



Merck & Co., Inc.
Financial Highlights Package
First Quarter 2022
Table of Contents

Table 1: GAAP P&L.....	1
Table 1a: GAAP P&L – Current Year and Prior Year by Quarter.....	2
Table 2a: GAAP to Non-GAAP Reconciliation 1Q22	3
Table 2b: GAAP to Non-GAAP Reconciliation 1Q21.....	4
Table 3: Sales – Current Year and Prior Year by Quarter	5
Table 3a: Sales – U.S. / Ex- U.S. 1Q22.....	6
Table 3b: Sales – Pharmaceutical Geographic Split	7
Table 4: Other (Income) Expense	8

MERCK & CO., INC.
CONSOLIDATED STATEMENT OF INCOME - GAAP
(AMOUNTS IN MILLIONS, EXCEPT PER SHARE FIGURES)
(UNAUDITED)

Table 1

On June 2, 2021, Merck completed the spin-off of products from its women's health, biosimilars and established brands businesses into a new, independent, publicly traded company named Organon & Co. (Organon). The historical results of the businesses that were contributed to Organon in the spin-off are excluded from sales and expenses below and reflected as discontinued operations in the company's Consolidated Statements of Income provided below.

	GAAP		% Change
	1Q22	1Q21	
Sales	\$ 15,901	\$ 10,627	50%
Costs, Expenses and Other			
Cost of sales	5,380	3,199	68%
Selling, general and administrative	2,323	2,187	6%
Research and development	2,576	2,412	7%
Restructuring costs	53	297	-82%
Other (income) expense, net	708	(455)	*
Income from Continuing Operations Before Taxes	4,861	2,987	63%
Income Tax Provision	554	238	
Net Income from Continuing Operations	4,307	2,749	57%
Less: Net (Loss) Income Attributable to Noncontrolling Interests	(3)	4	
Net Income from Continuing Operations Attributable to Merck & Co., Inc.	4,310	2,745	57%
Income from Discontinued Operations, Net of Taxes and Amounts Attributable to Noncontrolling Interests	-	434	*
Net Income Attributable to Merck & Co., Inc.	\$ 4,310	\$ 3,179	36%
Basic Earnings per Common Share Attributable to Merck & Co., Inc. Common Shareholders:			
Income from Continuing Operations	\$ 1.70	\$ 1.08	57%
Income from Discontinued Operations	-	0.17	*
Net Income	\$ 1.70	\$ 1.26	35%
Earnings per Common Share Assuming Dilution Attributable to Merck & Co., Inc. Common Shareholders:			
Income from Continuing Operations	\$ 1.70	\$ 1.08	57%
Income from Discontinued Operations	-	0.17	*
Net Income	\$ 1.70	\$ 1.25	36%
Average Shares Outstanding	2,528	2,531	
Average Shares Outstanding Assuming Dilution	2,537	2,541	
Tax Rate from Continuing Operations	11.4%	8.0%	

* 100% or greater

MERCK & CO., INC.
CONSOLIDATED STATEMENT OF INCOME - GAAP
(AMOUNTS IN MILLIONS, EXCEPT PER SHARE FIGURES)
(UNAUDITED)

Table 1a

	2022	2021					% Change
	1Q	1Q	2Q	3Q	4Q	Full Year	1Q
Sales	\$ 15,901	\$ 10,627	\$ 11,402	\$ 13,154	\$ 13,521	\$ 48,704	50%
Costs, Expenses and Other							
Cost of sales	5,380	3,199	3,104	3,450	3,873	13,626	68%
Selling, general and administrative	2,323	2,187	2,281	2,336	2,830	9,634	6%
Research and development	2,576	2,412	4,321	2,445	3,068	12,245	7%
Restructuring costs	53	297	82	107	174	661	-82%
Other (income) expense, net	708	(455)	(103)	(450)	(333)	(1,341)	*
Income from Continuing Operations Before Taxes	4,861	2,987	1,717	5,266	3,909	13,879	63%
Income Tax Provision	554	238	503	695	85	1,521	
Net Income from Continuing Operations	4,307	2,749	1,214	4,571	3,824	12,358	57%
Less: Net (Loss) Income Attributable to Noncontrolling Interests	(3)	4	1	4	4	13	
Net Income from Continuing Operations Attributable to Merck & Co., Inc.	4,310	2,745	1,213	4,567	3,820	12,345	57%
Income (Loss) from Discontinued Operations, Net of Taxes and Amounts Attributable to Noncontrolling Interests	-	434	332	-	(62)	704	*
Net Income Attributable to Merck & Co., Inc.	\$ 4,310	\$ 3,179	\$ 1,545	\$ 4,567	\$ 3,758	\$ 13,049	36%
Basic Earnings (Loss) per Common Share Attributable to Merck & Co., Inc. Common Shareholders:							
Income from Continuing Operations	\$ 1.70	\$ 1.08	\$ 0.48	\$ 1.81	\$ 1.51	\$ 4.88	57%
Income (Loss) from Discontinued Operations	-	0.17	0.13	-	(0.02)	0.28	*
Net Income	\$ 1.70	\$ 1.26	\$ 0.61	\$ 1.81	\$ 1.49	\$ 5.16	35%
Earnings (Loss) per Common Share Assuming Dilution Attributable to Merck & Co., Inc. Common Shareholders:							
Income from Continuing Operations	\$ 1.70	\$ 1.08	\$ 0.48	\$ 1.80	\$ 1.51	\$ 4.86	57%
Income (Loss) from Discontinued Operations	-	0.17	0.13	-	(0.02)	0.28	*
Net Income	\$ 1.70	\$ 1.25	\$ 0.61	\$ 1.80	\$ 1.48	\$ 5.14	36%
Average Shares Outstanding	2,528	2,531	2,533	2,530	2,527	2,530	
Average Shares Outstanding Assuming Dilution	2,537	2,541	2,540	2,536	2,535	2,538	
Tax Rate from Continuing Operations	11.4%	8.0%	29.3%	13.2%	2.2%	11.0%	

* 100% or greater

Sum of quarterly amounts may not equal year-to-date amounts due to rounding.

MERCK & CO., INC.
FIRST QUARTER 2022 GAAP TO NON-GAAP RECONCILIATION - CONTINUING OPERATIONS
(AMOUNTS IN MILLIONS, EXCEPT PER SHARE FIGURES)
(UNAUDITED)

Table 2a

	GAAP	Acquisition and Divestiture- Related Costs ⁽¹⁾	Restructuring Costs ⁽²⁾	(Income) Loss from Investments in Equity Securities	Adjustment Subtotal	Non-GAAP
First Quarter						
Cost of sales	\$ 5,380	680	46		726	\$ 4,654
Selling, general and administrative	2,323	50	21		71	2,252
Research and development	2,576	22	7		29	2,547
Restructuring costs	53	-	53		53	-
Other (income) expense, net	708	(115)		684	569	139
Income from Continuing Operations Before Taxes	4,861	(637)	(127)	(684)	(1,448)	6,309
Income Tax Provision (Benefit)	554	(155) ⁽³⁾	(22) ⁽³⁾	(152) ⁽³⁾	(329)	883
Net Income from Continuing Operations	4,307	(482)	(105)	(532)	(1,119)	5,426
Net Income from Continuing Operations Attributable to Merck & Co., Inc.	4,310	(482)	(105)	(532)	(1,119)	5,429
Earnings per Common Share Assuming Dilution from Continuing Operations	\$ 1.70	(0.19)	(0.04)	(0.21)	(0.44)	\$ 2.14
Tax Rate	11.4%					14.0%

Only the line items that are affected by non-GAAP adjustments are shown.

Merck is providing certain non-GAAP information that excludes certain items because of the nature of these items and the impact they have on the analysis of underlying business performance and trends. Management believes that providing non-GAAP information enhances investors' understanding of the company's results because management uses non-GAAP measures to assess performance. Management uses non-GAAP measures internally for planning and forecasting purposes and to measure the performance of the company along with other metrics. In addition, senior management's annual compensation is derived in part using a non-GAAP pretax income metric. The non-GAAP information presented should be considered in addition to, but not as a substitute for or superior to, information prepared in accordance with GAAP.

⁽¹⁾ Amounts included in cost of sales primarily reflect expenses for the amortization of intangible assets. Amounts included in other (income) expense, net, primarily reflect royalty income and a decrease in the estimated fair value measurement of liabilities for contingent consideration related to the termination of the Sanofi-Pasteur MSD joint venture.

⁽²⁾ Amounts primarily include employee separation costs and accelerated depreciation associated with facilities to be closed or divested related to activities under the company's formal restructuring programs.

⁽³⁾ Represent the estimated tax impacts on the reconciling items based on applying the statutory rate of the originating territory of the non-GAAP adjustments.

MERCK & CO., INC.
FIRST QUARTER 2021 GAAP TO NON-GAAP RECONCILIATION - CONTINUING OPERATIONS
(AMOUNTS IN MILLIONS, EXCEPT PER SHARE FIGURES)
(UNAUDITED)
Table 2b

The table below reflects a reconciliation of GAAP to non-GAAP financial information on a continuing operations basis. As Organon results are reflected within discontinued operations, they are excluded from the financial information provided below.

	GAAP	Acquisition and Divestiture- Related Costs ⁽¹⁾	Restructuring Costs ⁽²⁾	(Income) Loss from Investments in Equity Securities	Certain Other Items	Adjustment Subtotal	Non-GAAP
First Quarter							
Cost of sales	\$ 3,199	497	27		188 ⁽³⁾	712	\$ 2,487
Selling, general and administrative	2,187	10	3			13	2,174
Research and development	2,412	18	7			25	2,387
Restructuring costs	297		297			297	-
Other (income) expense, net	(455)	(28)		(561)		(589)	134
Income from Continuing Operations Before Taxes	2,987	(497)	(334)	561	(188)	(458)	3,445
Income Tax Provision (Benefit)	238	(89) ⁽⁴⁾	(41) ⁽⁴⁾	123 ⁽⁴⁾	(249) ⁽⁴⁾	(256)	494
Net Income from Continuing Operations	2,749	(408)	(293)	438	61	(202)	2,951
Net Income from Continuing Operations Attributable to Merck & Co., Inc.	2,745	(408)	(293)	438	61	(202)	2,947
Earnings per Common Share Assuming Dilution from Continuing Operations	\$ 1.08	(0.16)	(0.11)	0.17	0.02	(0.08)	\$ 1.16
Tax Rate	8.0%						14.3%

Only the line items that are affected by non-GAAP adjustments are shown.

Merck is providing certain non-GAAP information that excludes certain items because of the nature of these items and the impact they have on the analysis of underlying business performance and trends. Management believes that providing non-GAAP information enhances investors' understanding of the company's results because management uses non-GAAP measures to assess performance. Management uses non-GAAP measures internally for planning and forecasting purposes and to measure the performance of the company along with other metrics. In addition, senior management's annual compensation is derived in part using a non-GAAP pretax income metric. The non-GAAP information presented should be considered in addition to, but not as a substitute for or superior to, information prepared in accordance with GAAP.

⁽¹⁾ Amounts included in cost of sales primarily reflect expenses for the amortization of intangible assets. Amounts included in other (income) expense, net, primarily reflect royalty income, partially offset by an increase in the estimated fair value measurement of liabilities for contingent consideration related to the termination of the Sanofi-Pasteur MSD joint venture.

⁽²⁾ Amounts primarily include employee separation costs and accelerated depreciation associated with facilities to be closed or divested related to activities under the company's formal restructuring programs.

⁽³⁾ Represents a charge for the discontinuation of COVID-19 development programs.

⁽⁴⁾ Represents the estimated tax impact on the reconciling items based on applying the statutory rate of the originating territory of the non-GAAP adjustments. Certain other items also includes a \$208 million net tax benefit related to the settlement of certain federal income tax matters.

MERCK & CO., INC.
FRANCHISE / KEY PRODUCT SALES - CONTINUING OPERATIONS
(AMOUNTS IN MILLIONS)
(UNAUDITED)

Table 3

	2022	2021					1Q	
	1Q	1Q	2Q	3Q	4Q	Full Year	Nom %	Ex-Exch %
TOTAL SALES ⁽¹⁾	\$15,901	\$10,627	\$11,402	\$13,154	\$13,521	\$48,704	50	52
PHARMACEUTICAL	14,107	9,238	9,980	11,496	12,039	42,754	53	57
Oncology								
Keytruda	4,809	3,899	4,176	4,534	4,577	17,186	23	27
Alliance Revenue – Lynparza ⁽²⁾	266	228	248	246	268	989	17	20
Alliance Revenue – Lenvima ⁽²⁾	227	130	181	188	206	704	75	77
Alliance Revenue – Reblozyl ⁽³⁾	52				17	17	*	*
Vaccines ⁽⁴⁾								
Gardasil / Gardasil 9	1,460	917	1,234	1,993	1,528	5,673	59	60
ProQuad / M-M-R II / Varivax	470	449	516	661	509	2,135	5	6
RotaTeq	216	158	208	227	213	807	36	38
Pneumovax 23	173	171	152	277	292	893	1	3
Vaqta	36	34	56	48	41	179	6	6
Hospital Acute Care								
Bridion	395	340	387	369	436	1,532	16	20
Prevymis	94	82	93	96	100	370	14	20
Primaxin	58	65	60	70	65	259	-10	-11
Noxafil	57	67	66	64	62	259	-14	-11
Candidas	53	57	54	56	45	212	-8	-7
Difcid	52	27	34	54	60	175	95	96
Invanz	52	57	48	53	45	202	-7	-4
Zerbaxa	30	(8)	(1)	(2)	10	(1)	*	*
Cardiovascular								
Alliance Revenue - Adempas/Verquvo ⁽⁵⁾	72	74	74	100	94	342	-3	-3
Adempas ⁽⁶⁾	61	55	74	59	63	252	11	20
Virology								
Lagevrio	3,247				952	952	*	*
Isentress / Isentress HD	158	209	192	189	178	769	-24	-21
Neuroscience								
Belsomra	69	79	78	81	80	318	-14	-8
Immunology								
Simponi	186	214	202	203	206	825	-13	-6
Remicade	61	85	75	73	67	299	-29	-21
Diabetes ⁽⁷⁾								
Januvia	779	809	784	852	878	3,324	-4	-1
Janumet	454	486	477	487	514	1,964	-6	-1
Other Pharmaceutical ⁽⁸⁾	520	554	512	518	533	2,118	-6	-5
ANIMAL HEALTH	1,482	1,418	1,472	1,417	1,261	5,568	4	9
Livestock	832	819	821	864	791	3,295	2	7
Companion Animals	650	599	651	553	470	2,273	9	13
Other Revenues ⁽⁹⁾	312	(29)	(50)	241	221	382	*	*

* 200% or greater

Sum of quarterly amounts may not equal year-to-date amounts due to rounding.

⁽¹⁾ Only select products are shown.

⁽²⁾ Alliance Revenue represents Merck's share of profits, which are product sales net of cost of sales and commercialization costs.

⁽³⁾ Alliance revenue represents royalties and a milestone payment.

⁽⁴⁾ Total Vaccines sales were \$2,481 million in the first quarter of 2022 and \$1,809 million, \$2,293 million, \$3,315 million and \$2,715 million in the first, second, third and fourth quarters of 2021, respectively.

⁽⁵⁾ Alliance Revenue represents Merck's share of profits from sales in Bayer's marketing territories, which are product sales net of cost of sales and commercialization costs.

⁽⁶⁾ Net product sales in Merck's marketing territories.

⁽⁷⁾ Total Diabetes sales were \$1,305 million in the first quarter of 2022 and \$1,363 million, \$1,330 million, \$1,417 million, and \$1,475 million in the first, second, third, and fourth quarter of 2021, respectively.

⁽⁸⁾ Includes Pharmaceutical products not individually shown above.

⁽⁹⁾ Other Revenues are comprised primarily of third-party manufacturing sales and miscellaneous corporate revenues, including revenue hedging activities. Other Revenues in the first and third quarter of 2021 include \$50 million and \$135 million, respectively, related to the receipt of milestone payments for an out-licensed product.

MERCK & CO., INC.
FRANCHISE / KEY PRODUCT SALES - CONTINUING OPERATIONS
FIRST QUARTER 2022
(AMOUNTS IN MILLIONS)
(UNAUDITED)
Table 3a

	Global			U.S.			International		
	1Q 2022	1Q 2021	% Change	1Q 2022	1Q 2021	% Change	1Q 2022	1Q 2021	% Change
TOTAL SALES ⁽¹⁾	\$15,901	\$10,627	50	\$7,339	\$4,790	53	\$8,563	\$5,837	47
PHARMACEUTICAL	14,107	9,238	53	6,773	4,294	58	7,334	4,944	48
Oncology									
Keytruda	4,809	3,899	23	2,779	2,181	27	2,030	1,718	18
Alliance Revenue - Lynparza ⁽²⁾	266	228	17	141	118	19	125	110	14
Alliance Revenue - Lenvima ⁽²⁾	227	130	75	156	85	83	71	44	60
Alliance Revenue - Reblozyl ⁽³⁾	52		*	27		*	25		*
Vaccines ⁽⁴⁾									
Gardasil / Gardasil 9	1,460	917	59	418	313	34	1,042	604	72
ProQuad / M-M-R II / Varivax	470	449	5	371	333	11	99	117	-15
RotaTeq	216	158	36	175	118	48	41	41	1
Pneumovax 23	173	171	1	118	73	62	55	99	-44
Vaqta	36	34	6	29	25	16	7	9	-24
Hospital Acute Care									
Bridion	395	340	16	195	167	17	199	173	15
Prevymis	94	82	14	40	35	13	54	47	15
Primaxin	58	65	-10	1		*	58	65	-10
Noxafil	57	67	-14	10	15	-35	48	52	-9
Candidas	53	57	-8	1	3	-47	52	55	-6
Difcid	52	27	95	49	25	99	3	2	49
Invanz	52	57	-7	1	4	-80	52	52	-2
Zerbaxa	30	(8)	*	18	(2)	*	12	(6)	*
Cardiovascular									
Alliance Revenue - Adempas/Verquvo ⁽⁵⁾	72	74	-3	71	68	4	1	6	-82
Adempas ⁽⁶⁾	61	55	11				61	55	11
Virology									
Lagevrio	3,247		*	1,523		*	1,723		*
Isentress / Isentress HD	158	209	-24	61	71	-13	97	138	-30
Neuroscience									
Belsomra	69	79	-14	20	18	13	48	61	-21
Immunology									
Simponi	186	214	-13				186	214	-13
Remicade	61	85	-29				61	85	-29
Diabetes ⁽⁷⁾									
Januvia	779	809	-4	325	348	-7	454	461	-1
Janumet	454	486	-6	63	84	-25	391	401	-3
Other Pharmaceutical ⁽⁸⁾	520	554	-6	181	212	-15	339	341	-1
ANIMAL HEALTH	1,482	1,418	4	473	437	8	1,009	981	3
Livestock	832	819	2	171	157	9	661	662	-
Companion Animals	650	599	9	302	280	8	348	319	9
Other Revenues ⁽⁹⁾	312	(29)	*	93	59	57	220	(88)	*

* 200% or greater

Sum of U.S. plus international may not equal global due to rounding.

⁽¹⁾ Only select products are shown.

⁽²⁾ Alliance Revenue represents Merck's share of profits, which are product sales net of cost of sales and commercialization costs.

⁽³⁾ Alliance Revenue represents royalties and a milestone payment.

⁽⁴⁾ Total Vaccines sales were \$2,481 million in the first quarter of 2022 and \$1,809 million in the first quarter of 2021.

⁽⁵⁾ Alliance Revenue represents Merck's share of profits from sales in Bayer's marketing territories, which are product sales net of cost of sales and commercialization costs.

⁽⁶⁾ Net product sales in Merck's marketing territories.

⁽⁷⁾ Total Diabetes sales were \$1,305 million in the first quarter of 2022 and \$1,363 million in the first quarter of 2021.

⁽⁸⁾ Includes Pharmaceutical products not individually shown above.

⁽⁹⁾ Other Revenues are comprised primarily of third-party manufacturing sales and miscellaneous corporate revenues, including revenue hedging activities. Other Revenues in the first quarter of 2021 include \$50 million related to the receipt of a milestone payment for an out-licensed product.

MERCK & CO., INC.
PHARMACEUTICAL GEOGRAPHIC SALES - CONTINUING OPERATIONS
(AMOUNTS IN MILLIONS)
(UNAUDITED)

Table 3b

	2022	2021					% Change
	1Q	1Q	2Q	3Q	4Q	Full Year	1Q
TOTAL PHARMACEUTICAL	\$14,107	\$9,238	\$9,980	\$11,496	\$12,039	\$42,754	53
United States	6,773	4,294	4,647	5,670	5,790	20,401	58
% Pharmaceutical Sales	48.0%	46.5%	46.6%	49.3%	48.1%	47.7%	
Europe ⁽¹⁾	3,309	2,276	2,404	2,445	2,655	9,780	45
% Pharmaceutical Sales	23.5%	24.6%	24.1%	21.3%	22.1%	22.9%	
China	1,113	688	944	1,278	1,352	4,262	62
% Pharmaceutical Sales	7.9%	7.4%	9.5%	11.1%	11.2%	10.0%	
Japan	965	607	637	614	771	2,629	59
% Pharmaceutical Sales	6.8%	6.6%	6.4%	5.3%	6.4%	6.1%	
Asia Pacific (other than China and Japan)	786	437	442	450	488	1,817	80
% Pharmaceutical Sales	5.6%	4.7%	4.4%	3.9%	4.1%	4.2%	
Eastern Europe/Middle East/Africa	450	357	318	362	278	1,315	26
% Pharmaceutical Sales	3.2%	3.9%	3.2%	3.1%	2.3%	3.1%	
Latin America	435	353	379	434	421	1,587	23
% Pharmaceutical Sales	3.1%	3.8%	3.8%	3.8%	3.5%	3.7%	
Canada	189	160	157	164	167	650	18
% Pharmaceutical Sales	1.3%	1.7%	1.6%	1.4%	1.4%	1.5%	
Other	87	66	52	79	117	313	32
% Pharmaceutical Sales	0.6%	0.8%	0.4%	0.8%	0.9%	0.8%	

Sum of quarterly amounts may not equal year-to-date amounts due to rounding.

⁽¹⁾ Europe represents all European Union countries, the European Union accession markets and the United Kingdom.

MERCK & CO., INC.
OTHER (INCOME) EXPENSE, NET - GAAP
(AMOUNTS IN MILLIONS)
(UNAUDITED)
Table 4

OTHER (INCOME) EXPENSE, NET

	1Q22	1Q21
Interest income	\$ (7)	\$ (11)
Interest expense	243	200
Exchange losses	39	41
Loss (income) from investments in equity securities, net ⁽¹⁾	708	(574)
Net periodic defined benefit plan cost (credit) other than service cost	(121)	(89)
Other, net	(154)	(22)
Total	\$ 708	\$ (455)

⁽¹⁾ Includes net realized and unrealized gains and losses from investments in equity securities either owned directly or through ownership interests in investment funds. Unrealized gains and losses from investments that are directly owned are determined at the end of the reporting period, while gains and losses from ownership interests in investment funds are accounted for on a one quarter lag.
