31, 2023".

(j) The fifth bullet point of Item 5 of Section 3 (Commercial) of Schedule A of the Transition Services Agreement is hereby amended and restated in its entirety as follows:

"Customer Contract Transition Period" means, for each Customer Contract, the period beginning on the Effective Date and ending on the earlier of (i) the Customer Contract Termination Date or (ii) the transition of such Customer Contract to the Buyer Group (whether through assignment of such Customer Contract to the Buyer Group, through the entry by the Buyer Group of a new Contract with the applicable customer, or otherwise).

"Customer Contract Termination Date" means, for each Customer Contract, the earlier of (i) December 31, 2023 and (ii) the date of the termination of other Services in the jurisdiction to which such Customer Contract relates."

(k) The first sentence of sub-bullet 3 of the eighth bullet point of Item 5 of Section 3 (Commercial) of Schedule A of the Transition Services Agreement is hereby amended and restated in its entirety as follows:

"For any Customer Contract not assigned pursuant to the immediately preceding bullet (the "Non-Assigned Customer Contracts"), prior to the Customer Contract Termination Date, the Parties shall use reasonable best efforts to help facilitate Buyer Group's negotiation of a new Contract with the applicable customer (and the concurrent termination of the corresponding existing Customer Contract)."

(l) Sub-bullet 4 of the eighth bullet point of Item 5 of Section 3 (Commercial) of Schedule A of the Transition Services Agreement is hereby amended and restated in its entirety as follows:

"Notwithstanding anything to the contrary in the immediately preceding bullet, to the extent that a new Contract is not so entered prior to the Customer Contract Termination Date but the Non-Assigned Customer Contract has a term extending beyond the Customer Contract Termination Date and is not assignable, then (i) with respect to any such Non-Assigned Customer Contract entered pursuant to tenders, the Seller Parent Group will continue to provide services with respect to such Non-Assigned Customer Contract to the extent that the Seller Parent Group employees necessary to provide such services have not transferred to the Buyer Group; provided, that the Buyer Group shall reimburse Seller Parent Group for any and all costs and expenses incurred by the Seller Parent Group in connection with such services; and (ii) with respect to any other Non-Assigned Customer Contract, the Parties will discuss in good faith the extension of the Seller Parent Group's services with respect to such Non-Assigned Customer Contract, including appropriate economic terms for any such services."

(m) The Parties acknowledge and agree that, regardless of any Termination/Reduction Notice or Termination/Reduction Response, (i) the Services set forth in the eighth bullet point of Item 5 of Section 3 (Commercial) of Schedule A of the Transition Services Agreement shall survive until April 30, 2024, (ii) no Termination/Reduction Notice or Termination/Reduction Response shall result in (A) the provision of any Omitted Service or Additional Service or (B) any modification to the manner in which any Service is provided and (iii) notwithstanding anything to the contrary in the Transition Services Agreement, this Amendment or any Termination/Reduction Notice or Termination/Reduction Response, the Transition Services Agreement and all Services thereunder shall terminate on April 30, 2024.

(n) The first bullet point of Item 8 of Section 3 (Commercial) of Schedule A of the Transition Services Agreement is hereby amended and restated in its entirety as follows:

"Continue to administer the US PAP in collaboration with the Buyer Group until the earlier of (i) September 1, 2023 and (ii) the date that the Buyer Group builds or obtains a PAP solution."

(o) The Transition Services Agreement is hereby amended by adding Schedule G as a new schedule to the Transaction Services Agreement in the form of Schedule 1 hereto.

5. General.

(a) Effect of Amendment. Each Party acknowledges and agrees that this Amendment constitutes an instrument in writing on behalf of each of the Parties in accordance with Section 9.05 of the Transaction Agreement, Section 7 of the Working Capital Letter and Section 7.06 of the Transition Services Agreement. For the avoidance of doubt, references to (i) the date of the Transaction Agreement, and references to the "date hereof", "the date of this Agreement" or words of similar meaning in the Transaction Agreement shall continue to refer to February 27, 2022 and (ii) the date of the Transition Services Agreement, and references to the "date hereof", "the date of this Agreement" or words of similar meaning in the Transition Services Agreement shall continue to refer to November 29, 2022.

(b) Limited Amendment. Except as expressly set forth in paragraphs 2, 3 and 4 above, this Amendment shall not be deemed to amend, waive, affect or otherwise alter any term or provision of the Specified Documents or the other Transaction Documents, and all terms and provisions of the Specified Documents and the other Transaction Documents shall continue in full force and effect.

(c) Miscellaneous. The provisions set forth in Sections 9.01, 9.04 through 9.15 and 9.18 of the Transaction Agreement shall apply to this Amendment, *mutatis mutandis*, and are hereby incorporated by reference as if fully set forth herein.

[*Remainder of page intentionally left blank*]

IN WITNESS WHEREOF, the Parties have duly executed this Amendment, all as of the date first written above.

VIATRIS INC.

By: /s/ Anil Amin

Name: Anil Amin
Title: Chief Business Development Officer

WITNESS WHEREOF, the Parties have duly executed this Amendment, all as of the date first written above.

BIOCON BIOLOGICS UK LIMITED

By: /s/ Shreehas P. Tambe

Name: Shreehas P. Tambe
Title: Authorized Signatory

BIOCON BIOLOGICS UK LIMITED

By: /s/ Chinappa M B

Name: Chinappa M B
Title: Authorized Signatory

IN WITNESS WHEREOF, the Parties have duly executed this Amendment, all as of the date first written above.

BIOSIMILAR COLLABORATIONS IRELAND LIMITED

By: /s/ Shreehas P Tambe

_____

Name: Shreehas P Tambe
Title: Authorized Signatory

BIOSIMILAR COLLABORATIONS IRELAND LIMITED

By: /s/ Chinappa M B

_____

Name: Chinappa M B
Title: Authorized Signatory

IN WITNESS WHEREOF, the Parties have duly executed this Amendment, all as of the date first written above.

BIOSIMILARS NEWCO LIMITED

By: /s/ Shreehas P Tambe

_____

Name: Shreehas P Tambe
Title: Authorized Signatory

BIOSIMILARS NEWCO LIMITED

By: /s/ Chinappa M B

_____

Name: Chinappa M B
Title: Authorized Signatory

IN WITNESS WHEREOF, the Parties have duly executed this Amendment, all as of the date first written above.

BIOCON BIOLOGICS LIMITED

By: /s/ Shreehas P Tambe

_____

Name: Shreehas P Tambe
Title: Authorized Signatory

BIOCON BIOLOGICS LIMITED

By: /s/ Chinappa M B

_____

Name: Chinappa M B
Title: Authorized Signatory

[*Signature Page to Omnibus Amendment No. 1*]

Schedule 1

Schedule G

Essential Financial Services

- Collection of all accounts receivable in respect of the Business.
- Settling all receivables and payables with customers and vendors in respect of the Business.
- Reconciliations for Products sold in all markets.

Exhibit 10.2

TRANSITION AND ADVISORY AGREEMENT AND RELEASE

This TRANSITION AND ADVISORY AGREEMENT AND RELEASE (this "Agreement") is entered into and effective as of May 19, 2023, by and between Viatris Inc. ("Viatris" or the "Company") and Robert J. Coury ("Executive").

WHEREAS, the Executive has served as Executive Chairman of the Company since it became a publicly-traded corporation on November 16, 2020 and prior to such date served in several leadership roles for Mylan N.V. and Mylan Inc., including as Executive Chairman and Chief Executive Officer, for approximately twenty years;

WHEREAS, the Company and the Executive are party to an Executive Employment Agreement, dated as of November 20, 2020 (the "Employment Agreement"), which was unanimously approved by the Compensation Committee of the Board of Directors of the Company and the independent members of the Board of Directors of the Company;

WHEREAS, the Board of Directors of the Company (the "Board") and the Executive have mutually agreed that the Executive will not stand for re-election to the Board at the 2023 Annual Meeting of Shareholders (the "2023 Annual Meeting") and will cease to serve as a director or employee of the Company as of the close of the 2023 Annual Meeting;

WHEREAS, based on past experiences with the Executive, the Board believes leveraging the Executive's deep knowledge and industry experience will continue to benefit the Company and its stockholders; and

WHEREAS, at the request of the Board and the Chief Executive Officer of the Company, the Executive has agreed to serve as a Senior Strategic Advisor with the title of Chairman Emeritus through the date the Employment Agreement otherwise would have expired on December 31, 2025 (the "Advisory Period") to promote a transition of roles and responsibilities and so that, among other matters, the Board and the Company may continue to benefit from the Executive's strategic advice and guidance and critical relationships in the healthcare industry and otherwise.

NOW, THEREFORE, in consideration of the mutual promises made herein and intending to be legally bound, the parties hereby agree as follows:

1. Termination of Board Service and Employment Relationship. The Executive shall not be nominated for re-election to the Board at the 2023 Annual Meeting. Effective as of the close of the 2023 Annual Meeting (the "Transition Time"), the Executive shall cease to serve on the Board and also shall cease to serve as Executive Chairman or as an employee or director in any capacity for Viatris and its subsidiaries and affiliates.

2. Rights as a Result of Termination of Board Service and Employment Relationship. Viatris and the Executive acknowledge and agree that Executive's cessation of employment at the Transition Time shall be considered a separation for "Good Reason" as defined in the Employment Agreement and is intended to constitute a "separation from service" under Section 409A of the Internal Revenue Code of 1986, as amended (the "Code"), with respect to such employment for all purposes of the Employment Agreement and any other employee benefit plans or

programs sponsored or maintained by Viatris. For purposes of clarity, the payments and benefits to which Executive is entitled upon such cessation of employment under the Employment Agreement, the Viatris 2020 Stock Incentive Plan (the "LTIP") or other employee benefit plans or programs sponsored or maintained by Viatris include, but are not limited to, those set forth on Exhibit A.

3. "Chairman Emeritus" Title and Senior Strategic Advisor Role. To promote an effective transition of roles and responsibilities and in light of the Executive's long and successful tenure with Viatris and Mylan and his unique knowledge of the healthcare industry, at the request of the Board and the Chief Executive Officer, the Executive hereby agrees to remain available to the Board as a Senior Strategic Advisor with the honorary title of "Chairman Emeritus" through the Advisory Period. During the Advisory Period, the Executive shall report to the Executive Committee of the Board. The advisory services will be performed at such times as are reasonably requested by the Board after reasonable consultation with the Executive. Executive acknowledges and agrees that his status at all times during the Advisory Period shall be that of an independent contractor, and that the Executive shall have the right to control and determine the method and means of performing the advisory services. The Company also acknowledges and agrees that the Executive may perform the advisory services through a limited liability company or subchapter S corporation.

In satisfaction of the future compensation and other entitlements to which the Executive otherwise would have been entitled for services throughout the remaining term of the Employment Agreement, the Executive shall be entitled to the compensation set forth below during the Advisory Period for the advisory services herein:

(a) Advisory Retainer. The Executive shall receive an annual retainer equal to $15 million, paid in monthly installments in advance on the first business day of each month during the Advisory Period.

(b) Certain Resources. The Executive shall continue to receive such resources as were provided to him immediately prior to the Transition Time. Because of persistent and serious security concerns, during the Advisory Period, the Executive shall continue to be entitled to use of the Company's aircraft, transportation and personal security services consistent with current use and services. The Company shall reimburse the Executive for all ordinary and necessary business expenses in accordance with established Company policy and procedures. In addition, during the Advisory Period, the Company shall provide the Executive with office space and an executive assistant consistent with those currently provided by the Company, and the Executive shall be entitled to retain all electronic devices and computers he holds as of the Transition Time, in each case to assist the Executive in the performance of his advisory duties hereunder.

4. Confidentiality Obligations. The Executive recognizes and acknowledges that the business interests of the Company require a confidential relationship between the Company and the Executive and the fullest protection and confidential treatment of the financial data, customer information, supplier information, market information, marketing and/or promotional techniques and methods, pricing information, purchase information, sales policies, employee lists, policy and procedure information, records, advertising information, computer records, trade secrets, know-how, plans and programs, sources of supply and other knowledge of the business of the Company (all of which are hereinafter jointly termed "Confidential Information") which have been or may in whole or in part be conceived, learned or obtained by the Executive

in the course of the Executive's employment with Viatris prior to the Transition Time and continued advisory service following the Transition Time. Accordingly, the Executive agrees to keep secret and treat as confidential all Confidential Information whether or not copyrightable or patentable, and agrees not to knowingly use or aid others in learning of or using any Confidential Information except in the ordinary course of business and in furtherance of the Company's interests. During the period the Executive remains an advisor to the Board and at all times thereafter, except insofar as the Executive believes in good faith that disclosure is consistent with the Company's business interests:

(a) the Executive will not knowingly disclose any Confidential Information to anyone outside the Company;

(b) the Executive will not make copies of or otherwise knowingly disclose the contents of documents containing or constituting Confidential Information;

(c) as to documents which are delivered to the Executive or which are made available to him as a necessary part of the working relationships and advisor duties within the business of the Company, the Executive will treat such documents confidentially and will treat such documents as proprietary and confidential, not to be knowingly reproduced, disclosed or used without appropriate authority of the Company;

(d) the Executive will not knowingly advise others that the information and/or know-how included in Confidential Information is known to or used by the Company; and

(e) the Executive will not in any manner knowingly disclose or use Confidential Information for the Executive's own account and will not knowingly aid, assist or abet others in the use of Confidential Information for their account or benefit, or for the account or benefit of any person or entity other than the Company.

The obligations set forth in this paragraph are in addition to any other agreements the Executive may have with the Company and any and all rights the Company may have under state or federal statutes or common law. Anything herein to the contrary notwithstanding, the provisions of this section shall not apply (i) when disclosure is required by law or by any court, arbitrator, mediator or administrative or legislative body (including any committee thereof) with actual or apparent jurisdiction to order the Executive to disclose or make accessible any information, (ii) with respect to any other litigation, arbitration or mediation involving this Agreement or other agreement between the Company and the Executive, including, but not limited to, the enforcement of any such agreement, (iii) as to information that becomes generally known to the public or within the relevant trade or industry other than due to the Executive's violation of this section or (iv) as to information that is or becomes available to the Executive on a non-confidential basis from a source which is entitled to disclose it to the Executive.

5. Restrictive Covenants. The restrictive covenants set forth in Section 5 of the Employment Agreement shall remain in full force and effect pursuant to their existing terms, with the Transition Time considered the date of Termination of Employment under such provisions. Notwithstanding the foregoing, the Company acknowledges and agrees that, (i) the Executive may provide services on behalf of a business or organization that does not itself sell products or provide services that competes with the Company but invests in one or more businesses or organizations that

does sell such products or provide such services, such as, by way of example, a private or state-owned investment fund, and (ii) in any case, in the event the Executive seeks a consent or waiver in connection with the Non-Competition obligations in Section 5 of the Employment Agreement, such consent shall not be unreasonably withheld, conditioned or delayed.

6. Severability. Should a court of competent jurisdiction determine that any section or sub-section of this Agreement is unenforceable because one or all of them are vague or overly broad, the parties agree that this Agreement may and shall be enforced to the maximum extent permitted by law. It is the intent of the parties that each section and sub-section of this Agreement be a separate and distinct promise and that unenforceability of any one subsection shall have no effect on the enforceability of another.

7. Termination of Advisory Period.

(a) The Executive may terminate the Advisory Period for any reason on no less than thirty (30) days' written notice to the Company. During the thirty-day (30) period following the date on which the Executive gives notice, the Executive will continue to make himself available to effect a smooth and effective transition to the person (if any) who will replace the Executive. The Company reserves the right to accelerate the effective date of the Executive's resignation. Notwithstanding the foregoing, if the Executive resigns with Good Reason (as defined below), he shall be entitled to resign immediately upon written notice to the Company and without any obligation to provide transition services. Except as set forth below with respect to a resignation for Good Reason, death or Disability, in the event the Executive exercises such termination right, the Company shall have no further obligations to the Executive under Section 3 of this Agreement.

(b) The Company may terminate the Executive's advisory services for Cause. For purposes of this Agreement, "Cause" shall mean the occurrence of (i) the Executive's willful and continued gross neglect of duties under this Agreement (other than resulting from incapacity due to physical or mental illness or following the Executive's delivery of a notice of termination for Good Reason (as defined herein)), (ii) the willful commission by the Executive of a felony that is materially and demonstrably injurious to the Company or (iii) the willful engaging by the Executive in gross misconduct in connection with his advisory services with the Company that is materially and demonstrably injurious to the Company which, in the case of clauses (i) and (iii), has not been cured within 30 days after a written notice is delivered to the Executive by the Board that specifically identifies the manner in which the Board believes that the Executive has willfully and continuously grossly neglected his duties under this Agreement or has willfully engaged in gross misconduct in connection with his advisory capacity with the Company that is materially and demonstrably injurious to the Company. No act, or failure to act, on the part of the Executive shall be considered "willful" unless it is done, or omitted to be done, by the Executive in bad faith or without the belief that the Executive's action or omission was in the best interests of the Company. Any act, or failure to act, based upon authority given pursuant to a resolution duly adopted by the Board or based upon the advice of counsel for the Company shall be conclusively presumed to be done, or omitted to be done, by the Executive in good faith and in the best interests of the Company. The cessation of advisory services of the Executive shall not be deemed to be for Cause unless and until there shall have been delivered to the

Executive a copy of a resolution duly adopted by the affirmative vote of not less than three-quarters of the entire membership of the Board at a meeting of the Board called and held for such purpose (after reasonable notice is provided to the Executive and the Executive is given an opportunity, together with counsel for the Executive, to be heard before the Board), finding that, in the good-faith opinion of the Board, Cause exists and specifying the particulars thereof in detail. In the event of a dispute concerning the existence of "Cause", any claim by the Executive that "Cause" does not exist shall be presumed correct unless the Company establishes to a court of competent jurisdiction that Cause exists by clear and convincing evidence. If the Executive is terminated for Cause (at any time), then the Company shall have no further obligation to the Executive (other than with respect to already vested benefits under Company plans or programs).

(c) If the Executive terminates the advisory services hereunder with Good Reason, the Company terminates the advisory services hereunder without Cause or the Advisory Period is terminated due to the Executive's death or Disability, then the Executive shall receive the payments and benefits set forth below:

(i) Advisory Retainer. Within three (3) business days of the termination of the Advisory Period, the Company shall pay the Executive (or his estate) a lump sum amount in cash equal to any and all Advisor Retainer payments that the Executive would have received through the remaining portion of the Advisory Period if his advisory services had not terminated.

(ii) For the avoidance of doubt, in the event the Executive's employment terminates prior to the commencement of the Advisory Period for the reasons specified in this Section 7(c), the Executive shall be entitled to the payments and benefits in this Section 7 in addition to any benefits to which he is entitled under Section 8 of the Employment Agreement and Exhibit A of this Agreement.

(d) For purposes of the Advisory Period, "Good Reason" shall mean: (i) the assignment to the Executive of any duties inconsistent in any respect with the Executive's position as a Senior Strategic Advisor and Chairman Emeritus or any other diminution in such position (or removal from such position) or the failure to provide the Executive with supporting resources reasonably necessary to complete the advisory services hereunder, in each case excluding for this purpose an isolated, insubstantial and inadvertent action not taken in bad faith and that is remedied by the Company promptly after receipt of notice thereof given by the Executive; (ii) a reduction in the Executive's compensation hereunder; (iii) any failure by the Company to comply with any of the provisions of Section 3 of this Agreement, other than an isolated, insubstantial and inadvertent failure not occurring in bad faith and that is remedied by the Company promptly after receipt of notice thereof given by the Executive; (iv) a Change in Control as defined in subsections (ii), (iii) or (iv) of the definition of such term in the Company's 2020 Stock Incentive Plan or a majority of the Board or Executive Committee ceasing to consist of directors who are either directors or members, as applicable, as of the date hereof or who subsequently became directors and whose election, or nomination for election by the Company's stockholders, was approved by a three-quarters majority of the incumbent directors, provided that any director whose initial assumption of office is in connection with an actual or threatened election contest, including but not limited to a consent solicitation,

relating to the election of directors of the Company shall not qualify as an incumbent director; (v) the Company's requiring the Executive to be based at any office or location without the consent of the Executive; or (vi) any other breach of this Agreement by the Company, excluding for this purpose an isolated, insubstantial and inadvertent breach that is not taken in bad faith and that is remedied by the Company promptly after receipt of notice thereof given by the Executive.

(e) "Disability" shall mean the Executive's inability to perform his advisory duties hereunder due to any medically determinable mental, physical or emotional impairment which has lasted for a period of at least twelve (12) consecutive months.

(f) No Duty to Mitigate; Disputes. There shall be no requirement on the part of the Executive to seek other employment or otherwise mitigate damages in order to be entitled to the full amount of any payments and benefits to which the Executive is otherwise entitled under this Agreement, and the amount of such payments and benefits shall not be subject to any set off or reduced by any compensation or benefits received by the Executive from other employment. The Company's obligation to make payments provided for in this Agreement and otherwise to perform its obligations hereunder shall not be affected by any forfeiture, set-off, counterclaim, recoupment, defense, or other claim, right or action that the Company may have against the Executive or others, whether based on contractual, fiduciary or other claims. In the event of any dispute between the Executive and the Company regarding the Executive's right to payment under this Section 7 or otherwise, except as set forth below, the Company agrees that, notwithstanding any such dispute, the Company will not for any reason withhold payment of any amounts that the Executive would have been entitled to receive under this Section 7 or otherwise.

(g) Section 280G Matters. Notwithstanding any other provision of this Agreement or any other plan, program, arrangement, agreement or policy with or maintained by the Company:

(i) In the event it is determined by a mutually agreed independent nationally recognized public accounting firm, which is engaged and paid for by the Company prior to the consummation of any transaction constituting a Change of Control (which for purposes of this Section 7(f) shall mean a change in ownership or control as determined in accordance with the regulations promulgated under Section 280G of the Code), which accounting firm shall in no event be the accounting firm for the entity seeking to effectuate the Change of Control (the "Accountant"), which determination shall be certified by the Accountant and set forth in a certificate delivered to the Executive not less than ten (10) business days prior to the Change of Control setting forth in reasonable detail the basis of the

(ii) Accountant's calculations (including any assumptions that the Accountant made in performing the calculations), that part or all of the consideration, compensation or benefits to be paid to the Executive under this Agreement constitute "parachute payments" under Section 280G(b)(2) of the Code, then, if the aggregate present value of such parachute payments, singularly or together with the aggregate present value of any consideration, compensation or benefits to be paid to

the Executive under any other plan, arrangement or agreement which constitute "parachute payments" (collectively, the "Parachute Amount") exceeds the maximum amount that would not give rise to any liability under Section 4999 of the Code, the amounts constituting "parachute payments" which would otherwise be payable to the Executive or for his benefit shall be reduced to the maximum amount that would not give rise to any liability under Section 4999 of the Code (the "Reduced Amount"); provided that such amounts shall not be so reduced if the Accountant determines that without such reduction the Executive would be entitled to receive and retain, on a net after-tax basis (including, without limitation, any excise taxes payable under Section 4999 of the Code), an amount which is greater than the amount, on a net after-tax basis, that the Executive would be entitled to retain upon receipt of the Reduced Amount. In connection with making determinations under this Section 7(f), the Accountant shall take into account any positions to mitigate any excise taxes payable under Section 4999 of the Code, such as the value of any reasonable compensation for services to be rendered by the Executive before or after the Change of Control, including any amounts payable to the Executive following the Executive's termination of advisory services with respect to any non-competition provisions that may apply to the Executive, and the Company shall cooperate in the valuation of any such services, including any non-competition provisions.

(iii) If the determination made pursuant to Section 7(f)(i) results in a reduction of the payments that would otherwise be paid to the Executive except for the application of Section 7(f)(i), the Company shall promptly give the Executive notice of such determination. Such reduction in payments shall be first applied to reduce any cash payments that the Executive would otherwise be entitled to receive (whether pursuant to this Agreement or otherwise) and shall thereafter be applied to reduce other payments and benefits, in each case, in reverse order beginning with the payments or benefits that are to be paid the furthest in time from the date of such determination, unless, to the extent permitted by Section 409A of the Code, the Executive elects to have the reduction in payments applied in a different order; provided that, in no event may such payments be reduced in a manner that would result in subjecting the Executive to additional taxation under Section 409A of the Code.

(iv) As a result of the uncertainty in the application of Sections 280G and 4999 of the Code at the time of a determination hereunder, it is possible that amounts will have been paid or distributed by the Company to or for the Executive's benefit pursuant to this Agreement which should not have been so paid or distributed (each, an "Overpayment") or that additional amounts which will have not been paid or distributed by the Company to or for the Executive's benefit pursuant to this Agreement could have been so paid or distributed (each, an "Underpayment"), in each case, consistent with the calculation of the Reduced Amount hereunder. In the event that the Accountant, based upon the assertion of a deficiency by the Internal Revenue Service against either the Company or the Executive which the Accountant believes has a high probability of success, determines that an Overpayment has been made, any such Overpayment paid or distributed by the Company to or for the Executive's benefit shall be repaid by the Executive to the Company together with interest at the applicable federal rate provided for in Section 7872(f)(2)(A) of the Code; provided, however, that no such repayment

shall be required if and to the extent such deemed repayment would not either reduce the amount on which the Executive is subject to tax under Sections 1 and 4999 of the Code or generate a refund of such taxes. In the event that the Accountant, based on controlling precedent or substantial authority, determines that an Underpayment has occurred, any such Underpayment shall be promptly paid by the Company to or for the Executive's benefit together with interest at the applicable federal rate provided for in Section 7872(f)(2)(A) of the Code.

8. Mutual Release of Claims. The Executive, on his own behalf and on behalf of his heirs, family members, executors, agents and assigns, hereby and forever releases and discharges Viatris and its current and former officers, directors, employees, agents, investors, attorneys, shareholders, administrators, affiliates, direct and indirect parents and subsidiaries, benefit plans, plan administrators, insurers, trustees, divisions and subsidiaries, predecessor and successor corporations and assigns, and all persons acting with or on behalf of them (collectively, the "Viatris Released Parties"), from any and all claims, complaints, charges, duties, obligations, demands or causes of action relating to any matters of any kind, whether presently known or unknown, suspected or unsuspected, that the Executive may possess against any of the Viatris Released Parties arising from any omissions, acts, failures to act, facts or damages that have occurred up until and including the date the Executive executes this Agreement, including, without limitation:

(a) any and all claims relating to or arising from the Executive's employment relationship with Viatris and/or any of the Viatris Released Parties and the cessation of that relationship;

(b) any and all claims relating to or arising from the Executive's right to purchase, or actual purchase of shares of stock or ordinary shares of Viatris and/or any of the Viatris Released Parties, including, without limitation, any claims for fraud, misrepresentation, breach of fiduciary duty, breach of duty under applicable state corporate law, and securities fraud under any state or federal law;

(c) any and all claims for wrongful discharge of employment; termination in violation of public policy; discrimination; harassment; retaliation; breach of contract, both express and implied; breach of covenant of good faith and fair dealing, both express and implied; promissory estoppel; negligent or intentional infliction of emotional distress; fraud; negligent or intentional misrepresentation; negligent or intentional interference with contract or prospective economic advantage; unfair business practices; defamation; libel; slander; negligence; personal injury; assault; battery; invasion of privacy; false imprisonment; conversion; and disability benefits;

(d) any and all claims under any policy, agreement, understanding or promise, written or oral, formal or informal, between any Viatris Released Parties and the Executive existing as of the date hereof (whether arising before, on or after the date the Executive executes this Agreement);

(e) any and all claims for violation of any federal, state, or municipal statute, including, but not limited to: Title VII of the Civil Rights Act of 1964; the Civil Rights Act of 1991; the Rehabilitation Act of 1973; the Americans with Disabilities Act of 1990; the Equal Pay Act; the Fair Labor Standards Act; the Fair Credit Reporting Act; the Age Discrimination in

Employment Act of 1967; the Older Workers Benefit Protection Act; the Employee Retirement Income Security Act of 1974; the Worker Adjustment and Retraining Notification Act; the Family and Medical Leave Act; the Sarbanes-Oxley Act of 2002; the laws and Constitution of the Commonwealth of Pennsylvania, each as amended; or any other federal, state or local law, regulation ordinance or common law;

(f) any and all claims for violation of the federal or any state constitution;

(g) any and all claims arising out of any other laws and regulations relating to employment or employment discrimination;

(h) any claim for any loss, cost, damage or expense arising out of any dispute over the non-withholding or other tax treatment of any of the proceeds received by the Executive as a result of this Agreement, except as specified herein;

(i) any and all claims for attorneys' fees and costs; and

(j) any other claims whatsoever.

The Executive agrees that the release set forth in this section shall be and remain in effect in all respects as a complete general release as to the matters released. This Release does not extend to any of the Executive's rights under this Agreement or any indemnification agreement with the Company or surviving rights of the Executive under the Employment Agreement (including Section 9 and any other indemnification rights thereof or therein), any claims accruing after execution of this Agreement, any rights the Executive may have under any D&O insurance policy maintained by the Company and/or any of the Viatris Released Parties, any of the Executive's rights contained in any other agreements between the Company and the Executive, or any of the Executive's rights under any plans and programs sponsored or maintained by the Company, as determined in accordance with any such plans and programs. This Release does not release claims that cannot be released as a matter of law, including, but not limited to, the Executive's right to file a charge with or participate in a charge by the Equal Employment Opportunity Commission, or any other local, state or federal administrative body or government agency that is authorized to enforce or administer laws related to employment, against Viatris (with the understanding that any such filing or participation does not give the Executive the right to recover any monetary damages against the Company and/or any of the Viatris Released Parties, and that the Executive's release of claims herein bars the Executive from recovering such monetary relief from the Company and/or any of the Company Released Parties). The Executive represents that he has made no assignment or transfer of any right, claim, complaint, charge, duty, obligation, demand, cause of action or other matter waived or released by this section.

The Company, on its own behalf and of behalf of any of its subsidiaries and affiliates, hereby and forever releases and discharges the Executive from any and all claims, complaints, charges, duties, obligations, demands, or causes of action relating to any matters of any kind, whether presently known or unknown, suspected or unsuspected, that the Company may possess against the Executive arising from any omissions, acts, failures to act, facts, or damages that have occurred up until and including the date the Company executes this Agreement, other than any claims arising from fraudulent or criminal conduct or claims that cannot be released under applicable law or any rights the

Company may have to recover compensation under the Company's "clawback" policy, if applicable, or similar provision of applicable law.

9. Indemnification. Section 9 of the Employment Agreement shall survive Termination of Employment under the Employment Agreement in accordance with the terms thereof.

In addition, with respect to periods of service prior to the Transition Time, the Executive shall continue to receive indemnification in accordance with the Company's Bylaws in effect as of the date of this Agreement. Such indemnification shall be contractual in nature and shall remain in effect notwithstanding any future change to the Company's Bylaws. With respect to periods of service prior to the Transition Time, the Executive shall also continue to receive indemnification in accordance with his Indemnification Agreement with the Company entered into on November 16, 2020.

With respect to period of service on or after the Transition Time, in the event that the Executive is made a party or is threatened to be made a party to or is involved in any action, suit or proceeding (including those brought by or in the right of the Company) whether civil, criminal, administrative or investigative ("proceeding"), by reason of the fact that he is or was an advisor or independent contractor to the Company or any subsidiary of the Company, whether the basis of such proceeding is alleged action in an official capacity as an advisor or independent contractor or in any other capacity while serving as an advisor or independent contractor, the Executive shall be indemnified and held harmless by the Company to the fullest extent authorized by law against all expenses, liabilities and losses (including attorneys fees, judgments, fines, ERISA excise taxes or penalties and amounts paid or to be paid in settlement) reasonably incurred or suffered by the Executive in connection therewith except to the extent that such expenses, liabilities and losses are determined by a court of competent jurisdiction to have been caused by the bad faith, fraud or willful misconduct (including but not limited to a willful breach of this Agreement) of the Executive. Such right shall be a contract right and shall include the right to be paid by the Company expenses incurred in defending any such proceeding in advance of its final disposition; provided, however, that the payment of such expenses incurred by the Executive in his capacity as an advisor or independent contractor in advance of the final disposition of such proceeding will be made only upon delivery to the Company of an undertaking, by or on behalf of the Executive, to repay all amounts to Company so advanced if it should be determined ultimately that the Executive is not entitled to be indemnified under this section or otherwise.

Promptly after receipt by the Executive of notice of the commencement of any action, suit or proceeding for which the Executive may be entitled to be indemnified, the Executive shall notify the Company in writing of the commencement thereof (but the failure to notify the Company shall not relieve it from any liability which it may have under this Section 9 unless and to the extent that it has been prejudiced in a material respect by such failure or from the forfeiture of substantial rights and defenses). If any such action, suit or proceeding is brought against the Executive and he notifies the Company of the commencement thereof, the Company will be entitled to participate therein, and, to the extent it may elect by written notice delivered to the Executive promptly after receiving the aforesaid notice from the Executive, to assume the defense thereof with counsel reasonably satisfactory to the Executive, which may be the same counsel as counsel to the Company. Notwithstanding the foregoing, the Executive shall have the right to employ his own counsel in any such case, but the fees and expenses of such counsel shall be at the expense of the Executive unless (i) the employment of such counsel shall have been authorized in writing by the Company, (ii) the Company shall not have employed counsel reasonably satisfactory to the Executive to take charge of the

defense of such action within a reasonable time after notice of commencement of the action or (iii) the Executive shall have reasonably concluded, after consultation with counsel to the Executive, that a conflict of interest exists which makes representation by counsel chosen by the Company not advisable (in which case the Company shall not have the right to direct the defense of such action on behalf of the Executive), in any of which events such fees and expenses of one additional counsel shall be borne by the Company.

Anything in this Section 9 to the contrary notwithstanding, the Company shall not be liable for any settlement of any claim or action effected without its written consent.

10. Legal Fees. Notwithstanding anything to the contrary in Section 9 of this Agreement, the Company shall advance to the Executive all costs (including but not limited to reasonable legal fees and expenses) incurred by the Executive in disputing in good faith any issue hereunder or under the Employment Agreement, including relating to the cessation of the Executive's service, in seeking in good faith to obtain or enforce any benefit or right provided by this Agreement or any agreement or arrangement referenced herein, or in connection with any tax audit or proceeding. Such advancements shall be made promptly upon delivery of the Executive's written request for payment accompanied by appropriate evidence of the related costs (regardless of, and not contingent upon, the outcome of any such dispute). In addition, the Company shall pay or reimburse Executive for all reasonable legal, consulting and other fees and expenses incurred by Executive in connection with the preparation, negotiation and execution of this Agreement.

11. Notices. All notices hereunder to the parties hereto shall be in writing sent by certified mail, return receipt requested, postage prepaid, and by fax (receipt confirmed), addressed to the respective parties at the following addresses:

If to the Company:

Viatris Inc.
1000 Mylan Boulevard
Canonsburg, PA 15317
Attention: Global General Counsel
Fax: (724) 514-1871

If to the Executive:

The Executive’s most recent address or fax number on file with the Company.

Either party may, by written notice complying with the requirements of this section, specify another or different person or address for the purpose of notification hereunder. All notices shall be deemed to have been given and received on the day a fax is sent or, if mailed only, on the third business day following such mailing.

12. Withholding. All payments required to be made by the Company hereunder to the Executive or his dependents, beneficiaries or estate will be subject to the withholding of such amounts relating to tax and/or other payroll deductions, if required by applicable law.

13. Modification and Waiver. This Agreement may not be changed or terminated orally, nor shall any change, termination or attempted waiver of any of the provisions contained in this Agreement be binding unless in writing and signed by the

party against whom the same is sought to be enforced, nor shall this section itself be waived verbally. This Agreement may be amended only by a written instrument duly executed by or on behalf of the parties hereto.

14. Construction of Agreement. This Agreement and all of its provisions were subject to negotiation and shall not be construed more strictly against one party than against another party regardless of which party drafted any particular provision.

15. Successors and Assigns. This Agreement and all of its provisions, rights and obligations shall be binding upon and inure to the benefit of the parties hereto and the Company's successors and assigns. This Agreement may not be assigned by the Company. No right or interest to or in any payments or benefits hereunder shall be assignable by the Executive; provided, however, that this provision shall not preclude him from designating one or more beneficiaries to receive any amount that may be payable after his death, and shall not preclude the legal representative of his estate from assigning any right hereunder to the person or persons entitled thereto under his will or, in the case of intestacy, to the person or persons entitled thereto under the laws of intestacy applicable to his estate. The term "beneficiaries" as used in this Agreement shall mean a beneficiary or beneficiaries so designated to receive any such amount, or, if no beneficiary has been so designated, the legal representative of the Executive's estate. No right, benefit or interest hereunder shall be subject to anticipation, alienation, sale, assignment, encumbrance, charge, pledge, hypothecation or set-off in respect of any claim, debt or obligation, or to execution, attachment, levy or similar process, or assignment by operation of law. Any attempt, voluntary or involuntary, to effect any action specified in the immediately preceding sentence shall, to the full extent permitted by law, be null, void and of no effect.

16. Choice of Law and Forum. This Agreement shall be construed and enforced according to, and the rights and obligations of the parties shall be governed in all respects by, the laws of the State of New York. The parties irrevocably submit to the exclusive jurisdiction of the state and federal courts located in New York County, New York, solely in respect of the interpretation and enforcement of the provisions of this Agreement, and in respect of the transactions contemplated by this Agreement, and hereby waive, and agree not to assert, as a defense in any action, suit or proceeding for the interpretation or enforcement of this Agreement, that it is not subject to this Agreement or that such action, suit or proceeding may not be brought or is not maintainable in said courts or that the venue thereof may not be appropriate or that this Agreement may not be enforced in or by such courts, and the parties hereto irrevocably agree that all claims with respect to such action or proceeding shall be heard and determined in such a court. The parties hereby consent to and grant any such court exclusive jurisdiction over the person of such parties and over the subject matter of such dispute and agree that mailing of process or other papers in connection with any such action or proceeding in the manner provided in Section 11 or in such other manner as may be permitted by law, shall be valid and sufficient service thereof. The Executive and the Company (on its behalf and on behalf of its affiliates) each hereby waives any right to a trial by jury with respect to any dispute described in this Section 16.

17. Headings. The headings of the sections of this Agreement have been inserted for convenience of reference only and shall in no way affect the interpretation of any of the terms or conditions of this Agreement.

18. Execution in Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

19. Section 409A. The Executive and the Company agree that in no event will the Company require, nor will the Executive perform, a level of services during the Advisory Period that would result in the Executive not having a "separation from service" (within the meaning of Section 409A of the Code) from the Company and its affiliates at the Transition Time. The intent of the parties is that payments and benefits under this Agreement shall be exempt from or comply with Section 409A of the Code, to the extent subject thereto, and, accordingly, to the maximum extent permitted, this Agreement shall be interpreted and administered to be in compliance therewith, and each of the parties shall report the payments and benefits under this Agreement as exempt from or compliant with Section 409A of the Code. For purposes of this Agreement, each amount to be paid or benefit to be provided shall be construed as a separate identified payment for purposes of Section 409A of the Code, and any payments described in this Agreement that are due within the "short-term deferral period" as defined in Section 409A of the Code shall not be treated as deferred compensation unless applicable law requires otherwise. In the event that any payments hereunder or under any other employee benefit plans or programs sponsored or maintained by Viatris or the terms or provisions thereof (the "Total Payments") give rise to penalty taxes and/or interest imposed under Section 409A of the Code or any similar provision of applicable state law (a "Tax Penalty"), then the Executive shall be entitled to receive an additional payment or payments in an amount such that the net amount of such additional payment or payments received by the Executive, after deduction of any federal, state, local and foreign income and employment taxes and any additional penalty or excise taxes on such additional payment or payments, shall be equal to such Tax Penalty, and such additional payment or payments shall be paid to the Executive no later than ten (10) days prior to the due date for the payment of the Tax Penalty. In the event of any audit or proceeding with respect to application of Section 409A of the Code or any similar provision of applicable state law to the Total Payments, the Company shall be entitled to, at its own expense, control such audit or proceeding and the Executive shall cooperate with the Company in connection with such audit or proceeding; provided, however, that the Company shall not be entitled to settle any such audit or proceeding without the written consent of the Executive (which shall not be unreasonably withheld, conditioned or delayed). To the extent required in order to avoid any Tax Penalty, amounts that otherwise would be payable and benefits that otherwise would be provided pursuant to this Agreement during the six-month (6) period immediately following the Executive's separation from service shall instead be paid on the first business day after the date that is six months following the Executive's separation from service (or death, if earlier). To the extent required to avoid any Tax Penalty, amounts reimbursable to the Executive under this Agreement shall be paid to the Executive on or before the last day of the year following the year in which the expense was incurred and the amount of expenses eligible for reimbursement (and in-kind benefits provided to the Executive) during any one year may not affect amounts reimbursable or provided in any subsequent year and such benefits may not be liquidated or exchanged for another benefit; provided, however, that with respect to any reimbursements for any taxes which the Executive would become entitled to under the terms of the Agreement, the payment of such reimbursements shall be made by the Company no later than the end of the calendar year following the calendar year in which the Executive remits the related taxes.

[*Signature Page Follows*]

IN WITNESS WHEREOF, the undersigned have executed this Agreement on the day and year first written above.

VIATRIS INC.:

Dated: May 19, 2023 By /s/ Brian Roman

Name: Brian Roman
Title: Global General Counsel

Dated: May 19, 2023 By /s/ Robert J. Coury

Robert J. Coury

Payments and Benefits Upon Cessation of Employment

Capitalized terms used but not defined herein shall have the meanings ascribed to them in the Employment Agreement.

1. Accrued Salary. The Executive shall be paid his base salary through the Transition Time in accordance with the Company's customary payroll practices.

2. Pro Rata Annual Bonus for 2023. The Executive shall be paid a pro rata annual bonus for 2023, which shall be determined by reference to the bonus the Executive would have earned based on actual performance for 2023 and prorated to reflect the number of days elapsed in the 2023 fiscal year through the Transition Time. The prorated bonus shall be paid as soon as practicable following the Board's certification of applicable performance metrics for 2023, but in no event later than March 15, 2024.

3. Severance Amount. As required by Section 8(c) of the Employment Agreement, the Executive shall be paid the Severance Amount ($21,286,170), without duplication of any amount paid pursuant to Section 2 of this Exhibit A, on the date that is six (6) months following the Transition Time.

4. 401(k) Restoration Plan. The Executive shall be paid the accrued and vested deferred amounts under the 401(k) Restoration Plan, as amended, on the date that is six (6) months following the Transition Time.

5. Equity-Based Awards. As required by Section 8(c) of the Employment Agreement, the Executive's outstanding equity-based awards shall be treated as follows:

(a) Stock Options. All vested stock options held on the Transition Time shall remain exercisable for the full term of such stock option (i.e., ten (10) years from the grant date).

(b) Other Equity-Based Awards. All other unvested equity-based awards, including unvested restricted stock units, held on the Transition Time shall vest and shall be settled in accordance with their terms, provided that any such equity-based awards that are subject to Section 409A of the Code shall settle on the date that is six (6) months following the Transition Time (in the case of performance-based restricted stock units, with such vesting based on "target" level performance). The Value Creation Incentive Award shall vest in full and such award shall be settled on the date that is six (6) months following the Transition Time.

6. Welfare Benefits. The Executive shall be provided with the Welfare Benefit Continuation Payments through the Welfare Benefit Continuation Period. Following the Welfare Benefit Continuation Period, the Executive and his eligible dependents shall participate in the Supplemental Health Insurance Plan on the terms and conditions set forth in such plan, and shall make premium contributions on the same basis as other participants in such plan.

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Exhibit 31.1

Certification of Principal Executive Officer Pursuant to
Section 302 of the Sarbanes-Oxley Act of 2002

I, Scott A. Smith, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Viatris 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.

/s/ SCOTT A. SMITH

Scott A. Smith
Chief Executive Officer
(Principal Executive Officer)

Date: August 7, 2023

Exhibit 31.2

Certification of Principal Financial Officer Pursuant to
Section 302 of the Sarbanes-Oxley Act of 2002

I, Sanjeev Narula, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Viatris 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.

/s/ SANJEEV NARULA

Sanjeev Narula
Chief Financial Officer
(Principal Financial Officer)

Date: August 7, 2023

Exhibit 32

Certification of Principal Executive Officer and Principal Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Quarterly Report on Form 10-Q of Viatris Inc. (the "Company") for the period ended June 30, 2023 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), each of the undersigned, in the capacities and on the date indicated below, hereby certifies pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to his knowledge:

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

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

/s/ SCOTT A. SMITH

Scott A. Smith
Chief Executive Officer
(Principal Executive Officer)

/s/ SANJEEV NARULA

Sanjeev Narula
Chief Financial Officer
(Principal Financial Officer)

Date: August 7, 2023

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.

The foregoing certification is being furnished in accordance with Securities and Exchange Commission Release No. 34-47551 and shall not be considered filed as part of the Form 10-Q.