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

**FORM 8-K**

**CURRENT REPORT**  
**Pursuant to Section 13 OR 15(d) of**  
**the Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported) **October 27, 2022 (October 26, 2022)**

**Merck & Co., Inc.**

(Exact name of registrant as specified in its charter)

**New Jersey**  
(State or other jurisdiction  
of incorporation)

**1-6571**  
(Commission  
File Number)

**22-1918501**  
(I.R.S Employer  
Identification No.)

**126 East Lincoln Avenue, Rahway, NJ**  
(Address of principal executive offices)

**07065**  
(Zip Code)

(Registrant's telephone number, including area code) **(908) 740-4000**

**Not Applicable**

(Former name, former address and former fiscal year, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

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.

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

<i><u>Title of each class</u></i>	<i><u>Trading Symbol(s)</u></i>	<i><u>Name of each exchange on which registered</u></i>
Common Stock (\$0.50 par value)	MRK	New York Stock Exchange
0.500% Notes due 2024	MRK 24	New York Stock Exchange
1.875% Notes due 2026	MRK/26	New York Stock Exchange
2.500% Notes due 2034	MRK/34	New York Stock Exchange
1.375% Notes due 2036	MRK 36A	New York Stock Exchange

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**Item 2.02. Results of Operations and Financial Condition.**

The following information, including the exhibits hereto, is being furnished pursuant to this Item 2.02.

Incorporated by reference is a press release issued by Merck & Co., Inc. (“Merck”) on October 27, 2022, regarding earnings for the third quarter of 2022, attached as Exhibit 99.1. Also incorporated by reference is certain supplemental information not included in the press release, attached as Exhibit 99.2.

This information shall not be deemed to be “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liabilities of that Section, and is not incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as expressly set forth by specific reference in such filing.

**Item 5.02. Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangement of Certain Officers.**

(b) Merck announced that Kenneth C. Frazier, the Executive Chairman of Merck’s Board of Directors (the “Board”) will retire from the Board, effective November 30, 2022.

In addition, on October 26, 2022, the Board unanimously elected Robert M. Davis, Merck’s current Chief Executive Officer and President as well as a Director on the Board to serve as Chairman of the Board, effective December 1, 2022.

On October 26, 2022, the Company issued a press release announcing the foregoing. The press release is attached as Exhibit 99.3 and incorporated herein by reference.

**Item 9.01. Financial Statements and Exhibits.**

(d) Exhibits

<a href="#">Exhibit 99.1</a>	<a href="#">Press release issued October 27, 2022, regarding earnings for the third quarter of 2022</a>
<a href="#">Exhibit 99.2</a>	<a href="#">Certain supplemental information not included in the press release</a>
<a href="#">Exhibit 99.3</a>	<a href="#">Press release issued October 26, 2022, regarding the appointment of the Chairman of the Board of Directors</a>
Exhibit 104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

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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 hereunto duly authorized.

Merck & Co., Inc.

Date: October 27, 2022

By: /s/ Kelly E. W. Grez  
Kelly E. W. Grez  
Corporate Secretary

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FOR IMMEDIATE RELEASE

### Merck Announces Third-Quarter 2022 Financial Results

- Third-Quarter Results Reflect Sustained Strong Business Momentum Across Key Growth Drivers as Well as Investment and Progress in the Pipeline
  - Third-Quarter 2022 Worldwide Sales Were \$15.0 Billion, an Increase of 14% From Third-Quarter 2021; LAGEVRIO Sales Were \$436 Million; Growth Excluding LAGEVRIO Was 10%; Growth Excluding LAGEVRIO and the Impact From Foreign Exchange Was 14%; Sales Growth Favorably Impacted by COVID-19 Recovery
    - o KEYTRUDA Sales Grew 20% to \$5.4 Billion; Excluding the Impact From Foreign Exchange, Sales Grew 26%
    - o GARDASIL/GARDASIL 9 Sales Grew 15% to \$2.3 Billion; Excluding the Impact From Foreign Exchange, Sales Grew 20%
  - Third-Quarter 2022 GAAP EPS From Continuing Operations Was \$1.28; Non-GAAP EPS Was \$1.85; GAAP and Non-GAAP EPS Include \$0.22 of Charges Related to Collaboration and Licensing Agreements with Moderna, Orna and Orion
  - Announced Positive Top-line Results From Pivotal Phase 3 STELLAR Trial Evaluating the Safety and Efficacy of Sotatercept
  - 2022 Continuing Operations Financial Outlook:
    - o Company Raises and Narrows Expected Full-Year 2022 Worldwide Sales To Be Between \$58.5 Billion and \$59.0 Billion, Reflecting Full-Year Growth of 20% to 21%, Growth of Approximately 12% Excluding LAGEVRIO; Outlook Includes Negative Impact From Foreign Exchange of Approximately 4%
    - o Company Lowers Expected Full-Year 2022 GAAP EPS To Be Between \$5.68 and \$5.73
    - o Company Raises and Narrows Expected Full-Year 2022 Non-GAAP EPS To Be Between \$7.32 and \$7.37, Including Negative Impact From Foreign Exchange of Approximately 4%
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RAHWAY, N.J., Oct. 27, 2022 – Merck (NYSE: MRK), known as MSD outside the United States and Canada, today announced financial results for the third quarter of 2022.

“We continue to execute on our strategy, invest in leading-edge science and drive innovation as our colleagues deliver meaningful value for patients – which in turn provides value for our shareholders,” said Robert M. Davis, chief executive officer and president, Merck. “Our third quarter results demonstrate exceptional revenue and underlying earnings growth and sustained performance across our key growth drivers. Inspired by our purpose of saving and improving lives around the world, I am confident we are well-positioned to continue to deliver strong operational performance.”

**Financial Summary**

\$ in millions, except EPS amounts	Third Quarter			
	2022	2021	Change	Change Ex-Exchange
Sales	\$ 14,959	\$ 13,154	14%	18%
GAAP net income <sup>1</sup>	3,248	4,567	-29%	-25%
Non-GAAP net income that excludes certain items <sup>1,2*</sup>	4,703	4,525	4%	7%
GAAP EPS	1.28	1.80	-29%	-25%
Non-GAAP EPS that excludes certain items <sup>2*</sup>	1.85	1.78	4%	7%

\*Refer to table on page 11.

Generally accepted accounting principles (GAAP) earnings per share (EPS) assuming dilution was \$1.28 for the third quarter of 2022. Non-GAAP EPS of \$1.85 for the third quarter of 2022 excludes acquisition- and divestiture-related costs and restructuring costs, as well as income and losses from investments in equity securities. In 2022, the company changed the treatment of certain items for purposes of its non-GAAP reporting. Results for 2021 have been recast to conform to the new presentation. For more information, refer to the Form 8-K filed by the company on April 21, 2022.

Year-to-date results can be found in the attached tables.

<sup>1</sup> Net income from continuing operations attributable to Merck & Co., Inc.

<sup>2</sup> Merck is providing certain 2022 and 2021 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 this information enhances investors’ understanding of the company’s results because management uses non-GAAP results 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 pre-tax income metric. This information should be considered in addition to, but not as a substitute for or superior to, information prepared in accordance with GAAP. For a description of the non-GAAP adjustments, see Table 2a attached to this release. Non-GAAP results for 2021 have been recast to conform to presentation changes implemented in 2022.

### **Cardiovascular pipeline highlights**

- Merck announced positive results from its pivotal Phase 3 STELLAR trial evaluating sotatercept, the company's investigational activin receptor type IIA-Fc fusion protein, as an add-on to stable background therapy for the treatment of adults with pulmonary arterial hypertension. The trial met its primary efficacy outcome measure, demonstrating a statistically significant and clinically meaningful improvement in six-minute walk distance (6MWD) from baseline at 24 weeks, and eight out of nine secondary efficacy outcome measures, including the outcome measure of proportion of participants achieving multicomponent improvement [defined as improvement in 6MWD, improvement in N-terminal pro-B-type natriuretic peptide level, and either improvement in WHO Functional Class (FC) or maintenance of WHO FC II] and the outcome measure of time to death or the first occurrence of a clinical worsening event. The Cognitive/Emotional Impacts domain score of PAH-SYMPACT®, which was assessed as the ninth and final secondary outcome measure, did not achieve statistical significance. Results will be presented at an upcoming scientific congress.
- Merck received a Fast Track designation from the U.S. Food and Drug Administration (FDA) for MK-2060, an investigational anticoagulant therapy for the reduction in risk of major thrombotic cardiovascular events in patients with end-stage renal disease.

### **Oncology program highlights**

- Merck announced clinical trial results for KEYTRUDA (pembrolizumab), the company's anti-PD-1 therapy, and Lynparza (olaparib), an oral poly (ADP-ribose) PARP inhibitor being co-developed and co-commercialized with AstraZeneca, at the European Society for Medical Oncology Congress 2022, including:
    - o Five-year overall survival (OS) data from the pivotal Phase 3 KEYNOTE-189 trial (KEYTRUDA plus pemetrexed and either cisplatin or carboplatin) in patients with metastatic nonsquamous non-small cell lung cancer (NSCLC) and the Phase 3 KEYNOTE-407 trial (KEYTRUDA plus carboplatin-paclitaxel or nab-paclitaxel) in patients with metastatic squamous NSCLC.
    - o In collaboration with Seagen and Astellas, the first presentation of data from Cohort K of the Phase 1b/2 EV-103/KEYNOTE-869 trial evaluating Padcev (enfortumab vedotin-ejfv) in combination with KEYTRUDA as first-line treatment for patients with cisplatin-ineligible unresectable locally advanced or metastatic urothelial cancer.
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- o Seven-year OS data from the Phase 3 SOLO-1 trial evaluating Lynparza as maintenance treatment in patients with advanced *BRC*A-mutated ovarian cancer, following first-line platinum-based chemotherapy, and final OS results from the Phase 3 PAOLA-1 trial evaluating Lynparza in combination with bevacizumab as maintenance treatment in patients with advanced ovarian cancer who were without evidence of disease after surgery or following response to platinum-based chemotherapy. The results of both trials were clinically meaningful in certain types of patients, but did not reach statistical significance.
- Merck announced that KEYTRUDA received four new approvals in Japan; KEYTRUDA is now approved in Japan for 23 uses in 11 different types of cancer, plus microsatellite instability-high (MSI-H) and tumor mutational burden-high solid tumors.
- Merck announced the following regulatory milestones for Lynparza:
  - o Priority review granted by the FDA for a supplemental New Drug Application for Lynparza in combination with abiraterone and prednisone or prednisolone for patients with metastatic castration-resistant prostate cancer (mCRPC), based on results from the Phase 3 PROpel trial. The Prescription Drug User Fee Act (PDUFA) date is in the fourth quarter of 2022.
  - o Approved in the European Union (EU) and Japan as adjuvant treatment for patients with germline *BRC*A-mutated, HER2-negative high-risk early breast cancer, based on results from the Phase 3 OlympiA trial.
  - o Approved in China as first-line maintenance treatment with bevacizumab for patients with homologous recombination deficient-positive advanced ovarian cancer, based on results from the Phase 3 PAOLA-1 trial.
- Merck provided updates on three Phase 3 trials: KEYNOTE-412, KEYNOTE-921 and LEAP-002.

#### **Vaccines program highlights**

- Merck announced European Commission approval of an expanded indication for VAXNEUVANCE (Pneumococcal 15-valent Conjugate Vaccine) to include active immunization for the prevention of invasive disease, pneumonia and acute otitis media caused by *Streptococcus pneumoniae* (*S. pneumoniae*) in infants, children and adolescents from 6 weeks to less than 18 years of age.
  - Merck received approval from China's National Medical Products Administration to expand the use of GARDASIL 9 [Human Papillomavirus (HPV) 9-valent Vaccine, Recombinant] for use in girls and women ages 9 to 45. The vaccine was previously approved for use in women ages 16 to 26.
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### **Infectious diseases pipeline highlights**

- Merck will initiate a new Phase 3 clinical program with islatravir for the treatment of people with HIV-1 infection. These new Phase 3 studies will evaluate a once-daily oral combination of doravirine 100 mg and islatravir (DOR/ISL) 0.25 mg.
- Merck and Gilead Sciences will resume the Phase 2 clinical trial evaluating an investigational oral once-weekly combination treatment regimen of islatravir and Gilead's lenacapavir in adults with HIV-1 infection who are virologically suppressed.
- Merck and Ridgeback Biotherapeutics (Ridgeback) provided an update on a preliminary analysis of the University of Oxford's open label prospective real-world evidence study, PANORAMIC, of LAGEVRIO (molnupiravir).

### **Business development highlights**

- Merck and Moderna, Inc. (Moderna) announced that Merck has exercised its option to jointly develop and commercialize personalized cancer vaccine mRNA-4157/V940 pursuant to the terms of its existing collaboration and license agreement. mRNA-4157/V940 is currently being evaluated in combination with KEYTRUDA as adjuvant treatment for patients with high-risk melanoma in a Phase 2 clinical trial being conducted by Moderna.
  - Merck and Orna Therapeutics (Orna) announced a collaboration agreement to discover, develop and commercialize multiple programs, including vaccines and therapeutics in the areas of infectious diseases and oncology. This collaboration will combine Merck's expertise in nucleic acid biology, clinical development, and manufacturing with Orna's circular RNA technology.
  - Merck and Orion Corporation (Orion) formed a global development and commercialization agreement for Orion's investigational candidate ODM-208/MK-5684 and other drugs targeting cytochrome P450 11A1 (CYP11A1), an enzyme important in steroid production. ODM-208/MK-5684 is an oral, non-steroidal inhibitor of CYP11A1 currently being evaluated in a Phase 2 clinical trial for the treatment of patients with mCRPC.
  - Merck acquired Vence, an innovator in virtual fencing for rotational grazing and livestock management, which complements Merck Animal Health's broad portfolio of veterinary pharmaceuticals, vaccines and animal intelligence solutions.
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**Environmental, Social and Governance (ESG) highlights**

- Merck issued its 2021/2022 ESG Progress Report, highlighting the company's performance and progress in ESG efforts across four main focus areas: Access to Health, Employees, Environmental Sustainability and Ethics & Values. These efforts come as part of a long-standing commitment to operating responsibly and creating value for patients and shareholders.
  - Merck launched the Alliance for Equity in Cancer Care, an initiative to advance equity in cancer care in the U.S. by helping patients living in underserved communities receive timely access to high-quality, culturally responsive care.
  - Merck was recognized on Fortune's 2022 Change the World list for its work to make HPV vaccines broadly available in underserved countries through partnerships and manufacturing investments.
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### Third-quarter revenue performance

The following table reflects sales of the company's top pharmaceutical products, as well as sales of Animal Health products.

\$ in millions	Third Quarter			
	2022	2021	Change	Change Ex-Exchange
Total Sales	\$ 14,959	\$ 13,154	14%	18%
Pharmaceutical	12,963	11,496	13%	19%
KEYTRUDA	5,426	4,534	20%	26%
GARDASIL / GARDASIL 9	2,294	1,993	15%	20%
JANUVIA / JANUMET	1,133	1,339	-15%	-9%
PROQUAD, M-M-R II and VARIVAX	668	661	1%	3%
LAGEVRIO	436	0	-	-
BRIDION	423	369	15%	22%
Lynparza*	284	246	16%	23%
ROTATEQ	256	227	12%	16%
Lenvima*	202	188	7%	11%
SIMPONI	173	203	-15%	-2%
Animal Health	1,371	1,417	-3%	4%
Livestock	829	864	-4%	4%
Companion Animals	542	553	-2%	4%
Other Revenues**	625	241	***	41%

\*Alliance revenue for this product represents Merck's share of profits, which are product sales net of cost of sales and commercialization costs.

\*\*Other revenues are comprised primarily of revenues from third-party manufacturing arrangements and miscellaneous corporate revenues, including revenue-hedging activities.  
\*\*\*>100%

### Pharmaceutical revenue

Third-quarter pharmaceutical sales increased 13% to \$13.0 billion. Pharmaceutical sales growth in the third quarter was 9% excluding LAGEVRIO sales and 15% excluding LAGEVRIO sales and the impact of foreign exchange, primarily driven by oncology, vaccines and hospital acute care products. The COVID-19 pandemic unfavorably affected sales in the third quarter of 2021 by approximately \$350 million, which favorably impacted the growth rate in the third quarter of 2022.

Growth in oncology was largely driven by higher sales of KEYTRUDA, which rose 20% to \$5.4 billion in the quarter. Global sales growth of KEYTRUDA reflects continued strong momentum from metastatic indications including certain types of NSCLC, renal cell carcinoma, head and neck squamous cell carcinoma, triple-negative breast cancer (TNBC) and MSI-H cancers, and increased uptake across recent earlier-stage launches including certain types of neoadjuvant/adjuvant TNBC in the U.S.

Growth in vaccines was primarily driven by higher combined sales of GARDASIL (Human Papillomavirus Quadrivalent [Types 6, 11, 16 and 18] Vaccine, Recombinant) and GARDASIL 9 vaccines to prevent certain cancers and other diseases caused by HPV. Third-quarter GARDASIL/GARDASIL 9 sales grew 15% to \$2.3 billion, primarily driven by strong demand outside of the U.S., particularly in China, which also benefited from increased supply. Additionally, higher sales in the U.S. reflect public sector buying patterns. Growth in vaccines was partially offset by lower sales of PNEUMOVAX 23 (pneumococcal vaccine polyvalent), a vaccine to help prevent pneumococcal disease, which declined 53% to \$131 million primarily reflecting lower U.S. demand as the market continues to shift toward newer adult pneumococcal conjugate vaccines.

Growth in hospital acute care reflects higher demand globally for BRIDION (sugammadex) injection 100 mg/mL, a medicine for the reversal of neuromuscular blockade induced by rocuronium bromide or vecuronium bromide in adults and pediatric patients ages 2 years and older undergoing surgery. Sales increased 15% to \$423 million, primarily due to an increase in its share among neuromuscular blockade reversal agents and an increase in surgical procedures. Growth in hospital acute care also reflects higher sales of ZERBAXA (ceftolozane and tazobactam), a combination cephalosporin antibacterial and beta-lactamase inhibitor for the treatment of adults with certain bacterial infections. Sales of \$43 million resulted from the phased resupply initiated in the fourth quarter of 2021, which has been completed in 2022.

Pharmaceutical sales growth was partially offset by lower combined sales of JANUVIA (sitagliptin) and JANUMET (sitagliptin and metformin HCl), which declined 15% to \$1.1 billion, primarily reflecting lower demand and pricing in certain international markets as a result of generic competition, particularly in Europe, and lower demand in the U.S. The company lost market exclusivity for JANUVIA and JANUMET in China in July and in the EU in September, although JANUMET currently continues to have exclusivity in certain European markets.

### **Animal Health revenue**

Animal Health sales totaled \$1.4 billion for the third quarter of 2022, a decline of 3% compared with the third quarter of 2021. Excluding the unfavorable effect from foreign exchange, Animal Health sales grew 4% primarily reflecting higher pricing. Sales of livestock products also reflect higher demand for poultry products. Sales of companion animal products also reflect higher demand for the BRAVECTO (fluralaner) parasiticide line of products, partially offset by supply constraints for certain vaccines.

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**Third-quarter expense information**

The tables below present selected expense information.

\$ in millions		Acquisition- and Divestiture- Related Costs <sup>3</sup>	Restructuring Costs	(Income) Loss from Investments in Equity Securities	Non- GAAP <sup>2</sup>
<b>Third Quarter 2022</b>					
Cost of sales	\$ 3,934	\$ 446	\$ 54	\$ -	\$ 3,434
Selling, general and administrative	2,520	22	26	-	2,472
Research and development	4,399	902	1	-	3,496
Restructuring costs	94	-	94	-	-
Other (income) expense, net	429	(26)	-	350	105
<b>Third Quarter 2021</b>					
Cost of sales	\$ 3,450	\$ 346	\$ 48	\$ -	\$ 3,056
Selling, general and administrative	2,336	61	5	-	2,270
Research and development	2,445	48	8	-	2,389
Restructuring costs	107	-	107	-	-
Other (income) expense, net	(450)	(10)	-	(684)	244

**GAAP expense, EPS and related information**

Gross margin was 73.7% for the third quarter of 2022 compared to 73.8% for the third quarter of 2021. The decrease primarily reflects the impacts of higher revenue from third-party manufacturing arrangements and sales of LAGEVRIO, both of which have lower gross margins, as well as higher acquisition- and divestiture-related costs. The gross margin decline was largely offset by the favorable effects of product mix and foreign exchange.

Selling, general and administrative (SG&A) expenses were \$2.5 billion in the third quarter of 2022, an increase of 8% compared to the third quarter of 2021. The increase primarily reflects higher administrative costs, including compensation and benefit costs, as well as higher promotional spending, partially offset by the favorable impact of foreign exchange.

Research and development (R&D) expenses were \$4.4 billion in the third quarter of 2022 compared to \$2.4 billion in the third quarter of 2021. The increase primarily reflects \$887 million of intangible asset impairment charges related to the ArQule, Inc. acquisition, charges related to collaboration and licensing agreements with Moderna, Orna and Orion and higher clinical development spending.

<sup>3</sup> Includes expenses for the amortization of intangible assets and purchase accounting adjustments to inventories recognized as a result of acquisitions, intangible asset impairment charges and expense or income related to changes in the estimated fair value measurement of liabilities for contingent consideration. Also includes integration, transaction and certain other costs related to acquisitions and divestitures.

Other (income) expense, net, was \$429 million of expense in the third quarter of 2022 compared to \$450 million of income in the third quarter of 2021, primarily due to net unrealized losses from investments in equity securities in the third quarter of 2022, compared to net unrealized income from investments in equity securities in the third quarter of 2021. Other (income) expense, net, in the third quarter of 2022 also reflects lower pension costs compared to the third quarter of 2021.

The effective income tax rate was 9.2% for the third quarter of 2022 compared to 13.2% in the third quarter of 2021.

GAAP EPS was \$1.28 for the third quarter of 2022 compared to \$1.80 for the third quarter of 2021.

**Non-GAAP expense, EPS and related information**

Non-GAAP gross margin was 77.0% for the third quarter of 2022 compared to 76.8% for the third quarter of 2021. The increase in non-GAAP gross margin primarily reflects the favorable effects of product mix and foreign exchange, largely offset by the impacts of higher revenue from third-party manufacturing arrangements and sales of LAGEVRIO, both of which have lower gross margins.

Non-GAAP SG&A expenses were \$2.5 billion in the third quarter of 2022, an increase of 9% compared to the third quarter of 2021. The increase primarily reflects higher administrative costs, including compensation and benefit costs, as well as higher promotional spending, partially offset by the favorable impact of foreign exchange.

Non-GAAP R&D expenses were \$3.5 billion in the third quarter of 2022 compared to \$2.4 billion in the third quarter of 2021. The increase primarily reflects charges related to collaboration and licensing agreements with Moderna, Orna and Orion and higher clinical development spending.

Non-GAAP other (income) expense, net, was \$105 million of expense in the third quarter of 2022 compared to \$244 million of expense in the third quarter of 2021, reflecting lower pension costs.

The non-GAAP effective income tax rate was 13.6% for the third quarter of 2022 compared to 12.8% in the third quarter of 2021.

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Non-GAAP EPS was \$1.85 for the third quarter of 2022 compared to \$1.78 for the third quarter of 2021.

A reconciliation of GAAP to non-GAAP net income and EPS is provided in the table that follows.

\$ in millions, except EPS amounts	<b>Third Quarter</b>	
	<b>2022</b>	<b>2021</b>
<b>EPS</b>		
GAAP EPS	\$ 1.28	\$ 1.80
Difference	0.57	(0.02)
Non-GAAP EPS that excludes items listed below <sup>2</sup>	\$ 1.85	\$ 1.78
<b>Net Income</b>		
GAAP net income <sup>1</sup>	\$ 3,248	\$ 4,567
Difference	1,455	(42)
Non-GAAP net income that excludes items listed below <sup>1,2</sup>	\$ 4,703	\$ 4,525
<b>Decrease (Increase) in Net Income Due to Excluded Items:</b>		
Acquisition- and divestiture-related costs <sup>3</sup>	\$ 1,344	\$ 445
Restructuring costs	175	168
Loss (income) from investments in equity securities	350	(684)
Net decrease (increase) in income before taxes	1,869	(71)
Estimated income tax (benefit) expense	(414)	29
Decrease (increase) in net income	\$ 1,455	\$ (42)

#### **Financial outlook**

Beginning in 2022, Merck no longer excludes expenses for upfront and milestone payments related to collaboration and licensing agreements, or charges related to pre-approval assets obtained in transactions accounted for as asset acquisitions from its non-GAAP results. Historically, the company excluded these charges to the extent they were considered by the company to be significant to the results of a particular period. These changes were made to align with views expressed by the U.S. Securities and Exchange Commission. Prior periods have been recast to reflect this change. For 2021, non-GAAP results have been recast to include \$1.7 billion of incremental R&D expense, resulting in revised full-year 2021 EPS of \$5.37.

Full-year 2022 GAAP and non-GAAP results include \$690 million of incremental R&D expense, recorded in the third quarter of 2022, for collaboration and licensing agreements with Moderna, Orna and Orion which negatively impacts expected full-year EPS by \$0.22.

As an on-going practice, the financial outlook will not include significant potential business development transactions.

Merck continues to experience strong global momentum across its key pillars of growth, particularly in oncology and vaccines. As a result, Merck is raising and narrowing its full-year outlook for sales and non-GAAP EPS, despite a negative impact from foreign exchange.

At mid-October 2022 exchange rates, Merck expects sales growth of 20% to 21% in 2022, with full-year sales estimated to be between \$58.5 billion and \$59.0 billion, including a negative impact from foreign exchange of approximately 4%, including a less than 1% incremental negative impact from prior sales outlook. Excluding LAGEVRIO, Merck expects sales growth of approximately 12% for full-year 2022.

Merck expects its full-year non-GAAP effective income tax rate to be approximately 14%.

Merck is lowering its expected full-year 2022 GAAP EPS to be between \$5.68 and \$5.73.

Merck is raising and narrowing its expected full-year 2022 non-GAAP EPS to be between \$7.32 and \$7.37, including a negative impact from foreign exchange of approximately 4% at mid-October exchange rates. Operational strength of approximately \$0.20 is partially offset by the following negative impacts, which were not reflected previously in the outlook:

- o An option payment to Moderna of \$250 million
- o A less than 1% incremental impact from foreign exchange

The non-GAAP range excludes acquisition- and divestiture-related costs and costs related to restructuring programs as well as income and losses from investments in equity securities.

The company is narrowing its expected full year sales range of LAGEVRIO to be between \$5.2 billion and \$5.4 billion. Merck shares profits equally with its partner, Ridgeback, which is reflected in cost of sales.

The following table summarizes the company's full-year 2022 financial outlook.

	<b>GAAP</b>	<b>Non-GAAP<sup>2</sup></b>
Sales	\$58.5 to \$59.0 billion	\$58.5 to \$59.0 billion*
Operating expenses	\$22.5 to \$22.9 billion	\$21.3 to \$21.7 billion
Effective tax rate	Approximately 11%	Approximately 14%
EPS**	\$5.68 to \$5.73	\$7.32 to \$7.37

\*The company does not have any non-GAAP adjustments to sales.

\*\*EPS outlook for 2022 assumes a share count (assuming dilution) of approximately 2.54 billion shares.

A reconciliation of anticipated full-year 2022 GAAP EPS to non-GAAP EPS and the items excluded from non-GAAP EPS are provided in the table below.

\$ in millions, except EPS amounts	<b>Full-Year 2022</b>
GAAP EPS	\$5.68 to \$5.73
Difference	\$1.64
Non-GAAP EPS that excludes items listed below <sup>2</sup>	\$7.32 to \$7.37
Acquisition- and divestiture-related costs	\$3,400
Restructuring costs	600
(Income) loss from investments in equity securities	1,350
Net decrease (increase) in income before taxes	5,350
Estimated income tax (benefit) expense	(1,175)
Decrease (increase) in net income	\$4,175

**Earnings conference call**

Investors, journalists and the general public may access a live audio webcast of the call Thursday, Oct. 27, at 8:00 a.m. ET via this weblink. A replay of the webcast, along with the sales and earnings news release, supplemental financial disclosures and slides highlighting the results, will be available at [www.merck.com](http://www.merck.com).

Participants may join the call by dialing (877) 692-8955 (USA Toll-Free) or (243) 720-6979 (USA Caller Paid). If you are calling from other countries, visit this weblink. All dial-in participants can use the access code 9646315. Journalists who wish to ask questions are requested to contact a member of Merck’s Media Relations team.

**About Merck**

At Merck, known as MSD outside of the United States and Canada, we are unified around our purpose: We use the power of leading-edge science to save and improve lives around the world. For more than 130 years, we have brought hope to humanity through the development of important medicines and vaccines. We aspire to be the premier research-intensive biopharmaceutical company in the world – and today, we are at the forefront of research to deliver innovative health solutions that advance the prevention and treatment of diseases in people and animals. We foster a diverse and inclusive global workforce and operate responsibly every day to enable a safe, sustainable and healthy future for all people and communities. For more information, visit [www.merck.com](http://www.merck.com) and connect with us on Twitter, Facebook, Instagram, YouTube and LinkedIn.

**Forward-Looking Statement of Merck & Co., Inc., Rahway, N.J., USA**

This news release of Merck & Co., Inc., Rahway, N.J., USA (the “company”) includes “forward-looking statements” within the meaning of the safe harbor provisions of the U.S. Private Securities Litigation Reform Act of 1995. These statements are based upon the current beliefs and expectations of the company’s management and are subject to significant risks and uncertainties. There can be no guarantees with respect to pipeline candidates that the candidates will receive the necessary regulatory approvals or that they will prove to be commercially successful. If underlying assumptions prove inaccurate or risks or uncertainties materialize, actual results may differ materially from those set forth in the forward-looking statements.

Risks and uncertainties include but are not limited to, general industry conditions and competition; general economic factors, including interest rate and currency exchange rate fluctuations; the impact of the global outbreak of novel coronavirus disease (COVID-19); the impact of pharmaceutical industry regulation and health care legislation in the United States and internationally; global trends toward health care cost containment; technological advances, new products and patents attained by competitors; challenges inherent in new product development, including obtaining regulatory approval; the company’s ability to accurately predict future market conditions; manufacturing difficulties or delays; financial instability of international economies and sovereign risk; dependence on the effectiveness of the company’s patents and other protections for innovative products; and the exposure to litigation, including patent litigation, and/or regulatory actions.

The company undertakes no obligation to publicly update any forward-looking statement, whether as a result of new information, future events or otherwise. Additional factors that could cause results to differ materially from those described in the forward-looking statements can be found in the company’s Annual Report on Form 10-K for the year ended December 31, 2021 and the company’s other filings with the Securities and Exchange Commission (SEC) available at the SEC’s Internet site ([www.sec.gov](http://www.sec.gov)).

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**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 and reflected as discontinued operations in the company's Consolidated Statement of Income provided below.

	GAAP			GAAP		
	3Q22	3Q21	% Change	Sep YTD 2022	Sep YTD 2021	% Change
Sales	\$ 14,959	\$ 13,154	14%	\$ 45,453	\$ 35,183	29%
<b>Costs, Expenses and Other</b>						
Cost of sales	3,934	3,450	14%	13,530	9,752	39%
Selling, general and administrative	2,520	2,336	8%	7,355	6,804	8%
Research and development	4,399	2,445	80%	9,773	9,177	6%
Restructuring costs	94	107	-12%	288	487	-41%
Other (income) expense, net	429	(450)	*	1,576	(1,007)	*
Income from Continuing Operations Before Taxes	3,583	5,266	-32%	12,931	9,970	30%
Income Tax Provision	330	695		1,423	1,436	
Net Income from Continuing Operations	3,253	4,571	-29%	11,508	8,534	35%
Less: Net Income Attributable to Noncontrolling Interests	5	4		6	9	
Net Income from Continuing Operations Attributable to Merck & Co., Inc.	3,248	4,567	-29%	11,502	8,525	35%
Income from Discontinued Operations, Net of Taxes and Amounts Attributable to Noncontrolling Interests	-	-	0%	-	766	*
Net Income Attributable to Merck & Co., Inc.	\$ 3,248	\$ 4,567	-29%	\$ 11,502	\$ 9,291	24%
<b>Basic Earnings per Common Share Attributable to Merck &amp; Co., Inc. Common Shareholders:</b>						
Income from Continuing Operations	\$ 1.28	\$ 1.81	-29%	\$ 4.55	\$ 3.37	35%
Income from Discontinued Operations	-	-	0%	-	0.30	*
Net Income	<u>\$ 1.28</u>	<u>\$ 1.81</u>	-29%	<u>\$ 4.55</u>	<u>\$ 3.67</u>	24%
<b>Earnings per Common Share Assuming Dilution Attributable to Merck &amp; Co., Inc. Common Shareholders:</b>						
Income from Continuing Operations	\$ 1.28	\$ 1.80	-29%	\$ 4.53	\$ 3.36	35%
Income from Discontinued Operations	-	-	0%	-	0.30	*
Net Income	<u>\$ 1.28</u>	<u>\$ 1.80</u>	-29%	<u>\$ 4.53</u>	<u>\$ 3.66</u>	24%
Average Shares Outstanding	2,533	2,530		2,531	2,531	
Average Shares Outstanding Assuming Dilution	2,542	2,536		2,540	2,539	
Tax Rate from Continuing Operations	9.2%	13.2%		11.0%	14.4%	

\* 100% or greater

**MERCK & CO., INC.**  
**THIRD QUARTER AND NINE MONTHS ENDED SEPTEMBER 30, 2022 GAAP TO NON-GAAP RECONCILIATION - CONTINUING OPERATIONS**  
**(AMOUNTS IN MILLIONS, EXCEPT PER SHARE FIGURES)**  
**(UNAUDITED)**

**Table 2a**

	<u>GAAP</u>	<u>Acquisition and Divestiture-Related Costs <sup>(1)</sup></u>	<u>Restructuring Costs <sup>(2)</sup></u>	<u>(Income) Loss from Investments in Equity Securities</u>	<u>Adjustment Subtotal</u>	<u>Non-GAAP</u>
<b>Third Quarter</b>						
Cost of sales	\$ 3,934	446	54		500	\$ 3,434
Selling, general and administrative	2,520	22	26		48	2,472
Research and development	4,399	902	1		903	3,496
Restructuring costs	94		94		94	-
Other (income) expense, net	429	(26)		350	324	105
Income from Continuing Operations Before Taxes	3,583	(1,344)	(175)	(350)	(1,869)	5,452
Income Tax Provision (Benefit)	330	(302) <sub>(3)</sub>	(35) <sub>(3)</sub>	(77) <sub>(3)</sub>	(414)	744
Net Income from Continuing Operations	3,253	(1,042)	(140)	(273)	(1,455)	4,708
Net Income from Continuing Operations Attributable to Merck & Co., Inc.	3,248	(1,042)	(140)	(273)	(1,455)	4,703
Earnings per Common Share Assuming Dilution from Continuing Operations	\$ 1.28	(0.40)	(0.06)	(0.11)	(0.57)	\$ 1.85
Tax Rate	9.2%					13.6%
<b>Sep YTD</b>						
Cost of sales	\$ 13,530	1,577	167		1,744	\$ 11,786
Selling, general and administrative	7,355	137	74		211	7,144
Research and development	9,773	936	30		966	8,807
Restructuring costs	288		288		288	-
Other (income) expense, net	1,576	(138)		1,268	1,130	446
Income from Continuing Operations Before Taxes	12,931	(2,512)	(559)	(1,268)	(4,339)	17,270
Income Tax Provision (Benefit)	1,423	(587) <sub>(3)</sub>	(97) <sub>(3)</sub>	(281) <sub>(3)</sub>	(965)	2,388
Net Income from Continuing Operations	11,508	(1,925)	(462)	(987)	(3,374)	14,882
Net Income from Continuing Operations Attributable to Merck & Co., Inc.	11,502	(1,925)	(462)	(987)	(3,374)	14,876
Earnings per Common Share Assuming Dilution from Continuing Operations	\$ 4.53	(0.76)	(0.18)	(0.39)	(1.33)	\$ 5.86
Tax Rate	11.0%					13.8%

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.

<sup>(1)</sup> Amounts included in cost of sales primarily reflect expenses for the amortization of intangible assets. Amounts included in selling, general and administrative expenses reflect integration, transaction and certain other costs related to acquisitions and divestitures. Amounts included in research and development expenses for the third quarter and nine month period primarily reflect \$887 million of intangible asset impairment charges related to the ArQule, Inc. acquisition and expenses for the amortization of intangible assets. Amounts included in other (income) expense, net, for the third quarter and nine month period primarily reflect royalty income and a decrease in the estimated fair value measurement of liabilities for contingent consideration related to the prior termination of the Sanofi-Pasteur MSD joint venture.

<sup>(2)</sup> 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.

<sup>(3)</sup> Represents 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.**  
**FRANCHISE / KEY PRODUCT SALES - CONTINUING OPERATIONS**  
**(AMOUNTS IN MILLIONS)**  
**(UNAUDITED)**

**Table 3**

	2022				2021						3Q		September YTD	
	1Q	2Q	3Q	Sep YTD	1Q	2Q	3Q	Sep YTD	4Q	Full Year	Nom %	Ex-Exch %	Nom %	Ex-Exch %
<b>TOTAL SALES <sup>(1)</sup></b>	<b>\$ 15,901</b>	<b>\$ 14,593</b>	<b>\$ 14,959</b>	<b>\$ 45,453</b>	<b>\$ 10,627</b>	<b>\$ 11,402</b>	<b>\$ 13,154</b>	<b>\$ 35,183</b>	<b>\$ 13,521</b>	<b>\$ 48,704</b>	<b>14</b>	<b>18</b>	<b>29</b>	<b>32</b>
<b>PHARMACEUTICAL</b>	<b>14,107</b>	<b>12,756</b>	<b>12,963</b>	<b>39,826</b>	<b>9,238</b>	<b>9,980</b>	<b>11,496</b>	<b>30,714</b>	<b>12,039</b>	<b>42,754</b>	<b>13</b>	<b>19</b>	<b>30</b>	<b>35</b>
<b>Oncology</b>														
Keytruda	4,809	5,252	5,426	15,487	3,899	4,176	4,534	12,609	4,577	17,186	20	26	23	28
Alliance Revenue – Lynparza <sup>(2)</sup>	266	275	284	825	228	248	246	721	268	989	16	23	14	20
Alliance Revenue – Lenvima <sup>(2)</sup>	227	231	202	660	130	181	188	498	206	704	7	11	33	36
Alliance Revenue – Reblozyl <sup>(3)</sup>	52	33	39	124					17	17	*	*	*	*
<b>Vaccines <sup>(4)</sup></b>														
Gardasil / Gardasil 9	1,460	1,674	2,294	5,428	917	1,234	1,993	4,144	1,528	5,673	15	20	31	35
ProQuad / M-M-R II / Varivax	470	578	668	1,716	449	516	661	1,626	509	2,135	1	3	6	7
RotaTeq	216	173	256	644	158	208	227	593	213	807	12	16	9	11
Pneumovax 23	173	153	131	457	171	152	277	600	292	893	-53	-50	-24	-21
Vaqa	36	35	64	134	34	56	48	138	41	179	33	34	-3	-2
<b>Hospital Acute Care</b>														
Bridion	395	426	423	1,244	340	387	369	1,096	436	1,532	15	22	13	19
Prevymis	94	103	114	310	82	93	96	270	100	370	19	29	15	22
Difidid	52	66	77	196	27	34	54	115	60	175	42	42	70	70
Primaxin	58	64	63	185	65	60	70	194	65	259	-9	-5	-5	-3
Noxafil	57	60	62	180	67	66	64	197	62	259	-3	5	-9	-3
Invanz	52	46	50	148	57	48	53	157	45	202	-7	-1	-6	-1
Cancidas	53	42	43	138	57	54	56	168	45	212	-24	-19	-18	-15
Zerbaxa	30	46	43	120	(8)	(1)	(2)	(11)	10	(1)	*	*	*	*
<b>Cardiovascular</b>														
Alliance Revenue - Adempas/Verquvo <sup>(5)</sup>	72	98	88	258	74	74	100	248	94	342	-12	-12	4	4
Adempas <sup>(6)</sup>	61	63	57	181	55	74	59	188	63	252	-5	12	-4	8
<b>Virology</b>														
Lagevrio	3,247	1,177	436	4,859					952	952	*	*	*	*
Isentress / Isentress HD	158	147	161	466	209	192	189	590	178	769	-15	-11	-21	-17
<b>Neuroscience</b>														
Belsomra	69	69	62	199	79	78	81	238	80	318	-24	-12	-16	-7
<b>Immunology</b>														
Simponi	186	181	173	540	214	202	203	619	206	825	-15	-2	-13	-2
Remicade	61	53	49	163	85	75	73	233	67	299	-33	-22	-30	-21
<b>Diabetes <sup>(7)</sup></b>														
Januvia	779	756	717	2,252	809	784	852	2,445	878	3,324	-16	-10	-8	-3
Janumet	454	476	417	1,347	486	477	487	1,449	514	1,964	-14	-7	-7	-1
<b>Other Pharmaceutical <sup>(8)</sup></b>	<b>520</b>	<b>479</b>	<b>564</b>	<b>1,565</b>	<b>554</b>	<b>512</b>	<b>518</b>	<b>1,589</b>	<b>533</b>	<b>2,118</b>	<b>9</b>	<b>17</b>	<b>-1</b>	<b>3</b>
<b>ANIMAL HEALTH</b>	<b>1,482</b>	<b>1,467</b>	<b>1,371</b>	<b>4,320</b>	<b>1,418</b>	<b>1,472</b>	<b>1,417</b>	<b>4,307</b>	<b>1,261</b>	<b>5,568</b>	<b>-3</b>	<b>4</b>	<b>-</b>	<b>6</b>
Livestock	832	826	829	2,486	819	821	864	2,503	791	3,295	-4	4	-1	6
Companion Animals	650	641	542	1,834	599	651	553	1,804	470	2,273	-2	4	2	6
<b>Other Revenues <sup>(9)</sup></b>	<b>312</b>	<b>370</b>	<b>625</b>	<b>1,307</b>	<b>(29)</b>	<b>(50)</b>	<b>241</b>	<b>162</b>	<b>221</b>	<b>382</b>	<b>159</b>	<b>41</b>	<b>*</b>	<b>*</b>

\* 200% or greater

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

<sup>(1)</sup> Only select products are shown.

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

<sup>(3)</sup> Alliance Revenue represents royalties and a milestone payment.

<sup>(4)</sup> Total Vaccines sales were \$2,481 million, \$2,709 million and \$3,552 million in the first, second and third quarter of 2022, respectively, and \$1,809 million, \$2,293 million, \$3,315 million and \$2,715 million in the first, second, third and fourth quarter of 2021, respectively.

<sup>(5)</sup> 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.

<sup>(6)</sup> Net product sales in Merck's marketing territories.

<sup>(7)</sup> Total Diabetes sales were \$1,305 million, \$1,300 million and \$1,231 million in the first, second and third quarter of 2022, respectively, 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.

<sup>(8)</sup> Includes Pharmaceutical products not individually shown above.

<sup>(9)</sup> Other Revenues are comprised primarily of revenues from third-party manufacturing arrangements and miscellaneous corporate revenues, including revenue-hedging activities. Other Revenues related to the receipt of upfront and milestone payments for out-licensed products were \$114 million, \$32 million and \$10 million in the first, second and third quarter of 2022, respectively, and \$56 million, \$135 million and \$27 million in the first, third and fourth quarter of 2021, respectively.

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

Table 1a

	2022				2021					% Change		
	1Q	2Q	3Q	Sep YTD	1Q	2Q	3Q	Sep YTD	4Q	Full Year	3Q	Sep YTD
Sales	\$ 15,901	\$ 14,593	\$ 14,959	\$ 45,453	\$ 10,627	\$ 11,402	\$ 13,154	\$ 35,183	\$ 13,521	\$ 48,704	14%	29%
Costs, Expenses and Other												
Cost of sales	5,380	4,216	3,934	13,530	3,199	3,104	3,450	9,752	3,873	13,626	14%	39%
Selling, general and administrative	2,323	2,512	2,520	7,355	2,187	2,281	2,336	6,804	2,830	9,634	8%	8%
Research and development	2,576	2,798	4,399	9,773	2,412	4,321	2,445	9,177	3,068	12,245	80%	6%
Restructuring costs	53	142	94	288	297	82	107	487	174	661	-12%	-41%
Other (income) expense, net	708	438	429	1,576	(455)	(103)	(450)	(1,007)	(333)	(1,341)	*	*
Income from Continuing Operations Before Taxes	4,861	4,487	3,583	12,931	2,987	1,717	5,266	9,970	3,909	13,879	-32%	30%
Income Tax Provision	554	538	330	1,423	238	503	695	1,436	85	1,521		
Net Income from Continuing Operations	4,307	3,949	3,253	11,508	2,749	1,214	4,571	8,534	3,824	12,358	-29%	35%
Less: Net (Loss) Income Attributable to Noncontrolling Interests	(3)	5	5	6	4	1	4	9	4	13		
Net Income from Continuing Operations Attributable to Merck & Co., Inc.	4,310	3,944	3,248	11,502	2,745	1,213	4,567	8,525	3,820	12,345	-29%	35%
Income (Loss) from Discontinued Operations, Net of Taxes and Amounts Attributable to Noncontrolling Interests	-	-	-	-	434	332	-	766	(62)	704	0%	*
Net Income Attributable to Merck & Co., Inc.	\$ 4,310	\$ 3,944	\$ 3,248	\$ 11,502	\$ 3,179	\$ 1,545	\$ 4,567	\$ 9,291	\$ 3,758	\$ 13,049	-29%	24%
Basic Earnings (Loss) per Common Share Attributable to Merck & Co., Inc. Common Shareholders:												
Income from Continuing Operations	\$ 1.70	\$ 1.56	\$ 1.28	\$ 4.55	\$ 1.08	\$ 0.48	\$ 1.81	\$ 3.37	\$ 1.51	\$ 4.88	-29%	35%
Income (Loss) from Discontinued Operations	-	-	-	-	0.17	0.13	-	0.30	(0.02)	0.28	0%	*
Net Income	\$ 1.70	\$ 1.56	\$ 1.28	\$ 4.55	\$ 1.26	\$ 0.61	\$ 1.81	\$ 3.67	\$ 1.49	\$ 5.16	-29%	24%
Earnings (Loss) per Common Share Assuming Dilution Attributable to Merck & Co., Inc. Common Shareholders:												
Income from Continuing Operations	\$ 1.70	\$ 1.55	\$ 1.28	\$ 4.53	\$ 1.08	\$ 0.48	\$ 1.80	\$ 3.36	\$ 1.51	\$ 4.86	-29%	35%
Income (Loss) from Discontinued Operations	-	-	-	-	0.17	0.13	-	0.30	(0.02)	0.28	0%	*
Net Income	\$ 1.70	\$ 1.55	\$ 1.28	\$ 4.53	\$ 1.25	\$ 0.61	\$ 1.80	\$ 3.66	\$ 1.48	\$ 5.14	-29%	24%
Average Shares Outstanding	2,528	2,531	2,533	2,531	2,531	2,533	2,530	2,531	2,527	2,530		
Average Shares Outstanding Assuming Dilution	2,537	2,540	2,542	2,540	2,541	2,540	2,536	2,539	2,535	2,538		
Tax Rate from Continuing Operations	11.4%	12.0%	9.2%	11.0%	8.0%	29.3%	13.2%	14.4%	2.2%	11.0%		

\* 100% or greater

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

**MERCK & CO., INC.**  
**THIRD QUARTER AND NINE MONTHS ENDED SEPTEMBER 30, 2021 GAAP TO NON-GAAP RECONCILIATION - CONTINUING OPERATIONS**  
**(AMOUNTS IN MILLIONS, EXCEPT PER SHARE FIGURES)**  
**(UNAUDITED)**

**Table 2b**

In 2022, the company changed the treatment of certain items for purposes of its non-GAAP reporting. Historically, Merck's non-GAAP results excluded expenses for upfront and milestone payments related to collaborations and licensing agreements, as well as charges related to pre-approval assets obtained in transactions accounted for as asset acquisitions, to the extent the charges were considered by the company to be significant to the results of a particular period (as well as any related adjustments recorded in a subsequent period). Beginning in 2022, Merck's non-GAAP results no longer exclude charges related to these items. Results for 2021 have been recast to conform to the new presentation.

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 <sup>(1)</sup>	Restructuring Costs (2)	(Income) Loss from Investments in Equity Securities	Certain Other Items	Adjustment Subtotal	Non-GAAP
<b>Third Quarter</b>							
Cost of sales	\$ 3,450	346	48			394	\$ 3,056
Selling, general and administrative	2,336	61	5			66	2,270
Research and development	2,445	48	8			56	2,389
Restructuring costs	107		107			107	-
Other (income) expense, net	(450)	(10)		(684)		(694)	244
Income from Continuing Operations Before Taxes	5,266	(445)	(168)	684		71	5,195
Income Tax Provision (Benefit)	695	(96 <sup>(4)</sup> )	(26 <sup>(4)</sup> )	151 <sup>(4)</sup>		29	666
Net Income from Continuing Operations	4,571	(349)	(142)	533		42	4,529
Net Income from Continuing Operations Attributable to Merck & Co., Inc.	4,567	(349)	(142)	533		42	4,525
Earnings per Common Share Assuming Dilution from Continuing Operations	\$ 1.80	(0.13)	(0.06)	0.21		0.02	\$ 1.78
Tax Rate	13.2%						12.8%
<b>Sep YTD</b>							
Cost of sales	\$ 9,752	1,188	113		225 <sup>(3)</sup>	1,526	\$ 8,226
Selling, general and administrative	6,804	96	9			105	6,699
Research and development	9,177	82	21			103	9,074
Restructuring costs	487		487			487	-
Other (income) expense, net	(1,007)	79		(1,503)		(1,424)	417
Income from Continuing Operations Before Taxes	9,970	(1,445)	(630)	1,503	(225)	(797)	10,767
Income Tax Provision (Benefit)	1,436	(283 <sup>(4)</sup> )	(82 <sup>(4)</sup> )	331 <sup>(4)</sup>	(257 <sup>(4)</sup> )	(291)	1,727
Net Income from Continuing Operations	8,534	(1,162)	(548)	1,172	32	(506)	9,040
Net Income from Continuing Operations Attributable to Merck & Co., Inc.	8,525	(1,162)	(548)	1,172	32	(506)	9,031
Earnings per Common Share Assuming Dilution from Continuing Operations	\$ 3.36	(0.46)	(0.22)	0.46	0.02	(0.20)	\$ 3.56
Tax Rate	14.4%						16.0%

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.

<sup>(1)</sup> Amounts included in cost of sales primarily reflect expenses for the amortization of intangible assets. Amounts included in selling, general and administrative expenses reflect integration, transaction and certain other costs related to acquisitions and divestitures. Amounts included in research and development expenses primarily reflect expenses for the amortization of intangible assets. Amounts included in other (income) expense, net, for the third quarter and nine month period primarily reflect an increase in the estimated fair value measurement of liabilities for contingent consideration related to the prior termination of the Sanofi-Pasteur MSD joint venture. Additionally, the nine month period also includes a loss on a forward exchange contract entered into in conjunction with the Organon spin-off. Amount included in other (income) expense, net, for the nine month period was partially offset by royalty income related to the prior termination of the Sanofi-Pasteur MSD joint venture.

<sup>(2)</sup> 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.

<sup>(3)</sup> Represents charges for the discontinuation of COVID-19 development programs.

<sup>(4)</sup> Represents the estimated tax impacts on the reconciling items based on applying the statutory rate of the originating territory of the non-GAAP adjustments. Certain other items for the nine month period also includes a \$207 million net tax benefit related to the settlement of certain federal income tax matters.

**MERCK & CO., INC.**  
**FRANCHISE / KEY PRODUCT SALES - CONTINUING OPERATIONS**  
**THIRD QUARTER 2022**  
**(AMOUNTS IN MILLIONS)**  
**(UNAUDITED)**

**Table 3a**

	Global			U.S.			International		
	3Q 2022	3Q 2021	% Change	3Q 2022	3Q 2021	% Change	3Q 2022	3Q 2021	% Change
<b>TOTAL SALES <sup>(1)</sup></b>	<b>\$ 14,959</b>	<b>\$ 13,154</b>	<b>14</b>	<b>\$ 7,322</b>	<b>\$ 6,276</b>	<b>17</b>	<b>\$ 7,637</b>	<b>\$ 6,878</b>	<b>11</b>
<b>PHARMACEUTICAL</b>	<b>12,963</b>	<b>11,496</b>	<b>13</b>	<b>6,620</b>	<b>5,670</b>	<b>17</b>	<b>6,343</b>	<b>5,826</b>	<b>9</b>
<b>Oncology</b>									
Keytruda	5,426	4,534	20	3,331	2,580	29	2,095	1,954	7
Alliance Revenue - Lynparza <sup>(2)</sup>	284	246	16	144	129	12	140	117	20
Alliance Revenue - Lenvima <sup>(2)</sup>	202	188	7	142	114	25	60	74	-19
Alliance Revenue - Reblozyl <sup>(3)</sup>	39		*	32		*	7		*
<b>Vaccines <sup>(4)</sup></b>									
Gardasil / Gardasil 9	2,294	1,993	15	957	839	14	1,337	1,154	16
ProQuad / M-M-R II / Varivax	668	661	1	532	537	-1	136	125	9
RotaTeq	256	227	12	154	135	13	102	92	11
Pneumovax 23	131	277	-53	68	181	-62	63	97	-35
Vaqta	64	48	33	27	32	-16	36	16	134
<b>Hospital Acute Care</b>									
Bridion	423	369	15	233	181	29	190	188	1
Prevymis	114	96	19	49	39	26	64	57	14
Dificid	77	54	42	72	52	37	6	2	146
Primaxin	63	70	-9			-57	63	69	-9
Noxafil	62	64	-3	13	19	-30	49	45	8
Invanz	50	53	-7	2	(2)	-174	48	55	-14
Zerbaxa	43	(2)	*	24	(1)	*	19	(1)	*
Candidas	43	56	-24	1	1	81	42	56	-25
<b>Cardiovascular</b>									
Alliance Revenue - Adempas/Verquvo <sup>(5)</sup>	88	100	-12	85	73	17	3	27	-90
Adempas <sup>(6)</sup>	57	59	-5				57	59	-5
<b>Virology</b>									
Lagevrio	436		*			-	436		*
Isentress / Isentress HD	161	189	-15	68	77	-12	93	112	-17
<b>Neuroscience</b>									
Belsomra	62	81	-24	20	23	-13	42	58	-28
<b>Immunology</b>									
Simponi	173	203	-15				173	203	-15
Remicade	49	73	-33				49	73	-33
<b>Diabetes <sup>(7)</sup></b>									
Januvia	717	852	-16	332	365	-9	385	487	-21
Janumet	417	487	-14	90	86	4	327	401	-18
<b>Other Pharmaceutical <sup>(8)</sup></b>	<b>564</b>	<b>518</b>	<b>9</b>	<b>244</b>	<b>210</b>	<b>16</b>	<b>321</b>	<b>306</b>	<b>5</b>
<b>ANIMAL HEALTH</b>	<b>1,371</b>	<b>1,417</b>	<b>-3</b>	<b>475</b>	<b>467</b>	<b>2</b>	<b>896</b>	<b>951</b>	<b>-6</b>
Livestock	829	864	-4	186	190	-2	643	675	-5
Companion Animals	542	553	-2	289	277	4	253	276	-8
<b>Other Revenues <sup>(9)</sup></b>	<b>625</b>	<b>241</b>	<b>159</b>	<b>227</b>	<b>139</b>	<b>63</b>	<b>398</b>	<b>101</b>	<b>*</b>

\* 200% or greater

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

<sup>(1)</sup> Only select products are shown.

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

<sup>(3)</sup> Alliance Revenue represents royalties.

<sup>(4)</sup> Total Vaccines sales were \$3,552 million in the third quarter of 2022 and \$3,315 million in the third quarter of 2021.

<sup>(5)</sup> 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.

<sup>(6)</sup> Net product sales in Merck's marketing territories.

<sup>(7)</sup> Total Diabetes sales were \$1,231 million in the third quarter of 2022 and \$1,417 million in the third quarter of 2021.

<sup>(8)</sup> Includes Pharmaceutical products not individually shown above.

<sup>(9)</sup> Other Revenues are comprised primarily of revenues from third-party manufacturing arrangements and miscellaneous corporate revenues, including revenue-hedging activities. Other Revenues related to the receipt of upfront and milestone payments for out-licensed products were \$10 million in the third quarter of 2022 and \$135 million in the third quarter of 2021.

**MERCK & CO., INC.**  
**FRANCHISE / KEY PRODUCT SALES - CONTINUING OPERATIONS**  
**SEPTEMBER YEAR-TO-DATE 2022**  
**(AMOUNTS IN MILLIONS)**  
**(UNAUDITED)**

**Table 3b**

	Global			U.S.			International		
	September YTD 2022	September YTD 2021	% Change	September YTD 2022	September YTD 2021	% Change	September YTD 2022	September YTD 2021	% Change
<b>TOTAL SALES <sup>(1)</sup></b>	<b>\$ 45,453</b>	<b>\$ 35,183</b>	<b>29</b>	<b>\$ 20,927</b>	<b>\$ 16,166</b>	<b>29</b>	<b>\$ 24,526</b>	<b>\$ 19,017</b>	<b>29</b>
<b>PHARMACEUTICAL</b>	<b>39,826</b>	<b>30,714</b>	<b>30</b>	<b>19,119</b>	<b>14,611</b>	<b>31</b>	<b>20,707</b>	<b>16,103</b>	<b>29</b>
<b>Oncology</b>									
Keytruda	15,487	12,609	23	9,307	7,108	31	6,180	5,501	12
Alliance Revenue - Lynparza <sup>(2)</sup>	825	721	14	427	371	15	397	350	14
Alliance Revenue - Lenvima <sup>(2)</sup>	660	498	33	426	287	48	235	211	11
Alliance Revenue - Reblozyl <sup>(3)</sup>	124		*	87		*	37		*
<b>Vaccines <sup>(4)</sup></b>									
Gardasil / Gardasil 9	5,428	4,144	31	1,803	1,605	12	3,624	2,539	43
ProQuad / M-M-R II / Varivax	1,716	1,626	6	1,337	1,255	6	379	371	2
RotaTeq	644	593	9	427	364	17	218	229	-5
Pneumovax 23	457	600	-24	280	354	-21	177	247	-28
Vaqta	134	138	-3	72	80	-9	62	58	6
<b>Hospital Acute Care</b>									
Bridion	1,244	1,096	13	665	545	22	579	551	5
Prevymis	310	270	15	136	111	23	174	159	9
Dificid	196	115	70	184	108	70	12	7	75
Primaxin	185	194	-5	1		87	185	194	-5
Noxafil	180	197	-9	39	48	-20	141	149	-5
Invanz	148	157	-6	4	(2)	*	144	159	-10
Candidas	138	168	-18	5	4	27	133	164	-19
Zerbaxa	120	(11)	*	64	(5)	*	55	(6)	*
<b>Cardiovascular</b>									
Alliance Revenue - Adempas/Verquvo <sup>(5)</sup>	258	248	4	244	222	10	14	26	-47
Adempas <sup>(6)</sup>	181	188	-4				181	188	-4
<b>Virology</b>									
Lagevrio	4,859		*	1,523		*	3,336		*
Isentress / Isentress HD	466	590	-21	196	222	-12	270	368	-27
<b>Neuroscience</b>									
Belsomra	199	238	-16	60	56	7	139	183	-24
<b>Immunology</b>									
Simponi	540	619	-13				540	619	-13
Remicade	163	233	-30				163	233	-30
<b>Diabetes <sup>(7)</sup></b>									
Januvia	2,252	2,445	-8	958	997	-4	1,294	1,448	-11
Janumet	1,347	1,449	-7	258	244	6	1,089	1,205	-10
<b>Other Pharmaceutical <sup>(8)</sup></b>	<b>1,565</b>	<b>1,589</b>	<b>-1</b>	<b>616</b>	<b>637</b>	<b>-3</b>	<b>949</b>	<b>950</b>	<b>-</b>
<b>ANIMAL HEALTH</b>	<b>4,320</b>	<b>4,307</b>	<b>-</b>	<b>1,425</b>	<b>1,363</b>	<b>5</b>	<b>2,894</b>	<b>2,944</b>	<b>-2</b>
Livestock	2,486	2,503	-1	521	508	3	1,965	1,996	-2
Companion Animals	1,834	1,804	2	904	855	6	929	948	-2
<b>Other Revenues <sup>(9)</sup></b>	<b>1,307</b>	<b>162</b>	<b>*</b>	<b>383</b>	<b>192</b>	<b>99</b>	<b>925</b>	<b>(30)</b>	<b>*</b>

\* 200% or greater

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

<sup>(1)</sup> Only select products are shown.

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

<sup>(3)</sup> Alliance Revenue represents royalties and a milestone payment.

<sup>(4)</sup> Total Vaccines sales were \$8,743 million and \$7,417 million on a global basis for September YTD 2022 and 2021, respectively.

<sup>(5)</sup> 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.

<sup>(6)</sup> Net product sales in Merck's marketing territories.

<sup>(7)</sup> Total Diabetes sales were \$3,836 million and \$4,110 million on a global basis for September YTD 2022 and 2021, respectively.

<sup>(8)</sup> Includes Pharmaceutical products not individually shown above.

<sup>(9)</sup> Other Revenues are comprised primarily of revenues from third-party manufacturing arrangements and miscellaneous corporate revenues, including revenue-hedging activities. Other Revenues related to the receipt of upfront and milestone payments for out-licensed products were \$156 million and \$191 million on a global basis for September YTD 2022 and 2021, respectively.

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

**Table 3c**

	2022				2021						% Change	
	1Q	2Q	3Q	Sep YTD	1Q	2Q	3Q	Sep YTD	4Q	Full Year	3Q	Sep YTD
<b>TOTAL PHARMACEUTICAL</b>	<b>\$ 14,107</b>	<b>\$ 12,756</b>	<b>\$ 12,963</b>	<b>\$ 39,826</b>	<b>\$ 9,238</b>	<b>\$ 9,980</b>	<b>\$ 11,496</b>	<b>\$ 30,714</b>	<b>\$ 12,039</b>	<b>\$ 42,754</b>	<b>13</b>	<b>30</b>
<b>United States</b>	<b>6,773</b>	<b>5,726</b>	<b>6,620</b>	<b>19,119</b>	<b>4,294</b>	<b>4,647</b>	<b>5,670</b>	<b>14,611</b>	<b>5,790</b>	<b>20,401</b>	<b>17</b>	<b>31</b>
% Pharmaceutical Sales	48.0%	44.9%	51.1%	48.0%	46.5%	46.6%	49.3%	47.6%	48.1%	47.7%		
<b>Europe <sup>(1)</sup></b>	<b>3,309</b>	<b>2,677</b>	<b>2,427</b>	<b>8,412</b>	<b>2,276</b>	<b>2,404</b>	<b>2,445</b>	<b>7,124</b>	<b>2,655</b>	<b>9,780</b>	<b>-1</b>	<b>18</b>
% Pharmaceutical Sales	23.5%	21.0%	18.7%	21.1%	24.6%	24.1%	21.3%	23.2%	22.1%	22.9%		
<b>China</b>	<b>1,113</b>	<b>1,355</b>	<b>1,419</b>	<b>3,887</b>	<b>688</b>	<b>944</b>	<b>1,278</b>	<b>2,910</b>	<b>1,352</b>	<b>4,262</b>	<b>11</b>	<b>34</b>
% Pharmaceutical Sales	7.9%	10.6%	10.9%	9.8%	7.4%	9.5%	11.1%	9.5%	11.2%	10.0%		
<b>Japan</b>	<b>965</b>	<b>1,092</b>	<b>653</b>	<b>2,710</b>	<b>607</b>	<b>637</b>	<b>614</b>	<b>1,858</b>	<b>771</b>	<b>2,629</b>	<b>6</b>	<b>46</b>
% Pharmaceutical Sales	6.8%	8.6%	5.0%	6.8%	6.6%	6.4%	5.3%	6.0%	6.4%	6.1%		
<b>Asia Pacific (other than China and Japan)</b>	<b>786</b>	<b>854</b>	<b>702</b>	<b>2,342</b>	<b>437</b>	<b>442</b>	<b>450</b>	<b>1,329</b>	<b>488</b>	<b>1,817</b>	<b>56</b>	<b>76</b>
% Pharmaceutical Sales	5.6%	6.7%	5.4%	5.9%	4.7%	4.4%	3.9%	4.3%	4.1%	4.2%		
<b>Latin America</b>	<b>435</b>	<b>453</b>	<b>511</b>	<b>1,399</b>	<b>353</b>	<b>379</b>	<b>434</b>	<b>1,166</b>	<b>421</b>	<b>1,587</b>	<b>18</b>	<b>20</b>
% Pharmaceutical Sales	3.1%	3.6%	3.9%	3.5%	3.8%	3.8%	3.8%	3.8%	3.5%	3.7%		
<b>Eastern Europe/Middle East/Africa</b>	<b>450</b>	<b>339</b>	<b>360</b>	<b>1,149</b>	<b>357</b>	<b>318</b>	<b>362</b>	<b>1,037</b>	<b>278</b>	<b>1,315</b>	<b>-1</b>	<b>11</b>
% Pharmaceutical Sales	3.2%	2.7%	2.8%	2.9%	3.9%	3.2%	3.1%	3.4%	2.3%	3.1%		
<b>Canada</b>	<b>189</b>	<b>166</b>	<b>166</b>	<b>521</b>	<b>160</b>	<b>157</b>	<b>164</b>	<b>482</b>	<b>167</b>	<b>650</b>	<b>1</b>	<b>8</b>
% Pharmaceutical Sales	1.3%	1.3%	1.3%	1.3%	1.7%	1.6%	1.4%	1.6%	1.4%	1.5%		
<b>Other</b>	<b>87</b>	<b>94</b>	<b>105</b>	<b>287</b>	<b>66</b>	<b>52</b>	<b>79</b>	<b>197</b>	<b>117</b>	<b>313</b>	<b>33</b>	<b>46</b>
% Pharmaceutical Sales	0.6%	0.6%	0.9%	0.7%	0.8%	0.4%	0.8%	0.6%	0.9%	0.8%		

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

<sup>(1)</sup> 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**

	3Q22	3Q21	Sep YTD 2022	Sep YTD 2021
Interest income	\$ (40)	\$ (7)	\$ (62)	\$ (27)
Interest expense	244	196	727	597
Exchange losses	96	46	220	202
Loss (income) from investments in equity securities, net <sup>(1)</sup>	371	(683)	1,361	(1,535)
Net periodic defined benefit plan (credit) cost other than service cost	(60)	40	(208)	(159)
Other, net	(182)	(42)	(462)	(85)
<b>Total</b>	<b>\$ 429</b>	<b>\$ (450)</b>	<b>\$ 1,576</b>	<b>\$ (1,007)</b>

<sup>(1)</sup> 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.



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**Robert M. Davis to Succeed Kenneth C. Frazier as Chairman of Merck**

Frazier to Retire After 30 years at Merck; Board of Directors Elects Davis as Company Chairman

RAHWAY, N.J., October 26, 2022 – Merck (NYSE: MRK), known as MSD outside the United States and Canada, today announced that the Merck board of directors has unanimously elected Robert M. Davis to serve as chairman of the board, effective Dec. 1, 2022. He will succeed Kenneth C. Frazier, who plans to retire on Nov. 30, 2022, after a long-tenured career at Merck that began in 1992. Frazier led the company for 10 years as president and chief executive officer, from 2011 through 2021. He has served as a Merck director since Jan. 2011 and chairman of its board of directors since Dec. 2011.

Davis, who currently serves as president and chief executive officer, became Merck’s president in April 2021 and was named Merck’s chief executive officer and a member of its board in July 2021.

Speaking on behalf of Merck’s board of directors, Thomas H. Glocer, independent lead director, stated, “I want to thank Ken for his principled leadership, extraordinary integrity, and unwavering commitment to delivering on Merck’s purpose of saving and improving lives around the world.”

“For decades, Ken has embodied Merck’s core principles and values, anchored by a singular focus on creating meaningful value for our patients, employees, communities and shareholders,” Glocer added. “Ken is a once-in-a-generation leader, and his positive impact on our company and patients everywhere will reverberate for decades.”

Glocer continued, “Rob Davis has shown himself to be an innovative leader with a deep understanding of Merck and our industry. We look forward to working with him as our new chairman and to his continued contributions.”

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Frazier said, “Merck is powered by the talent, passion and commitment of many thousands of people around the world who are united by a common goal: harnessing the power of science to solve the world’s most pressing health challenges. It has been a distinct pleasure and privilege to be a part of the Merck team, and I will be forever grateful to my Merck colleagues for their dedicated efforts that have led to the company’s many important achievements.”

“I am also grateful to the Merck board of directors for their expertise and support through the years. With Rob Davis as their new chairman, I am confident that the board will continue to help guide the company in a manner that will allow it to succeed competitively and remain committed to its mission,” Frazier added.

“On behalf of Merck management and our colleagues around the world, I want to express our deepest appreciation for Ken’s innumerable contributions and indelible impact on our company and global health,” said Davis. “During his tenure, Ken led with conviction, advocated for patients and created meaningful value for our stakeholders. He has been an exemplar of purpose-driven leadership, vision and courage. I am honored to lead Merck as chairman and chief executive officer as we continue to build on his profound legacy.”

#### **About Robert M. Davis**

Rob Davis is chief executive officer and president of Merck.

Previously, Rob served as Merck’s president, responsible for the company’s operating divisions — Human Health, Animal Health, Manufacturing and Merck Research Laboratories. Prior to that, he was executive vice president, Global Services, and the company’s chief financial officer.

Rob joined the company as chief financial officer in 2014 with additional responsibility for real estate operations, corporate strategy and business development. In 2016, his role was expanded to include responsibility for information technology and procurement, forming Global Services. He became president in April 2021 and CEO and a member of the board of directors on July 1, 2021.

Prior to joining Merck, Rob was corporate vice president and president of Baxter’s Medical Products business. During his tenure at Baxter, he held several other positions, including president of Baxter’s Renal business, chief financial officer and treasurer. Before joining Baxter in 2004, Rob held numerous positions of increasing responsibility over 14 years at Eli Lilly and Company.

Rob serves on the board of directors for Duke Energy Corporation and is chair of its finance and risk management committee and a member of the corporate governance committee. In addition, Rob is a board member of Project Hope, a non-profit organization focused on empowering health care workers to deliver expert care when and where it is needed most.

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Rob received his J.D. from Northwestern University School of Law, his M.B.A. from Northwestern University's Kellogg Graduate School of Management and his bachelor's degree in finance from Miami University.

#### **About Kenneth C. Frazier**

Kenneth C. Frazier has served as executive chairman of Merck's board of directors since July 2021, following his retirement from a decade-long tenure as Merck's president and chief executive officer.

Under Ken's leadership, Merck delivered innovative life-saving medicines and vaccines as well as long-term and sustainable value to its multiple stakeholders. Ken substantially increased Merck's investment in research, including early research, while refocusing the organization on the launch and growth of key products that provide far-reaching benefits to society. He also led the formation of philanthropic and humanitarian initiatives that build on Merck's 130-year legacy.

Ken joined the company in 1992 and held positions of increasing responsibility, including general counsel, before becoming president and chief executive officer in 2011. Prior to joining Merck, Ken was a Partner with the Philadelphia law firm of Drinker Biddle & Reath. Ken's contributions, especially in the legal, business, and humanitarian fields, have been widely recognized. He sits on the boards of Weill Cornell Medicine, Eikon Therapeutics, the National Constitution Center and Cornerstone Christian Academy in Philadelphia, PA. He is Co-Founder and Co-Chair of OneTen, a coalition of leading organizations committed to upskilling, hiring, and promoting one million Black Americans into family-sustaining jobs. OneTen is committed to facilitating a meaningful, measurable, and lasting impact on racial and economic justice. Ken is also Chairman, Health Assurance Initiatives, at the venture capital firm, General Catalyst, where he advises on investments and partnerships and provides mentorship to founders building companies that are well positioned to transform the healthcare industry through collaborative and responsible innovation. He also is a member of the American Academy of Arts and Sciences, the American Philosophical Society, The Business Council, the Council of the American Law Institute, the American Bar Association, and a Fellow of the College of Physicians of Philadelphia. Additionally, Ken is Co-Chair of the Legal Services Corporation's Leaders Council.

As a strong advocate for social justice and economic inclusion, Ken is the recipient of numerous awards and honors, including the Anti-Defamation League Courage Against Hate Award, the Botwinick Prize in Business Ethics from Columbia Business School, the Legend in Leadership Award from the Yale School of Management, the NAACP Legal Defense and Educational Fund National Equal Justice Award, and the National Minority Quality Forum's Lifetime Achievement Award. In 2018, Ken received the Harvard Law School Association Award, the highest honor given by the prestigious association, in recognition of his extraordinary service to the legal profession, Harvard Law School, and the public. In that same year, Ken was named one of the World's Greatest Leaders by *Fortune* magazine and was also named one of *TIME's* 100 Most Influential People and again made that list in 2021. In 2019, he became the first recipient of the *Forbes* Lifetime Achievement Award for Healthcare. In 2021, Columbia Business School honored him with the Deming Cup for Operational Excellence, and his peers named Ken *Chief Executive* magazine's CEO of the Year.

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Ken received his bachelor's degree from The Pennsylvania State University and holds a J.D. from Harvard Law School.

### **About Merck**

At Merck, known as MSD outside of the United States and Canada, we are unified around our purpose: We use the power of leading-edge science to save and improve lives around the world. For more than 130 years, we have brought hope to humanity through the development of important medicines and vaccines. We aspire to be the premier research-intensive biopharmaceutical company in the world – and today, we are at the forefront of research to deliver innovative health solutions that advance the prevention and treatment of diseases in people and animals. We foster a diverse and inclusive global workforce and operate responsibly every day to enable a safe, sustainable and healthy future for all people and communities. For more information, visit [www.merck.com](http://www.merck.com) and connect with us on Twitter, Facebook, Instagram, YouTube and LinkedIn.

### **Forward-Looking Statement of Merck & Co., Inc., Rahway, N.J., USA**

This news release of Merck & Co., Inc., Rahway, N.J., USA (the “company”) includes “forward-looking statements” within the meaning of the safe harbor provisions of the U.S. Private Securities Litigation Reform Act of 1995. These statements are based upon the current beliefs and expectations of the company’s management and are subject to significant risks and uncertainties. If underlying assumptions prove inaccurate or risks or uncertainties materialize, actual results may differ materially from those set forth in the forward-looking statements.

Risks and uncertainties include but are not limited to, general industry conditions and competition; general economic factors, including interest rate and currency exchange rate fluctuations; the impact of the global outbreak of novel coronavirus disease (COVID-19); the impact of pharmaceutical industry regulation and health care legislation in the United States and internationally; global trends toward health care cost containment; technological advances, new products and patents attained by competitors; challenges inherent in new product development, including obtaining regulatory approval; the company’s ability to accurately predict future market conditions; manufacturing difficulties or delays; financial instability of international economies and sovereign risk; dependence on the effectiveness of the company’s patents and other protections for innovative products; and the exposure to litigation, including patent litigation, and/or regulatory actions.

The company undertakes no obligation to publicly update any forward-looking statement, whether as a result of new information, future events or otherwise. Additional factors that could cause results to differ materially from those described in the forward-looking statements can be found in the company’s Annual Report on Form 10-K for the year ended December 31, 2021 and the company’s other filings with the Securities and Exchange Commission (SEC) available at the SEC’s Internet site ([www.sec.gov](http://www.sec.gov)).

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