

**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): August 8, 2023

**Organon & Co.**

(Exact name of registrant as specified in its charter)

**Delaware**

(State or other jurisdiction  
of incorporation)

**001-40235**

(Commission  
File Number)

**46-4838035**

(I.R.S. Employer  
Identification No.)

**30 Hudson Street, Floor 33,  
Jersey City, NJ**

(Address of principal executive offices)

**07302**

(Zip Code)

Registrant's telephone number, including area code: (551) 430-6900

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))

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
<b>Common Stock, par value \$0.01 per share</b>	<b>OGN</b>	<b>NYSE</b>

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. ☐

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

On August 8, 2023, Organon & Co. (the “*Company*”) issued a press release (the “*Earnings Release*”) regarding its results for the quarter ended June 30, 2023. The Earnings Release is included as Exhibit 99.1 to this report.

The information contained in this Item 2.02, including Exhibit 99.1 attached hereto, is considered to be “furnished” and shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “*Exchange Act*”), or otherwise subject to liability under that Section. The information in this Current Report shall not be incorporated by reference into any filing or other document pursuant to the Securities Act of 1933, as amended (the “*Securities Act*”) or the Exchange Act, except as shall be expressly set forth by specific reference in such filing or document. The release contains forward-looking statements regarding the Company and includes a cautionary statement identifying important factors that could cause actual results to differ materially from those anticipated.

**Item 7.01 Regulation FD Disclosure.**

In connection with the conference call announced in the Earnings Release, on August 8, 2023, the Company made available the Company Information Presentation relating to its financial results for the quarter ended June 30, 2023. The Company Information Presentation may be accessed within the investor relations section of the Company’s website, <https://www.organon.com>. A copy of the Company Information Presentation is attached hereto as Exhibit 99.2 and is incorporated herein by reference.

The information in this Item 7.01, including Exhibit 99.2 attached hereto, is considered to be “furnished” and shall not be deemed “filed” for purposes of Section 18 of the Exchange Act or otherwise subject to liability under that Section. The information in this Current Report shall not be incorporated by reference into any filing or other document pursuant to the Securities Act or the Exchange Act, except as shall be expressly set forth by specific reference in such filing or document. The Company Information Presentation contains forward-looking statements regarding the Company and includes a cautionary statement identifying important factors that could cause actual results to differ materially from those anticipated.

**Item 9.01 Financial Statements and Exhibits.**

(d) Exhibits.

Exhibit No.	Description
<a href="#">99.1</a>	<a href="#">Press Release, dated August 8, 2023, relating to results of operations and financial condition.</a>
<a href="#">99.2</a>	<a href="#">Company Information Presentation.</a>
104	The cover page of this Current Report on Form 8-K, formatted in Inline XBRL.

## 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.

Organon & Co.

By: /s/ Matthew Walsh

Name: Matthew Walsh

Title: Chief Financial Officer

Dated: August 8, 2023

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### Organon Reports Results for the Second Quarter Ended June 30, 2023

- Second quarter 2023 revenue of \$1,608 million
- Second quarter 2023 diluted earnings per share of \$0.95 and non-GAAP Adjusted diluted earnings per share of \$1.31
- Adjusted EBITDA of \$530 million
- Board of Directors declares quarterly dividend of \$0.28 per share
- Full year 2023 financial guidance ranges updated:
  - Revenue range narrowed to \$6.25 billion to \$6.45 billion, primarily reflecting current foreign currency exchange rates
  - Adjusted EBITDA margin range now 31.5%-33.0% to incorporate current visibility on IPR&D (in-process research and development) and milestones

Jersey City, N.J., August 8, 2023 – Organon (NYSE: OGN) today announced its results for the second quarter ended June 30, 2023.

"During the second quarter of 2023, Organon continued to build on its track record, delivering solid volume growth across all regions and franchises. The Women's Health and Biosimilars franchise revenue grew 10% and 15% excluding the impact of foreign currency ("ex-FX"), respectively, and Established Brands continued to demonstrate stability," said Kevin Ali, Organon's CEO. "Further, on July 1<sup>st</sup> we launched *Hadlima*<sup>TM</sup> (adalimumab-bwwd) in the United States - so far our biggest commercial launch in the U.S. as a standalone company. *Hadlima* is emerging as one of a few biosimilars offerings earning commercial success so far. We are encouraged by our early traction and remain confident in our strategy, the attributes of our product and our collaborator's capabilities to deliver reliable supply."



## Second Quarter 2023 Revenue

in \$ millions	Q2 2023	Q2 2022	VPY	VPY ex-FX
Women's Health	\$ 438	\$ 408	8%	10%
Biosimilars	135	119	14%	15%
Established Brands	995	1,018	(2)%	—%
Other <sup>(1)</sup>	40	40	(2)%	(1)%
<b>Revenues</b>	<b>\$ 1,608</b>	<b>\$ 1,585</b>	<b>1%</b>	<b>4%</b>

(1) Other includes manufacturing sales to Merck & Co., Inc., Rahway, NJ, USA and other third parties.

For the second quarter of 2023, total revenue was \$1,608 million, an increase of 1% as-reported and an increase of 4% excluding the impact of foreign currency (ex-FX), compared with the second quarter of 2022.

Women's Health revenue increased 8% on an as-reported basis, and increased 10% ex-FX in the second quarter of 2023 compared with the second quarter of 2022 driven primarily by a 12% ex-FX increase in *Nexplanon*® (etonogestrel implant), a long-acting reversible contraceptive. The Women's Health franchise also benefited from 17% ex-FX growth in the fertility portfolio during the quarter due to COVID-19 recovery in China as well as strong demand in the LAMERA region and in the U.S. Growth in the Women's Health franchise was partially offset by a 3% ex-FX decrease of *NuvaRing*® (etonogestrel/ethinyl estradiol vaginal ring) which continues to be impacted by generic competition.

Biosimilars revenue increased 14% as-reported and 15% ex-FX in the second quarter of 2023, compared with the second quarter of 2022 primarily driven by *Renflexis*® (infliximab-abda) which grew 20% ex-FX due to continued demand and strong volume growth in United States and Canada. Growth in the biosimilars franchise was partially offset by a 7% ex-FX decline in *Ontruzant*® (trastuzumab-dttb) primarily related to ongoing competitive pressures in Europe. On July 1, 2023, the company launched *Hadlima*, a biosimilar to *Humira* (adalimumab) (a trademark of AbbVie Biotechnology Ltd.) in the United States. Organon already markets *Hadlima* in Canada and Australia.

Established Brands revenue decreased 2% as-reported and was flat ex-FX in the second quarter of 2023, despite the negative impact from Volume Based Procurement (VBP) initiatives in China and the year over year impact of the company's market action taken in the first quarter of 2023 on select injectable steroids, *Diprospan*<sup>™</sup> (bethamethasone), and *Celestone Chronodose*<sup>™</sup> (bethamethasone), and *Celestone Soluspan*<sup>™</sup> (bethamethasone). Offsetting factors included an 18% ex-FX year over year increase in *Atozet*<sup>™</sup> (ezetimibe and atorvastatin calcium) which was driven by increased demand in the EUCAN region, as well as 23% ex-FX growth in *Arcoxia*<sup>™</sup> (etoricoxib) which was driven by increased volume in the LAMERA region. Year to date, the Established Brands portfolio has grown 1% ex-FX, as 2% volume growth has offset an approximate 1% decline in price across the portfolio. The company continues to expect the Established Brands franchise to achieve flat revenue growth for the full year 2023.

## **Second Quarter 2023 Profitability**

in \$ millions, except per share amounts

	Q2 2023	Q2 2022	VPY
<b>Revenues</b>	<b>\$ 1,608</b>	<b>\$ 1,585</b>	<b>1%</b>
Cost of sales	640	588	9%
Gross profit	968	997	(3)%
Non-GAAP Adjusted gross profit <sup>(1)</sup>	1,012	1,047	(3)%
<b>Adjusted EBITDA <sup>(1,2)</sup></b>	<b>530</b>	<b>512</b>	<b>4%</b>
Net income	242	234	3%
Non-GAAP Adjusted net income <sup>(1)</sup>	336	319	5%
Diluted Earnings per Share (EPS)	0.95	0.92	3%
Non-GAAP Adjusted diluted EPS <sup>(1)</sup>	1.31	1.25	5%
Acquired in-process research & development (IPR&D) and milestones	—	97	NM
Per share impact to diluted EPS from acquired IPR&D and milestones	—	(0.30)	NM

	Q2 2023	Q2 2022
<i>Gross margin</i>	60.2%	62.9%
<i>Non-GAAP Adjusted gross margin <sup>(1)</sup></i>	62.9%	66.1%
<i>Adjusted EBITDA margin <sup>(1,2)</sup></i>	33.0%	32.3%

(1) See Tables 4 and 5 for reconciliations of GAAP to non-GAAP financial measures

(2) Adjusted EBITDA and Adjusted EBITDA margin include \$97 million in the second quarter of 2022 related to acquired IPR&D and milestones, no such expense was incurred in the second quarter of 2023

Gross margin was 60.2% as-reported and 62.9% on an adjusted basis in the second quarter of 2023 compared to 62.9% as-reported and 66.1% on an adjusted basis in the second quarter of 2022. The year-over-year decline in gross margin is primarily due to product mix as well as employee-related costs and distribution related costs, which increased as a result of inflationary pressures in 2023.

Adjusted EBITDA margin was 33.0% in the second quarter of 2023 compared to 32.3% in the second quarter of 2022. The increase in Adjusted EBITDA margin was primarily a result of \$97 million of IPR&D and milestones in the second quarter of 2022; no such costs were incurred in the second quarter of 2023.

Net income for the second quarter of 2023 was \$242 million, or \$0.95 per diluted share, compared with \$234 million, or \$0.92 per diluted share, in the second quarter of 2022. Non-GAAP Adjusted net income was \$336 million, or \$1.31 per diluted share, compared with \$319 million, or \$1.25 per diluted share, in 2022. The year over year increase in net income was a result of higher Adjusted EBITDA compared with the second quarter of 2022 as well as a tax benefit in the second quarter of 2023 related to earnings outside of the U.S., partially offset by higher interest expense associated with the company's variable rate debt.

### **Capital Allocation**

Today, Organon's Board of Directors declared a quarterly dividend of \$0.28 for each issued and outstanding share of the company's common stock. The dividend is payable on September 14, 2023, to stockholders of record at the close of business on August 18, 2023.

As of June 30, 2023, cash and cash equivalents were \$326 million, and debt was \$8.7 billion.

### **Full Year Guidance**

Organon does not provide GAAP financial measures on a forward-looking basis because the company cannot predict with reasonable certainty and without unreasonable effort, the ultimate outcome of legal proceedings, unusual gains and losses, the occurrence of matters creating GAAP tax impacts, and acquisition-related expenses. These items are uncertain, depend on various factors, and could be material to Organon's results computed in accordance with GAAP.

The company is updating its full year 2023 guidance ranges previously provided on May 4, 2023. The range for full year 2023 revenue is narrowed to \$6.25 billion to \$6.45 billion, which primarily reflects current foreign currency exchange rates. The range for full year Adjusted EBITDA margin is now 31.5% to 33.0% to incorporate the company's current visibility of IPR&D and milestone expenses expected to be incurred in 2023. Organon's financial guidance does not assume an estimate for future IPR&D and milestone payments for business development transactions not yet executed.

Full year 2023 financial guidance is presented below on a non-GAAP basis.

	Previous guidance as of May 4, 2023	Current guidance
<b>Revenues</b>	<b>\$6.150B - \$6.450B</b>	<b>\$6.250B-\$6.450B</b>
Adjusted gross margin	Low-mid 60% range	Unchanged
SG&A (as % of revenue)	Mid 20% range	Unchanged
R&D (as % of revenue)	Upper single-digit	Unchanged
<b>Adjusted EBITDA margin</b>	<b>31.0%-33.0%</b>	<b>31.5%-33.0%</b>
Interest	~\$515 million	~\$525 million
Depreciation	~\$130 million	~\$120 million
Effective non-GAAP tax rate	19.0% - 21.0%	17.5% - 19.5%
Fully diluted weighted average shares outstanding	~257 million	Unchanged

#### **Webcast Information**

Organon will host a conference call at 8:30 a.m. Eastern Time today to discuss its second quarter 2023 financial results. To listen to the event and view the presentation slides via webcast, join from the Organon Investor Relations website at <https://www.organon.com/investor-relations/events-and-presentations/>. A replay of the webcast will be available approximately two hours after the conclusion of the live event on the company's website. Institutional investors and analysts interested in participating in the call must register in advance by clicking on this link:

<https://conferencingportals.com/event/jgIqShwa>

Following registration, participants will receive a confirmation email containing details on how to join the conference call, including dial-in information and a unique passcode and registrant ID. Pre-registration will allow participants to bypass an operator and be placed directly into the call.

### **About Organon**

Organon is a global healthcare company formed to focus on improving the health of women throughout their lives. Organon offers more than 60 medicines and products in women's health in addition to a growing biosimilars business and a large franchise of established medicines across a range of therapeutic areas. Organon's existing products produce strong cash flows that support investments in innovation and future growth opportunities in women's health and biosimilars. In addition, Organon is pursuing opportunities to collaborate with biopharmaceutical innovators looking to commercialize their products by leveraging its scale and presence in fast growing international markets.

Organon has a global footprint with significant scale and geographic reach, world-class commercial capabilities, and approximately 10,000 employees with headquarters located in Jersey City, New Jersey.

For more information, visit <http://www.organon.com> and connect with us on [LinkedIn](#), [Instagram](#), [Twitter](#) and [Facebook](#).

### **Cautionary Note Regarding Non-GAAP Financial Measures**

This press release contains "non-GAAP financial measures," which are financial measures that either exclude or include amounts that are correspondingly not excluded or included in the most directly comparable measures calculated and presented in accordance with U.S. generally accepted accounting principles ("GAAP"). Specifically, the company makes use of the non-GAAP financial measures Adjusted EBITDA, Adjusted gross margin, Adjusted gross profit, Adjusted net income, and Adjusted diluted EPS, which are not recognized terms under GAAP and are presented only as a supplement to the company's GAAP financial statements. This press release also provides certain measures that exclude the impact of foreign exchange. We calculate foreign exchange by converting our current-period local currency financial results using the prior period average currency rates and comparing these adjusted amounts to our current-period results. The company believes that these non-GAAP financial measures help to enhance an understanding of the company's financial performance. However, the presentation of these measures has limitations as an analytical tool and should not be considered in isolation, or as a substitute for the company's results as reported under GAAP. Because not all companies use identical calculations, the presentations of these non-GAAP measures may not be comparable to other similarly titled measures of other companies. You should refer to Table 4 and Table 5 of this press release for relevant definitions and reconciliations of non-GAAP financial measures contained herein to the most directly comparable GAAP measures.

In addition, the company's full-year 2023 guidance measures (other than revenue) are provided on a non-GAAP basis because the company is unable to reasonably predict certain items contained in the GAAP measures. Such items include, but are not limited to, acquisition related expenses, restructuring and related expenses, stock-based compensation, the ultimate outcome of legal proceedings, unusual gains and losses, the occurrence of matters creating GAAP tax impacts and other items not reflective of the company's ongoing operations.

The company uses non-GAAP financial measures in its operational and financial decision making, and believes that it is useful to exclude certain items in order to focus on what it regards to be a more meaningful representation of the underlying operating performance of the business.

**Cautionary Note Regarding Forward-Looking Statements**

Except for historical information, this press release includes "forward-looking statements" within the meaning of the safe harbor provisions of the U.S. Private Securities Litigation Reform Act of 1995, including, but not limited to, statements about management's expectations about Organon's future financial performance and prospects. Forward-looking statements may be identified by words such as "expects," "intends," "anticipates," "plans," "believes," "seeks," "estimates," "will" or words of similar meaning. 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, an inability to fully execute on our product development and commercialization plans within the United States or internationally; changes in tax laws or other tax guidance which could adversely affect our cash tax liability, effective tax rates, and results of operations and lead to greater audit scrutiny; an inability to execute on our business development strategy or realize the benefits of our planned acquisitions; efficacy, safety, or other quality concerns with respect to marketed products, including market actions such as recalls, withdrawals, or declining sales; political and social pressures, or regulatory developments, that adversely impact demand for, availability of, or patient access to contraception or fertility products; general economic factors, including recessionary pressures, interest rate and currency exchange rate fluctuations; general industry conditions and competition; the impact of the ongoing COVID-19 pandemic and emergence of variant strains; 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 its future financial results and performance; manufacturing difficulties or delays; financial instability of international economies and sovereign risk; difficulties developing and sustaining relationships with commercial counterparties; 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 filings with the Securities and Exchange Commission ("SEC"), including the company's Annual Report on Form 10-K for the year ended December 31, 2022, available at the SEC's Internet site ([www.sec.gov](http://www.sec.gov)).

TABLE 1

**Organon & Co.**  
**Condensed Consolidated Statement of Income**  
(Unaudited, \$ in millions except shares in thousands and per share amounts)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Revenues	\$ 1,608	\$ 1,585	\$ 3,146	\$ 3,152
Costs, Expenses and Other				
Cost of sales	640	588	1,220	1,149
Selling, general and administrative	451	423	886	794
Research and development	128	106	257	202
Acquired in-process research and development and milestones	—	97	8	97
Restructuring costs	—	—	4	—
Interest expense	132	98	264	195
Exchange losses (gains)	2	(21)	11	(25)
Other expense, net	1	7	7	11
	1,354	1,298	2,657	2,423
Income Before Income Taxes	254	287	489	729
Taxes on income	12	53	70	147
Net Income	242	234	419	582
Earnings per Share:				
Basic	\$ 0.95	\$ 0.92	\$ 1.64	\$ 2.29
Diluted	\$ 0.95	\$ 0.92	\$ 1.64	\$ 2.28
Weighted Average Shares Outstanding:				
Basic	255,341	254,018	254,869	253,802
Diluted	255,953	255,156	256,064	255,105



TABLE 2

**Organon & Co.**  
**Sales by top products**  
(Unaudited, \$ in millions)

	Three Months Ended June 30,						Six Months Ended June 30,					
	2023			2022			2023			2022		
	U.S.	Int'l	Total	U.S.	Int'l	Total	U.S.	Int'l	Total	U.S.	Int'l	Total
<b>Women's Health</b>												
<i>Nexplanon/Implanon NXT</i>	\$ 159	\$ 56	\$ 214	\$ 134	\$ 61	\$ 195	\$ 272	\$ 107	\$ 380	\$ 250	\$ 116	\$ 366
<i>Follistim AQ</i>	26	44	70	23	35	58	52	73	125	52	66	119
<i>NuvaRing</i>	17	23	40	22	20	42	33	47	80	38	45	83
Ganirelix Acetate Injection	4	29	34	6	25	32	11	53	63	14	47	61
<i>Marvelon/Mercilon</i>	—	29	29	—	31	31	—	67	67	—	54	54
Other Women's Health <sup>(1)</sup>	27	25	52	29	22	51	53	52	105	56	47	103
<b>Biosimilars</b>												
<i>Renflexis</i>	60	11	70	51	8	59	114	18	132	93	12	105
<i>Ontruzant</i>	12	21	33	12	23	35	25	29	54	19	38	57
<i>Brenzys</i>	—	13	13	—	14	14	—	32	32	—	28	28
<i>Aybintio</i>	—	12	12	—	9	9	—	22	22	—	19	19
<i>Hadlima</i>	—	7	7	—	2	2	—	12	12	—	8	8
<b>Established Brands</b>												
Cardiovascular												
<i>Zetia</i>	2	89	90	2	99	101	4	169	173	5	195	200
<i>Vytarin</i>	1	37	38	3	32	35	3	65	67	5	68	73
<i>Atozet</i>	—	143	143	—	122	122	—	271	271	—	240	240
<i>Rosuzet</i>	—	17	17	—	16	16	—	35	35	—	38	38
<i>Cozaar/Hyzaar</i>	2	69	71	2	91	92	4	152	156	10	176	186
Other Cardiovascular <sup>(1)</sup>	1	41	41	1	45	46	1	81	82	2	83	85
Respiratory												
<i>Singulair</i>	3	77	80	3	89	92	5	194	199	5	216	222
<i>Nasonex</i>	—	64	64	—	58	58	—	133	133	9	123	133
<i>Dulera</i>	38	10	48	36	12	47	76	18	95	67	21	88
<i>Clarinx</i>	1	38	39	1	34	35	2	77	79	2	70	73
Other Respiratory <sup>(1)</sup>	13	6	19	11	11	22	25	12	37	23	22	45
Non-Opioid Pain, Bone and Dermatology												
<i>Arcoxia</i>	—	72	72	—	61	61	—	143	143	—	121	121
<i>Fosamax</i>	1	44	44	1	39	40	1	81	82	2	79	81
<i>Diprosan</i>	—	12	12	—	31	31	—	27	27	—	63	63
Other Non-Opioid Pain, Bone and Dermatology <sup>(1)</sup>	2	67	71	5	71	76	7	127	133	8	137	145
Other												
<i>Proscar</i>	—	24	25	—	26	26	1	51	52	1	50	50
<i>Propecia</i>	2	35	36	2	33	35	4	66	69	3	63	66
Other <sup>(1)</sup>	2	81	84	7	74	82	4	156	162	15	149	164
Other <sup>(2)</sup>	(2)	41	40	—	40	40	—	79	79	1	78	76
<b>Revenues</b>	<u>\$ 371</u>	<u>\$ 1,237</u>	<u>\$ 1,608</u>	<u>\$ 351</u>	<u>\$ 1,234</u>	<u>\$ 1,585</u>	<u>\$ 697</u>	<u>\$ 2,449</u>	<u>\$ 3,146</u>	<u>\$ 680</u>	<u>\$ 2,472</u>	<u>\$ 3,152</u>

Totals may not foot due to rounding. Trademarks appearing above in italics are trademarks of, or are used under license by, the Organon group of companies.

(1) Includes sales of products not listed separately. Revenues from *Marvelon™* and *Mercilon™* were previously reported as part of Other Women's Health. Revenue from an arrangement for the sale of generic etonogestrel/ethinyl estradiol vaginal ring is included in Other Women's Health.

(2) Other includes manufacturing sales to Merck & Co., Inc., Rahway, NJ, USA and other third parties.

TABLE 3

**Organon & Co.**  
**Sales by geographic area**  
(Unaudited, \$ in millions)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Europe and Canada	\$ 467	\$ 443	\$ 867	\$ 880
United States	371	351	697	680
Asia Pacific and Japan	261	291	585	604
China	234	244	459	480
Latin America, Middle East, Russia and Africa	234	216	448	425
Other <sup>(1)</sup>	41	40	90	83
<b>Revenues</b>	<b>\$ 1,608</b>	<b>\$ 1,585</b>	<b>\$ 3,146</b>	<b>\$ 3,152</b>

(1) Other includes manufacturing sales to Merck & Co., Inc., Rahway, NJ, USA and other third parties.

TABLE 4

**Reconciliation of GAAP Reported to Non-GAAP Adjusted Information**  
(Unaudited, \$ in millions except per share amounts)

Three Months Ended June 30, 2023							
	GAAP	Spin related Costs <sup>(1)</sup>	Restructuring	Stock-based Compensation	Amortization	Other <sup>(1)</sup>	Non-GAAP Adjusted
Revenues	\$ 1,608						\$ 1,608
Cost of sales	640	(10)	—	(4)	(30)	—	596
Gross profit	968						1,012
Gross margin	60.2%						62.9%
Selling, general and administrative	451	(44)	—	(17)	—	—	390
Research and development	128	(3)	—	(4)	—	—	121
Acquired in-process research and development and milestones	—	—	—	—	—	—	—
Restructuring costs	—	—	—	—	—	—	—
Interest expense	132	—	—	—	—	—	132
Exchange losses	2	—	—	—	—	—	2
Other expense (income), net	1	(4)	—	—	—	—	(3)
	1,354						1,238
Income before income taxes	254						370
Taxes on income	12	13	—	4	5	—	34
Net income	\$ 242						\$ 336
Earnings per share - Diluted	\$ 0.95						\$ 1.31

(1) Represents one-time costs. Spin-related includes costs from the separation of Merck & Co., Inc., Rahway, NJ, US and Other primarily includes inventory step-up amortization and legal reserves.

Three Months Ended June 30, 2022							
	GAAP	Spin related Costs <sup>(1)</sup>	Restructuring	Stock-based Compensation	Amortization	Other <sup>(1)</sup>	Non-GAAP Adjusted
Revenues	\$ 1,585						\$ 1,585
Cost of sales	588	(6)	—	(3)	(28)	(13)	538
Gross profit	997						1,047
Gross margin	62.9%						66.1%
Selling, general and administrative	423	(28)	—	(13)	—	—	382
Research and development	106	(3)	—	(3)	—	—	100
Acquired in-process research and development and	97	—	—	—	—	—	97
Restructuring costs	—	—	—	—	—	—	—
Interest expense	98	—	—	—	—	—	98
Exchange gains	(21)	—	—	—	—	—	(21)
Other expense (income), net	7	(8)	—	—	—	—	(1)
	1,298						1,193
Income before income taxes	287						392
Taxes on income	53	10	—	3	4	3	73
Net income	\$ 234						\$ 319
Earnings per share - Diluted	\$ 0.92						\$ 1.25

(1) Represents one-time costs. Spin-related includes costs from the separation of Merck & Co., Inc., Rahway, NJ, US and Other primarily includes inventory step-up amortization and legal reserves.

TABLE 4 (Continued)

**Reconciliation of GAAP Reported to Non-GAAP Adjusted Information**  
(Unaudited, \$ in millions except per share amounts)

Six Months Ended June 30, 2023							
	GAAP	Spin related Costs <sup>(1)</sup>	Restructuring	Stock-based Compensation	Amortization	Other <sup>(1)</sup>	Non-GAAP Adjusted
Revenues	\$ 3,146						\$ 3,146
Cost of sales	1,220	(20)	—	(8)	(59)	(2)	1,131
Gross profit	1,926						2,015
Gross margin	61.2%						64.0%
Selling, general and administrative	886	(90)	—	(32)	—	(1)	763
Research and development	257	(6)	—	(7)	—	—	244
Acquired in-process research and development and milestones	8	—	—	—	—	—	8
Restructuring costs	4	—	(4)	—	—	—	—
Interest expense	264	—	—	—	—	—	264
Exchange losses	11	—	—	—	—	—	11
Other expense (income), net	7	(10)	—	—	—	—	(3)
	2,657						2,418
Income before income taxes	489						728
Taxes on income	70	26	1	8	11	—	116
Net income	\$ 419						\$ 612
Earnings per share - Diluted	\$ 1.64						\$ 2.39

(1) Represents one-time costs. Spin-related includes costs from the separation of Merck & Co., Inc., Rahway, NJ, US and Other primarily includes inventory step-up amortization and legal reserves.

Six Months Ended June 30, 2022							
	GAAP	Spin related Costs <sup>(1)</sup>	Restructuring	Stock-based Compensation	Amortization	Other <sup>(1)</sup>	Non-GAAP Adjusted
Revenues	\$ 3,152						\$ 3,152
Cost of sales	1,149	(10)	—	(6)	(56)	(14)	1,063
Gross profit	2,003						2,089
Gross margin	63.5%						66.3%
Selling, general and administrative	794	(53)	—	(23)	—	—	718
Research and development	202	(6)	—	(5)	—	(1)	190
Acquired in-process research and development and	97	—	—	—	—	—	97
Restructuring costs	—	—	—	—	—	—	—
Interest expense	195	—	—	—	—	—	195
Exchange gains	(25)	—	—	—	—	—	(25)
Other expense (income), net	11	(14)	—	—	—	—	(3)
	2,423						2,235
Income before income taxes	729						917
Taxes on income	147	14	—	5	9	3	178
Net income	\$ 582						\$ 739
Earnings per share - Diluted	\$ 2.28						\$ 2.90

(1) Represents one-time costs. Spin-related includes costs from the separation of Merck & Co., Inc., Rahway, NJ, US and Other primarily includes inventory step-up amortization and legal reserves.

TABLE 5

**Organon & Co.**  
**Reconciliation of GAAP Income Before Income Taxes to Adjusted EBITDA**  
(Unaudited, \$ in millions)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
<b>Income before income taxes</b>	<b>\$ 254</b>	<b>\$ 287</b>	<b>\$ 489</b>	<b>\$ 729</b>
Depreciation	28	22	56	47
Amortization	30	28	59	56
Interest expense	132	98	264	195
<b>EBITDA</b>	<b>\$ 444</b>	<b>\$ 435</b>	<b>\$ 868</b>	<b>\$ 1,027</b>
Restructuring costs	—	—	4	—
One-time costs <sup>(1)</sup>	61	58	129	98
Stock-based compensation	25	19	47	34
<b>Adjusted EBITDA</b>	<b>\$ 530</b>	<b>\$ 512</b>	<b>\$ 1,048</b>	<b>\$ 1,159</b>
<b>Adjusted EBITDA margin</b>	<b>33.0%</b>	<b>32.3%</b>	<b>33.3%</b>	<b>36.8%</b>

*(1) One-time costs primarily include costs incurred in connection with the spin-off of Organon, inventory step up adjustments and legal reserves.*



# Organon

Second Quarter 2023 Earnings



# Disclaimer statement



## Cautionary Note Regarding Forward-Looking Statements

Except for historical information, this presentation includes “forward-looking statements” within the meaning of the safe harbor provisions of the U.S. Private Securities Litigation Reform Act of 1995, including, but not limited to, statements about management’s expectations about Organon’s future financial performance and prospects. Forward-looking statements may be identified by words such as “expects,” “intends,” “anticipates,” “plans,” “believes,” “seeks,” “estimates,” “will” or words of similar meaning. 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, an inability to fully execute on our product development and commercialization plans within the United States or internationally; changes in tax laws or other tax guidance which could adversely affect our cash tax liability, effective tax rates, and results of operations and lead to greater audit scrutiny; an inability to execute on our business development strategy or realize the benefits of our planned acquisitions; efficacy, safety, or other quality concerns with respect to marketed products, including market actions such as recalls, withdrawals, or declining sales; political and social pressures, or regulatory developments, that adversely impact demand for, availability of, or patient access to contraception or fertility products; general economic factors, including recessionary pressures, interest rate and currency exchange rate fluctuations; general industry conditions and competition; the impact of the ongoing COVID-19 pandemic and emergence of variant strains; 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 its future financial results and performance; manufacturing difficulties or delays; financial instability of international economies and sovereign risk; difficulties developing and sustaining relationships with commercial counterparties; 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 filings with the Securities and Exchange Commission (“SEC”), including the company’s Annual Report on Form 10-K for the year ended December 31, 2022, available at the SEC’s Internet site ([www.sec.gov](http://www.sec.gov)).

# Disclaimer statement, cont.



## Cautionary Note Regarding Non-GAAP Financial Measures

This presentation and our press release regarding second quarter 2023 earnings contain "non-GAAP financial measures," which are financial measures that either exclude or include amounts that are correspondingly not excluded or included in the most directly comparable measures calculated and presented in accordance with U.S. generally accepted accounting principles ("GAAP"). Specifically, the company makes use of the non-GAAP financial measures Adjusted EBITDA, Adjusted Net Income, Adjusted gross margin, Adjusted gross profit and Adjusted diluted EPS, which are not recognized terms under GAAP and are presented only as a supplement to the company's GAAP financial statements. This presentation and our press release regarding second quarter 2023 earnings also provide certain measures that exclude the impact of foreign exchange. We calculate foreign exchange by converting our current-period local currency financial results using the prior period average currency rates and comparing these adjusted amounts to our current-period results. The company believes that these non-GAAP financial measures help to enhance an understanding of the company's financial performance. However, the presentation of these measures has limitations as an analytical tool and should not be considered in isolation, or as a substitute for the company's results as reported under GAAP. Because not all companies use identical calculations, the presentations of these non-GAAP measures may not be comparable to other similarly titled measures of other companies. You should refer to Table 4 and Table 5 of our press release regarding second quarter 2023 earnings for relevant definitions and reconciliations of non-GAAP financial measures contained herein to the most directly comparable GAAP measures.

In addition, the company's full-year 2023 guidance measures (other than revenue) are provided on a non-GAAP basis because the company is unable to reasonably predict certain items contained in the GAAP measures. Such items include, but are not limited to, acquisition related expenses, restructuring and related expenses, stock-based compensation, the ultimate outcome of legal proceedings, unusual gains and losses, the occurrence of matters creating GAAP tax impacts and other items not reflective of the company's ongoing operations.

The company uses non-GAAP financial measures in its operational and financial decision making, and believes that it is useful to exclude certain items in order to focus on what it regards to be a more meaningful representation of the underlying operating performance of the business.

See Slides 21-26 of this presentation for a reconciliation of non-GAAP measures.



## Second quarter 2023 highlights



- Revenue of \$1.6 billion, up 4% ex-FX
- Adjusted EBITDA of \$530 million
- Diluted EPS of \$0.95; Adjusted Diluted EPS of \$1.31
- Revenue guidance range raised to \$6.25 billion to \$6.45 billion
- Adjusted EBITDA margin guidance range raised to 31.5%-33.0%

*See Slides 21-26 of this presentation for a reconciliation of non-GAAP measures.*

## Growth pillars delivering, Established Brands remains durable



### Women's Health

- **Growth of 10% ex-FX, driven by 12%** growth in *Nexplanon*
- **Double-digit growth** in Fertility portfolio driven by COVID-recovery in China and **volume growth** in LAMERA and U.S.

### Biosimilars

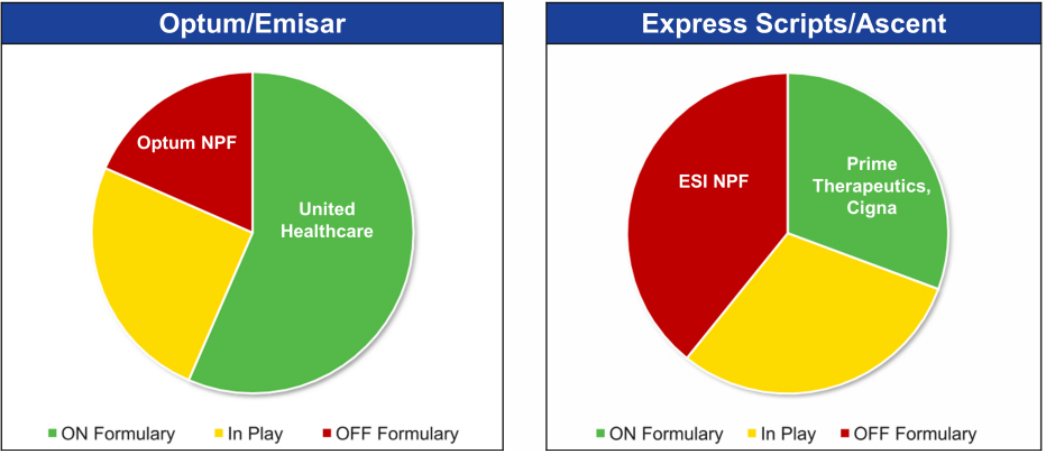
- **Growth of 15% ex-FX**
- **Strong demand** and **volume growth** for *Renflexis* in U.S. and Canada
- **July 1st launch of** *Hadlima* in U.S.

### Established Brands

- **Stable revenue** ex-FX despite VBP impact
- **Expect** franchise to **achieve flat performance** in 2023



# U.S. access environment is broader than PBM national formularies



Source: MMIT Data, includes Commercial, Health Exchange, and Managed Medicaid. Last updated July 10, 2023 | NPF = National Preferred Formulary

## Growth pillars delivering, Established Brands remains durable



### Women's Health

- **Growth of 10% ex-FX, driven by 12%** growth in *Nexplanon*
- **Double-digit growth** in Fertility portfolio driven by COVID-recovery in China and **volume growth** in LAMERA and U.S.

### Biosimilars

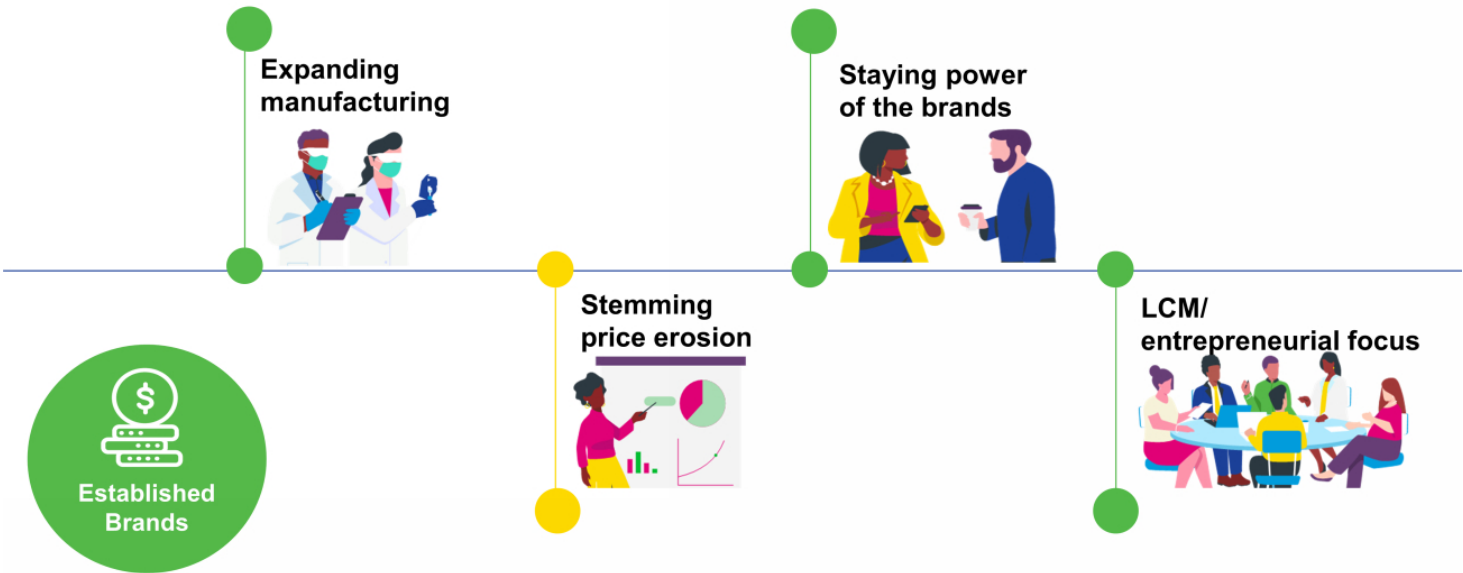
- **Growth of 15% ex-FX**
- **Strong demand** and **volume growth** for *Renflexis* in U.S. and Canada
- **July 1st launch of** *Hadlima* in U.S.

### Established Brands

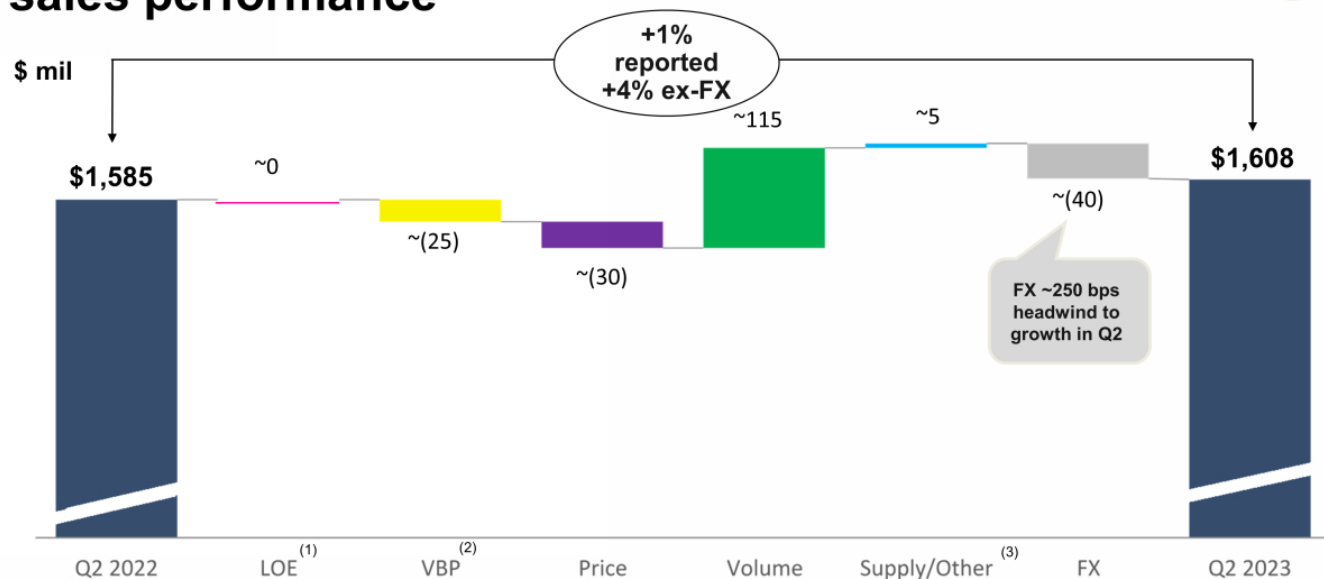
- **Stable revenue** ex-FX despite VBP impact
- **Expect** franchise to **achieve flat performance** in 2023



# Durability of Established Brands



## Volume growth across all three franchises drove sales performance



<sup>(1)</sup> LOE = Loss of Exclusivity

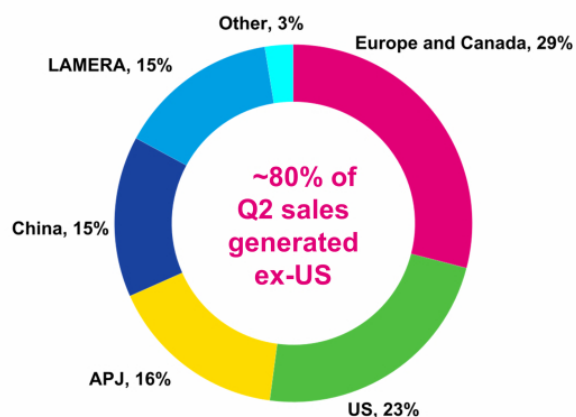
<sup>(2)</sup> VBP = Volume Based Procurement

<sup>(3)</sup> Other includes manufacturing sales to Merck & Co., Inc., Rahway, NJ, USA and other third parties

## China performing well despite VBP; APJ lapping tough comp

\$ mil	Q2-23	Q2-22	Actual VPY	Ex-FX VPY
Europe and Canada	467	443	5%	6%
United States	371	351	6%	6%
Asia Pacific and Japan	261	291	(10)%	(5)%
China	234	244	(4)%	2%
Latin America, Middle East, Russia and Africa	234	216	8%	11%
Other <sup>(1)</sup>	41	40	2%	1%
<b>Total Revenues</b>	<b>1,608</b>	<b>1,585</b>	<b>1%</b>	<b>4%</b>

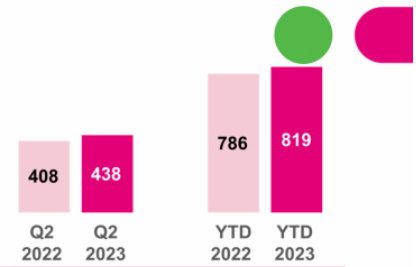
(1) Other includes manufacturing sales to Merck & Co., Inc., Rahway, NJ, USA and other third parties.



# Women's Health



- Women's Health franchise **grew 10% ex-FX**
- Strong **demand in the U.S. for Nexplanon**
- **Fertility growth** driven by COVID-19 recovery in China



Revenues \$ mil	Q2-23	Q2-22	Act VPY	Ex-FX VPY	2023 YTD	2022 YTD	Act VPY	Ex-FX VPY
<b>Top Contraception Products</b>								
<i>Nexplanon</i> ®	214	195	10%	12%	380	366	4%	6%
<i>NuvaRing</i> ®	40	42	(5)%	(3)%	80	83	(3)%	(2)%
<i>Marvelon</i> ™/ <i>Mercilon</i> ™	29	31	(4)%	(1)%	67	54	23%	28%
<b>Top Fertility Products</b>								
<i>Follistim</i> ®	70	58	21%	24%	125	119	5%	8%
Ganirelix Acetate Injection	34	32	6%	10%	63	61	3%	7%
Other Women's Health products	52	51	1%	1%	105	103	2%	3%
<b>Total Women's Health</b>	<b>438</b>	<b>408</b>	<b>8%</b>	<b>10%</b>	<b>819</b>	<b>786</b>	<b>4%</b>	<b>6%</b>

Totals may not foot due to rounding. Trademarks appearing above in italics are trademarks of, or are used under license by, the Organon group of companies.

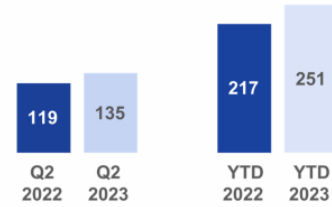




# Biosimilars



- **Renflexis** grew 20% ex-FX, on track for 6 years revenue growth in the U.S.
- Strong **volume growth** for **Ontruzant** in U.S. offset by competitive pricing environment



Revenues \$ mil	Q2-23	Q2-22	Act VPY	Ex-FX VPY	2023 YTD	2022 YTD	Act VPY	Ex-FX VPY
<i>Renflexis</i> ®	70	59	19%	20%	132	105	26%	27%
<i>Ontruzant</i> ®	33	35	(7)%	(7)%	54	57	(7)%	(6)%
<i>Brenzys</i> ™	13	14	(6)%	2%	32	28	13%	19%
<i>Aybintio</i> ™	12	9	28%	27%	22	19	17%	19%
<i>Hadlima</i> ™	7	2	258%	285%	12	8	55%	65%
<b>Biosimilars</b>	<b>135</b>	<b>119</b>	<b>14%</b>	<b>15%</b>	<b>251</b>	<b>217</b>	<b>16%</b>	<b>18%</b>

Totals may not foot due to rounding. Trademarks appearing above in italics are trademarks of, or are used under license by, the Organon group of companies.

## Established Brands



- Portfolio achieved flat performance ex-FX despite VBP and impact from market action on injectable steroids
- YTD volume growth of 2% offset by 1% price erosion

1,018	995	2,072	1,997
Q2 2022	Q2 2023	YTD 2022	YTD 2023

Revenues \$ mil	Q2-23	Q2-22	Act VPY	Ex-FX VPY	2023 YTD	2022 YTD	Act VPY	Ex-FX VPY
Cardiovascular	401	412	(3)%	—%	785	822	(5)%	—%
Respiratory	250	254	(2)%	2%	542	559	(3)%	1%
Non-Opioid Pain, Bone & Derm	200	209	(4)%	(2)%	385	410	(6)%	(3)%
Other	144	143	—%	4%	285	280	2%	7%
Total Est. Brands	995	1,018	(2)%	—%	1,997	2,072	(4)%	1%

Totals may not foot due to rounding.

# P&L reflects continued investment in business



\$ mil	Q2-23	Q2-22	Actual VPY	2023 YTD	2022 YTD	Actual VPY
<b>Revenue</b>	<b>1,608</b>	<b>1,585</b>	<b>1%</b>	<b>3,146</b>	<b>3,152</b>	<b>—%</b>
Cost of sales	640	588	9%	1,220	1,149	6%
Gross profit	968	997	(3)%	1,926	2,003	(4)%
Non-GAAP Adjusted Gross profit <sup>(1)</sup>	1,012	1,047	(3)%	2,015	2,089	(4)%
Selling, general and administrative	451	423	7%	886	794	12%
R&D	128	106	21%	257	202	27%
Acquired IPR&D and milestones	—	97	NM	8	97	NM
Total research and development	128	203	(37)%	265	299	(11)%
<b>Adjusted EBITDA <sup>(2)</sup></b>	<b>530</b>	<b>512</b>	<b>4%</b>	<b>1,048</b>	<b>1,159</b>	<b>(10)%</b>
Diluted Earnings per Share (EPS) <sup>(3)</sup>	0.95	0.92	4%	1.64	2.28	(28)%
Non-GAAP adjusted diluted EPS <sup>(3)</sup>	1.31	1.25	5%	2.39	2.90	(17)%
Per share impact to diluted EPS from acquired IPR&D and milestones	—	(0.30)	NM	\$ —	\$ (0.30)	NM
<b>Gross margin</b>	<b>60.2%</b>	<b>62.9%</b>		<b>61.2%</b>	<b>63.5%</b>	
<b>Non-GAAP Adjusted Gross margin <sup>(1)</sup></b>	<b>62.9%</b>	<b>66.1%</b>		<b>64.0%</b>	<b>66.3%</b>	
<b>Adjusted EBITDA margin <sup>(2)</sup></b>	<b>33.0%</b>	<b>32.3%</b>		<b>33.3%</b>	<b>36.8%</b>	

<sup>(1)</sup> See Slide 21 - 24 of this presentation for a reconciliation of Gross Profit to Adjusted Gross Profit.

<sup>(2)</sup> See Slide 25 - 26 of this presentation for a reconciliation of EBITDA and Adjusted EBITDA measures.

<sup>(3)</sup> See Slide 21 - 24 of this presentation for a reconciliation of diluted EPS to non-GAAP adjusted diluted EPS.

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## Net Debt as of June 30, 2023

Bank covenant <sup>(\*)</sup> net leverage ratio ~4.2x; Upward pressure on leverage expected to continue through Q3 2023



\$ mil	Dec 2021	Dec 2022	Mar 2023	Jun 2023
Cash and cash equivalents	737	706	459	326
Gross Debt <sup>(1)</sup>	9,134	8,913	8,711	8,730
<b>Net Debt <sup>(1)</sup></b>	<b>8,397</b>	<b>8,207</b>	<b>8,252</b>	<b>8,404</b>

<sup>(\*)</sup> The definition of net debt in the company's credit agreement excludes unamortized fees but includes capitalized lease obligations. Additionally, the LTM EBITDA calculation excludes acquired IPR&D and milestone charges.

<sup>(1)</sup> Debt figures are net of discounts and unamortized fees of \$124 million, \$105 million, \$97 million and \$93 million as of December 31, 2021, December 31, 2022, March 31, 2023 and June 30, 2023 respectively.

## On target to generate ~ \$1B of free cash flow before one-time charges in 2023

Expect ~75% of FY cash generation in second half, consistent with prior-year period

(USD millions)	2023 YTD
Adjusted EBITDA	\$1,048
Less: Net cash interest expense	(244)
Less: Cash taxes	(90)
Less: Change in NWC	(440)
Less: CapEx	(56)
<b>Free Cash Flow Before One Time Costs</b>	<b>\$218</b>
Less: One time costs	(176)
<b>Free Cash Flow <sup>(1)</sup></b>	<b>\$42</b>

### Primarily driven by:

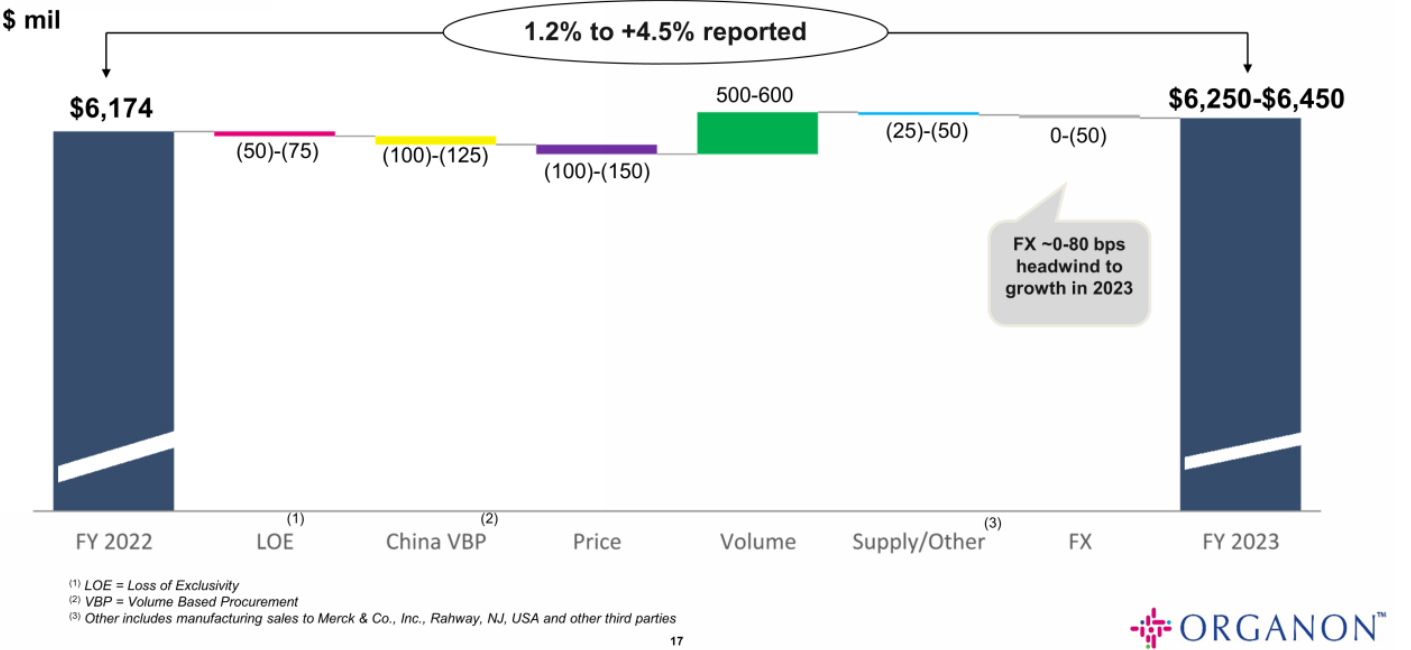
**Inventory:** ~\$130M planned builds and higher costs

**Gross trade account receivables:**  
~\$120M due to timing of Q2 sales

**Accrual timing:** ~\$110M

<sup>(1)</sup> Free cash flow represents net cash flows provided by operating activities plus capital expenditures, acquired in-process research and development, and the effect of exchange rate changes on cash and cash equivalents.

# Continued solid volume growth, partly offset by VBP, LOE and price; limited FX headwinds



## Full Year 2023 guidance ranges



Provided on a Non- GAAP basis, except revenue	Guidance provided May 4, 2023	Guidance provided as of August 8, 2023
<b>Revenue</b>	<b>\$6.150B - \$6.450B</b>	<b>\$6.250B - \$6.450B</b>
Adjusted gross margin	Low - mid 60% range	Unchanged
SG&A (as % of revenues)	Mid 20% range	Unchanged
R&D (as % of revenues)	Upper single-digit	Unchanged
<b>Adjusted EBITDA margin</b>	<b>31.0% - 33.0%</b>	<b>31.5% - 33.0%</b>
Interest expense	~\$515 million	~\$525 million
Depreciation	~\$130 million	~\$120 million
Effective non-GAAP tax rate	19.0% - 21.0%	17.5% - 19.5%
Fully diluted weighted avg. shares outstanding	~257 million	Unchanged



## Q&A







# Appendix

## Reconciliation of GAAP Reported to Non-GAAP Adjusted Information



Three Months Ended June 30, 2023							
Unaudited, \$ in millions except per share amounts	GAAP	Spin related Costs <sup>(1)</sup>	Restructuring	Stock-based Compensation	Amortization	Other <sup>(1)</sup>	Non-GAAP Adjusted
Revenues	\$ 1,608						\$ 1,608
Cost of sales	640	(10)	—	(4)	(30)	—	596
Gross profit	968						1,012
Gross margin	60.2 %						62.9 %
Selling, general and administrative	451	(44)	—	(17)	—	—	390
Research and development	128	(3)	—	(4)	—	—	121
Acquired in-process research and development and milestones	—	—	—	—	—	—	—
Interest expense	132	—	—	—	—	—	132
Exchange losses	2	—	—	—	—	—	2
Other expense (income), net	1	(4)	—	—	—	—	(3)
	1,354						1,238
Income before income taxes	254						370
Taxes on income	12	13	—	4	5	—	34
Net income	\$ 242						\$ 336
Earnings per share - Diluted	\$ 0.95						\$ 1.31

<sup>(1)</sup> Represents one-time costs. Spin-related includes costs from the separation of Merck & Co., Inc., Rahway, NJ, US and Other primarily includes inventory step-up amortization and legal reserves.

## Reconciliation of GAAP Reported to Non-GAAP Adjusted Information



Three Months Ended June 30, 2022							
Unaudited, \$ in millions except per share amounts	GAAP	Spin related Costs <sup>(1)</sup>	Restructuring	Stock-based Compensation	Amortization	Other <sup>(1)</sup>	Non-GAAP Adjusted
Revenues	\$ 1,585						\$ 1,585
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Gross profit	997						1,047
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Selling, general and administrative	423	(28)	—	(13)	—	—	382
Research and development	106	(3)	—	(3)	—	—	100
Acquired in-process research and development and milestones	97	—	—	—	—	—	97
Interest expense	98	—	—	—	—	—	98
Exchange gains	(21)	—	—	—	—	—	(21)
Other expense (income), net	7	(8)	—	—	—	—	(1)
	1,298						1,193
Income before income taxes	287						392
Taxes on income	53	10	—	3	4	3	73
Net income	\$ 234						\$ 319
Earnings per share - Diluted	\$ 0.92						\$ 1.25

<sup>(1)</sup> Represents one-time costs. Spin-related includes costs from the separation of Merck & Co., Inc., Rahway, NJ, US and Other primarily includes inventory step-up amortization and legal reserves.

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## Reconciliation of GAAP Reported to Non-GAAP Adjusted Information



Six Months Ended June 30, 2023							
Unaudited, \$ in millions except per share amounts	GAAP	Spin related Costs <sup>(1)</sup>	Restructuring	Stock-based Compensation	Amortization	Other <sup>(1)</sup>	Non-GAAP Adjusted
Revenues	\$ 3,146						\$ 3,146
Cost of sales	1,220	(20)	—	(8)	(59)	(2)	1,131
Gross profit	1,926						2,015
Gross margin	61.2 %						64.0 %
Selling, general and administrative	886	(90)	—	(32)	—	(1)	763
Research and development	257	(6)	—	(7)	—	—	244
Acquired in-process research and development and milestones	8	—	—	—	—	—	8
Restructuring costs	4	—	(4)	—	—	—	—
Interest expense	264	—	—	—	—	—	264
Exchange losses	11	—	—	—	—	—	11
Other expense (income), net	7	(10)	—	—	—	—	(3)
	2,657						2,418
Income before income taxes	489						728
Taxes on income	70	26	1	8	11	—	116
Net income	\$ 419						\$ 612
Earnings per share - Diluted	\$ 1.64						\$ 2.39

<sup>(1)</sup> Represents one-time costs. Spin-related includes costs from the separation of Merck & Co., Inc., Rahway, NJ, US and Other primarily includes inventory step-up amortization and legal reserves.

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## Reconciliation of GAAP Reported to Non-GAAP Adjusted Information



Six Months Ended June 30, 2022							
Unaudited, \$ in millions except per share amounts	GAAP	Spin related Costs <sup>(1)</sup>	Restructuring	Stock-based Compensation	Amortization	Other <sup>(1)</sup>	Non-GAAP Adjusted
Revenues	\$ 3,152						\$ 3,152
Cost of sales	1,149	(10)	—	(6)	(56)	(14)	1,063
Gross profit	2,003						2,089
Gross margin	63.5 %						66.3 %
Selling, general and administrative	794	(53)	—	(23)	—	—	718
Research and development	202	(6)	—	(5)	—	(1)	190
Acquired in-process research and development and milestones	97	—	—	—	—	—	97
Interest expense	195	—	—	—	—	—	195
Exchange gains	(25)	—	—	—	—	—	(25)
Other expense (income), net	11	(14)	—	—	—	—	(3)
	2,423						2,235
Income before income taxes	729						917
Taxes on income	147	14	—	5	9	3	178
Net income	\$ 582						\$ 739
Earnings per share - Diluted	\$ 2.28						\$ 2.90

<sup>(1)</sup> Represents one-time costs. Spin-related includes costs from the separation of Merck & Co., Inc., Rahway, NJ. US and Other primarily includes inventory step-up amortization and legal reserves.

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## Income before income taxes to Adjusted EBITDA



Unaudited, \$ in millions	Q2-2023	Q2-2022
Income before income taxes	254	287
Depreciation	28	22
Amortization	30	28
Interest expense	132	98
<b>EBITDA</b>	<b>444</b>	<b>435</b>
Restructuring costs	—	—
One-time costs <sup>(1)</sup>	61	58
Stock-based compensation	25	19
<b>Adjusted EBITDA</b>	<b>530</b>	<b>512</b>
<i>Adjusted EBITDA margin</i>	<i>33.0%</i>	<i>32.3%</i>

(1) One-time costs primarily include costs incurred in connection with the spin-off of Organon, inventory step up adjustments and legal reserves.

## Income before income taxes to Adjusted EBITDA

Unaudited, \$ in millions	YTD June 2023	YTD June 2022
Income before income taxes	489	729
Depreciation	56	47
Amortization	59	56
Interest expense	264	195
<b>EBITDA</b>	<b>868</b>	<b>1,027</b>
Restructuring costs	4	—
One-time costs <sup>(1)</sup>	129	98
Stock-based compensation	47	34
<b>Adjusted EBITDA</b>	<b>1,048</b>	<b>1,159</b>
<i>Adjusted EBITDA margin</i>	<i>33.3%</i>	<i>36.8%</i>

(1) One-time costs primarily include costs incurred in connection with the spin-off of Organon, inventory step up adjustments and legal reserves.

## Franchise performance

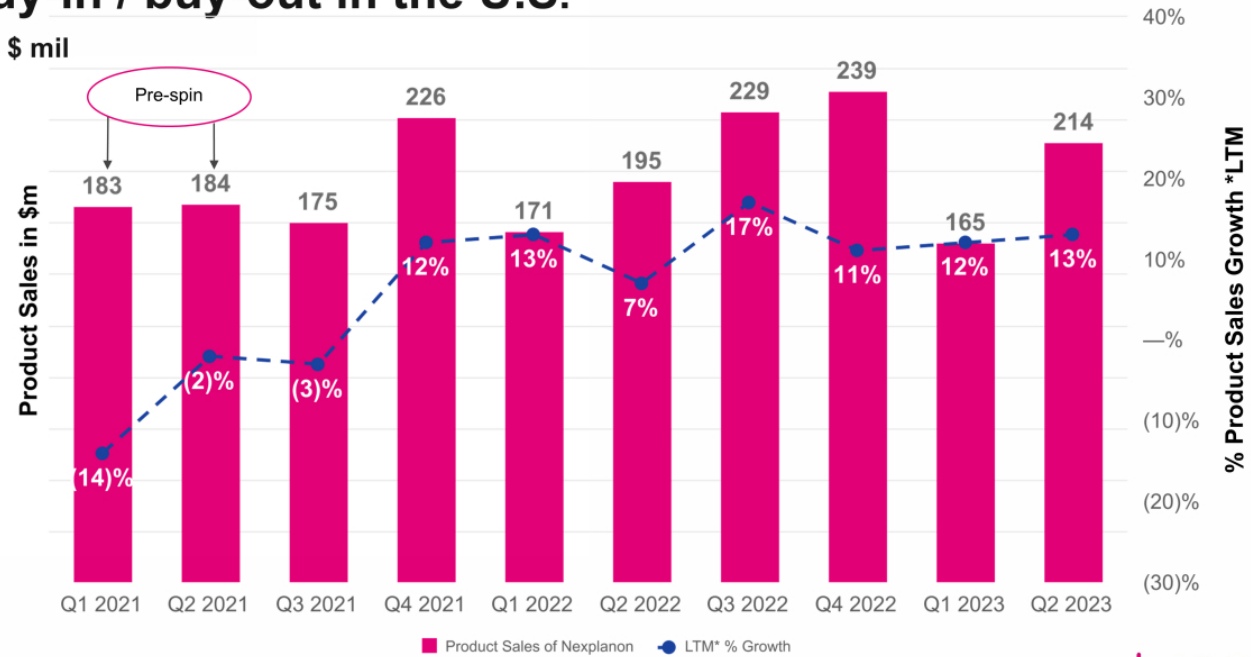


\$ mil	Q2-2023	Q2-2022	Actual VPY	Ex-FX VPY	2023 YTD	2022 YTD	Actual VPY	Ex-FX VPY
Women's Health	438	408	8%	10%	819	786	4%	6%
Biosimilars	135	119	14%	15%	251	217	16%	18%
Est. Brands	995	1,018	(2)%	—%	1,997	2,072	(4)%	1%
Other <sup>(1)</sup>	40	40	(2)%	(1)%	79	76	—%	—%
<b>Total Revenues</b>	<b>1,608</b>	<b>1,585</b>	<b>1%</b>	<b>4%</b>	<b>3,146</b>	<b>3,152</b>	<b>—%</b>	<b>3%</b>

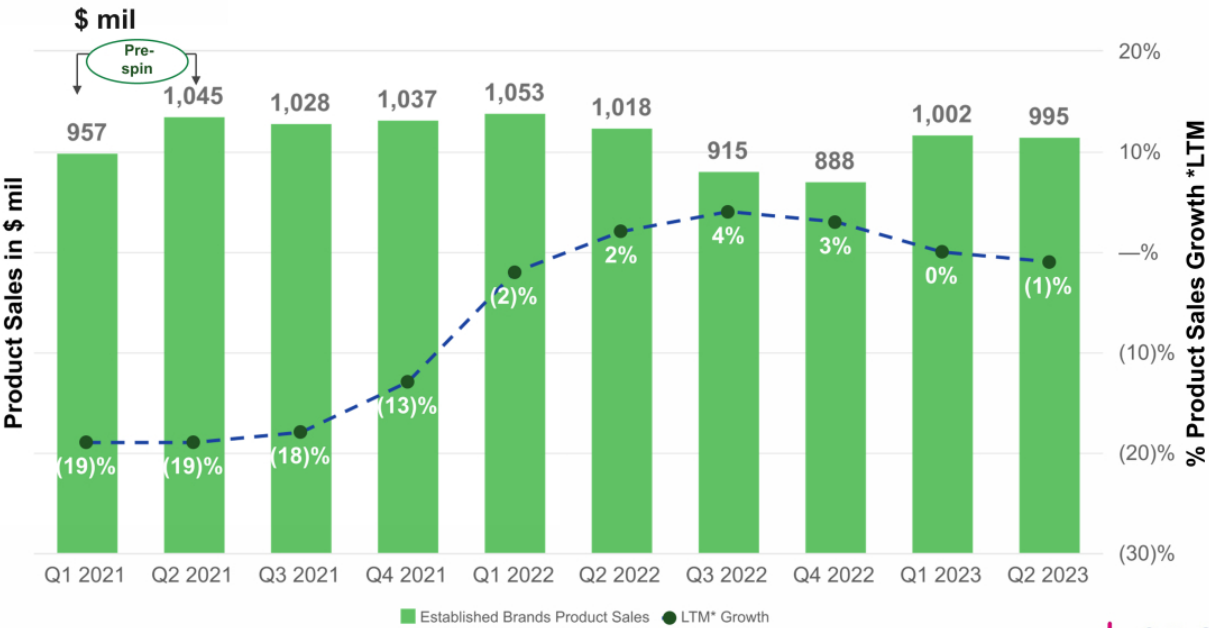
(1) Other includes manufacturing sales to Merck & Co., Inc., Rahway, NJ, USA and other third parties



# Nexplanon LTM view normalizes for tender phasing and buy-in / buy-out in the U.S.


















# Established Brands demonstrating stability



\* LTM: "Last 12 Months" | % Growth expressed at constant currency

# Broad and diverse portfolio



	Women's Health	Biosimilars	Established Brands
	 Nexplanon <sup>®</sup> 68 mg etonogestrel  NUVARING <sup>®</sup> (etonogestrel/ethinyl estradiol vaginal ring) delivers 0.120 mg/0.015 mg per day Follistim <sup>®</sup> AQ Cartridge (folitropin beta injection) For use only with Follistim <sup>®</sup> Pen <sup>®</sup>  elonva <sup>™</sup> corifollitropin alfa  Jada SYSTEM	 BRENZYS <sup>™</sup> etanercept  RENFLEXIS <sup>®</sup> (infliximab-abda) for injection, for intravenous use 100 mg  Ontruzant <sup>®</sup> trastuzumab-dttb for injection, for intravenous use 21 mg/mL  Aybintio <sup>™</sup> bevacizumab  HADLIMA <sup>™</sup> adalimumab	 SINGULAIR <sup>®</sup> (MONTELUKAST SODIUM)  HYZAAR <sup>®</sup> lisinopril + HCTZ 10/12.5  Atozet <sup>™</sup> (ezetimibe and atorvastatin, MSD)  Zetia <sup>®</sup> (ezetimibe) 10 mg Tablets  NASONEX <sup>®</sup> (mometasone furoate monohydrate) Nasal Spray, 50mcg* <small>*calculated on the anhydrous basis</small>  Propecia <sup>®</sup> (finasteride)
Number of products	13	5	49



# Reinvesting in the business to create a pipeline of future revenue opportunities

## Commercialized/soon to be commercialized asset

<b>Licensing Agreement for Xaciato™</b> (clindamycin phosphate vaginal gel, 2%) March 2022	<b>Bacterial Vaginosis Gel</b> FDA-approved for BV in females 12 and over, the most common cause of vaginitis worldwide estimated to affect <b>approximately 21 million women in the US.</b> <sup>(1)</sup>
<b>Marvelon™</b> (desogestrel and ethinyl estradiol) and <b>Mercilon™</b> (desogestrel and ethinyl estradiol) February 2022	<b>Contraception</b> <b>Expanding portfolio</b> - recapturing commercial rights to certain currently marketed products in Asia
<b>Acquisition of Alydia Health/JADA® System</b> June 2021	<b>Medical Device</b> Postpartum hemorrhage - one of the most common complications of birth, <b>requiring pharmacologic treatment in up to 10% of mothers</b> <sup>(2)</sup>

## Building a pipeline

<b>Claria Medical</b> January 2023	<b>Medical Device</b> Being studied for use during minimally invasive laparoscopic hysterectomy - <b>one of the most commonly performed surgeries</b> for women
<b>Circle Biomedical</b> July 2022	<b>Contraception</b> <b>Expanding portfolio</b> - preclinical, non-hormonal contraceptive candidate, large, unmet need for non-hormonal contraception
<b>Licensing Agreement for biosimilar candidates referencing Perjeta<sup>(3)</sup> and Prolia<sup>(3)</sup>/Xgeva<sup>(3)</sup> through Shanghai Henlius</b> June 2022	<b>Biosimilar Candidates for Osteoporosis and Breast Cancer</b> Exclusive <b>global commercialization rights</b> except for China; including Hong Kong, Macau and Taiwan
<b>Licensing Agreement for Ebopirant</b> July 2021	<b>Pre-term Labor</b> <b>15 million babies (11.1% of all live births)</b> born pre-term every year <sup>(4)</sup>
<b>Forendo Pharma</b> December 2021	<b>Endometriosis</b> Clinical stage / Phase 2a/2b - <b>chronic condition that affects up to 1 in 10 of reproductive age women / girls globally</b> <sup>(5)</sup>

(1) Centers for Disease Control and Prevention Bacterial Vaginosis CDC Fact Sheet: <https://www.cdc.gov/std/bv/stdfact-bacterial-vaginosis>

(2) Widmer M et al. "Heat-Stable Carbocytin versus Oxytocin to Prevent Hemorrhage after Vaginal Birth." N Engl J Med 2018; 379:743-752

(3) Perjeta is a trademark registered in the U.S. in the name of Genentech, Inc.; Prolia and Xgeva are trademarks registered in the U.S. in the name of Amgen Inc.

(4) WHO Key Facts, 2018: <https://www.who.int/news-room/fact-sheets/detail/preterm-birth>

(5) WHO Key Facts, 2023: <https://www.who.int/news-room/fact-sheets/detail/endometriosis>