

UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

Form 10-Q

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

For the quarterly period ended September 30, 2024

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

(State or other jurisdiction  
of incorporation or organization)

83-4364296

(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 November 4, 2024 was 1,193,592,902.

VIATRIS INC. AND SUBSIDIARIES

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For the Quarterly Period Ended  
September 30, 2024

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## 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
2021 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 and which was amended and restated in September 2024
2023 Form 10-K	Viatris' annual report on Form 10-K for the fiscal year ended December 31, 2023, as amended
2024 Revolving Facility	The \$3.5 billion revolving facility dated as of September 27, 2024, by and among Viatris, certain lenders and issuing banks from time to time party thereto and Bank of America, N.A., as administrative agent
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 ingredients
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
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
CAMT	U.S. corporate alternative minimum tax
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
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 income tax provision (benefit), interest expense and depreciation and amortization
EDPA	U.S. District Court for the Eastern District of Pennsylvania

Emerging Markets segment	Viatis' 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
EPS	Earnings per share
EU	European Union
Exchange Act	Securities Exchange Act of 1934, as amended
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 September 30, 2024
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	Viatis' business segment that includes our operations primarily in the following markets: China, Taiwan and Hong Kong
Gx	Generic drugs
Idorsia	Idorsia Pharmaceuticals Ltd.
Idorsia Transaction	The transaction between Viatis and Idorsia pursuant to which Viatis acquired the development programs and certain personnel related to selatogrel and cenerimod from Idorsia in exchange for an upfront payment to Idorsia of \$350 million, potential development and regulatory milestone payments, certain contingent payments of tiered sales milestones, as well as potential contingent tiered sales royalties
IPR&D	In-process research and development
IRS	U.S. Internal Revenue Service
IT	Information technology
JANZ segment	Viatis' business segment that includes our operations in the following markets: Japan, Australia and New Zealand
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 4.550% 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., Viatis Inc. and Utah Acquisition Sub Inc.
NASDAQ	The NASDAQ Stock Market
NDA	New drug application
Note Securitization Facility	The note securitization facility entered into in August 2023 for borrowings up to \$200 million, which expired in August 2024 and was not renewed
OTC	Over-the-counter
OTC Business	Viatis' OTC business that the Company divested to Cooper Consumer Health SAS in July 2024, including two manufacturing sites located in Merignac, France, and Confienza, Italy, and an R&D site in Monza, Italy. This excludes the Company's rights for Viagra®, Dymista® (which, in certain limited markets, are sold as OTC products), and select OTC products in certain markets.
OTC Transaction	On October 1, 2023, Viatis announced it had received an offer for the divestiture of its OTC Business. In January 2024, we exercised our option to accept the offer and entered into a definitive transaction agreement with respect to such OTC Transaction. The OTC Transaction closed in July 2024.
Oyster Point	Oyster Point Pharma, Inc.
Pfizer	Pfizer Inc.
PSUs	Performance awards
R&D	Research and development

Receivables Facility	The \$400 million accounts receivable facility entered into in August 2020 and expiring in April 2025
Registered Upjohn Notes	The 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
RICO	Racketeer Influenced and Corrupt Organizations Act
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
stock awards	Stock options and SARs
Teva	Teva Pharmaceutical Industries Ltd.
TSA	Transition services agreements, including related distribution services
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 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 has divested or 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		Nine Months Ended	
	September 30,		September 30,	
	2024	2023	2024	2023
Revenues:				
Net sales	\$ 3,738.0	\$ 3,933.9	\$ 11,177.4	\$ 11,562.5
Other revenues	13.2	8.0	33.8	27.1
Total revenues	3,751.2	3,941.9	11,211.2	11,589.6
Cost of sales	2,292.0	2,250.6	6,802.6	6,747.5
Gross profit	1,459.2	1,691.3	4,408.6	4,842.1
Operating expenses:				
Research and development	198.4	211.2	602.2	602.4
Acquired IPR&D	—	1.0	(1.7)	11.2
Selling, general and administrative	1,003.4	1,053.5	3,378.9	3,044.3
Litigation settlements and other contingencies, net	31.5	(26.1)	239.3	(36.5)
Total operating expenses	1,233.3	1,239.6	4,218.7	3,621.4
Earnings from operations	225.9	451.7	189.9	1,220.7
Interest expense	145.6	141.5	429.8	432.2
Other income, net	(10.2)	(92.0)	(143.2)	(269.4)
Earnings (loss) before income taxes	90.5	402.2	(96.7)	1,057.9
Income tax (benefit) provision	(4.3)	70.6	21.0	237.6
Net earnings (loss)	\$ 94.8	\$ 331.6	\$ (117.7)	\$ 820.3
Earnings (loss) per share attributable to Viatris Inc. shareholders				
Basic	\$ 0.08	\$ 0.28	\$ (0.10)	\$ 0.68
Diluted	\$ 0.08	\$ 0.27	\$ (0.10)	\$ 0.68
Weighted average shares outstanding:				
Basic	1,193.5	1,199.5	1,193.3	1,200.4
Diluted	1,200.4	1,207.6	1,193.3	1,205.6

See Notes to Condensed Consolidated Financial Statements

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

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2024	2023	2024	2023
Net earnings (loss)	\$ 94.8	\$ 331.6	\$ (117.7)	\$ 820.3
Other comprehensive earnings (loss), before tax:				
Foreign currency translation adjustment	510.0	(350.8)	77.8	(559.6)
Change in unrecognized gain (loss) and prior service cost related to defined benefit plans	1.4	(4.9)	(10.4)	(10.4)
Net unrecognized (loss) gain on derivatives in cash flow hedging relationships	(38.0)	8.8	(0.6)	48.4
Net unrecognized (loss) gain on derivatives in net investment hedging relationships	(248.0)	186.8	(10.5)	107.8
Net unrealized gain (loss) on available-for-sale fixed income securities	1.1	(1.3)	0.8	(0.2)
Other comprehensive earnings (loss), before tax	226.5	(161.4)	57.1	(414.0)
Income tax (benefit) provision	(62.4)	41.5	(4.0)	33.3
Other comprehensive earnings (loss), net of tax	288.9	(202.9)	61.1	(447.3)
Comprehensive earnings (loss)	<u>\$ 383.7</u>	<u>\$ 128.7</u>	<u>\$ (56.6)</u>	<u>\$ 373.0</u>

*See Notes to Condensed Consolidated Financial Statements*

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

	September 30, 2024	December 31, 2023
<b>ASSETS</b>		
Assets		
Current assets:		
Cash and cash equivalents	\$ 1,878.7	\$ 991.9
Accounts receivable, net	3,717.4	3,700.4
Inventories	4,084.6	3,469.7
Prepaid expenses and other current assets	1,627.0	2,028.1
Assets held for sale	—	2,786.0
Total current assets	11,307.7	12,976.1
Property, plant and equipment, net	2,676.9	2,759.6
Intangible assets, net	17,978.9	19,181.1
Goodwill	9,561.7	9,867.1
Deferred income tax benefit	763.1	692.9
Other assets	2,465.8	2,208.7
Total assets	<u>\$ 44,754.1</u>	<u>\$ 47,685.5</u>
<b>LIABILITIES AND EQUITY</b>		
Liabilities		
Current liabilities:		
Accounts payable	\$ 1,925.9	\$ 1,938.2
Income taxes payable	284.1	226.8
Current portion of long-term debt and other long-term obligations	1,446.7	1,943.4
Liabilities held for sale	—	275.1
Other current liabilities	3,855.7	3,393.9
Total current liabilities	7,512.4	7,777.4
Long-term debt	14,303.4	16,188.1
Deferred income tax liability	1,276.6	1,735.7
Other long-term obligations	1,869.3	1,516.9
Total liabilities	24,961.7	27,218.1
Equity		
Viatris Inc. shareholders' equity		
Common stock: \$0.01 par value, 3,000,000,000 shares authorized; shares issued: 1,234,064,628 and 1,221,994,491 as of September 30, 2024 and December 31, 2023	12.3	12.2
Additional paid-in capital	18,888.7	18,814.7
Retained earnings	4,082.0	4,639.7
Accumulated other comprehensive loss	(2,686.3)	(2,747.4)
	20,296.7	20,719.2
Less: Treasury stock — at cost		
Common stock shares: 40,483,663 and 21,239,521 as of September 30, 2024 and December 31, 2023	504.3	251.8
Total equity	19,792.4	20,467.4
Total liabilities and equity	<u>\$ 44,754.1</u>	<u>\$ 47,685.5</u>

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 June 30, 2024	1,233,752,840	\$ 12.3	\$18,853.3	\$ 4,133.9	40,483,663	\$(504.3)	\$ (2,975.2)	\$19,520.0
Net earnings	—	—	—	94.8	—	—	—	94.8
Other comprehensive earnings, net of tax	—	—	—	—	—	—	288.9	288.9
Issuance of restricted stock and stock options exercised, net	257,290	—	3.4	—	—	—	—	3.4
Taxes related to the net share settlement of equity awards	—	—	(1.0)	—	—	—	—	(1.0)
Share-based compensation expense	—	—	32.4	—	—	—	—	32.4
Issuance of common stock	54,498	—	0.6	—	—	—	—	0.6
Cash dividends declared, \$0.12 per common share	—	—	—	(146.7)	—	—	—	(146.7)
Balance at September 30, 2024	<u>1,234,064,628</u>	<u>\$ 12.3</u>	<u>\$18,888.7</u>	<u>\$ 4,082.0</u>	<u>40,483,663</u>	<u>\$(504.3)</u>	<u>\$ (2,686.3)</u>	<u>\$19,792.4</u>

  

	Common Stock		Additional Paid-In Capital	Retained Earnings	Treasury Stock		Accumulated Other Comprehensive Loss	Total Equity
	Shares	Cost			Shares	Cost		
Balance at December 31, 2023	1,221,994,491	\$ 12.2	\$18,814.7	\$ 4,639.7	21,239,521	\$(251.8)	\$ (2,747.4)	\$20,467.4
Net loss	—	—	—	(117.7)	—	—	—	(117.7)
Other comprehensive earnings, net of tax	—	—	—	—	—	—	61.1	61.1
Issuance of restricted stock and stock options exercised, net	11,900,724	0.1	10.5	—	—	—	—	10.6
Taxes related to the net share settlement of equity awards	—	—	(52.2)	—	—	—	—	(52.2)
Share-based compensation expense	—	—	113.8	—	—	—	—	113.8
Common stock repurchase	—	—	—	—	19,244,142	(252.5)	—	(252.5)
Issuance of common stock	169,413	—	1.9	—	—	—	—	1.9
Cash dividends declared, \$0.36 per common share	—	—	—	(440.0)	—	—	—	(440.0)
Balance at September 30, 2024	<u>1,234,064,628</u>	<u>\$ 12.3</u>	<u>\$18,888.7</u>	<u>\$ 4,082.0</u>	<u>40,483,663</u>	<u>\$(504.3)</u>	<u>\$ (2,686.3)</u>	<u>\$19,792.4</u>

See Notes to Condensed Consolidated Financial Statements

	Common Stock		Additional Paid-In Capital	Retained Earnings	Treasury Stock		Accumulated Other Comprehensive Loss	Total Equity
	Shares	Cost			Shares	Cost		
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
Net earnings	—	—	—	331.6	—	—	—	331.6
Other comprehensive loss, net of tax	—	—	—	—	—	—	(202.9)	(202.9)
Issuance of restricted stock and stock options exercised, net	441,962	—	—	—	—	—	—	—
Taxes related to the net share settlement of equity awards	—	—	(2.5)	—	—	—	—	(2.5)
Share-based compensation expense	—	—	43.1	—	—	—	—	43.1
Issuance of common stock	71,905	—	0.7	—	—	—	—	0.7
Cash dividends declared, \$0.12 per common share	—	—	—	(147.7)	—	—	—	(147.7)
Balance at September 30, 2023	<u>1,220,899,433</u>	<u>\$ 12.2</u>	<u>\$18,760.7</u>	<u>\$5,553.0</u>	<u>21,239,521</u>	<u>\$(251.8)</u>	<u>\$ (3,208.5)</u>	<u>\$20,865.6</u>

  

	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	—	—	—	820.3	—	—	—	820.3
Other comprehensive loss, net of tax	—	—	—	—	—	—	(447.3)	(447.3)
Issuance of restricted stock and stock options exercised, net	6,864,535	0.1	3.7	—	—	—	—	3.8
Taxes related to the net share settlement of equity awards	—	—	(22.2)	—	—	—	—	(22.2)
Share-based compensation expense	—	—	124.9	—	—	—	—	124.9
Common stock repurchase	—	—	—	—	21,239,521	(251.8)	—	(251.8)
Issuance of common stock	241,667	—	2.4	—	—	—	—	2.4
Cash dividends declared, \$0.36 per common share	—	—	—	(442.9)	—	—	—	(442.9)
Other	—	—	6.1	—	—	—	—	6.1
Balance at September 30, 2023	<u>1,220,899,433</u>	<u>\$ 12.2</u>	<u>\$18,760.7</u>	<u>\$5,553.0</u>	<u>21,239,521</u>	<u>\$(251.8)</u>	<u>\$ (3,208.5)</u>	<u>\$20,865.6</u>

See Notes to Condensed Consolidated Financial Statements

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

*See Notes to Condensed Consolidated Financial Statements*

	Nine Months Ended	
	September 30,	
	2024	2023
Cash flows from operating activities:		
Net (loss) earnings	\$ (117.7)	\$ 820.3
Adjustments to reconcile net (loss) earnings to net cash provided by operating activities:		
Depreciation and amortization	2,147.0	2,096.1
Share-based compensation expense	113.8	124.9
Deferred income tax benefit	(518.7)	(179.9)
Loss on disposal of business	295.8	—
Acquired IPR&D	(12.7)	11.3
Other non-cash items	140.4	(52.1)
Litigation settlements and other contingencies, net	245.6	(54.6)
Changes in operating assets and liabilities:		
Accounts receivable	(0.4)	(2.8)
Inventories	(687.8)	(485.7)
Accounts payable	(9.7)	236.3
Income taxes	286.9	(29.6)
Other operating assets and liabilities, net	(62.3)	(152.7)
Net cash provided by operating activities	1,820.2	2,331.5
Cash flows from investing activities:		
Cash paid for acquisitions, net of cash acquired	(350.0)	(667.7)
Capital expenditures	(185.6)	(211.5)
Purchase of marketable securities	(21.7)	(20.9)
Proceeds from the sale of marketable securities	21.7	20.9
Payments for product rights and other, net	(20.1)	(62.1)
Refunds (purchases) of IPR&D	12.7	(11.3)
Proceeds from sale of assets and subsidiaries	2,510.2	48.0
Proceeds from the sale of property, plant and equipment	2.2	13.4
Net cash provided by (used in) investing activities	1,969.4	(891.2)
Cash flows from financing activities:		
Payments of long-term debt	(2,339.4)	(750.1)
Purchase of common stock	(250.0)	(250.0)
Change in short-term borrowings, net	1.5	0.2
Taxes paid related to net share settlement of equity awards	(53.3)	(32.6)
Contingent consideration payments	(31.5)	(8.4)
Payments of financing fees	(4.8)	(0.3)
Cash dividends paid	(431.5)	(431.6)
Non-contingent payments for product rights	—	(9.7)
Issuance of common stock	1.9	2.5
Other items, net	196.9	104.2
Net cash used in financing activities	(2,910.2)	(1,375.8)
Effect on cash of changes in exchange rates	7.1	(15.2)
Net increase in cash, cash equivalents and restricted cash	886.5	49.3
Cash, cash equivalents and restricted cash — beginning of period	993.6	1,262.5
Cash, cash equivalents and restricted cash — end of period	\$ 1,880.1	\$ 1,311.8

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 (loss), 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' 2023 Form 10-K. The December 31, 2023 condensed consolidated balance sheet was derived from audited financial statements.

The interim results of operations and comprehensive earnings (loss) for the three and nine months ended September 30, 2024, and cash flows for the nine months ended September 30, 2024, are not necessarily indicative of the results to be expected for the full fiscal year or any other future period.

Beginning in 2024, upfront and milestone payments related to externally developed IPR&D projects acquired directly in a transaction other than a business combination, which were previously included in cash flows from operating activities in the condensed consolidated statements of cash flows, are now classified as cash flows from investing activities. Certain reclassifications were made to conform the prior period condensed consolidated financial statements to the current period presentation. The adjustments resulted in an increase to net cash provided by operating activities and an increase to net cash used in investing activities of \$11.3 million for the nine months ended September 30, 2023.

**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.

**VIATRIS INC. AND SUBSIDIARIES**
**Notes to Condensed Consolidated Financial Statements (Unaudited) - Continued**

The following table presents the Company's net sales by product category for each of our reportable segments for the three and nine months ended September 30, 2024 and 2023, respectively:

(In millions)

Product Category	Three Months Ended September 30, 2024				
	Developed Markets	Greater China	JANZ	Emerging Markets	Total
Brands	\$ 1,217.6	\$ 559.4	\$ 189.3	\$ 395.9	\$ 2,362.2
Generics	1,081.1	2.4	155.0	137.3	1,375.8
<b>Total Viatris</b>	<b>\$ 2,298.7</b>	<b>\$ 561.8</b>	<b>\$ 344.3</b>	<b>\$ 533.2</b>	<b>\$ 3,738.0</b>

(In millions)

Product Category	Nine Months Ended September 30, 2024				
	Developed Markets	Greater China	JANZ	Emerging Markets	Total
Brands	\$ 3,630.2	\$ 1,636.9	\$ 571.8	\$ 1,195.5	\$ 7,034.4
Generics	3,153.1	7.8	439.9	542.2	4,143.0
<b>Total Viatris</b>	<b>\$ 6,783.3</b>	<b>\$ 1,644.7</b>	<b>\$ 1,011.7</b>	<b>\$ 1,737.7</b>	<b>\$ 11,177.4</b>

(In millions)

Product Category	Three Months Ended September 30, 2023				
	Developed Markets	Greater China	JANZ	Emerging Markets	Total
Brands	\$ 1,391.3	\$ 546.5	\$ 185.7	\$ 409.6	\$ 2,533.1
Generics	1,017.2	1.9	148.8	232.9	1,400.8
<b>Total Viatris</b>	<b>\$ 2,408.5</b>	<b>\$ 548.4</b>	<b>\$ 334.5</b>	<b>\$ 642.5</b>	<b>\$ 3,933.9</b>

(In millions)

Product Category	Nine Months Ended September 30, 2023				
	Developed Markets	Greater China	JANZ	Emerging Markets	Total
Brands	\$ 3,923.5	\$ 1,639.4	\$ 583.4	\$ 1,251.8	\$ 7,398.1
Generics	3,009.2	5.7	468.8	680.7	4,164.4
<b>Total Viatris</b>	<b>\$ 6,932.7</b>	<b>\$ 1,645.1</b>	<b>\$ 1,052.2</b>	<b>\$ 1,932.5</b>	<b>\$ 11,562.5</b>

(a) Amounts for the three and nine months ended September 30, 2024 include the impact of foreign currency translations and divested businesses compared to the prior year period.

(b) *Complex Gx*, which was previously presented as a separate line item in the prior year period, is now included within *Generics*. Reclassifications were made to prior periods to conform to the current period presentation.

**VIATRIS INC. AND SUBSIDIARIES**
**Notes to Condensed Consolidated Financial Statements (Unaudited) - Continued**

The following table presents net sales on a consolidated basis for select key products for the three and nine months ended September 30, 2024 and 2023, respectively:

(In millions)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
<b>Select Key Global Products</b>				
Lipitor ®	\$ 375.6	\$ 381.6	\$ 1,112.9	\$ 1,179.5
Norvasc ®	168.9	175.5	507.1	560.6
Lyrica ®	129.9	141.7	368.4	423.1
EpiPen® Auto-Injectors	123.2	131.9	318.9	355.2
Viagra ®	100.2	110.5	307.0	336.5
Creon ®	84.6	77.5	237.8	224.3
Celebrex ®	74.1	84.7	218.5	255.5
Effexor ®	66.3	65.5	188.4	194.9
Zoloft ®	60.6	62.7	177.5	173.7
Xalabrand	41.2	47.9	129.3	145.0
<b>Select Key Segment Products</b>				
Influvac ®	\$ 121.3	\$ 137.2	\$ 126.0	\$ 137.5
Yupelri ®	62.2	58.3	171.9	160.3
Dymista ®	43.5	44.1	146.7	155.0
Xanax ®	38.6	28.2	108.5	119.7
Amitiza ®	38.2	37.7	108.1	115.8

(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 nine months ended September 30, 2024 include the impact of foreign currency translations compared to the prior year period.

(d) Refer to intellectual property matters included in Note 17 *Litigation* for additional information regarding Yupelri® and Amitiza®.

**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 nine months ended September 30, 2024 and 2023, respectively:

(In millions)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Gross sales	\$ 6,336.0	\$ 6,497.2	\$ 18,894.5	\$ 19,289.2
Gross to net adjustments:				
Chargebacks	(1,283.9)	(1,348.3)	(3,810.7)	(4,073.2)
Rebates, promotional programs and other sales allowances	(1,042.7)	(952.7)	(3,131.5)	(2,905.9)
Returns	(90.3)	(55.7)	(220.7)	(174.4)
Governmental rebate programs	(181.1)	(206.6)	(554.2)	(573.2)
Total gross to net adjustments	\$ (2,598.0)	\$ (2,563.3)	\$ (7,717.1)	\$ (7,726.7)
Net sales	\$ 3,738.0	\$ 3,933.9	\$ 11,177.4	\$ 11,562.5

**VIATRIS INC. AND SUBSIDIARIES**
**Notes to Condensed Consolidated Financial Statements (Unaudited) - Continued**

No significant revisions were made to the methodology used in determining these provisions or the nature of the provisions during the three and nine months ended September 30, 2024. Such allowances were comprised of the following at September 30, 2024 and December 31, 2023, respectively:

<i>(In millions)</i>	September 30, 2024	December 31, 2023
Accounts receivable, net	\$ 1,564.7	\$ 1,483.6
Other current liabilities	1,031.6	996.3
<b>Total</b>	<b>\$ 2,596.3</b>	<b>\$ 2,479.9</b>

Accounts receivable, net was comprised of the following at September 30, 2024 and December 31, 2023, respectively:

<i>(In millions)</i>	September 30, 2024	December 31, 2023
Trade receivables, net	\$ 2,856.4	\$ 2,823.8
Other receivables	861.0	876.6
<b>Accounts receivable, net</b>	<b>\$ 3,717.4</b>	<b>\$ 3,700.4</b>

**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 \$19.9 million and \$30.8 million of accounts receivable as of September 30, 2024 and December 31, 2023, respectively, under these factoring arrangements. Additionally, in 2023, we entered into a similar arrangement for certain European countries. As of September 30, 2024 and December 31, 2023, we have assigned and derecognized approximately \$357.0 million and \$415.7 million, respectively, of *Trade Receivables, Net*, which are now included in *Other Receivables*.

**3. Recent Accounting Pronouncements**
**Accounting Standards and Disclosure Rules Issued Not Yet Adopted**

In March 2024, the SEC adopted final rules under SEC Release No. 34-99678 and No. 33-11275, "The Enhancement and Standardization of Climate-Related Disclosures for Investors" (the "Final Rules"), which will require registrants to provide certain climate-related information in their registration statements and annual reports. The Final Rules require, among other things, disclosure in the notes to the audited financial statements of the effects of severe weather events and other natural conditions, subject to certain thresholds, as well as amounts related to carbon offsets and renewable energy credits or certificates in certain circumstances. The Final Rules will also require disclosure outside of the financial statements of material scope 1 and scope 2 greenhouse gas emissions, among other climate-related disclosures. In April 2024, the SEC stayed the effectiveness of the Final Rules. Prior to the effectiveness of the Final Rules being stayed, the disclosure requirements of the Final Rules were scheduled to begin phasing in for the Company for fiscal year 2025. The Company is currently assessing the impact of the new rules on its consolidated financial statements and disclosures.

In November 2024, the FASB issued ASU 2024-03, *Disaggregation of Income Statement Expenses*, which requires entities to disclose specified information about certain costs and expenses, including amounts of purchases of inventory, employee compensation, depreciation, and intangible asset amortization. The amendments in ASU 2024-03 are effective for annual reporting periods beginning after December 15, 2026, and interim reporting periods beginning after December 15, 2027, with early adoption permitted. The Company is currently assessing the impact of the adoption of this guidance on its consolidated financial statements and disclosures.

There were no other significant changes in new accounting standards from those disclosed in Viatris' 2023 Form 10-K. Refer to Viatris' 2023 Form 10-K for additional information.



**VIATRIS INC. AND SUBSIDIARIES**
**Notes to Condensed Consolidated Financial Statements (Unaudited) - Continued**
**4. Acquisitions and Other Transactions**
*Idorsia*

On March 15, 2024, the Company acquired the development programs and certain personnel related to selatogrel and cenerimod from Idorsia in exchange for an upfront payment to Idorsia of \$350 million, potential contingent milestone payments (including \$300 million payable upon the achievement of certain development and regulatory milestones, and \$2.1 billion payable upon the achievement of certain tiered sales milestones), as well as potential contingent tiered sales royalties. Viatris and Idorsia are both contributing to the development costs for both programs. Viatris has worldwide commercialization rights for both selatogrel and cenerimod (excluding, for cenerimod only, Japan, South Korea and certain countries in the Asia-Pacific region). A joint development committee is overseeing the development of the ongoing Phase 3 programs through regulatory approval. The agreements also provide Viatris a right of first refusal and a right of first negotiation for certain other assets in Idorsia's pipeline. The transaction expands our portfolio of innovative assets by adding two Phase 3 assets and combines our financial strength and worldwide operational infrastructure with Idorsia's proven, highly-productive drug development team and innovation engine.

In accordance with U.S. GAAP, the transaction has been accounted for as a business combination under the acquisition method of accounting. 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 nine months ended September 30, 2024, the Company incurred acquisition-related costs of approximately \$3.9 million, which were recorded primarily in SG&A in the condensed consolidated statements of operations.

The U.S. GAAP purchase price allocated to the transaction was \$695 million, which consisted of \$350 million of cash consideration paid and estimated contingent consideration at the date of acquisition valued at approximately \$345 million. The fair value of the contingent consideration was valued using a Monte Carlo simulation model using Level 3 inputs. The fair value is sensitive to changes in the forecasts of operating metrics, probability of success, and discount rates. Refer to Note 11, *Financial Instruments and Risk Management* for additional information. The preliminary allocation of the purchase price to the assets acquired and liabilities assumed is as follows:

(In millions)

Current assets	\$	2.1
IPR&D		675.0
Goodwill		19.5
Total assets acquired	\$	696.6
Current liabilities		1.6
Net assets acquired	\$	695.0

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 area subject to change relates to the finalization of income taxes. There were no measurement period adjustments during 2024.

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 \$675 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 20% 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. Viatris and Idorsia will both contribute to the development costs for both programs, which are expected to be incurred through 2026. There are risks and uncertainties associated with the timely and successful completion of the projects included in IPR&D, including but not limited to the high cost and uncertainty of conducting clinical trials (particularly with respect to new and/or complex or innovative drugs), obtaining approval by relevant regulatory bodies and our partner's financial condition, 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.

## VIATRIS INC. AND SUBSIDIARIES

## Notes to Condensed Consolidated Financial Statements (Unaudited) - Continued

The goodwill of \$19.5 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 nine months ended September 30, 2024 and 2023.

**5. Divestitures**

On October 1, 2023, the Company announced it received an offer for the divestiture of its OTC Business, and entered into definitive agreements to divest its women's healthcare business and, separately, in another transaction, its rights to two women's healthcare products in certain countries, its API business in India and commercialization rights in the Upjohn Distributor Markets. The OTC, API and women's healthcare businesses were deemed businesses for U.S. GAAP accounting purposes. As such, the assets and liabilities included an allocation of goodwill. The sale of the rights to two women's healthcare products in certain countries was accounted for as an asset sale. In conjunction with these transactions, Viatris and the respective buyers entered into various agreements to provide a framework for our relationship with the respective buyers after the closing of the divestitures, including transition services agreements, manufacturing and supply agreements, and distribution agreements, as necessary.

During the three months ended September 30, 2024 and 2023, the Company recognized TSA income related to the divestitures of approximately \$27.5 million and \$47.2 million, respectively. During the nine months ended September 30, 2024 and 2023, the Company recognized TSA income related to the divestitures of approximately \$47.0 million and \$139.8 million, respectively. TSA income is recorded as a component of *Other Income, Net*.

*Women's Healthcare*

In the third quarter of 2023, Viatris executed an agreement to divest its women's healthcare business to Insud Pharma, S. L., a leading Spanish multinational pharmaceutical company. The divestiture of the women's healthcare business was primarily related to our oral and injectable contraceptives and did not include all of our women's healthcare related products; as an example, our Xulane® product in the U.S. was excluded. The transaction included two manufacturing facilities in India. Assets and liabilities associated with the women's healthcare business divested were classified as held for sale in the consolidated balance sheet as of December 31, 2023. The transaction closed in March 2024 and during the three and nine months ended September 30, 2024, the Company recognized a pre-tax loss on sale of approximately \$2.0 million and a pre-tax gain on sale of approximately \$77.6 million, respectively, for the difference between the consideration received and the carrying value of the assets transferred (including an allocation of goodwill), which were recorded as a component of *Other Income, Net* in the condensed consolidated statements of operations.

In the third quarter of 2023, Viatris also entered into a separate agreement to divest its rights to women's healthcare products Duphaston® and Femoston® in certain countries to Theramex HQ UK Limited, a leading global specialty pharmaceutical company dedicated to women's health. The transaction (other than in the U.K.) closed in December 2023, and upon closing, the Company recognized a pre-tax gain on sale of approximately \$156.2 million in that quarter for the difference between the consideration received and the carrying value of the assets transferred. In the third quarter of 2024, the Company closed the divestiture of the product rights in the U.K. to Insud Pharma, S. L., and recognized a pre-tax gain on sale of approximately \$10.8 million. The respective pre-tax gains were recorded as a component of SG&A expense in the condensed consolidated statements of operations.

*OTC*

On October 1, 2023, Viatris received an offer from Cooper Consumer Health SAS, a leading European OTC drug manufacturer and distributor, for Viatris to divest its OTC Business, including two manufacturing sites located in Merignac, France, and Confienza, Italy, and an R&D site in Monza, Italy. In January 2024, we exercised our option to accept the offer in the OTC Transaction and entered into a definitive transaction agreement with respect to such OTC Transaction. The Company retained the rights for Viagra®, Dymista® (which, in certain limited markets, are sold as OTC products) and select OTC products in certain markets. The OTC Transaction closed on July 3, 2024.

The OTC Business divested met the criteria to be classified as held for sale on October 1, 2023. As such, the related assets and liabilities were classified as held for sale in the consolidated balance sheet as of December 31, 2023. Upon classification as held for sale in the fourth quarter of 2023, we recognized a total charge of approximately \$734.7 million, which

## VIATRIS INC. AND SUBSIDIARIES

## Notes to Condensed Consolidated Financial Statements (Unaudited) - Continued

was comprised of a goodwill impairment charge of approximately \$ 580.1 million (recorded as a component of *SG&A* expense), and a charge of approximately \$154.7 million to write down the disposal group to fair value, less cost to sell (recorded as a component of *Other Income, Net*) in the consolidated statement of operations. During the three and nine months ended September 30, 2024, the Company recorded additional pre-tax charges of approximately \$92.6 million and \$340.2 million, respectively, to further write down the disposal group to fair value, less cost to sell. The additional charges were recorded as a component of *Other Income, Net* in the condensed consolidated statements of operations, and were primarily due to an increase in estimated transaction related costs, including the assumption of additional contractual obligations, as well as the impact of working capital and other transaction related adjustments on the proceeds.

*API*

On October 1, 2023, Viatris executed an agreement to divest its API business in India to Matrix Pharma Private Limited, a privately held pharmaceutical company based in India. The transaction included three manufacturing sites and a R&D lab in Hyderabad, three manufacturing sites in Vizag and third-party API sales. Viatris retained some selective R&D capabilities in API. The transaction closed in June 2024. The API business in India met the criteria to be classified as held for sale on October 1, 2023 and the related assets and liabilities were reclassified as held for sale in the consolidated balance sheet as of December 31, 2023. During the three and nine months ended September 30, 2024, the Company recognized a pre-tax charge of approximately \$15.1 million and \$32.5 million, respectively, to write down the disposal group to fair value, less cost to sell, which was recorded as a component of *Other Income, Net* in the condensed consolidated statements of operations, primarily driven by the impact of working capital and other transaction-related adjustments.

*Upjohn Distributor Markets*

In the fourth quarter of 2022, the commercialization rights in the Upjohn Distributor Markets met the criteria to be classified as held for sale. Upon classification as held for sale, the Company recognized a total charge of \$374.2 million in 2022, 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 nine months ended September 30, 2023, the Company recorded an intangible asset charge of \$32.0 million to write down the disposal group to fair value, less cost to sell, and additional charges of \$ 19.2 million. Total charges during the year ended December 31, 2023 amounted to \$136.4 million, primarily consisting of losses on the disposals of \$ 85.2 million, which were recorded as a component of *Other Income, Net*. The divestitures of the commercialization rights in certain of the Upjohn Distributor Markets closed during 2023 and 2024, and the remaining transactions are expected to be completed in the near future. If the remaining 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.

*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. During the three months ended September 30, 2024 and 2023, the Company recorded a gain of \$39.4 million and \$19.1 million, respectively, and during the nine months ended September 30, 2024 and 2023, the Company recognized a gain of \$368.7 million and \$50.6 million, respectively, as a result of remeasuring the CCPS in Biocon Biologics to fair value. The increase is primarily related to changes in certain market factors, including Biocon's share price. The Company's CCPS in Biocon Biologics are classified as equity securities and are included in *Other Assets* in the condensed consolidated balance sheets, and gains and losses recorded as a result of remeasuring the CCPS in Biocon Biologics to fair value are recorded as a component of *Other Income, Net*. The fair value is reassessed quarterly. Refer to Note 11 *Financial Instruments and Risk Management* for further discussion. Pursuant to the terms of the Biocon Agreement, the Company is entitled to receive a total of \$335 million of additional cash payments in 2024 as deferred consideration, of which \$ 145 million was received during the second quarter of 2024 with an additional \$160 million payment due in the fourth quarter of 2024. In addition, the Biocon Agreement provides for a closing working capital target of \$250 million, of which \$220 million was paid by Viatris to Biocon Biologics during 2023. Viatris and Biocon Biologics have tentatively agreed to offset certain amounts due between the parties, including the remaining working capital target amount against the first deferred consideration payment described above. Refer to Note 8 *Balance Sheet Components* for additional information on assets and liabilities related to Biocon Biologics.

**VIATRIS INC. AND SUBSIDIARIES**
**Notes to Condensed Consolidated Financial Statements (Unaudited) - Continued**

At the time of closing of the Biocon Biologics Transaction, Viartis and Biocon Biologics also entered an agreement pursuant to which Viartis was 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. Biocon Biologics had substantially exited all transition services with Viartis as of December 31, 2023.

*Assets and Liabilities Held for Sale*

The Company did not have assets and liabilities classified as held for sale at September 30, 2024. Assets and liabilities held for sale consisted of the following at December 31, 2023:

<i>(In millions)</i>	<b>December 31, 2023</b>
<b>Assets held for sale</b>	
Accounts receivable, net	\$ 112.1
Inventories	422.4
Prepaid expenses and other current assets	7.5
Property, plant and equipment, net	262.2
Intangible assets, net	1,946.0
Goodwill	188.0
Other assets	5.1
Valuation allowance on assets held for sale	(157.3)
<b>Total assets held for sale</b>	<b>\$ 2,786.0</b>
<b>Liabilities held for sale</b>	
Accounts payable	\$ 137.4
Other current liabilities	35.3
Deferred income tax liability	77.2
Other long-term obligations	25.2
<b>Total liabilities held for sale</b>	<b>\$ 275.1</b>

**VIATRIS INC. AND SUBSIDIARIES**
**Notes to Condensed Consolidated Financial Statements (Unaudited) - Continued**
**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 includes 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. No shares remain available for issuance under the 2003 LTIP, however, certain awards remain outstanding under the plan.

Under the 2020 Incentive Plan, 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:

	Number of Shares Under Stock Awards	Weighted Average Exercise Price per Share
Outstanding at December 31, 2023	4,159,333	\$ 37.41
Exercised	(51,482)	6.99
Forfeited	(673,362)	\$ 47.43
Outstanding at September 30, 2024	3,434,489	\$ 35.93
Vested and expected to vest at September 30, 2024	3,426,600	\$ 35.99
Exercisable at September 30, 2024	3,374,710	\$ 36.42

As of September 30, 2024, stock awards outstanding, stock awards vested and expected to vest, and stock awards exercisable had average remaining contractual terms of 3.4 years, 3.3 years and 3.3 years, respectively. Also, at September 30, 2024, stock awards outstanding, stock awards vested and expected to vest, and stock awards exercisable had aggregate intrinsic values of \$0.5 million, \$0.4 million, and \$0.3 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, 2023 to September 30, 2024 is presented below:

	Number of Restricted Stock Awards	Weighted Average Grant-Date Fair Value Per Share
Nonvested at December 31, 2023	31,096,783	\$ 11.20
Granted	13,858,847	12.33
Released	(11,441,937)	11.88
Forfeited	(4,064,574)	11.08
Nonvested at September 30, 2024	29,449,119	\$ 11.49

As of September 30, 2024, the Company had \$ 199.2 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 1.5 years. The total intrinsic value of Restricted Stock Awards released and stock options exercised during the nine months ended September 30, 2024 and 2023 was \$141.5 million and \$109.5 million, respectively.

**VIATRIS INC. AND SUBSIDIARIES**
**Notes to Condensed Consolidated Financial Statements (Unaudited) - Continued**
**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 nine months ended September 30, 2024 and 2023 were as follows:

(In millions)	Pension and Other Postretirement Benefits			
	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2024	2023	2024	2023
Service cost	\$ 7.8	\$ 7.0	\$ 23.5	\$ 21.2
Interest cost	16.6	18.3	49.9	54.8
Expected return on plan assets	(16.9)	(16.4)	(50.7)	(49.2)
Amortization of prior service costs	0.5	0.1	1.6	0.1
Recognized net actuarial gains	(4.3)	(4.9)	(12.8)	(14.9)
Other	—	(3.1)	—	1.3
Net periodic benefit cost	<u>\$ 3.7</u>	<u>\$ 1.0</u>	<u>\$ 11.5</u>	<u>\$ 13.3</u>

The Company is making the minimum mandatory contributions to its defined benefit pension plans in the U.S. and Puerto Rico for the 2024 plan year. The Company expects to make total benefit payments of approximately \$114.4 million from pension and other postretirement benefit plans in 2024. The Company anticipates making contributions to pension and other postretirement benefit plans of approximately \$61.3 million in 2024.

**8. Balance Sheet Components**

Selected balance sheet components consist of the following:

**Cash and restricted cash**

(In millions)	September 30, 2024	December 31, 2023	September 30, 2023
Cash and cash equivalents	\$ 1,878.7	\$ 991.9	\$ 1,309.6
Restricted cash, included in prepaid expenses and other current assets	1.4	1.7	2.2
<b>Cash, cash equivalents and restricted cash</b>	<u>\$ 1,880.1</u>	<u>\$ 993.6</u>	<u>\$ 1,311.8</u>

**VIATRIS INC. AND SUBSIDIARIES**
**Notes to Condensed Consolidated Financial Statements (Unaudited) - Continued**
**Inventories**

	September 30, 2024	December 31, 2023
<i>(In millions)</i>		
Raw materials	\$ 1,285.9	\$ 731.7
Work in process	554.8	602.1
Finished goods	2,243.9	2,135.9
<b>Inventories</b>	<b>\$ 4,084.6</b>	<b>\$ 3,469.7</b>

**Prepaid expenses and other current assets**

	September 30, 2024	December 31, 2023
<i>(In millions)</i>		
Prepaid expenses	\$ 134.5	\$ 155.9
Deferred consideration due from Biocon Biologics	158.3	321.2
Available-for-sale fixed income securities	39.7	37.0
Fair value of financial instruments	73.7	106.2
Equity securities	55.6	49.3
Deferred charge for taxes on intercompany profit	602.5	747.3
Income tax receivable	227.5	340.2
Other current assets	335.2	271.0
<b>Prepaid expenses and other current assets</b>	<b>\$ 1,627.0</b>	<b>\$ 2,028.1</b>

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

**Property, plant and equipment, net**

	September 30, 2024	December 31, 2023
<i>(In millions)</i>		
Machinery and equipment	\$ 2,862.1	\$ 2,774.5
Buildings and improvements	1,465.0	1,444.4
Construction in progress	441.3	431.2
Land and improvements	116.4	120.2
Gross property, plant and equipment	4,884.8	4,770.3
Accumulated depreciation	2,207.9	2,010.7
<b>Property, plant and equipment, net</b>	<b>\$ 2,676.9</b>	<b>\$ 2,759.6</b>

**Other assets**

	September 30, 2024	December 31, 2023
<i>(In millions)</i>		
Non-marketable equity investments	\$ 132.1	\$ 165.7
CCPS in Biocon Biologics	1,345.0	976.3
Operating lease right-of-use assets	267.6	245.6
Other long-term assets	721.1	821.1
<b>Other assets</b>	<b>\$ 2,465.8</b>	<b>\$ 2,208.7</b>

**VIATRIS INC. AND SUBSIDIARIES**
**Notes to Condensed Consolidated Financial Statements (Unaudited) - Continued**
**Accounts payable**

	September 30, 2024	December 31, 2023
<i>(In millions)</i>		
Trade accounts payable	\$ 1,242.2	\$ 1,381.4
Other payables	683.7	556.8
<b>Accounts payable</b>	<b>\$ 1,925.9</b>	<b>\$ 1,938.2</b>

**Other current liabilities**

	September 30, 2024	December 31, 2023
<i>(In millions)</i>		
Accrued sales allowances	\$ 1,031.6	\$ 996.3
Legal and professional accruals, including litigation accruals	446.2	244.0
Payroll and employee benefit liabilities	668.2	844.5
Contingent consideration	49.8	76.1
Accrued restructuring	30.9	36.4
Accrued interest	188.5	66.8
Fair value of financial instruments	136.5	124.6
Operating lease liability	84.2	83.0
Other	1,219.8	922.2
<b>Other current liabilities</b>	<b>\$ 3,855.7</b>	<b>\$ 3,393.9</b>

**Other long-term obligations**

	September 30, 2024	December 31, 2023
<i>(In millions)</i>		
Employee benefit liabilities	\$ 490.8	\$ 504.3
Contingent consideration <sup>(1)</sup>	490.8	139.0
Tax related items, including contingencies	328.5	399.3
Operating lease liability	188.1	165.4
Accrued restructuring	127.8	59.2
Other	243.3	249.7
<b>Other long-term obligations</b>	<b>\$ 1,869.3</b>	<b>\$ 1,516.9</b>

<sup>(1)</sup> Balance as of September 30, 2024 includes \$ 389.0 million related to the Idorsia Transaction. Refer to Note 11 *Financial Instruments and Risk Management* for additional information.

**9. Earnings (Loss) per Share**

Basic earnings (loss) per share is computed by dividing net earnings (loss) attributable to holders of Viatris Inc. common stock by the weighted average number of shares outstanding during the period. Diluted earnings (loss) per share is computed by dividing net earnings (loss) attributable to holders of Viatris Inc. common stock 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.



**VIATRIS INC. AND SUBSIDIARIES**
**Notes to Condensed Consolidated Financial Statements (Unaudited) - Continued**

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

(In millions, except per share amounts)	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2024	2023	2024	2023
<b>Basic earnings (loss) attributable to Viatris Inc. common shareholders (numerator):</b>				
Net earnings (loss) attributable to Viatris Inc. common shareholders	\$ 94.8	\$ 331.6	\$ (117.7)	\$ 820.3
<b>Shares (denominator):</b>				
Weighted average shares outstanding	1,193.5	1,199.5	1,193.3	1,200.4
Basic earnings (loss) per share attributable to Viatris Inc. shareholders	\$ 0.08	\$ 0.28	\$ (0.10)	\$ 0.68
<b>Diluted earnings (loss) attributable to Viatris Inc. common shareholders (numerator):</b>				
Net earnings (loss) attributable to Viatris Inc. common shareholders	\$ 94.8	\$ 331.6	\$ (117.7)	\$ 820.3
<b>Shares (denominator):</b>				
Weighted average shares outstanding	1,193.5	1,199.5	1,193.3	1,200.4
Share-based awards	6.9	8.1	—	5.2
Total dilutive shares outstanding	1,200.4	1,207.6	1,193.3	1,205.6
Diluted earnings (loss) per share attributable to Viatris Inc. shareholders	\$ 0.08	\$ 0.27	\$ (0.10)	\$ 0.68

Additional stock awards and Restricted Stock Awards were outstanding during the three and nine months ended September 30, 2024 and 2023, but were not included in the computation of diluted earnings (loss) per share for each respective period because the effect would be anti-dilutive. Excluded shares at September 30, 2024 also include certain share-based compensation awards and restricted shares whose performance conditions had not been fully met. Such excluded shares and anti-dilutive awards represented 9.1 million shares and 20.5 million shares for the three and nine months ended September 30, 2024, respectively, and 12.2 million shares and 16.8 million shares for the three and nine months ended September 30, 2023, respectively.

The Company paid a quarterly dividend of \$ 0.12 per share on the Company's issued and outstanding common stock on March 18, 2024, June 14, 2024, and September 13, 2024. On November 4, 2024, 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 December 13, 2024 to shareholders of record as of the close of business on November 22, 2024. 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. The Company subsequently announced that on February 26, 2024, its Board of Directors authorized a \$1.0 billion increase to the Company's previously announced \$1.0 billion share repurchase program. As a result, the Company's share repurchase program now authorizes the repurchase of up to \$2.0 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 nine months ended September 30, 2024 and 2023, the Company repurchased approximately 19.2 million shares of common stock at a cost of approximately \$ 250 million, and approximately 21.2 million shares of common stock at a cost of approximately \$ 250 million, respectively, under the program. As of September 30, 2024, the Company had repurchased a total of \$500 million in shares under the program. The share repurchase program does not obligate the Company to acquire any particular amount of common stock.

**VIATRIS INC. AND SUBSIDIARIES**
**Notes to Condensed Consolidated Financial Statements (Unaudited) - Continued**
**10. Goodwill and Intangible Assets**
**Goodwill**

The changes in the carrying amount of goodwill for the nine months ended September 30, 2024 are as follows:

<i>(In millions)</i>	Developed Markets <sup>(1)</sup>	Greater China	JANZ <sup>(2)</sup>	Emerging Markets <sup>(3)</sup>	Total
Balance at December 31, 2023:	7,107.4	932.8	645.7	1,181.2	9,867.1
Acquisitions	19.5	—	—	—	19.5
Impairment	—	—	(321.0)	—	(321.0)
Foreign currency translation	15.7	(0.5)	(17.3)	(1.8)	(3.9)
Balance at September 30, 2024:	<u>\$ 7,142.6</u>	<u>\$ 932.3</u>	<u>\$ 307.4</u>	<u>\$ 1,179.4</u>	<u>\$ 9,561.7</u>

<sup>(1)</sup> Balances as of September 30, 2024 and December 31, 2023 include an accumulated impairment loss of \$ 929.0 million.

<sup>(2)</sup> Balances as of September 30, 2024 and December 31, 2023 include an accumulated impairment loss of \$ 351.0 million and \$30.0 million, respectively.

<sup>(3)</sup> Balances as of September 30, 2024 and December 31, 2023 include an accumulated impairment loss of \$ 124.0 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, 2024.

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, 2023, due to certain macroeconomic conditions, the Company has experienced fluctuations in foreign exchange rates in certain international markets, combined with an increase in market interest rates. These conditions impacted all reporting units, with the most significant impact in JANZ and Emerging Markets. The impact in the other reporting units was offset by changes in other discount rate assumptions.

As of April 1, 2024, the allocation of the Company's total goodwill was as follows: North America \$ 3.12 billion, Europe \$3.86 billion, Emerging Markets \$1.17 billion, JANZ \$0.62 billion and Greater China \$0.93 billion.

In conjunction with its annual goodwill impairment test, the Company recorded a goodwill impairment charge of \$ 321.0 million during the second quarter of 2024 related to its JANZ reporting unit, which was recorded within SG&A in the condensed consolidated statement of operations. The impairment charge was primarily the result of a 1.0% increase in the discount rate and a 0.5% reduction in the terminal growth rate assumption for the reporting unit.

For the JANZ reporting unit at April 1, 2024, the Company forecasted cash flows for the next 10 years. During the forecast period, the revenue compound annual growth rate was approximately negative 0.3%. A terminal year value was calculated with a 1.0% revenue growth rate applied. The discount rate utilized was 8.0% and the estimated tax rate was 30.3%.

Following the goodwill impairment charge recorded in the JANZ reporting unit, the carrying value of the reporting unit was equal to its estimated fair value as of April 1, 2024. If market conditions or the projected results were to change materially, it may be necessary to record further impairment charges to the JANZ reporting unit in future periods.

As of April 1, 2024, the Company determined that the fair values of the North America, Greater China, and Emerging Markets reporting units were substantially in excess of the respective unit's carrying value.

**VIATRIS INC. AND SUBSIDIARIES**
**Notes to Condensed Consolidated Financial Statements (Unaudited) - Continued**

For the Europe reporting unit, the estimated fair value exceeded its carrying value by approximately \$ 882 million or 7.9% for the annual goodwill impairment test. As it relates to the discounted cash flow approach for the Europe reporting unit at April 1, 2024, the Company forecasted cash flows for the next 10 years. During the forecast period, the revenue compound annual growth rate was approximately 2.5%. A terminal year value was calculated with a 2.0% revenue growth rate applied. The discount rate utilized was 10.0% and the estimated tax rate was 15.7%. If all other assumptions are held constant, a reduction in the terminal value growth rate by 1.5% or an increase in discount rate by 1.0% would result in an impairment charge for the Europe 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 September 30, 2024 and December 31, 2023:

(In millions)	Weighted Average Life (Years)	Original Cost	Accumulated Amortization	Net Book Value
September 30, 2024				
Product rights, licenses and other <sup>(1)</sup>	13	\$ 34,275.2	\$ 17,187.9	\$ 17,087.3
In-process research and development		891.6	—	891.6
		<u>\$ 35,166.8</u>	<u>\$ 17,187.9</u>	<u>\$ 17,978.9</u>
December 31, 2023				
Product rights, licenses and other <sup>(1)</sup>	13	\$ 34,178.1	\$ 15,316.4	\$ 18,861.7
In-process research and development		319.4	—	319.4
		<u>\$ 34,497.5</u>	<u>\$ 15,316.4</u>	<u>\$ 19,181.1</u>

<sup>(1)</sup> Represents amortizable intangible assets. Other intangible assets consist principally of customer lists and contractual rights.

During the nine months ended September 30, 2024, the Company recorded IPR&D assets of approximately \$ 675.0 million as part of the Idorsia Transaction. Refer to Note 4 *Acquisitions and Other Transactions* for additional information.

Amortization expense, intangible asset disposal & impairment charges and IPR&D intangible asset 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 nine months ended September 30, 2024 and 2023:

(In millions)	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2024	2023	2024	2023
Intangible asset amortization expense	\$ 574.7	\$ 584.0	\$ 1,772.9	\$ 1,778.5
Intangible asset disposal & impairment charges	—	—	—	32.0
IPR&D intangible asset impairment charges	—	—	102.0	—
Total intangible asset amortization expense (including disposal & impairment charges)	<u>\$ 574.7</u>	<u>\$ 584.0</u>	<u>\$ 1,874.9</u>	<u>\$ 1,810.5</u>

In the second quarter of 2024, the Company concluded that one of its IPR&D assets was fully impaired due to unfavorable clinical results and the termination of the development program.

## VIATRIS INC. AND SUBSIDIARIES

## Notes to Condensed Consolidated Financial Statements (Unaudited) - Continued

During the nine months ended September 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 commercialization rights in the Upjohn Distributor Markets, which were classified as held for sale. Refer to Note 5 *Divestitures* for additional information.

Intangible asset amortization expense over the remainder of 2024 and for the years ending December 31, 2025 through 2028 is estimated to be as follows:

(In millions)

2024	\$	580
2025		2,296
2026		2,243
2027		2,025
2028		1,781

## 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.

**VIATRIS INC. AND SUBSIDIARIES**
**Notes to Condensed Consolidated Financial Statements (Unaudited) - Continued**

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	
		September 30, 2024	December 31, 2023
2.250% Euro Senior Notes due 2024 <sup>(1)</sup>	€ 1,000.0	€ 810.8	€ 1,000.0
1.023% Euro Senior Notes due 2024 <sup>(2)</sup>	750.0	—	750.0
2.125% Euro Senior Notes due 2025 <sup>(3)</sup>	500.0	—	500.0
1.362% Euro Senior Notes due 2027	850.0	850.0	850.0
3.125% Euro Senior Notes due 2028	750.0	750.0	750.0
1.908% Euro Senior Notes due 2032	1,250.0	1,250.0	1,250.0
Foreign currency forward contracts <sup>(4)</sup>	—	—	500.0
<b>Euro Total</b>	<b>€ 5,100.0</b>	<b>€ 3,660.8</b>	<b>€ 5,600.0</b>
<b>Yen</b>			
<b>YEN Term Loan</b>	<b>¥ 40,000.0</b>	<b>¥ 40,000.0</b>	<b>¥ 40,000.0</b>
<b>Yen Total</b>	<b>¥ 40,000.0</b>	<b>¥ 40,000.0</b>	<b>¥ 40,000.0</b>

<sup>(1)</sup> The Company de-designated €189.2 million of the 2.250% Euro Senior Notes due 2024 as net investment hedges during the third quarter of 2024 and an additional €200.0 million in October 2024.

<sup>(2)</sup> The Euro Senior Notes were repaid at maturity during the second quarter of 2024.

<sup>(3)</sup> In conjunction with the partial Senior Notes repayment during the third quarter of 2024 (refer to Note 12 *Debt* for more information), the Company de-designated the €500 million 2.125% Euro Senior Notes due 2025 as net investment hedges.

<sup>(4)</sup> The principal amount of the foreign currency forward contracts at December 31, 2023 was € 500 million. The contracts matured in July 2024.

At September 30, 2024, the principal amount of the Company's outstanding Yen borrowings and the notional amount of the Yen borrowings designated as net investment hedges was \$278.5 million.

During the third quarter of 2023, the Company executed fixed-rate cross-currency interest rate swaps with notional amounts totaling Japanese Yen 14.6 billion with settlement dates through 2026. During the second quarter of 2024, the Company executed fixed-rate cross-currency interest rate swaps with notional amounts totaling €500 million with settlement dates through 2026. The transactions hedge a portion of the Company's net investment in certain Yen- and Euro-functional currency subsidiaries. All changes in the fair value of these derivative instruments, which are designated as net investment hedges, are marked-to-market using the current spot exchange rate as of the end of the period. The portion of these changes related to the excluded component will be amortized in interest expense over the life of the derivative while the remainder will be recorded in AOCE until the sale or substantial liquidation of the underlying net investments. The semiannual net interest payment received related to the fixed-rate component of the cross-currency interest rate swaps will be reflected in operating cash flows.

During the fourth quarter of 2023, the Company executed foreign currency forward contracts with notional amounts totaling € 500 million. During the second quarter of 2024, the Company executed additional foreign currency forward contracts with notional amounts totaling €600 million. The transactions hedged a portion of the Company's net investment in certain Euro functional currency subsidiaries. The contracts were designated as a net investment hedge and matured in July 2024.

**VIATRIS INC. AND SUBSIDIARIES**
**Notes to Condensed Consolidated Financial Statements (Unaudited) - Continued**
**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.

**Cash Flow Hedging Relationships**

The Company's interest rate swaps designated as cash flow hedges fix the interest rate on a portion of the Company's variable-rate debt or hedge part of the Company's interest rate exposure associated with the variability in the future cash flows attributable to changes in interest rates. Any changes in fair value are included in earnings or deferred through AOCE, depending on the nature and effectiveness of the offset. Any ineffectiveness in a cash flow hedging relationship is recognized immediately in earnings in the condensed consolidated statements of operations.

**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:

(In millions)	Asset Derivatives			Liability Derivatives		
	Balance Sheet Location	September 30, December 31,		Balance Sheet Location	September	December 31,
		2024 Fair Value	2023 Fair Value		30, 2024 Fair Value	2023 Fair Value
Derivatives designated as hedges:						
Cross-currency interest rate swaps	Prepaid expenses & other current assets	\$ 0.5	\$ —	Other current liabilities	\$ 17.7	\$ —
Foreign currency forward contracts	Prepaid expenses & other current assets	3.4	17.5	Other current liabilities	15.8	35.8
Total derivatives designated as hedges		3.9	17.5		33.5	35.8
Derivatives not designated as hedges:						
Foreign currency forward contracts	Prepaid expenses & other current assets	69.8	88.7	Other current liabilities	103.0	88.8
Total derivatives not designated as hedges		69.8	88.7		103.0	88.8
Total derivatives		\$ 73.7	\$ 106.2		\$ 136.5	\$ 124.6

**VIATRIS INC. AND SUBSIDIARIES**
**Notes to Condensed Consolidated Financial Statements (Unaudited) - Continued**

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

(In millions)	Location of Gain/(Loss)	Three months ended September 30,					
		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	
		2024	2023	2024	2023	2024	2023
<b>Derivative Financial Instruments in Cash Flow Hedging Relationships <sup>(1)</sup> :</b>							
Foreign currency forward contracts	Net sales <sup>(3)</sup>	\$ —	\$ —	\$ (27.5)	\$ 17.3	\$ 5.9	\$ 15.8
Interest rate swaps	Interest expense <sup>(3)</sup>	—	—	(1.2)	(1.0)	(1.6)	(1.2)
Interest rate swaps	Other income, net <sup>(3)</sup>	—	—	—	—	(3.4)	—
<b>Derivative Financial Instruments in Net Investment Hedging Relationships:</b>							
Cross-currency interest rate swaps	Interest expense <sup>(2)</sup>	3.4	0.5	(21.7)	1.4	—	—
Foreign currency forward contracts		—	—	(4.3)	—	—	—
<b>Non-derivative Financial Instruments in Net Investment Hedging Relationships:</b>							
Foreign currency borrowings		—	—	(168.4)	145.1	—	—
<b>Derivative Financial Instruments Not Designated as Hedging Instruments:</b>							
Foreign currency option and forward contracts	Other income, net <sup>(2)</sup>	(91.3)	122.2	—	—	—	—
<b>Total</b>		\$ (87.9)	\$ 122.7	\$ (223.1)	\$ 162.8	\$ 4.3	\$ 14.6

(In millions)	Location of Gain/(Loss)	<div> <div> <div>Amount of</div> <div>Gains/(Losses)</div> <div>Recognized in Earnings</div> </div> <div> <div>Amount of</div> <div>Gains/(Losses)</div> <div>Recognized in AOCE (Net of Tax) on Derivatives</div> </div> <div> <div>Amount of</div> <div>Gains/(Losses)</div> <div>Reclassified from AOCE into Earnings</div> </div> </div>							
		<div> <div>2024</div> <div>2023</div> <div>2024</div> <div>2023</div> <div>2024</div> <div>2023</div> </div>							
		2024	2023	2024	2023	2024	2023		
Derivative Financial Instruments in Cash Flow Hedging Relationships <sup>(1)</sup> :									
Foreign currency forward contracts	Net sales <sup>(3)</sup>	\$ —	\$ —	\$ 10.2	\$ 60.8	\$ 22.5	\$ 32.5		
Interest rate swaps	Interest expense <sup>(3)</sup>	—	—	(3.7)	(2.8)	(4.8)	(3.5)		
Interest rate swaps	Other income, net <sup>(3)</sup>	—	—	—	—	(3.4)	—		
Derivative Financial Instruments in Net Investment Hedging Relationships:									
Cross-currency interest rate swaps	Interest expense <sup>(2)</sup>	7.2	0.5	(11.7)	1.4	—	—		
Foreign currency forward contracts		—	—	9.7	—	—	—		
Non-derivative Financial Instruments in Net Investment Hedging Relationships:									
Foreign currency borrowings		—	—	(6.3)	83.1	—	—		
Derivative Financial Instruments Not Designated as Hedging Instruments:									
Foreign currency option and forward contracts	Other income, net <sup>(2)</sup>	(45.2)	135.4	—	—	—	—		
Total		\$ (38.0)	\$ 135.9	\$ (1.8)	\$ 142.5	\$ 17.7	\$ 29.0		

<sup>(1)</sup> At September 30, 2024, the Company expects that approximately \$ 29.0 million of pre-tax net losses on cash flow hedges will be reclassified from AOCE into earnings during the next twelve months.

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

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





**VIATRIS INC. AND SUBSIDIARIES**
**Notes to Condensed Consolidated Financial Statements (Unaudited) - Continued**
**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:

(In millions)	September 30, 2024			December 31, 2023		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
<b>Recurring fair value measurements</b>						
<b>Financial Assets</b>						
Cash equivalents:						
Money market funds	\$ 661.9	\$ —	\$ —	\$ 651.4	\$ —	\$ —
Total cash equivalents	661.9	—	—	651.4	—	—
Equity securities:						
Exchange traded funds	55.4	—	—	49.1	—	—
Marketable securities	0.2	—	—	0.2	—	—
Total equity securities	55.6	—	—	49.3	—	—
CCPS in Biocon Biologics	—	—	1,345.0	—	—	976.3
Available-for-sale fixed income investments:						
Corporate bonds	—	14.5	—	—	15.9	—
U.S. Treasuries	—	15.9	—	—	11.2	—
Agency mortgage-backed securities	—	3.3	—	—	4.6	—
Asset backed securities	—	4.7	—	—	5.1	—
Other	—	1.3	—	—	0.2	—
Total available-for-sale fixed income investments	—	39.7	—	—	37.0	—
Foreign exchange derivative assets	—	73.2	—	—	106.2	—
Interest rate swap derivative assets	—	0.5	—	—	—	—
Total assets at recurring fair value measurement	\$ 717.5	\$ 113.4	\$ 1,345.0	\$ 700.7	\$ 143.2	\$ 976.3
<b>Financial Liabilities</b>						
Foreign exchange derivative liabilities	\$ —	\$ 118.8	\$ —	\$ —	\$ 124.6	\$ —
Interest rate swap derivative liabilities	—	17.7	—	—	—	—
Contingent consideration	—	—	540.6	—	—	215.1
Total liabilities at recurring fair value measurement	\$ —	\$ 136.5	\$ 540.6	\$ —	\$ 124.6	\$ 215.1

**VIATRIS INC. AND SUBSIDIARIES**
**Notes to Condensed Consolidated Financial Statements (Unaudited) - Continued**

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, 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, 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, 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 September 30, 2024, the Company had a contingent consideration liability of \$ 389.0 million related to the Idorsia Transaction. As of September 30, 2024 and December 31, 2023, the Company had a contingent consideration liability of \$149.9 million and \$177.6 million, respectively, related to the Respiratory Delivery Platform, and as of December 31, 2023, the Company had a contingent consideration liability of \$15.8 million related to the Biocon Biologics Transaction. Refer to Note 5 *Divestitures* for additional information. 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 September 30, 2024, discount rates ranging from 8.5% to 18.0%, and at December 31, 2023, discount rates ranging from 6.4% and 8.0% were utilized in the valuations. Significant changes in unobservable inputs could result in material changes to the contingent consideration liabilities.

A rollforward of the activity in the Company's fair value of contingent consideration from December 31, 2023 to September 30, 2024 is as follows:

<i>(In millions)</i>	Current Portion (1)	Long-Term Portion (2)	Total Contingent Consideration
<b>Balance at December 31, 2023</b>	\$ 76.1	\$ 139.0	\$ 215.1
Acquisition	—	345.0	345.0
Payments	(84.8)	—	(84.8)
Reclassifications	58.5	(58.5)	—
Accretion	—	36.9	36.9
Fair value loss (3)	—	28.4	28.4
<b>Balance at September 30, 2024</b>	<u>\$ 49.8</u>	<u>\$ 490.8</u>	<u>\$ 540.6</u>

(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.

**VIATRIS INC. AND SUBSIDIARIES**
**Notes to Condensed Consolidated Financial Statements (Unaudited) - Continued**

Although the Company has not elected the fair value option for 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 10 *Debt* in Viatrix' 2023 Form 10-K.

**Receivables Facility and Note Securitization Facility**

The Company has a \$400 million Receivables Facility which expires in April 2025. The Company also had a \$ 200 million Note Securitization Facility which expired in August 2024 and was not renewed. Under the terms of the Receivables 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 the Receivables 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.

**Long-Term Debt**

A summary of long-term debt is as follows:

(\$ in millions)	Interest Rate as of		September 30,	December 31,
	September 30, 2024		2024	2023
Current portion of long-term debt:				
2024 Euro Senior Notes **	2.250	%	1,113.4	1,103.5
2024 Euro Senior Notes (a) ****	1.023	%	—	831.5
2025 Euro Senior Notes (b)*	2.125	%	325.0	—
Other			0.6	0.4
Deferred financing fees			(0.3)	(0.7)
Current portion of long-term debt			\$ 1,438.7	\$ 1,934.7
Non-current portion of long-term debt:				
2025 Euro Senior Notes (b)*	2.125	%	—	551.7
2025 Senior Notes (b)***	1.650	%	—	755.7
2026 Senior Notes (b)**	3.950	%	1,672.4	2,245.1
2027 Euro Senior Notes ****	1.362	%	969.3	967.2
2027 Senior Notes ***	2.300	%	765.6	769.8
2028 Euro Senior Notes **	3.125	%	831.8	824.1
2028 Senior Notes *	4.550	%	749.2	749.1
2030 Senior Notes ***	2.700	%	1,499.0	1,505.0
2032 Euro Senior Notes ****	1.908	%	1,482.8	1,478.4
2040 Senior Notes ***	3.850	%	1,638.9	1,644.0
2043 Senior Notes *	5.400	%	497.5	497.5
2046 Senior Notes **	5.250	%	999.9	999.9
2048 Senior Notes *	5.200	%	747.9	747.8
2050 Senior Notes ***	4.000	%	2,192.8	2,196.3
YEN Term Loan Facility		Variable	278.5	283.6
Other			3.0	2.4
Deferred financing fees			(25.2)	(29.5)
Long-term debt			\$ 14,303.4	\$ 16,188.1

## VIATRIS INC. AND SUBSIDIARIES

## Notes to Condensed Consolidated Financial Statements (Unaudited) - Continued

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(a) The 2024 Euro Senior Notes were repaid at maturity in the second quarter of 2024.

(b) Refer to *Senior Notes Repayment* section below for additional details.

\* 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.

*Senior Notes Repayment*

On September 16, 2024, Viatris and Mylan Inc. completed cash tender offers for their then-outstanding 1.650% Senior Notes due 2025 (the "2025 Senior Notes") and 2.125% Senior Notes due 2025 (the "2025 Euro Senior Notes"), respectively. Viatris paid \$422.3 million to repurchase \$432.0 million aggregate principal amount of the 2025 Senior Notes at a repurchase price equal to 97.8% of the aggregate principal amount of the 2025 Senior Notes accepted for tender, and also paid accrued and unpaid interest. Mylan Inc. paid €206.9 million to repurchase €208.1 million aggregate principal amount of the 2025 Euro Senior Notes at a repurchase price equal to 99.4% of the aggregate principal amount of the 2025 Euro Senior Notes accepted for tender, and also paid accrued and unpaid interest. On September 20, 2024, Utah Acquisition Sub Inc. also completed a cash tender offer for its then-outstanding 3.950% Senior Notes due 2026 (the "2026 Senior Notes" and, together with the 2025 Senior Notes and the 2025 Euro Senior Notes, the "Senior Notes") and paid \$572.5 million to repurchase \$575.0 million aggregate principal amount at a repurchase price equal to 99.6% of the aggregate principal amount of the 2026 Senior Notes accepted for tender, and also paid accrued and unpaid interest.

On September 16, 2024, after completing the tender offer, the Company irrevocably deposited with the trustee under the indenture governing the 2025 Senior Notes, U.S. government obligations in an amount sufficient to fund the payment of accrued and unpaid interest and the remaining \$318.0 million aggregate principal amount as it becomes due. After the deposit of such funds with the trustee, the Company's obligations under the 2025 Senior Notes Indenture with respect to the 2025 Senior Notes were satisfied and discharged. In addition, on September 16, 2024, after completing the tender offer, Mylan Inc. issued a notice of redemption for the remaining €291.9 million aggregate principal amount of the 2025 Euro Senior Notes and such redemption was completed on October 16, 2024.

The tender offers and satisfaction and discharge of the Senior Notes were completed using cash and cash equivalents on hand and accounted for as a debt extinguishment. The total gain recognized on the debt extinguishment (net of the write off of related unamortized deferred financing fees) for the three and nine months ended September 30, 2024 was \$16.7 million and is included within *Other Income, Net* in the condensed consolidated statements of operations.

*2024 Revolving Facility*

On September 27, 2024, Viatris entered into a \$3.5 billion amended and restated revolving credit agreement (the "2024 Revolving Facility") with a syndicate of banks. The 2024 Revolving Facility amended and restated the 2021 Revolving Facility. The 2024 Revolving Facility has substantially identical terms to the 2021 Revolving Facility with the following exceptions: 1) the maturity of the 2024 Revolving Facility is September 2029 and 2) the pricing was adjusted to reflect current market prices.

The 2024 Revolving Facility contains 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 require maintenance of a Maximum Leverage Ratio no greater than 3.75 to 1.00 as of the last day of any fiscal quarter, 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.

**VIATRIS INC. AND SUBSIDIARIES**
**Notes to Condensed Consolidated Financial Statements (Unaudited) - Continued**
*Fair Value*

At September 30, 2024 and December 31, 2023, the aggregate fair value of the Company's outstanding notes was approximately \$ 13.40 billion and \$15.25 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 September 30, 2024 were as follows for each of the periods ending December 31:

<i>(In millions)</i>	<b>Total</b>
2024	\$ 1,114
2025 <sup>(a)</sup>	325
2026	1,953
2027	1,696
2028	1,585
Thereafter	8,592
<b>Total</b>	<b>\$ 15,265</b>

<sup>(a)</sup> The 2025 Euro Senior Notes were fully redeemed on October 16, 2024.

**13. Comprehensive Loss**

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

<i>(In millions)</i>	<b>September 30, 2024</b>	<b>December 31, 2023</b>
Accumulated other comprehensive loss:		
Net unrealized loss on available-for-sale fixed income securities, net of tax	\$ (0.6)	\$ (1.2)
Net unrecognized gain and prior service cost related to defined benefit plans, net of tax	262.5	271.4
Net unrecognized loss on derivatives in cash flow hedging relationships, net of tax	(8.1)	(8.0)
Net unrecognized gain on derivatives in net investment hedging relationships, net of tax	228.8	237.1
Foreign currency translation adjustment	(3,168.9)	(3,246.7)
	<b>\$ (2,686.3)</b>	<b>\$ (2,747.4)</b>

Components of accumulated other comprehensive loss, before tax, consist of the following, for the three and nine months ended September 30, 2024 and 2023:

**VIATRIS INC. AND SUBSIDIARIES**
**Notes to Condensed Consolidated Financial Statements (Unaudited) - Continued**
**Three Months Ended September 30, 2024**

	Gains and Losses on Derivatives in Cash Flow Hedging Relationships			Gains and Losses on Net Investment Hedges	Gains and Losses on Available-for-Sale Fixed Income Securities	Defined Pension Plan Items	Foreign Currency Translation Adjustment	Totals
	Foreign Currency Forward Contracts	Interest Rate Swaps	Total					
<i>(In millions)</i>								
Balance at June 30, 2024, net of tax			\$ 20.2	\$ 423.2	\$ (1.4)	\$ 261.7	\$ (3,678.9)	\$ (2,975.2)
Other comprehensive (loss) earnings before reclassifications, before tax			(37.1)	(248.0)	1.1	5.2	510.0	231.2
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	(5.9)		(5.9)					(5.9)
Loss on interest rate swaps classified as cash flow hedges, included in interest expense		1.6	1.6					1.6
Loss on interest rate swaps classified as cash flow hedges, included in other income, net		3.4	3.4					3.4
Amortization of prior service costs included in SG&A						0.5		0.5
Amortization of actuarial gain included in SG&A						(4.3)		(4.3)
Net other comprehensive (loss) earnings, before tax			(38.0)	(248.0)	1.1	1.4	510.0	226.5
Income tax (benefit) provision			(9.7)	(53.6)	0.3	0.6	—	(62.4)
Balance at September 30, 2024, net of tax			\$ (8.1)	\$ 228.8	\$ (0.6)	\$ 262.5	\$ (3,168.9)	\$ (2,686.3)

**VIATRIS INC. AND SUBSIDIARIES**
**Notes to Condensed Consolidated Financial Statements (Unaudited) - Continued**
**Nine Months Ended September 30, 2024**

Nine Months Ended September 30, 2024								
(In millions)	Gains and Losses on Derivatives in Cash Flow Hedging Relationships			Gains and Losses on Net Investment Hedges	Gains and Losses on Available-for-Sale Fixed Income Securities	Defined Pension Plan Items	Foreign Currency Translation Adjustment	Totals
	Foreign Currency Forward Contracts	Interest Rate Swaps	Total					
Balance at December 31, 2023, net of tax			\$ (8.0)	\$ 237.1	\$ (1.2)	\$ 271.4	\$ (3,246.7)	\$ (2,747.4)
Other comprehensive earnings (loss) before reclassifications, before tax			13.7	(10.5)	0.8	0.8	77.8	82.6
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	(22.5)		(22.5)					(22.5)
Loss on interest rate swaps classified as cash flow hedges, included in interest expense		4.8	4.8					4.8
Loss on interest rate swaps classified as cash flow hedges, included in other income, net		3.4	3.4					3.4
Amortization of prior service costs included in SG&A						1.6		1.6
Amortization of actuarial gain included in SG&A						(12.8)		(12.8)
Net other comprehensive (loss) earnings, before tax			(0.6)	(10.5)	0.8	(10.4)	77.8	57.1
Income tax (benefit) provision			(0.5)	(2.2)	0.2	(1.5)	—	(4.0)
Balance at September 30, 2024, net of tax			\$ (8.1)	\$ 228.8	\$ (0.6)	\$ 262.5	\$ (3,168.9)	\$ (2,686.3)

**VIATRIS INC. AND SUBSIDIARIES**
**Notes to Condensed Consolidated Financial Statements (Unaudited) - Continued**

Three Months Ended September 30, 2023								
	Gains and Losses on Derivatives in Cash Flow Hedging Relationships			Gains and Losses on Net Investment Hedges	Gains and Losses on Available-for-Sale Fixed Income Securities	Defined Pension Plan Items	Foreign Currency Translation Adjustment	Totals
	Foreign Currency Forward Contracts	Interest Rate Swaps	Total					
<i>(In millions)</i>								
Balance at June 30, 2023, net of tax			\$ 10.9	\$ 315.0	\$ (1.3)	\$ 264.5	\$ (3,594.7)	\$ (3,005.6)
Other comprehensive earnings (loss) before reclassifications, before tax			23.4	186.8	(1.3)	(2.7)	(350.8)	(144.6)
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	(15.8)		(15.8)					(15.8)
Loss on interest rate swaps classified as cash flow hedges, included in interest expense		1.2	1.2					1.2
Amortization of prior service costs included in SG&A						0.1		0.1
Loss on divestiture of defined pension plan included in SG&A						2.6		2.6
Amortization of actuarial gain included in SG&A						(4.9)		(4.9)
Net other comprehensive earnings (loss), before tax			8.8	186.8	(1.3)	(4.9)	(350.8)	(161.4)
Income tax provision (benefit)			2.2	40.3	(0.1)	(0.9)	—	41.5
Balance at September 30, 2023, net of tax			\$ 17.5	\$ 461.5	\$ (2.5)	\$ 260.5	\$ (3,945.5)	\$ (3,208.5)



**VIATRIS INC. AND SUBSIDIARIES**
**Notes to Condensed Consolidated Financial Statements (Unaudited) - Continued**
**Nine Months Ended September 30, 2023**

	Gains and Losses on Derivatives in Cash Flow Hedging Relationships			Gains and Losses on Net Investment Hedges	Gains and Losses on Available-for-Sale Fixed Income Securities	Defined Pension Plan Items	Foreign Currency Translation Adjustment	Totals
	Foreign Currency Forward Contracts	Interest Rate Swaps	Total					
(In millions)								
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			77.4	107.8	(0.2)	7.4	(559.6)	(367.2)
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	(32.5)		(32.5)					(32.5)
Loss on interest rate swaps classified as cash flow hedges, included in interest expense		3.5	3.5					3.5
Amortization of prior service costs included in SG&A						0.1		0.1
Gain on divestiture of defined pension plan included in SG&A						(3.0)		(3.0)
Amortization of actuarial gain included in SG&A						(14.9)		(14.9)
Net other comprehensive earnings (loss), before tax			48.4	107.8	(0.2)	(10.4)	(559.6)	(414.0)
Income tax provision (benefit)			12.4	23.3	—	(2.4)	—	33.3
Balance at September 30, 2023, net of tax			\$ 17.5	\$ 461.5	\$ (2.5)	\$ 260.5	\$ (3,945.5)	\$ (3,208.5)

**14. Segment Information**

Viatis 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 and generic products, including complex 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;

**VIATRIS INC. AND SUBSIDIARIES**
**Notes to Condensed Consolidated Financial Statements (Unaudited) - Continued**

- 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 divestitures, 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 2023 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.

(In millions)	Net Sales		Segment Profitability	
	Three Months Ended September 30,		Three Months Ended September 30,	
	2024	2023	2024	2023
<b>Reportable Segments:</b>				
Developed Markets	\$ 2,298.7	\$ 2,408.5	\$ 1,042.1	\$ 1,087.0
Greater China	561.8	548.4	362.2	354.6
JANZ	344.3	334.5	102.9	125.4
Emerging Markets	533.2	642.5	208.2	273.6
Total reportable segments	<u>\$ 3,738.0</u>	<u>\$ 3,933.9</u>	<u>\$ 1,715.4</u>	<u>\$ 1,840.6</u>
<b>Reconciling items:</b>				
Intangible asset amortization expense			(574.7)	(584.0)
Globally managed research and development costs			(198.4)	(211.2)
Acquired IPR&D			—	(1.0)
Litigation settlements & other contingencies			(31.5)	26.1
Transaction related and other special items			(303.6)	(207.3)
Corporate and other unallocated			(381.3)	(411.5)
Earnings from operations			<u>\$ 225.9</u>	<u>\$ 451.7</u>

**VIATRIS INC. AND SUBSIDIARIES**
**Notes to Condensed Consolidated Financial Statements (Unaudited) - Continued**

(In millions)	Net Sales		Segment Profitability	
	Nine months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
<b>Reportable Segments:</b>				
Developed Markets	\$ 6,783.3	\$ 6,932.7	\$ 2,963.1	\$ 3,085.4
Greater China	1,644.7	1,645.1	1,077.9	1,098.6
JANZ	1,011.7	1,052.2	291.5	387.5
Emerging Markets	1,737.7	1,932.5	720.4	863.5
Total reportable segments	<u>\$ 11,177.4</u>	<u>\$ 11,562.5</u>	<u>\$ 5,052.9</u>	<u>\$ 5,435.0</u>
Reconciling items:				
Intangible asset amortization expense			(1,772.9)	(1,778.5)
Intangible asset disposal & impairment charges			(102.0)	(32.0)
Impairment of goodwill			(321.0)	—
Globally managed research and development costs			(602.2)	(602.4)
Acquired IPR&D			1.7	(11.2)
Litigation settlements & other contingencies			(239.3)	36.5
Transaction related and other special items			(702.3)	(620.4)
Corporate and other unallocated			(1,125.0)	(1,206.4)
Earnings from operations			<u>\$ 189.9</u>	<u>\$ 1,220.7</u>

**15. 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, including those related to the Idorsia Transaction. Refer to Note 11 *Financial Instruments and Risk Management* for further discussion of contingent consideration.

Our potential maximum development milestones not accrued for at September 30, 2024 totaled approximately \$ 412 million. We estimate that the amounts that may be paid through the end of 2024 to be approximately \$8 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.

**Mapi**

In 2018, the Company entered into an exclusive license and commercialization agreement with Mapi for the development and commercialization on a world-wide basis of GA Depot. Under the terms of the license and commercialization agreement, as of September 30, 2024, 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 potential contingent payments, such as tiered royalties and tiered sales-based milestones.

## VIATRIS INC. AND SUBSIDIARIES

## Notes to Condensed Consolidated Financial Statements (Unaudited) - Continued

In December 2023, the Company entered into a letter agreement, as amended, with Mapi for the development and commercialization of certain additional products, which is subject to finalization pending the execution of a definitive agreement. The Company made an initial upfront payment of \$75.0 million which was accounted for as *Acquired IPR&D* expense in the consolidated statements of operations during the fourth quarter of 2023.

During the first quarter of 2024, the Company was informed that Mapi received a Complete Response Letter ("CRL") regarding the NDA for GA Depot 40 mg from the FDA. The Companies are reviewing the content of the CRL and will be determining the appropriate next steps.

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 Viatri's 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, Net* in the condensed consolidated statements of operations. The Company has determined that Mapi represents a variable interest entity ("VIE"), but has concluded that Viatri 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 each of September 30, 2024 and December 31, 2023, our condensed consolidated balance sheets included, within *Other Assets*, \$132.1 million related to our equity investments in Mapi, which included cumulative unrealized gains of \$ 62.1 million, and within *Prepaid Expenses and Other Current Assets*, \$52.5 million 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.

There have been no other significant changes to our licensing and other partner agreements as disclosed in our 2023 Form 10-K.

**16. Income Taxes*****Legislative Updates***

On August 16, 2022, the U.S. government enacted the Inflation Reduction Act of 2022 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* in our condensed consolidated balance sheets as of September 30, 2024 and December 31, 2023. The share repurchase and authorization amounts otherwise disclosed in this Form 10-Q exclude the excise tax. The Company does not anticipate being subject to the 15% CAMT tax in either 2023 or 2024 based on enacted law and regulatory guidance; however, our CAMT status could change in the future, depending on new regulations or regulatory guidance issued by the U.S. Department of the Treasury.

In addition, many countries are actively considering or have proposed or enacted changes to their tax laws based on the Pillar Two Global Anti-Base Erosion Rules ("Pillar Two Rules") proposed by the OECD. The Pillar Two Rules impose a global minimum tax of 15%, and under these rules, the Company may be required to pay a "top-up" tax to the extent our effective tax rate in any given country is below 15%. Several countries have enacted the Pillar Two Rules effective January 1, 2024, with many countries postponing implementation to January 1, 2025 or later, if at all. After determining which jurisdictions are not required to calculate a Pillar Two liability as a result of the existing safe harbors, the Company has determined that the impact of the Pillar Two Rules in the countries that have enacted such rules effective January 1, 2024, is not material to our results of operations for the three and nine months ended September 30, 2024. While the Company is monitoring developments and evaluating the potential impact on future periods, we do not expect Pillar Two Rules to have a significant impact on the 2024 financial results.

## VIATRIS INC. AND SUBSIDIARIES

## Notes to Condensed Consolidated Financial Statements (Unaudited) - Continued

**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 2020 through 2022 are open years, with 2020 and 2021 under examination.

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 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 commenced litigation in the Australian Federal Court challenging those decisions. A trial took place in October 2023 and on March 20, 2024, the Court issued a decision in favor of the Company. The tax authorities did not appeal the Court decision. 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, which has been refunded.

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 \$ 22.3 million during 2023 due to the terms of this agreement. The remaining issues are in the audit phase or are being challenged in the Indian tax courts.

In 2020, the Swedish Tax Authorities ("STA") asserted an underpayment of tax against Meda A.B. for the tax years 2014 to 2019. The claim was that profits earned by its Luxembourg subsidiary should have been attributed to Meda A.B. The Company appealed the STA's assessment to the Administrative Court of Stockholm. On September 16, 2022, the Court ruled in favor of Meda A.B. that no tax was due. The STA appealed that decision. On April 10, 2024, the Administrative Court of Appeals overturned the lower Court's ruling and issued a decision in favor of the STA upholding its original assessment. The amount due including interest and penalties is approximately \$18.2 million, which was paid during the second quarter of 2024. The Company has filed a petition seeking review of the decision to the Supreme Administrative Court.

The Company has recorded a net reserve for uncertain tax positions of \$ 266.7 million and \$287.1 million, including interest and penalties, in connection with its international audits at September 30, 2024 and December 31, 2023, respectively. In connection with our international tax audits, it is possible that we will incur material losses above the amounts reserved.

VIATRIS INC. AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements (Unaudited) - Continued

The Company's major U.S. state taxing jurisdictions remain open from fiscal year 2013 through 2022, with several state audits currently in progress. The Company's major international taxing jurisdictions remain open from 2012 through 2023.

***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.

## VIATRIS INC. AND SUBSIDIARIES

## Notes to Condensed Consolidated Financial Statements (Unaudited) - Continued

**17. 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, 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. A trial is currently scheduled to begin in July 2026.

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. Class certification was denied.

In June 2024, the Company received a civil subpoena from the Attorney General of the State of Mississippi seeking information relating to the sales and/or marketing of EpiPen® Auto-Injector. The Company is fully cooperating with this request and has communicated with certain other State Attorneys General regarding related issues. The issues covered in the Mississippi subpoena and the communications with certain other States generally relate to issues from litigations and/or investigations that have been previously disclosed, including the indirect purchaser class action that was resolved in 2022.

**VIATRIS INC. AND SUBSIDIARIES****Notes to Condensed Consolidated Financial Statements (Unaudited) - Continued**

The Company has a total accrual of approximately \$ 5.5 million related to these matters at September 30, 2024, 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*

Beginning in December 2015, the Company received subpoenas 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 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 had fully cooperated with these investigations, which we believe were related to a broader industry-wide investigation of the generic pharmaceutical industry. The Antitrust Division of the DOJ has advised that it no longer considers the Company, and its former President, a subject of its antitrust investigation. The Civil Division of the DOJ has also informed the Company that it does not expect to take any further actions in connection with its civil investigative demand.

*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 former 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 and class certification and summary judgment motions are pending.

*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 was transferred to the aforementioned MDL proceeding in the EDPA. The operative complaint includes attorneys general of forty-three 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-three states and the Commonwealth of Puerto Rico against certain individuals, including the Company's former 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.



## VIATRIS INC. AND SUBSIDIARIES

## Notes to Condensed Consolidated Financial Statements (Unaudited) - Continued

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-four states, certain territories and the District of Columbia. The amended complaint also includes claims asserted by attorneys general of thirty-nine 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 was 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-three 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 was transferred to the aforementioned MDL proceeding in the EDPA and was ordered to proceed as a bellwether.

The aforementioned complaints have now been transferred back to the U.S. District Court for the District of Connecticut.

**Securities Related Litigation**

Purported class action complaints were filed in October 2016 against Mylan N.V. and Mylan Inc. (collectively, for the purposes of this paragraph, "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 ("SDNY Class Action Litigation"). 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 was the third amended consolidated complaint, which was filed on June 17, 2019, and contained 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 was 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 sought 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' appeals to the U.S. Court of Appeals for the Second Circuit were rejected and the SDNY's decision dismissing Plaintiffs' claims was affirmed. Plaintiffs' petition seeking review by the U.S. Supreme Court was also denied, which concludes this matter.

On April 30, 2017, a similar lawsuit was filed in the Tel Aviv District Court (Economic Division) in Israel ("Israel Litigation"), which had been stayed pending a decision in the SDNY Class Action Litigation. The Israel Litigation was dismissed by the Court.

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 ("ADIA Litigation") that overlap with those asserted in the SDNY Class Action Litigation. The complaint filed in the ADIA Litigation seeks monetary damages as well as the plaintiff's fees and costs.

## VIATRIS INC. AND SUBSIDIARIES

## Notes to Condensed Consolidated Financial Statements (Unaudited) - Continued

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 a former officer/current 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 ("WDPA") on behalf of certain purchasers of securities of Mylan N.V. ("WDPA Mylan N.V. Class Action Litigation"). 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 in the SDNY 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 former officer/current director of the Company, and certain former and current employees of the Company ("Skandia Litigation"). The Complaint filed in the Skandia Litigation asserts claims which are based on allegations that are similar to those in the SDNY Class Action Litigation and WDPA Mylan N.V. Class Action Litigation. 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 alleged 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 sought monetary damages, reasonable costs and expenses, and certain other equitable and injunctive relief. The Court has approved the settlement to fully resolve this matter.

Beginning in May 2023, putative class action complaints were filed against the Company and certain of the Company's current and former officers, directors, and employees in the WDPA on behalf of certain purchasers of securities of the Company. These actions have been consolidated and, on October 23, 2023, a consolidated amended putative class action complaint was filed in the WDPA against the Company, a director, and a former officer and director ("WDPA Viatris Class Action Litigation"). The operative complaint alleges 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 relief. On September 20, 2024, the Court granted Defendants' motion to dismiss all of Plaintiffs' claims. Plaintiffs have filed an appeal to the United States Court of Appeal for the Third Circuit.

Beginning in August 2023, stockholder derivative actions purportedly on behalf of Viatris were filed in the WDPA against certain of the Company's current and former officers, directors, and employees alleging that defendants failed to ensure that the Company was making truthful and accurate statements in connection with the disclosures alleged in the WDPA Viatris Class Action Litigation. Viatris is named as a nominal defendant in these derivative actions. Certain of the complaints also assert claims for corporate waste and unjust enrichment. Plaintiffs seek various forms of relief, including damages, disgorgement, restitution, costs and fees.

**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.

**VIATRIS INC. AND SUBSIDIARIES****Notes to Condensed Consolidated Financial Statements (Unaudited) - Continued**

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. Beginning in January 2024, the Company has received similar subpoenas from the Attorneys General of Alaska, Oregon, Utah, Maryland, and Louisiana. The Company is fully cooperating with these subpoena requests.

The Company has accrued approximately \$270 million in connection with the possible resolution of certain of these matters at September 30, 2024, 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.

***Citalopram***

In 2013, the European Commission issued a decision finding that Lundbeck and several generic companies, including Generics [U.K.] Limited ("GUK"), 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. GUK, 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 €11.8 million as of September 30, 2024 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.

***Perindopril***

In 2014, the European Commission issued a decision finding that Servier SAS, and certain of its subsidiaries ("Servier"), along with several generic companies, including the Company, had violated EU competition rules relating to various settlement agreements for perindopril. The settlement agreement involving the Company is a 2005 agreement entered into between Servier and Matrix Laboratories Ltd., which the Company acquired in 2007. After various appeals, the European Commission's decision was upheld in June 2024. The Company satisfied its monetary obligation in 2014.

The Company has received a notice from an organization representing health insurers in the Netherlands stating an intention to commence follow-on litigation and asserting monetary damages. Also, bodies of national health authorities in England, Wales, Scotland, and Northern Ireland served a claim in the English High Court against Servier, seeking monetary damages, plus interest, purportedly arising from the settlement agreements. Servier plans to seek to have all of the generic companies, including the Company, joined as defendants in this litigation.

***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.

## VIATRIS INC. AND SUBSIDIARIES

## Notes to Condensed Consolidated Financial Statements (Unaudited) - Continued

The Company has accrued approximately \$65.9 million as of September 30, 2024 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. The Company has also received 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. The District Court granted Pfizer's motion for summary judgment and dismissed all of the federal cases in 2017, which was subsequently affirmed on appeal. Since 2016, certain cases in the MDL were remanded to certain state courts. State court proceedings remain pending in Missouri and New York.

**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 approximately \$5.4 million accrued related to its intellectual property matters at September 30, 2024. It is reasonably possible that we may incur additional losses and fees but we cannot estimate a range of such reasonably possible losses or legal fees related to these claims at this time.

## VIATRIS INC. AND SUBSIDIARIES

## Notes to Condensed Consolidated Financial Statements (Unaudited) - Continued

*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. Beginning 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, the U.S. District Court for the Middle District of North Carolina, and the U.S. District Court for the Eastern District of Pennsylvania asserting infringement of the patents by the generic companies. The actions filed in Delaware, North Carolina and Pennsylvania have been dismissed and the remaining actions will proceed in New Jersey. The Company has entered into settlement agreements with Teva, Accord, Orbicular, Lupin, and Qilu granting licenses to commercialize their generic versions of Yupelri® in April 2039 or earlier depending on certain circumstances. Three ANDA filers remain in the litigation.

*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. In March 2024, Oyster Point filed an amended complaint asserting infringement with respect to four additional patents that were recently listed in the Orange Book for Tyrvaya® and also have expiration dates in October 2035.

*Amitiza*

In September 2023, Sawai Pharmaceutical Co. ("Sawai") filed challenges with the Japanese Patent Office ("JPO") asserting invalidity of patent term extensions for the JPP '4332353 patent (the '353 patent) relevant to Amitiza®, which the Company commercializes in Japan as a licensee of the relevant patents, including the '353 patent. Towa Pharmaceutical Co. Ltd. also filed a challenge to the '353 patent term extension in January 2024. Separately, in December 2023, Sawai filed an invalidity action with the JPO against the '353 patent itself. With the granted extensions, the '353 patent has expiration dates for the Company's 24µg and 12µg strengths of April 2025 and April 2027, respectively. Beginning in April 2024, Sawai filed challenges with the JPO with respect to the 12µg strength, asserting invalidity of patent term extensions of five additional patents expiring in October 2025, September 2026, August 2027, November 2027, and December 2028, and challenged the validity of the August 2027 patent itself.

**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 \$8 million accrued related to these various other legal proceedings at September 30, 2024.

## 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' 2023 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 loss for the three and nine months ended September 30, 2024, and cash flows for the nine months ended September 30, 2024 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, announced and completed divestitures, acquisitions or other transactions; the benefits and synergies of such divestitures, acquisitions, or other transactions, or restructuring programs; 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 not realize the intended benefits of, or achieve the intended goals or outlooks with respect to, its strategic initiatives (including divestitures, acquisitions, or other potential transactions) or move up the value chain by focusing on more complex and innovative products to build a more durable higher margin portfolio;
- the possibility that the Company may be unable to achieve intended or expected benefits, goals, outlooks, synergies, growth opportunities and operating efficiencies in connection with divestitures, acquisitions, other transactions, or restructuring programs, within the expected timeframes or at all;
- with respect to divestitures, failure to realize the total transaction values or proceeds, including as a result of any purchase price adjustment or a failure to achieve any conditions to the payment of any contingent consideration;
- goodwill or impairment charges or other losses, including but not limited to 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;
- 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, motivate 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 IT 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 2023 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](http://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](http://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 which we believe is uniquely positioned to bridge the traditional divide between generics and brands, combining the best of both to more holistically address healthcare needs globally. With a mission to empower people worldwide to live healthier at every stage of life, Viatris provides access at scale, currently supplying high-quality medicines to approximately 1 billion patients around the world annually and touching all of life's moments, from birth to the end of life, acute conditions to chronic diseases. With our exceptionally extensive and diverse portfolio of medicines, a one-of-a-kind global supply chain designed to reach more people when and where they need them, and the scientific expertise to address some of the world's most enduring health challenges, access takes on deep meaning at Viatris.

Viatris' executive 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. 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 is comprised of approved molecules across a wide range of key therapeutic areas, including globally recognized iconic and key brands and generics, including complex products. The Company operates approximately 26 manufacturing and packaging sites worldwide that produce oral solid doses, injectables, complex dosage forms and API, with a global workforce of approximately 32,000. 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 and generic products, including complex 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.



The process of obtaining regulatory approval to manufacture and market new branded and generic pharmaceutical products is rigorous, time consuming, costly, and inherently unpredictable. Complex products are more difficult, costly and time-consuming to receive regulatory approval for and bring to market. Any delay in regulatory approval could impact the commercial or financial success of a product. Regulatory approval, if and when obtained, may be limited in scope. Even if regulatory approvals for new products are obtained, the success of those products is dependent upon market acceptance.

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. For example, depending on certain factors – including decisions by Japanese regulatory and/or patent authorities – generic entry may occur for Amitiza® 24 µg in Japan in June or December 2025.

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. 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 inflation, elections, geopolitical events, including the ongoing conflicts in the Middle East and 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, public health epidemics, changes in intellectual property legal protections and other regulatory changes.

## **Recent Developments**

### *Lexicon Licensing Agreement*

In October 2024, the Company announced that it had entered into an exclusive licensing agreement with Lexicon Pharmaceuticals, Inc. ("Lexicon") for sotagliflozin in all markets outside of the United States and Europe in exchange for an upfront payment of \$25 million, and additional potential contingent payments, including regulatory milestones, sales milestones and tiered royalties ranging from low-double-digit to upper-teens on annual net sales. Viatriis will be responsible for all regulatory and commercialization activities for sotagliflozin in the licensed territories. Lexicon will be responsible for providing clinical and commercial supply of sotagliflozin to Viatriis. The Company currently expects to account for the transaction as an asset acquisition, with the upfront payment being expensed as in-process research and development in the fourth quarter of 2024.



### *Idorsia Acquisition*

On March 15, 2024, the Company acquired the development programs and certain personnel related to selatogrel and cenerimod from Idorsia in exchange for an upfront payment to Idorsia of \$350 million, potential contingent milestone payments (including \$300 million payable upon the achievement of certain development and regulatory milestones, and \$2.1 billion payable upon the achievement of certain tiered sales milestones), as well as potential contingent tiered sales royalties. Viartis has worldwide commercialization rights for both selatogrel and cenerimod (excluding, for cenerimod only, Japan, South Korea and certain countries in the Asia-Pacific region). A joint development committee is overseeing the development of the ongoing Phase 3 programs through regulatory approval. The agreements also provide Viartis a right of first refusal and a right of first negotiation for certain other assets in Idorsia's pipeline. The transaction expands our portfolio of innovative assets by adding two Phase 3 assets and combines our financial strength and worldwide operational infrastructure with Idorsia's proven, highly-productive drug development team and innovation engine. Viartis and Idorsia are both contributing to the development costs for both programs, which are expected to be incurred through 2026. There are risks and uncertainties associated with the timely and successful completion of these programs, including but not limited to the high cost and uncertainty of conducting clinical trials (particularly with respect to new and/or complex or innovative drugs), obtaining approval by relevant regulatory bodies and our partner's financial condition. Refer to Note 4 *Acquisitions and Other Transactions* in Part I, Item 1 of this Form 10-Q for more information.

### *Divestitures*

On October 1, 2023, the Company announced it received an offer for the divestiture of its OTC Business, and entered into definitive agreements to divest its women's healthcare business and, separately, in another transaction, its rights to two women's healthcare products in certain countries, its API business in India and commercialization rights in the Upjohn Distributor Markets. The divestiture of the women's healthcare business was primarily related to our oral and injectable contraceptives and did not include all of our women's healthcare related products; as an example, our Xulane® product in the U.S. was excluded. The transaction to divest the Company's rights to two women's healthcare products in certain countries closed in December 2023 (other than in the U.K.), and the divestiture of the women's healthcare business closed in March 2024. In the third quarter of 2024, the Company closed the divestiture of the product rights in the U.K. The divestitures of the commercialization rights in certain of the Upjohn Distributor Markets closed during 2023 and 2024, the divestiture of our API business in India closed in June 2024, and the OTC Transaction closed in July 2024. Refer to Note 5 *Divestitures* in Part I, Item 1 of this Form 10-Q 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. The Company subsequently announced that on February 26, 2024, its Board of Directors authorized a \$1.0 billion increase to the Company's previously announced \$1.0 billion share repurchase program. As a result, the Company's share repurchase program now authorizes the repurchase of up to \$2.0 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 nine months ended September 30, 2024 and 2023, the Company repurchased approximately 19.2 million shares of common stock at a cost of approximately \$250 million, and approximately 21.2 million shares of common stock at a cost of approximately \$250 million, respectively, under the program. As of September 30, 2024, the Company had repurchased a total of \$500 million in shares under the program. The share repurchase program does not obligate the Company to acquire any particular amount of common stock.

## Financial Summary

The table below is a summary of the Company's financial results for the three and nine months ended September 30, 2024 compared to the prior year period:

(In millions, except per share amounts)	Three Months Ended		
	September 30,		
	2024	2023	Change
Total revenues	\$ 3,751.2	\$ 3,941.9	\$ (190.7)
Gross profit	1,459.2	1,691.3	(232.1)
Earnings from operations	225.9	451.7	(225.8)
Net earnings	94.8	331.6	(236.8)
Diluted earnings per share	\$ 0.08	\$ 0.27	\$ (0.19)

(In millions, except per share amounts)	Nine Months Ended		
	September 30,		
	2024	2023	Change
Total revenues	\$ 11,211.2	\$ 11,589.6	\$ (378.4)
Gross profit	4,408.6	4,842.1	(433.5)
Earnings from operations	189.9	1,220.7	(1,030.8)
Net (loss) earnings	(117.7)	820.3	(938.0)
Diluted (loss) earnings per share	\$ (0.10)	\$ 0.68	\$ (0.78)

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 EBITDA, adjusted net earnings, and adjusted EPS (all of which are defined below) can be found in "Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations - Use of Non-GAAP Financial Measures."

## Results of Operations

### Three Months Ended September 30, 2024 Compared to Three Months Ended September 30, 2023

(In millions, except %s)	Three Months Ended September 30,					
	2024	2023	% Change	2024 Currency Impact <sup>(1)</sup>	2024 Constant Currency Revenues	Constant Currency % Change <sup>(2)</sup>
Net sales						
Developed Markets <sup>(3)</sup>	\$ 2,298.7	\$ 2,408.5	(5) %	\$ (15.4)	\$ 2,283.3	(5) %
Greater China	561.8	548.4	2 %	1.9	563.7	3 %
JANZ	344.3	334.5	3 %	9.8	354.1	6 %
Emerging Markets <sup>(3)</sup>	533.2	642.5	(17) %	18.3	551.5	(14) %
Total net sales	\$ 3,738.0	\$ 3,933.9	(5) %	\$ 14.6	\$ 3,752.6	(5) %
Other revenues <sup>(4)</sup>	13.2	8.0	NM	(0.1)	13.1	NM
Consolidated total revenues <sup>(3)(5)</sup>	\$ 3,751.2	\$ 3,941.9	(5) %	\$ 14.5	\$ 3,765.7	(4) %

<sup>(1)</sup> Currency impact is shown as unfavorable (favorable).

<sup>(2)</sup> 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 2024 constant currency net sales or revenues to the corresponding amount in the prior year.

<sup>(3)</sup> Reductions were driven primarily by the inclusion of net sales in the prior year period related to divestitures that have closed during 2023 and 2024.

<sup>(4)</sup> For the three months ended September 30, 2024, other revenues in Developed Markets, Greater China, JANZ, and Emerging Markets were approximately \$9.5 million, \$0.4 million, \$1.2 million, and \$2.1 million, respectively.

<sup>(5)</sup> Amounts exclude intersegment revenue which eliminates on a consolidated basis.

## Total Revenues

For the three months ended September 30, 2024, Viatri reported total revenues of \$3.75 billion, compared to \$3.94 billion for the comparable prior year period, representing a decrease of \$190.7 million, or 5%. Total revenues include both net sales and other revenues from third parties. Net sales for the current quarter were \$3.74 billion, compared to \$3.93 billion for the comparable prior year period, representing a decrease of \$195.9 million, or 5%. Other revenues for the current quarter were \$13.2 million, compared to \$8.0 million for the comparable prior year period.

Net sales decreased by approximately \$290.7 million or 7% due to the inclusion of net sales in the prior year period related to divestitures that have closed during 2023 and 2024. The decrease in net sales was also partially driven by the unfavorable impact of foreign currency translation of approximately \$14.6 million, or less than 1%, primarily reflecting changes in the U.S. Dollar as compared to the currencies of subsidiaries in Japan and countries in Emerging Markets. Additionally, on a constant currency basis, net sales from the remaining business increased by approximately \$109.4 million, or 3%, for the three months ended September 30, 2024 compared to the prior year period. The increase was driven by new product sales, primarily in Developed Markets, of approximately \$133.1 million. New product sales include new products launched in 2024 and the carryover impact of new products, including business development, launched within the last twelve months. This increase was partially offset by base business erosion of approximately \$23.7 million.

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 36% and 35% for the three months ended September 30, 2024 and 2023, respectively.

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 \$109.8 million or 5% during the three months ended September 30, 2024 when compared to the prior year period. Net sales decreased by approximately \$184.7 million or 8% due to the inclusion of net sales in the prior year period related to divestitures that have closed during 2023 and 2024. The favorable impact of foreign currency translation was approximately \$15.4 million, or less than 1%. Constant currency net sales from the remaining business increased by approximately \$59.5 million or 2% when compared to the prior year period. New product sales throughout Developed Markets, combined with the stability of our existing product portfolio, helped to offset the anticipated lower net sales of certain existing products within the U.S., including EpiPen® Auto-Injector, as a result of lower pricing due to additional competition and increased utilization within government channels. Net sales within North America totaled approximately \$990.6 million and net sales within Europe totaled approximately \$1.31 billion.

### *Greater China Segment*

Net sales from Greater China increased by \$13.4 million or 2% for the three months ended September 30, 2024 when compared to the prior year period. The unfavorable impact of foreign currency translation was approximately \$1.9 million. Constant currency net sales increased by approximately \$15.3 million or 3% when compared to the prior year period, driven by higher volumes of existing products. Divestitures did not have a significant impact on the net sales for the current quarter.

### *JANZ Segment*

Net sales from JANZ increased by \$9.8 million or 3% for the three months ended September 30, 2024 when compared to the prior year period. The unfavorable impact of foreign currency translation was approximately \$9.8 million, or 3%. In addition, net sales decreased by approximately \$6.5 million, or 2%, due to the inclusion of net sales in the prior year period related to divestitures that have closed during 2023 and 2024. Constant currency net sales from the remaining business increased by approximately \$26.1 million, or 8%, when compared to the prior year period, driven primarily by new product sales in Australia and volume growth of our promoted brands in Japan. This increase was partially offset by lower net sales of existing products mainly driven by lower pricing in Japan as a result of government price reductions and additional competition.

### *Emerging Markets Segment*

Net sales from Emerging Markets decreased by \$109.3 million or 17% for the three months ended September 30, 2024 when compared to the prior year period. Net sales decreased by approximately \$99.5 million, or 15%, due to the inclusion of net sales in the prior year period related to divestitures that have closed during 2023 and 2024. The decrease in net sales was also partially driven by the unfavorable impact of foreign currency translation of approximately \$18.3 million, or 3%. Constant currency net sales from the remaining business increased by \$8.5 million, or 1% when compared to the prior year period, primarily driven by new products and higher volumes of existing products in certain Latin American, Middle Eastern and Asian countries.

### **Cost of Sales and Gross Profit**

Cost of sales increased from \$2.25 billion for the three months ended September 30, 2023 to \$2.29 billion for the three months ended September 30, 2024. The increase in cost of sales was primarily driven by restructuring related costs for additional anticipated plant closures. This increase was partially offset by the impact of the decrease in net sales, including as a result of the divestitures that have closed during 2023 and 2024.

Gross profit for the three months ended September 30, 2024 was \$1.46 billion and gross margins were 39%. For the three months ended September 30, 2023, gross profit was \$1.69 billion and gross margins were 43%. The changes in gross profit and gross margins are primarily related to the impact of the divestitures and the restructuring-related costs discussed above. Adjusted gross margins were approximately 58% for the three months ended September 30, 2024, compared to approximately 59% for the three months ended September 30, 2023.

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 September 30, 2024 compared to the three months ended September 30, 2023 is as follows:

	Three Months Ended	
	September 30,	
(In millions, except %s)	2024	2023
<b>U.S. GAAP cost of sales</b>	<b>\$ 2,292.0</b>	<b>\$ 2,250.6</b>
Deduct:		
Purchase accounting amortization and other related items	(586.2)	(602.0)
Acquisition and divestiture-related costs	(18.8)	(14.1)
Restructuring related costs	(82.7)	(9.1)
Share-based compensation expense	(0.8)	(0.7)
Other special items	(45.2)	(16.7)
Adjusted cost of sales	<u>\$ 1,558.3</u>	<u>\$ 1,608.0</u>
Adjusted gross profit <sup>(a)</sup>	<u>\$ 2,192.9</u>	<u>\$ 2,333.9</u>
Adjusted gross margin <sup>(a)</sup>	<u>58 %</u>	<u>59 %</u>

<sup>(a)</sup> 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 September 30, 2024 was \$198.4 million, compared to \$211.2 million for the comparable prior year period, a decrease of \$12.8 million due to the timing of clinical development programs.

### Selling, General & Administrative Expense

SG&A expense for the current quarter was \$1.00 billion, compared to \$1.05 billion for the comparable prior year period, a decrease of \$50.1 million. The decrease was primarily driven by the impact of the divestitures, including lower acquisition and divestiture-related costs of approximately \$21.5 million.

### 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 September 30, 2024 and 2023, respectively:

	Three Months Ended	
	September 30,	
(In millions)	2024	2023
Contingent consideration adjustment	\$ 26.8	\$ (2.9)
Litigation settlements, net	4.7	(23.2)
<b>Total litigation settlements and other contingencies, net</b>	<u>\$ 31.5</u>	<u>\$ (26.1)</u>

Contingent consideration adjustment for the current quarter was primarily driven by a fair value adjustment related to the Idorsia contingent consideration liability. Refer to Note 11 *Financial Instruments and Risk Management* in Part I, Item 1 of this Form 10-Q for more information.

Also refer to Note 17 *Litigation* in Part I, Item 1 of this Form 10-Q for more information.

### ***Interest Expense***

Interest expense for the three months ended September 30, 2024 totaled \$145.6 million, compared to \$141.5 million for the three months ended September 30, 2023, an increase of \$4.1 million. The increase is primarily due to the non-cash accretion of the contingent consideration liability related to the Idorsia Transaction, partially offset by lower interest expense as a result of debt repayments.

### ***Other Income, Net***

Other income, net includes gains and losses from divestitures of businesses, changes in the fair value of equity securities, extinguishment of debt, foreign exchange, expense (income) related to post-employment benefit plans, TSA income, and interest and dividend income. Other income, net for the three months ended September 30, 2024 totaled \$10.2 million, compared to \$92.0 million for the three months ended September 30, 2023.

The decrease in other income, net was primarily driven by net loss on divestitures of approximately \$107.4 million, and by lower TSA income of approximately \$19.7 million as the prior year period included TSA income related to the reimbursement for transition services provided to Biocon Biologics. Biocon Biologics had substantially exited all transition services with Viartis as of December 31, 2023. The costs related to the transition services are included in SG&A and R&D. These decrease were partially offset by a higher net gain of \$20.3 million related to the CCPS in Biocon Biologics, higher interest income of \$17.3 million, and gain on debt extinguishments of \$16.7 million.

### ***Income Tax Provision***

For the three months ended September 30, 2024, the Company recognized an income tax benefit of \$4.3 million, compared to an income tax provision of \$70.6 million for the comparable prior year period, a change of \$74.9 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.

**Nine Months Ended September 30, 2024 Compared to Nine Months Ended September 30, 2023**

(In millions, except %s)	Nine Months Ended September 30,					
	2024	2023	% Change	2024 Currency Impact <sup>(1)</sup>	2024 Constant	
					Currency Revenues	Constant Currency % Change <sup>(2)</sup>
Net sales						
Developed Markets <sup>(3)</sup>	\$ 6,783.3	\$ 6,932.7	(2) %	\$ (13.6)	\$ 6,769.7	(2) %
Greater China	1,644.7	1,645.1	— %	42.4	1,687.1	3 %
JANZ	1,011.7	1,052.2	(4) %	70.6	1,082.3	3 %
Emerging Markets <sup>(3)</sup>	1,737.7	1,932.5	(10) %	91.5	1,829.2	(5) %
Total net sales	\$ 11,177.4	\$ 11,562.5	(3) %	\$ 190.9	\$ 11,368.3	(2) %
Other revenues <sup>(4)</sup>	33.8	27.1	NM	(0.1)	33.7	NM
Consolidated total revenues <sup>(3)(5)</sup>	\$ 11,211.2	\$ 11,589.6	(3) %	\$ 190.8	\$ 11,402.0	(2) %

<sup>(1)</sup> Currency impact is shown as unfavorable (favorable).

<sup>(2)</sup> 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 2024 constant currency net sales or revenues to the corresponding amount in the prior year.

<sup>(3)</sup> Reductions were driven primarily by the inclusion of net sales in the prior year period related to divestitures that have closed during 2023 and 2024.

<sup>(4)</sup> For the nine months ended September 30, 2024, other revenues in Developed Markets, Greater China, JANZ, and Emerging Markets were approximately \$22.6 million, \$0.8 million, \$1.7 million, and \$8.7 million, respectively.

<sup>(5)</sup> Amounts exclude intersegment revenue which eliminates on a consolidated basis.

**Total Revenues**

For the nine months ended September 30, 2024, Viartis reported total revenues of \$11.21 billion, compared to \$11.59 billion for the comparable prior year period, representing a decrease of \$378.4 million, or 3%. Total revenues include both net sales and other revenues from third parties. Net sales for the nine months ended September 30, 2024 were \$11.18 billion, compared to \$11.56 billion for the comparable prior year period, representing a decrease of \$385.1 million, or 3%. Other revenues for the nine months ended September 30, 2024 were \$33.8 million, compared to \$27.1 million for the comparable prior year period.

Net sales decreased by approximately \$445.4 million or 4% due to the inclusion of net sales in the prior year period related to divestitures that have closed during 2023 and 2024. The decrease in net sales was also partially driven by the unfavorable impact of foreign currency translation of approximately \$190.9 million, or 2%, primarily reflecting changes in the U.S. Dollar as compared to the currencies of subsidiaries in Japan, China, and countries in Emerging Markets. Additionally, on a constant currency basis, net sales from the remaining business increased by approximately \$251.2 million, or 2%, for the nine months ended September 30, 2024 compared to the prior year period. The increase was driven by new product sales of approximately \$497.2 million, primarily in Developed Markets. New product sales include new products launched in 2024 and the carryover impact of new products, including business development, launched within the last twelve months. This increase was partially offset by base business erosion of approximately \$246.0 million.

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 33% and 34% for the nine months ended September 30, 2024 and 2023, respectively.

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 \$149.4 million or 2% for the nine months ended September 30, 2024 when compared to the prior year period. Net sales decreased by approximately \$231.3 million or 3% due to the inclusion of net sales in the prior year period related to divestitures that have closed during 2023 and 2024. The favorable impact of foreign currency translation was approximately \$13.6 million or essentially flat. Constant currency net sales from the remaining business increased by approximately \$68.3 million or 1% when compared to the prior year period. New product sales throughout Developed Markets, including Breyna™ in the U.S., combined with the stability of our existing product portfolio, helped to offset the anticipated lower net sales of certain existing products within the U.S., including EpiPen® Auto-Injector and Perforomist®, as a result of lower pricing and volumes due to additional competition and increased utilization within government channels. Net sales within North America totaled approximately \$2.87 billion and net sales within Europe totaled approximately \$3.91 billion.

### *Greater China Segment*

Net sales from Greater China were essentially flat for the nine months ended September 30, 2024 when compared to the prior year period. The unfavorable impact of foreign currency translation was approximately \$42.4 million, or 3%. Constant currency net sales increased by approximately \$42.0 million or 3% when compared to the prior year period, driven by higher volumes of existing products. Divestitures did not have a significant impact on the net sales for the current year period.

### *JANZ Segment*

Net sales from JANZ decreased by \$40.5 million or 4% for the nine months ended September 30, 2024 when compared to the prior year period. This decrease was the result of the unfavorable impact of foreign currency translation of approximately \$70.6 million, or 7%. In addition, net sales decreased by approximately \$7.1 million, or 1%, due to the inclusion of net sales in the prior year period related to divestitures that have closed during 2023 and 2024. Constant currency net sales from the remaining business increased by approximately \$37.2 million, or 4%, when compared to the prior year period, driven primarily by new product sales in Australia and volume growth of our promoted brands in Japan. This increase was partially offset by lower net sales of existing products mainly driven by lower pricing in Japan as a result of government price reductions and additional competition.

### *Emerging Markets Segment*

Net sales from Emerging Markets decreased by \$194.8 million or 10% for the nine months ended September 30, 2024 when compared to the prior year period. Net sales decreased by approximately \$207.0 million, or 11%, due to the inclusion of net sales in the prior year period related to divestitures that have closed during 2023 and 2024. The decrease in net sales was also partially driven by the unfavorable impact of foreign currency translation of approximately \$91.5 million, or 5%. Constant currency net sales from the remaining business increased by \$103.7 million, or 5% when compared to the prior year period, primarily driven by new products and higher volumes of existing products in certain Latin American, Middle Eastern and Asian countries.

### **Cost of Sales and Gross Profit**

Cost of sales increased from \$6.75 billion for the nine months ended September 30, 2023 to \$6.80 billion for the nine months ended September 30, 2024. The increase in cost of sales was largely driven by an IPR&D intangible asset impairment charge of \$102.0 million. Refer to Note 10 *Goodwill and Intangible Assets* in Part I, Item 1 of this Form 10-Q for more information. This increase was partially offset by the impact of the decrease in net sales, including as a result of the divestitures that have closed during 2023 and 2024.

Gross profit for the nine months ended September 30, 2024 was \$4.41 billion and gross margins were 39%. For the nine months ended September 30, 2023, gross profit was \$4.84 billion and gross margins were 42%. The changes in gross profit and gross margins are primarily related to the impact of the divestitures and the IPR&D intangible asset impairment charge. Adjusted gross margins were approximately 58% for the nine months ended September 30, 2024, compared to approximately 60% for the nine months ended September 30, 2023.



A reconciliation between cost of sales, as reported under U.S. GAAP, and adjusted cost of sales and adjusted gross margin for the nine months ended September 30, 2024 compared to the nine months ended September 30, 2023 is as follows:

	Nine Months Ended	
	September 30,	
(In millions, except %s)	2024	2023
<b>U.S. GAAP cost of sales</b>	\$ 6,802.6	\$ 6,747.5
Deduct:		
Purchase accounting amortization and other related items	(1,907.6)	(1,864.7)
Acquisition and divestiture-related costs	(42.1)	(26.7)
Restructuring related costs	(98.3)	(88.9)
Share-based compensation expense	(2.5)	(2.2)
Other special items	(92.5)	(91.9)
Adjusted cost of sales	\$ 4,659.6	\$ 4,673.1
Adjusted gross profit <sup>(a)</sup>	\$ 6,551.6	\$ 6,916.5
Adjusted gross margin <sup>(a)</sup>	58 %	60 %

<sup>(a)</sup> 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 nine months ended September 30, 2024 was \$602.2 million, compared to \$602.4 million for the comparable prior year period, essentially flat.

### Selling, General & Administrative Expense

SG&A expense for the nine months ended September 30, 2024 was \$3.38 billion, compared to \$3.04 billion for the comparable prior year period, an increase of \$334.6 million. The increase was primarily due to a goodwill impairment charge of \$321.0 million related to the JANZ reporting unit, and higher acquisition and divestiture-related costs of approximately \$45.2 million. Refer to Note 10 *Goodwill and Intangible Assets* in Part I, Item 1 of this Form 10-Q for more information on the goodwill impairment charge. These increases were partially offset by the impact of the divestitures.

### Litigation Settlements and Other Contingencies, Net

The following table includes the losses/(gains) recognized in litigation settlements and other contingencies, net during the nine months ended September 30, 2024 and 2023, respectively:

	Nine Months Ended	
	September 30,	
(In millions)	2024	2023
Contingent consideration adjustment	\$ 28.4	\$ 12.7
Litigation settlements, net	210.9	(49.2)
<b>Total litigation settlements and other contingencies, net</b>	<b>\$ 239.3</b>	<b>\$ (36.5)</b>

Contingent consideration adjustment for the nine months ended September 30, 2024 was primarily driven by a fair value adjustment related to the Idorsia contingent consideration liability. Refer to Note 11 *Financial Instruments and Risk Management* in Part I, Item 1 of this Form 10-Q for more information.

Also refer to Note 17 *Litigation* in Part I, Item 1 of this Form 10-Q for more information.

### **Interest Expense**

Interest expense for the nine months ended September 30, 2024 totaled \$429.8 million, compared to \$432.2 million for the nine months ended September 30, 2023, a decrease of \$2.4 million. The decrease is primarily due to the impact of debt repayments, partially offset by the non-cash accretion of the contingent consideration liability related to the Idorsia Transaction.

### **Other Income, Net**

Other income, net includes gains and losses from divestitures of businesses, changes in the fair value of equity securities, extinguishment of debt, foreign exchange, expense (income) related to post-employment benefit plans, TSA income, and interest and dividend income. Other income, net for the nine months ended September 30, 2024 totaled \$143.2 million, compared to \$269.4 million for the nine months ended September 30, 2023.

The decrease in other income, net was primarily driven by a net loss on divestitures of approximately \$295.8 million, and by lower TSA income of approximately \$92.8 million as the prior year period included TSA income related to the reimbursement for transition services provided to Biocon Biologics. Biocon Biologics had substantially exited all transition services with Viatris as of December 31, 2023. The costs related to the transition services are included in SG&A and R&D. This decrease was partially offset by higher net gains of \$220.8 million related to our non-marketable equity investments, including the CCPS in Biocon Biologics, higher interest income of \$39.8 million, and gain on debt extinguishments of \$16.7 million.

### **Income Tax Provision**

For the nine months ended September 30, 2024, the Company recognized an income tax provision of \$21.0 million, compared to \$237.6 million for the comparable prior year period, a decrease of \$216.6 million. The current year income tax provision was negatively impacted due to the goodwill impairment charge recorded in the second quarter of 2024, for which no tax benefit was realized. This was partially offset by a benefit related to the release of reserves for uncertain tax positions as a result of the favorable court decision in the Australian tax matter, and certain statute of limitations expirations. The current year and prior year provisions were also impacted by the levels of income and the changing mix at which it is earned in jurisdictions with differing tax rates. Further impacting the tax provision for the nine months ended September 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 and divestiture-related costs, and other special items, purchase accounting amortization and other related items, and share-based compensation expense, which are described in greater detail below.

### **Adjusted Net Earnings and Adjusted EPS**

Adjusted net earnings and adjusted net earnings per diluted share (“adjusted EPS”) are non-GAAP financial measures and provide 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 and adjusted EPS are important internal financial metrics related to the ongoing operating performance of the Company, and are therefore useful to investors and that their understanding of our performance is enhanced by these measures. Actual internal and forecasted operating results and annual budgets used by management include adjusted net earnings and adjusted EPS.

### **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 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, gain on divestitures of businesses, restructuring related costs, 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 EBITDA, adjusted net earnings, and adjusted EPS 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 EBITDA, adjusted net earnings, and adjusted EPS. These amounts include the amortization of intangible assets, inventory step-up, property, plant and equipment step-up, intangible asset impairment charges, including for IPR&D, 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 EBITDA, adjusted net earnings, and adjusted EPS 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 EBITDA, adjusted net earnings, and adjusted EPS. 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 Costs and Other Special Items***

Costs related to restructuring, acquisition and divestiture-related activities and other actions are excluded from adjusted cost of sales, adjusted EBITDA, adjusted net earnings, and adjusted EPS, 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;
- 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 net earnings, and adjusted EPS. 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 and adjusted EPS.

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 EBITDA, adjusted net earnings, and adjusted EPS 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 17 *Litigation* included in Part I, Item 1 of this Form 10-Q are generally excluded from adjusted EBITDA, adjusted net earnings, and adjusted EPS. 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 (Loss) to Adjusted Net Earnings and U.S. GAAP Earnings (Loss) Per Share to Adjusted EPS**

A reconciliation between net earnings (loss) and diluted earnings (loss) per share as reported under U.S. GAAP, and adjusted net earnings and adjusted EPS for the periods shown follows:

	Three Months Ended September 30,				Nine Months Ended September 30,											
(In millions, except per share amounts)	2024		2023		2024		2023									
U.S. GAAP net earnings (loss) and U.S. GAAP diluted earnings (loss) per share	\$	94.8	\$	0.08	\$	331.6	\$	0.27	\$	(117.7)	\$	(0.10)	\$	820.3	\$	0.68
Purchase accounting amortization (primarily included in cost of sales) <sup>(a)</sup>		586.0				602.0				1,907.6				1,864.6		
Impairment of goodwill (included in SG&A) <sup>(b)</sup>		—				—				321.0				—		
Litigation settlements and other contingencies, net		31.5				(26.1)				239.3				(36.5)		
Interest expense (primarily amortization of premiums and discounts on long term debt)		0.4				(10.7)				(14.0)				(31.5)		
Loss on divestitures of businesses (included in other income, net) <sup>(c)</sup>		107.4				—				295.8				—		
Acquisition and divestiture-related costs (primarily included in SG&A) <sup>(d)</sup>		98.2				115.7				290.8				230.1		
Restructuring-related costs <sup>(e)</sup>		105.4				14.9				146.1				98.7		
Share-based compensation expense		32.4				43.1				113.8				124.9		
Other special items included in:																
Cost of sales <sup>(f)</sup>		45.2				16.7				92.5				91.9		
Research and development expense		—				0.3				2.8				2.7		
Selling, general and administrative expense		15.5				2.7				43.1				34.0		
Other income, net <sup>(g)</sup>		(43.9)				(26.4)				(322.1)				(114.0)		
Tax effect of the above items and other income tax related items <sup>(h)</sup>		(175.3)				(111.0)				(462.2)				(294.1)		
Adjusted net earnings and adjusted EPS	\$	897.6	\$	0.75	\$	952.8	\$	0.79	\$	2,536.8	\$	2.11	\$	2,791.1	\$	2.32
Weighted average diluted shares outstanding		1,200.4				1,207.6				1,202.5				1,205.6		

Significant items include the following:

- (a) For the nine months ended September 30, 2024, includes an IPR&D intangible asset impairment charge of \$102.0 million as the Company concluded that one of its IPR&D assets was fully impaired due to unfavorable clinical results and the termination of the development program.
- (b) For the nine months ended September 30, 2024, includes a goodwill impairment charge of \$321.0 million related to the JANZ reporting unit.
- (c) For the three months ended September 30, 2024, consists primarily of additional pre-tax charges related to the divestitures of the OTC, API, and women's healthcare businesses of approximately \$92.6 million, \$15.1 million, and \$2.0 million, respectively. For the nine months ended September 30, 2024, consists primarily of additional pre-tax charges / (gains) related to the divestitures of the OTC, API, and women's healthcare businesses of approximately \$340.2 million, \$32.5 million, and \$(77.6) million, respectively.
- (d) Acquisition and divestiture-related costs consist primarily of transaction costs including legal and consulting fees and integration activities.
- (e) For the three and nine months ended September 30, 2024, charges include approximately \$82.7 million and \$98.3 million, respectively, in cost of sales, approximately \$0.9 million and \$1.9 million, respectively, in R&D, and approximately \$21.8 million and \$45.9 million, respectively, in SG&A.
- (f) For the three and nine months ended September 30, 2024, charges include incremental manufacturing variances at plants in the 2020 restructuring program of approximately \$4.0 million and \$15.5 million, respectively.
- (g) For the three and nine months ended September 30, 2024, includes gains of approximately \$39.4 million and \$368.7 million, respectively, as a result of remeasuring the CCPS in Biocon Biologics to fair value. Also includes a gain on the extinguishment of debt of \$16.7 million.
- (h) Adjusted for changes for uncertain tax positions.

### Reconciliation of U.S. GAAP Net Earnings (Loss) to EBITDA and Adjusted EBITDA

Below is a reconciliation of U.S. GAAP net earnings (loss) to EBITDA and adjusted EBITDA for the three and nine months ended September 30, 2024 compared to the prior year period:

(In millions)	Three Months Ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
U.S. GAAP net earnings (loss)	\$ 94.8	\$ 331.6	\$ (117.7)	\$ 820.3
Add / (deduct) adjustments:				
Income tax (benefit) provision	(4.3)	70.6	21.0	237.6
Interest expense <sup>(a)</sup>	145.6	141.5	429.8	432.2
Depreciation and amortization <sup>(b)</sup>	669.7	679.4	2,147.0	2,096.1
EBITDA	\$ 905.8	\$ 1,223.1	\$ 2,480.1	\$ 3,586.2
Add / (deduct) adjustments:				
Share-based compensation expense	32.4	43.1	113.8	124.9
Litigation settlements and other contingencies, net	31.5	(26.1)	239.3	(36.5)
Loss on divestitures of businesses	107.4	—	295.8	—
Impairment of goodwill	—	—	321.0	—
Restructuring, acquisition and divestiture-related and other special items <sup>(c)</sup>	207.5	120.0	235.9	332.1
Adjusted EBITDA	\$ 1,284.6	\$ 1,360.1	\$ 3,685.9	\$ 4,006.7

<sup>(a)</sup> Includes amortization of premiums and discounts on long-term debt.

<sup>(b)</sup> Includes purchase accounting related amortization.

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

### Liquidity and Capital Resources

Our primary source of liquidity is net cash provided by operating activities, which was \$1.82 billion for the nine months ended September 30, 2024. 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, dividend payments, and share repurchases. 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.

Beginning in 2024, upfront and milestone payments related to externally developed IPR&D projects acquired directly in a transaction other than a business combination, which were previously included in cash flows from operating activities in the condensed consolidated statements of cash flows, are now classified as cash flows from investing activities. Certain reclassifications were made to conform the prior period condensed consolidated financial statements to the current period presentation. The adjustments resulted in an increase to net cash provided by operating activities and an increase to net cash used in investing activities of \$11.3 million for the nine months ended September 30, 2023.

#### Operating Activities

Net cash provided by operating activities decreased by \$511.3 million to \$1.82 billion for the nine months ended September 30, 2024, as compared to net cash provided by operating activities of \$2.33 billion for the nine months ended September 30, 2023. Net cash provided by operating activities is derived from net earnings (loss) 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 divestitures in 2023 and 2024, higher transaction costs associated with the divestitures, and the timing of cash payments and collections.

#### *Investing Activities*

Net cash from investing activities was \$1.97 billion for the nine months ended September 30, 2024, as compared to net cash used in investing activities of \$891.2 million for the nine months ended September 30, 2023, an increase of \$2.86 billion.

##### **In 2024, significant items in investing activities included the following:**

- proceeds from the sale of assets and businesses of \$2.51 billion primarily related to the divestitures of the OTC Business, the API business in India and the women's healthcare business;
- cash paid for acquisitions, net of cash acquired, of \$350.0 million related to the Idorsia Transaction; and
- capital expenditures, primarily for equipment and facilities, totaling approximately \$185.6 million. While there can be no assurance that current expectations will be realized, capital expenditures for the 2024 calendar year are expected to be approximately \$350 million to \$450 million.

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

- cash paid for acquisitions, net of cash acquired, of \$667.7 million; and
- capital expenditures, primarily for equipment and facilities, totaling approximately \$211.5 million.

#### *Financing Activities*

Net cash used in financing activities was \$2.91 billion for the nine months ended September 30, 2024, as compared to \$1.38 billion for the nine months ended September 30, 2023, an increase of \$1.53 billion.

##### **In 2024, significant items in financing activities included the following:**

- repayment of Senior Notes of approximately \$1.54 billion;
- repayment of the 1.023% Euro Senior Notes at maturity of approximately \$801.7 million;
- share repurchases of \$250.0 million;
- cash dividends paid of \$431.5 million; and
- receipt of \$100.0 million in deferred consideration from the Biocon Biologics Transaction, and net cash of \$97.2 million collected on behalf of various partners, including Biocon Biologics, which are included in Other items, net.

##### **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;
- cash dividends paid of \$431.6 million; and
- net cash of \$104.6 million collected on behalf of various partners, including Biocon Biologics, which is included in Other items, net.

### *Capital Resources*

Our cash and cash equivalents totaled \$1.88 billion at September 30, 2024. The majority of our cash is invested in U.S. government money market funds and in bank deposits. In order to support our global operations, we maintain significant cash and cash equivalents 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 2024 Revolving Facility, Commercial Paper Program, and Receivables 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 \$3.5 billion under the 2024 Revolving Facility which matures in September 2029. Up to \$1.65 billion of the 2024 Revolving Facility may be used to support borrowings under our Commercial Paper Program. As of September 30, 2024, the Company did not have any borrowings outstanding under the Commercial Paper Program or the 2024 Revolving Facility.

The Company has a \$400 million Receivables Facility which expires in April 2025. The Company also had a \$200 million Note Securitization Facility which expired in August 2024 and was not renewed. As of September 30, 2024, the Company did not have any borrowings outstanding under the Receivables Facility.

Under the terms of the Receivables 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. Borrowings outstanding under the Receivables Facility bear interest at the applicable base rate plus 0.775% and 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 agreement governing the Receivables Facility contains 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 \$19.9 million and \$30.8 million of accounts receivable as of September 30, 2024 and December 31, 2023 under these factoring arrangements, respectively. Additionally, in 2023, we entered into a similar arrangement for certain European countries. As of September 30, 2024 and December 31, 2023, we have assigned and derecognized approximately \$357.0 million and \$415.7 million, respectively, of *Trade Receivables, Net*, which are now included in *Other Receivables*.

For information regarding our dividends paid and declared and share repurchase program, refer to Note 9 *Earnings (Loss) 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.

### *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 September 30, 2024, refer to Note 12 *Debt* in Part I, Item 1 of this Form 10-Q.



The YEN Term Loan Facility and the 2024 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, 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 September 30, 2024 and expects to remain in compliance for the next twelve months.

We and our subsidiaries and affiliates may from time to time, in our sole discretion, purchase, repay, redeem or retire any of our outstanding debt securities (including any publicly-issued debt securities) in privately negotiated or open market transactions, by tender offer or otherwise, or extend or refinance any of our outstanding indebtedness. Refer to Note 12 *Debt* in Part I, Item 1 of this Form 10-Q for more information.

#### *Supplemental Guarantor Financial Information*

Viatrix 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., Viatrix 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., Viatrix Inc. and Utah Acquisition Sub Inc.

The respective obligations of Viatrix 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 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 nine months ended September 30, 2024 and as of and for the year ended December 31, 2023. All intercompany balances have been eliminated in consolidation. This unaudited combined summarized financial information is presented utilizing the equity method of accounting.

	Combined Summarized Balance Sheet Information of Viatris Inc., Mylan Inc., Utah Acquisition Sub Inc. and Mylan II B.V.	
	September 30, 2024	December 31, 2023
<i>(In millions)</i>		
<b>ASSETS</b>		
Current assets	\$ 803.3	\$ 1,013.1
Non-current assets	62,690.7	63,212.6
<b>LIABILITIES AND EQUITY</b>		
Current liabilities	30,960.9	29,824.8
Non-current liabilities	12,740.7	13,933.6
	Combined Summarized Income Statement Information of Viatris Inc., Mylan Inc., Utah Acquisition Sub Inc. and Mylan II B.V.	
	Nine Months Ended September 30, 2024	Year Ended December 31, 2023
<i>(In millions)</i>		
Revenues	\$ —	\$ —
Gross profit	—	—
Loss from operations	(941.6)	(1,243.8)
Net (loss) earnings	(117.7)	54.7

#### 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 \$371.1 million accrued for legal contingencies at September 30, 2024.

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 connection with the divestitures, Viartis and the respective buyers have entered into transition services and manufacturing and supply agreements pursuant to which the Company is providing services to the respective purchasers, substantially the same as we previously provided to the related businesses, generally for a period of up to 12 months, subject to potential extensions in certain circumstances. In addition, in connection with the OTC Transaction and the divestiture of our women's healthcare business, we have entered into distribution agreements for certain markets for a limited period of time. In connection with the closing of the API business divestiture, we have entered into a manufacturing and supply agreement pursuant to which we are purchasing a significant amount of API from the purchaser in that transaction.

#### *Application of Critical Accounting Policies*

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, 2024.

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, 2023, due to certain macroeconomic conditions, the Company has experienced fluctuations in foreign exchange rates in certain international markets, combined with an increase in market interest rates. These conditions impacted all reporting units, with the most significant impact in JANZ and Emerging Markets. The impact in the other reporting units was offset by changes in other discount rate assumptions.

As of April 1, 2024, the allocation of the Company's total goodwill was as follows: North America \$3.12 billion, Europe \$3.86 billion, Emerging Markets \$1.17 billion, JANZ \$0.62 billion and Greater China \$0.93 billion.

In conjunction with its annual goodwill impairment test, the Company recorded a goodwill impairment charge of \$321.0 million during the second quarter of 2024 related to its JANZ reporting unit, which was recorded within SG&A in the condensed consolidated statement of operations. The impairment charge was primarily the result of a 1.0% increase in the discount rate and a 0.5% reduction in the terminal growth rate assumption for the reporting unit.

For the JANZ reporting unit at April 1, 2024, the Company forecasted cash flows for the next 10 years. During the forecast period, the revenue compound annual growth rate was approximately negative 0.3%. A terminal year value was calculated with a 1.0% revenue growth rate applied. The discount rate utilized was 8.0% and the estimated tax rate was 30.3%.

Following the goodwill impairment charge recorded in the JANZ reporting unit, the carrying value of the reporting unit was equal to its estimated fair value as of April 1, 2024. If market conditions or the projected results were to change materially, it may be necessary to record further impairment charges to the JANZ reporting unit in future periods.

As of April 1, 2024, the Company determined that the fair values of the North America, Greater China, and Emerging Markets reporting units were 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 \$882 million or 7.9% for the annual goodwill impairment test. As it relates to the discounted cash flow approach for the Europe reporting unit at April 1, 2024, the Company forecasted cash flows for the next 10 years. During the forecast period, the revenue compound annual growth rate was approximately 2.5%. A terminal year value was calculated with a 2.0% revenue growth rate applied. The discount rate utilized was 10.0% and the estimated tax rate was 15.7%. If all other assumptions are held constant, a reduction in the terminal value growth rate by 1.5% or an increase in discount rate by 1.0% would result in an impairment charge for the Europe 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 Viatrix' 2023 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 September 30, 2024. 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 third quarter of 2024 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 17 *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' 2023 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 September 30, 2024. 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*

During the three months ended September 30, 2024, no director or "officer" of the Company adopted or terminated a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement," as each term is defined in Item 408 of Regulation S-K.

**ITEM 6. EXHIBITS**

<a href="#">10.1</a>	Second Amended and Restated Revolving Credit Agreement, dated as of September 27, 2024, among Viatris, certain affiliates and subsidiaries of Viatris from time to time party thereto as guarantors, each lender and issuing bank from time to time party thereto and Bank of America, N.A., as administrative agent, filed as Exhibit 10.1 to the Report on Form 8-K filed by Viatris Inc. with the SEC on September 27, 2024, and incorporated herein by reference.*
<a href="#">22</a>	List of subsidiary guarantors and issuers of guaranteed securities.
<a href="#">31.1</a>	Certification of Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
<a href="#">31.2</a>	Certification of Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
<a href="#">32</a>	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).

\*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.

Viatis Inc.

By: /s/ SCOTT A. SMITH  
Scott A. Smith  
Chief Executive Officer  
*(Principal Executive Officer)*

November 7, 2024

/s/ THEODORA MISTRAS  
Theodora Mistras  
Chief Financial Officer  
*(Principal Financial Officer)*

November 7, 2024

**List of Subsidiary Guarantors and Issuers of Guaranteed Securities**

As of September 30, 2024, Viatris Inc., a Delaware corporation ("Viатris"), Mylan Inc., a Pennsylvania corporation ("Mylan Inc."), and Mylan II B.V., a company incorporated under the laws of the Netherlands ("Mylan II"), were the guarantors of the 3.950% Senior Notes due 2026 and 5.250% Senior Notes due 2046 issued by Utah Acquisition Sub Inc., a Delaware corporation ("Utah").

As of September 30, 2024, Viatris, Utah and Mylan II were the guarantors of the 4.550% Senior Notes due 2028, 5.400% Senior Notes due 2043 and 5.200% Senior Notes due 2048 issued by Mylan Inc.

As of September 30, 2024, Utah, Mylan Inc. and Mylan II were the guarantors of the 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 issued by Viatris.



**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: November 7, 2024

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

I, Theodora Mistras, 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/ THEODORA MISTRAS

Theodora Mistras

Chief Financial Officer

(Principal Financial Officer)

Date: November 7, 2024

**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 Viatrix Inc. (the "Company") for the period ended September 30, 2024 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/ THEODORA MISTRAS

Theodora Mistras

Chief Financial Officer

*(Principal Financial Officer)*

Date: November 7, 2024

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.