

**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 4, 2022

**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 4, 2022, Organon & Co. (the “Company”) issued a press release (the “Earnings Release”) regarding its results for the quarter ended June 30, 2022. 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 4, 2022, the Company made available the Company Information Presentation relating to its financial results for the quarter ended June 30, 2022. 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.

<u>Exhibit No.</u>	<u>Description</u>
<a href="#">99.1</a>	<a href="#">Press Release, dated August 4, 2022, 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.

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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.

Organon & Co.

By: /s/ Matthew Walsh

Name: Matthew Walsh

Title: Chief Financial Officer

Dated: August 4, 2022

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**Organon reports results for the second quarter ended June 30, 2022**

- Second quarter 2022 revenues of \$1,585 million
- Second quarter diluted earnings per share from continuing operations of \$0.92 and non-GAAP adjusted diluted earnings per share from continuing operations of \$1.25
- Both reported and non-GAAP adjusted diluted earnings per share include a negative impact of \$0.30 for acquired in-process research and development (IPR&D) and milestones
- Adjusted EBITDA of \$512 million, inclusive of \$97 million of acquired IPR&D and milestones
- Board of Directors declares quarterly dividend of \$0.28 per share
- Full year 2022 financial guidance ranges updated:
  - Revenues range narrowed to \$6.1 billion to \$6.3 billion, and reflects persisting foreign currency headwinds
  - Adjusted EBITDA margin range now 32%-34% to incorporate acquired IPR&D and milestone expenses from recent business development

Jersey City, N.J., August 4, 2022 – Organon (NYSE: OGN) (the “company”), today announced its results for the second quarter ended June 30, 2022.

"During the second quarter, Organon delivered constant currency growth across all our reported geographies and in all three franchises. Our Established Brands franchise grew in almost every therapy area, demonstrating the sustainability and untapped potential of these brands," said Kevin Ali, Organon's Chief Executive Officer. "Additionally, we continued to invest for growth during the quarter adding Shanghai Henlius Biotech as another R&D and manufacturing collaborator for biosimilars, underscoring our commitment to this business. And importantly, we further expanded our offerings in Women's Health recently signing a research collaboration with Cirql Biomedical for a novel investigational non-hormonal, on-demand contraceptive candidate."

## Second quarter 2022 revenues

in \$ millions	Q2 2022	Q2 2021	VPY	VPY ex-FX
Women's Health	\$ 408	\$ 417	(2)%	1%
Biosimilars	119	86	39%	42%
Established Brands	1,018	1,045	(2)%	4%
Other <sup>(1)</sup>	40	47	(17)%	(18)%
<b>Revenues</b>	<b>\$ 1,585</b>	<b>\$ 1,595</b>	<b>(1)%</b>	<b>5%</b>

<sup>(1)</sup> Other includes manufacturing sales to Merck & Co., Inc., Rahway, NJ, USA and other third parties, and allocated amounts from pre-spin revenue hedging activities.

Total net revenues were \$1,585 million for the second quarter of 2022, a decrease of 1% as-reported and an increase of 5% excluding the impact of foreign currency (ex-FX), compared with the second quarter of 2021.

Women's Health declined 2% as-reported, but increased 1% ex-FX in the second quarter of 2022 compared with the second quarter of 2021. During the second quarter of 2022, *Nexplanon*® (etonogestrel implant) grew 8% ex-FX, primarily driven by favorable pricing and demand uptake in the United States and volume growth outside the United States. *Nuvaring*® (etonogestrel/ethinyl estradiol vaginal ring) continues to be impacted by generic competition and declined 18% ex-FX in the second quarter of 2022 compared with the prior year period. *Follistim AQ*® (follitropin beta injection), declined 9% ex-FX in the second quarter of 2022, primarily due to COVID-related disruptions in China and an unfavorable channel mix in the United States, that offset solid demand.

Biosimilars revenue grew 39% as-reported and 42% ex-FX in the second quarter 2022 compared with the second quarter of 2021. Organon's current portfolio includes certain immunology and oncology treatments. All five of the biosimilars in Organon's portfolio have launched in certain countries globally, including two biosimilars, *Renflexis*® (infliximab-abda) and *Ontruzant*® (trastuzumab-dttb), in the United States. *Renflexis* grew 39% ex-FX in the second quarter of 2022 compared with the prior year period, primarily due to continued demand growth in the United States since its launch in 2017. *Ontruzant* grew 61% ex-FX driven by timing of an order in Brazil, as well as continued uptake in the United States since its launch in July 2020, partially offset by increased competition in Europe.

Established Brands represents a broad portfolio of well-known medicines, which are generally beyond market exclusivity, including leading brands in cardiovascular, respiratory, dermatology and non-opioid pain management, and for which generic competition varies by market. The portfolio's exposure to loss of exclusivity (LOE) risk peaked in 2021 and no longer represents a significant impediment to stable performance in the Established Brands franchise. Revenues for Established Brands decreased 2% as-reported and increased 4% ex-FX in the second quarter of 2022 compared with the second quarter of 2021. During the second quarter of 2022, the cardiovascular portfolio grew 3% ex-FX primarily driven by strong *Atozet*™ (ezetimibe and atorvastatin calcium) sales in Europe and *Cozaar*® (losartan potassium) /*Hyzaar*® (losartan potassium and hydrochlorothiazide) sales in China. The Established Brands franchise also benefited from a continuation of a temporary supply disruption affecting several competitors in the Japanese market, most notably in the respiratory portfolio. Year to date, the franchise has not experienced significant impacts from the implementation of Volume Based Procurement (VBP) in China, which the company expects will be more pronounced in the second half of 2022. Still, based on the strong year to date performance, the company expects the Established Brands franchise to deliver relatively flat constant currency revenue growth for the full year 2022.

**Second quarter 2022 profitability.**

Organon was spun-off from Merck & Co., Inc., Rahway, NJ, USA on June 2, 2021. Financial results during the pre-spin period were presented on the carve-out basis of accounting and do not purport to reflect what Organon's financial results would have been had Organon operated as a standalone public company. Therefore, with the exception of revenue, financial results for the periods ending June 30, 2022 and June 30, 2021 are not meaningfully comparable.

in \$ millions, except per share amounts	<b>Q2 2022</b>	<b>Q2 2021 mid-year spin</b>	<b>VPY</b>
<b>Revenues</b>	<b>\$ 1,585</b>	<b>\$ 1,595</b>	<b>(1)%</b>
Gross profit	997	1,012	(1)%
Non-GAAP Adjusted Gross Profit <sup>(1)</sup>	1,047	1,047	—%
<b>Adjusted EBITDA <sup>(1,2)</sup></b>	<b>512</b>	<b>627</b>	<b>(18)%</b>
Net Income, continuing operations	234	431	(46)%
Non-GAAP adjusted net income, continuing operations <sup>(1)</sup>	319	437	(27)%
Diluted Earnings per Share (EPS), continuing operations	0.92	1.70	(46)%
Non-GAAP adjusted diluted EPS, continuing operations <sup>(1)</sup>	1.25	1.72	(27)%
<b>Acquired IPR&amp;D and milestones</b>	<b>97</b>	<b>—</b>	<b>NM</b>
Per share impact to diluted EPS from acquired IPR&D and milestones	(0.30)	—	NM
	<b>Q2 2022</b>	<b>Q2 2021 mid-year spin</b>	
<i>Gross margin</i>	62.9%	63.4%	
<i>Non-GAAP Adjusted Gross Margin <sup>(1)</sup></i>	66.1%	65.6%	
<i>Adjusted EBITDA margin <sup>(1,2)</sup></i>	32.3%	39.3%	

<sup>(1)</sup> See Tables 4,5 and 6 for reconciliations of GAAP to non-GAAP financial measures

<sup>(2)</sup> Adjusted EBITDA and Adjusted EBITDA margin include \$97 million in the second quarter of 2022 related to acquired IPR&D and milestones

Gross margin in the second quarter of 2022 was 62.9% as-reported, and comparable to 63.4% in the prior year period. Adjusted Gross Margin was 66.1% in the second quarter of 2022 compared with 65.6% on an adjusted basis in the second quarter of 2021.

Adjusted EBITDA margin was 32.3% in the second quarter of 2022 compared with 39.3% in the second quarter of 2021. Adjusted EBITDA margin in the second quarter of 2022 is inclusive of \$97 million of acquired IPR&D and milestones. Higher R&D spend associated with the company's recent acquisitions of clinical stage assets as well as higher employee related costs contributed to the decline in Adjusted EBITDA margin year over year.

Net income from continuing operations for the second quarter of 2022 was \$234 million, or \$0.92 per diluted share, compared with \$431 million, or \$1.70 per diluted share, in the second quarter of 2021. Non-GAAP Adjusted net income from continuing operations was \$319 million, or \$1.25 per diluted share, compared with \$437 million, or \$1.72 per diluted share, in 2021.

Beginning in 2022, Organon will no longer exclude expenses for upfront and milestone payments related to collaborations and licensing agreements, or charges related to pre-approval assets obtained in transactions accounted for as asset acquisitions from its non-GAAP results. The change to include all acquired IPR&D and milestone expenses negatively impacted Adjusted diluted EPS by \$0.30 in the second quarter of 2022. There was no similar impact in the second quarter of 2021. In connection with this change, acquired IPR&D expenses are now reported as a separate income statement line item. These costs were previously recorded within the R&D expenses line. Prior period amounts have been revised to conform to the current period presentation.

### **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 15, 2022 to stockholders of record at the close of business on August 15, 2022.

As of June 30, 2022, cash and cash equivalents were \$545 million, and debt was \$8.9 billion. Total debt as of June 30, 2022 reflects a discretionary second quarter prepayment of \$100 million on the company's U.S. dollar denominated term loan.

## 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 2022 guidance ranges previously provided on May 5, 2022. The range for full year 2022 revenue is narrowed to \$6.1 billion to \$6.3 billion, which reflects persisting foreign exchange headwinds. The range for full year Adjusted EBITDA margin is now 32% to 34% to incorporate approximately \$110 million of IPR&D and milestone expenses from business development through August 4, 2022. Organon's financial guidance does not assume an estimate for future IPR&D and milestone payments for business development transactions not yet executed.

	<b>Previous guidance</b>	<b>FX impact</b>	<b>IPR&amp;D</b>	<b>Current guidance</b>
<b>Revenues</b>	<b>\$6.1B - \$6.4B</b>	<b>From 300-475 bps to 550-650 bps</b>		<b>\$6.1B - \$6.3B</b>
Adjusted Gross margin	Mid 60%			Unchanged
SG&A (as % of revenue)	Mid 20%			Unchanged
<b>R&amp;D (as % of revenue)</b>	<b>Mid-upper single digit</b>			<b>Upper single-digit</b>
<b>Adjusted EBITDA margin</b>	<b>34%-36%</b>		<b>~(\$110)M</b>	<b>32% - 34%</b>
Interest	~\$400 million			Unchanged
Depreciation	\$100-\$115 million			Unchanged
Effective Non-GAAP tax rate	17.5%-19.5%			Unchanged
Fully diluted weighted avg. shares outstanding	~255 million			Unchanged

## Webcast Information

Organon will host a conference call at 8:30 a.m. Eastern Time today to discuss its second quarter 2022 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/>. 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 using conference ID# 58511-993 and by clicking on this link: <https://conferencingportals.com/event/ZGyfDfjk>. 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 has a portfolio of more than 60 medicines and products across a range of therapeutic areas. Led by the women's health portfolio coupled with an expanding biosimilars business and stable franchise of established medicines, Organon's products produce strong cash flows that will support investments in innovation and future growth opportunities in women's health. 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 9,300 employees with headquarters located in Jersey City, New Jersey.

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

## **Non-GAAP financial measures**

This press release contains "non-GAAP financial measures," which are financial measures that either exclude or include amounts that are 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, 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. 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 the appendix 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 2022 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 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.

### **Forward-Looking Statement**

Except for historical information herein, 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 execute on our business development strategy or realize the benefits of our planned acquisitions; general economic factors, including 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, 2021 and subsequent SEC filings, 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,	
	2022	2021	2022	2021
Revenues	\$ 1,585	\$ 1,595	\$ 3,152	\$ 3,101
Costs, Expenses and Other				
Cost of sales	588	583	1,149	1,174
Selling, general and administrative	423	416	794	798
Research and development	106	76	202	143
Acquired in-process research and development and milestones	97	—	97	—
Restructuring costs	—	1	—	2
Interest expense	98	62	195	62
Other (income) expense, net	(14)	20	(14)	18
	<u>1,298</u>	<u>1,158</u>	<u>2,423</u>	<u>2,197</u>
Income From Continuing Operations Before Income Taxes	287	437	729	904
Taxes on Income	53	6	147	78
Net Income From Continuing Operations	234	431	582	826
Loss From Discontinued Operations - Net of Tax	—	(4)	—	—
Net Income	<u>234</u>	<u>427</u>	<u>582</u>	<u>826</u>
Earnings (Loss) per Share Attributable to Organon & Co.				
Stockholders - Basic:				
Continuing operations	\$ 0.92	\$ 1.70	\$ 2.29	\$ 3.26
Discontinued operations	—	(0.02)	—	—
Net Earnings per Share Attributable to Organon & Co. Stockholders	<u>\$ 0.92</u>	<u>\$ 1.68</u>	<u>\$ 2.29</u>	<u>\$ 3.26</u>
Earnings (Loss) per Share Attributable to Organon & Co.				
Stockholders - Diluted:				
Continuing operations	\$ 0.92	\$ 1.70	\$ 2.28	\$ 3.25
Discontinued operations	—	(0.02)	—	—
Net Earnings per Share Attributable to Organon & Co. Stockholders	<u>\$ 0.92</u>	<u>\$ 1.68</u>	<u>\$ 2.28</u>	<u>\$ 3.25</u>
Weighted Average Shares Outstanding:				
Basic	254,018	253,516	253,802	253,516
Diluted	255,156	253,828	255,105	253,828

TABLE 2

**Organon & Co.**  
**Sales by top products**

(\$ in millions)	Three Months Ended June 30,						Six Months Ended June 30,					
	2022			2021			2022			2021		
	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>	\$ 134	\$ 61	\$ 195	\$ 129	\$ 56	\$ 184	\$ 250	\$ 116	\$ 366	\$ 269	\$ 98	\$ 368
<i>Follistim AQ</i>	23	35	58	27	38	65	52	66	119	52	65	117
<i>NuvaRing</i>	22	20	42	26	28	53	38	45	83	47	52	98
Ganirelix Acetate Injection	6	25	32	5	25	31	14	47	61	14	46	60
<i>Cerazette</i>	—	15	15	—	18	18	—	32	32	—	34	34
Other Women's Health <sup>(1)</sup>	29	38	67	23	43	66	56	69	125	63	76	139
<b>Biosimilars</b>												
<i>Renflexis</i>	51	8	59	36	7	43	93	12	105	70	11	81
<i>Ontruzant</i>	12	23	35	7	15	22	19	38	57	11	34	45
<i>Brenzys</i>	—	14	14	—	11	11	—	28	28	—	21	21
<i>Aybintio</i>	—	9	9	—	8	8	—	19	19	—	16	16
<i>Hadlima</i>	—	2	2	—	2	2	—	8	8	—	4	4
<b>Established Brands</b>												
Cardiovascular												
<i>Zetia</i>	2	99	101	2	97	99	5	195	200	4	186	190
<i>Vytorin</i>	3	32	35	2	42	45	5	68	73	5	81	86
<i>Atozet</i>	—	122	122	—	121	121	—	240	240	—	233	233
<i>Rosuzet</i>	—	16	16	—	18	18	—	38	38	—	33	33
<i>Cozaar/Hyzaar</i>	2	91	92	2	84	86	10	176	186	6	171	177
Other Cardiovascular <sup>(1)</sup>	1	45	46	1	60	61	2	83	85	2	98	100
Respiratory												
<i>Singulair</i>	3	89	92	3	89	92	5	216	222	8	191	199
<i>Nasonex</i>	—	58	58	1	51	52	9	123	133	3	92	95
<i>Dulera</i>	36	12	47	42	10	52	67	21	88	73	18	91
<i>Clarinx</i>	1	34	35	2	29	30	2	70	73	3	52	55
Other Respiratory <sup>(1)</sup>	11	11	22	13	9	22	23	22	45	29	15	44
Non-Opioid Pain, Bone and Dermatology												
<i>Arcoxia</i>	—	61	61	—	62	62	—	121	121	—	119	119
<i>Fosamax</i>	1	39	40	1	48	49	2	79	81	2	85	86
<i>Diprospan</i>	—	31	31	—	32	32	—	63	63	—	57	57
Other Non-Opioid Pain, Bone and Dermatology <sup>(1)</sup>	5	71	76	4	72	75	8	137	145	3	133	136
Other												
<i>Proscar</i>	—	26	26	—	31	32	1	50	50	1	63	64
<i>Propecia</i>	2	33	35	2	34	36	3	63	66	4	63	67
Other <sup>(1)</sup>	7	74	82	13	68	81	15	149	164	24	146	169
Other <sup>(2)</sup>	—	40	40	(2)	49	47	1	78	76	(3)	119	117
<b>Revenues</b>	<b>\$ 351</b>	<b>\$ 1,234</b>	<b>\$ 1,585</b>	<b>\$ 339</b>	<b>\$ 1,257</b>	<b>\$ 1,595</b>	<b>\$ 680</b>	<b>\$ 2,472</b>	<b>\$ 3,152</b>	<b>\$ 690</b>	<b>\$ 2,412</b>	<b>\$ 3,101</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.

(1) Includes sales of products not listed separately. 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, and allocated amounts from pre-spin revenue hedging activities.

TABLE 3

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

<i>(\$ in millions)</i>	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Europe and Canada	\$ 443	\$ 470	\$ 880	\$ 904
United States	351	339	680	690
Asia Pacific and Japan	291	309	604	587
China	244	236	480	442
Latin America, Middle East, Russia and Africa	216	190	425	357
Other <sup>(1)</sup>	40	51	83	121
<b>Revenues</b>	<b>\$ 1,585</b>	<b>\$ 1,595</b>	<b>\$ 3,152</b>	<b>\$ 3,101</b>

<sup>(1)</sup> Other includes manufacturing sales to Merck & Co., Inc., Rahway, NJ, USA and other third parties, and allocated amounts from pre-spin revenue hedging activities.

TABLE 4

**Reconciliation of GAAP Gross Margin to Non-GAAP Adjusted Gross Profit and Adjusted Gross Margin**  
(\$ in millions)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
<b>Revenues</b>	<b>\$ 1,585</b>	<b>\$ 1,595</b>	<b>\$ 3,152</b>	<b>\$ 3,101</b>
Cost of sales	588	583	1,149	1,174
Gross Profit	997	1,012	2,003	1,927
Gross Margin	62.9%	63.4%	63.5%	62.1%
Amortization	28	22	56	42
One-time costs <sup>(1)</sup>	19	10	24	10
Stock-based compensation	3	3	6	5
<b>Non-GAAP Adjusted Gross Profit <sup>(2)</sup></b>	<b>\$ 1,047</b>	<b>\$ 1,047</b>	<b>2,089</b>	<b>1,984</b>
<b>Non-GAAP Adjusted Gross Margin</b>	<b>66.1%</b>	<b>65.6%</b>	<b>66.3%</b>	<b>64.0%</b>

<sup>(1)</sup> One-time costs for the three and six months ended June 30, 2022 primarily include costs to stand up the Company and inventory step-up adjustments as well as a \$9 million impairment charge related to a licensed intangible asset.

<sup>(2)</sup> Non-GAAP Adjusted Gross Profit is calculated by excluding amortization, one-time costs, and the portion of stock-based compensation expense allocated to Cost of sales.

TABLE 5

**Organon & Co.**  
**Reconciliation of GAAP Income from Continuing Operations Before Income Taxes to Adjusted EBITDA**

(\$ in millions)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
<b>Income from continuing operations before income taxes</b>	<b>\$ 287</b>	<b>\$ 437</b>	<b>\$ 729</b>	<b>\$ 904</b>
Depreciation	22	21	47	39
Amortization <sup>(1)</sup>	28	22	56	42
Interest expense	98	62	195	62
<b>EBITDA</b>	<b>\$ 435</b>	<b>\$ 542</b>	<b>\$ 1,027</b>	<b>\$ 1,047</b>
Restructuring costs	—	1	—	2
One-time costs <sup>(2)</sup>	58	66	98	115
Stock-based compensation	19	18	34	29
<b>Adjusted EBITDA</b>	<b>\$ 512</b>	<b>\$ 627</b>	<b>\$ 1,159</b>	<b>\$ 1,193</b>
<b>Adjusted EBITDA margin</b>	<b>32.3%</b>	<b>39.3%</b>	<b>36.8%</b>	<b>38.5%</b>

(1) Amortization in all periods is included in Cost of sales.

(2) One-time costs primarily include costs incurred in connection with the spin-off of Organon, an impairment of a licensed intangible asset, and inventory step up adjustments. For the three months ended June 30, 2022, approximately \$28 million of the one-time costs are recorded in Selling, general and administrative expenses, \$19 million are recorded in Cost of sales, \$8 million are recorded in Other (income) expense, and \$3 million are recorded in Research and development. For the three months ended June 30, 2021, approximately \$55 million of the one-time costs are recorded in Selling, general and administrative expenses, and approximately \$10 million are recorded in Cost of sales.

(2) One-time costs primarily include costs incurred in connection with the spin-off of Organon, an impairment of a licensed intangible asset, and inventory step-up adjustments. For the six months ended June 30, 2022, approximately \$53 million of the one-time costs are recorded in Selling, general and administrative expenses, approximately \$24 million are recorded in Cost of sales, \$14 million are recorded in Other (income) expense, and \$7 million are recorded in Research and development. For the six months ended June 30, 2021, approximately \$104 million of the GAAP one-time costs are recorded in Selling, general and administrative expenses, and approximately \$10 million are recorded in Cost of sales.

TABLE 6

**Organon & Co.**  
**Reconciliation of GAAP Income from Continuing Operations Before Income Taxes to Non-GAAP Adjusted Net Income**  
(\$ in millions, except per share amounts)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
<b>Income from continuing operations before income taxes</b>	<b>\$ 287</b>	<b>\$ 437</b>	<b>\$ 729</b>	<b>\$ 904</b>
Adjustments:				
Amortization <sup>(1)</sup>	28	22	56	42
Restructuring costs	—	1	—	2
One-time costs <sup>(2)</sup>	58	66	98	115
Stock-based compensation	19	18	34	29
<b>Total Adjustments</b>	<b>105</b>	<b>107</b>	<b>188</b>	<b>188</b>
<b>Non-GAAP pre-tax income, continuing operations</b>	<b>\$ 392</b>	<b>\$ 544</b>	<b>\$ 917</b>	<b>\$ 1,092</b>
Taxes on income as reported in accordance with GAAP	53	6	147	78
Tax benefit on adjustments	20	20	34	35
Tax benefit (deduction) on GAAP-only discrete items <sup>(3)</sup>	—	81	(3)	91
<b>Non-GAAP adjusted taxes on income</b>	<b>73</b>	<b>107</b>	<b>178</b>	<b>204</b>
<b>Non-GAAP adjusted net income, continuing operations</b>	<b>\$ 319</b>	<b>\$ 437</b>	<b>\$ 739</b>	<b>\$ 888</b>
<b>Non-GAAP adjusted net income, continuing operations per diluted share</b>	<b>\$ 1.25</b>	<b>\$ 1.72</b>	<b>\$ 2.90</b>	<b>\$ 3.50</b>

(1) Amortization in all periods is included in Cost of sales.

(2) One-time costs primarily include costs incurred in connection with the spin-off of Organon, an impairment of a licensed intangible asset, and inventory step-up adjustments. For the three months ended June 30, 2022, approximately \$28 million of the one-time costs are recorded in Selling, general and administrative expenses, \$19 million are recorded in Cost of sales, \$8 million are recorded in Other (income) expense, and \$3 million are recorded in Research and development. For the three months ended June 30, 2021, approximately \$55 million of the one-time costs are recorded in Selling, general and administrative expenses, and approximately \$10 million are recorded in Cost of sales.

(2) One-time costs primarily include costs incurred in connection with the spin-off of Organon, an impairment of a licensed intangible asset, and inventory step-up adjustments. For the six months ended June 30, 2022, approximately \$53 million of the one-time costs are recorded in Selling, general and administrative expenses, approximately \$24 million are recorded in Cost of sales, \$14 million are recorded in Other (income) expense, and \$7 million are recorded in Research and development. For the six months ended June 30, 2021, approximately \$104 million of the GAAP one-time costs are recorded in Selling, general and administrative expenses, and approximately \$10 million are recorded in Cost of sales.

(3) For the three months ended June 30, 2021, the company recorded a tax benefit of approximately \$70 million related to a portion of non-U.S. step-up in tax basis as a result of its separation from Merck & Co., Inc., Rahway, NJ, USA.



# Organon

Q2 2022 Earnings



# Disclaimer statement



*This text should be viewed in conjunction with Organon's Q2 2022 earnings call*

## **Safe Harbor for Forward-Looking Statements**

Except for historical information herein, 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 execute on our business development strategy or realize the benefits of our planned acquisitions; general economic factors, including 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; the company's ability to accurately predict future market conditions; 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, 2021 and subsequent SEC filings, available at the SEC's Internet site ([www.sec.gov](http://www.sec.gov)).

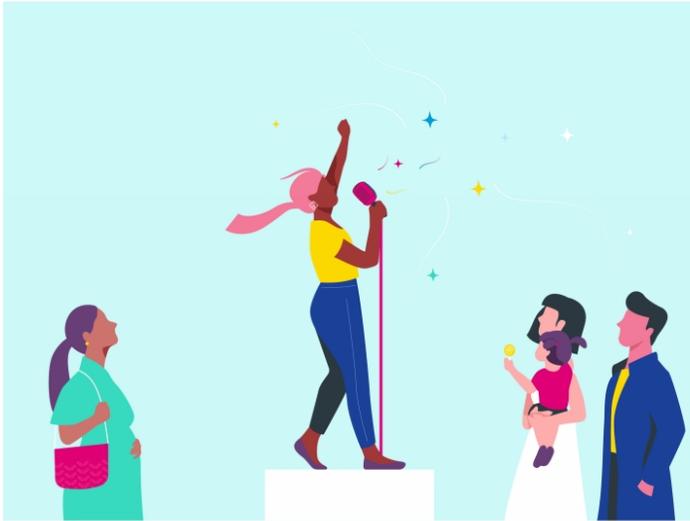
## Disclaimer statement, cont.



### Non-GAAP Information

This presentation contains “non-GAAP financial measures,” which are financial measures that either exclude or include amounts that are 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, 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. 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 the appendix of this presentation 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 2022 guidance measures (other than revenues) 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 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.

## Second quarter 2022 highlights



- All franchises show growth Ex-FX

- Improved trajectory for Established Brands

- Expanded biosimilars portfolio with additional R&D collaborator; Shanghai Henlius Biotech Inc.

- Revenues of \$1,585 million
- \$512 million Adjusted EBITDA, inclusive of **\$97M in acquired IPR&D and milestones**
- \$1.25 Adjusted EPS from continuing operations, **inclusive of negative \$0.30 impact from acquired IPR&D and milestones**



## Balancing commercial and pipeline business development



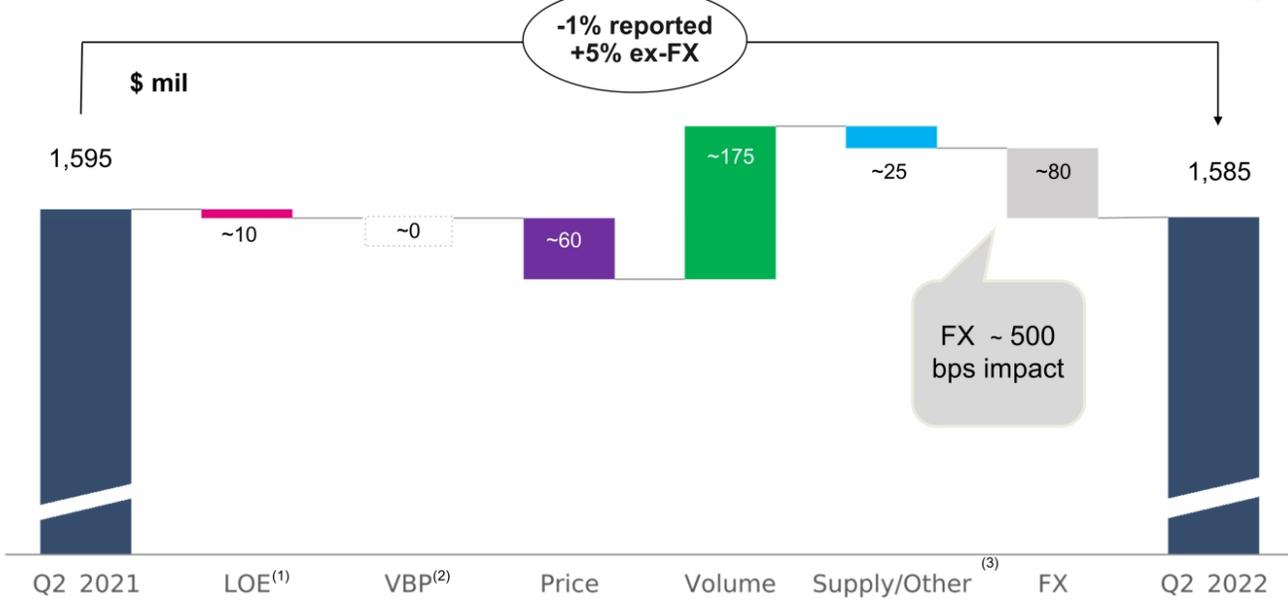
### Commercialized/soon to be commercialized assets

- March 2022 - Licensing agreement for **Xaciatro™**
- February 2022 - Acquisition of commercial rights to **Marvelon™** and **Mercilon™** in certain Asian markets
- June 2021 - Acq. of **Alydia Health and its JADA® System**

### Building a pipeline

- July 2022 - Licensing agreement for a novel **investigational non-hormonal, on-demand contraceptive candidate with Cirql Biomedical**
- June 2022 - Licensing agreement to commercialize **Investigational Perjeta® (Pertuzumab) and Prolia®/Xgeva® (Denosumab) biosimilar candidates**
- July 2021 - Licensing of **investigational agent, ebopiprant**
- December 2021 - Acquisition of **Forendo Pharma**

# Solid volume growth, limited LOE and VBP impact



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

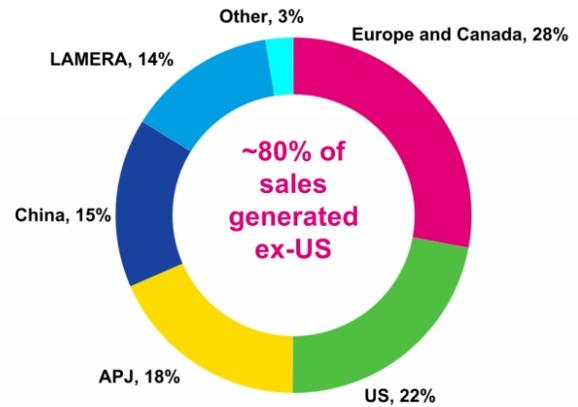
<sup>(2)</sup> VBP = Volume Based Procurement

<sup>(3)</sup> Other includes manufacturing sales to Merck & Co., Inc., Rahway, NJ, USA and other third parties, and allocated amounts from pre-spin revenue hedging activities.

## All geographic areas grew ex-FX



\$ mil	Q2-22	Q2-21 (mid-year spin)	Actual VPY	Ex FX VPY
Europe and Canada	443	470	(6)%	4%
United States	351	339	4%	4%
Asia Pacific and Japan	291	309	(6)%	4%
China	244	236	3%	4%
Latin America, Middle East, Russia and Africa	216	190	14%	16%
Other <sup>(1)</sup>	40	51	(22)%	(21)%
<b>Total Revenues</b>	<b>1,585</b>	<b>1,595</b>	<b>(1)%</b>	<b>5%</b>

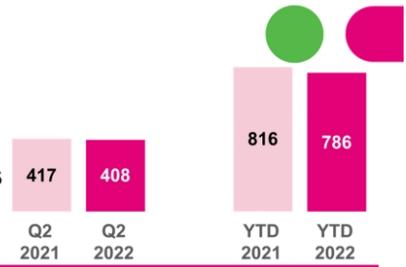


<sup>(1)</sup> Other includes manufacturing sales to Merck & Co., Inc., Rahway, NJ, USA and other third parties, and allocated amounts from pre-spin revenue hedging activities.

# Women's Health



- **Nexplanon** grew 8% at constant currency; strong demand trends
- **Fertility impacted by COVID lockdowns in China and channel mix in the US**

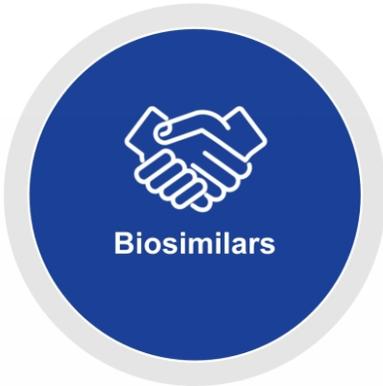


Revenues \$ mil	Q2-2022	Q2-2021 (mid-year spin)	Act VPY	Ex FX VPY	2022 YTD	2021 YTD (mid-year spin)	Act VPY	Ex FX VPY
<b>Top Contraception Products</b>								
<i>Nexplanon</i> ®	195	184	6%	8%	366	368	—%	1%
<i>NuvaRing</i> ®	42	53	(21)%	(18)%	83	98	(16)%	(12)%
<i>Cerazette</i> ™	15	18	(16)%	(9)%	32	34	(6)%	—%
<b>Top Fertility Products</b>								
<i>Follistim</i> ®	58	65	(11)%	(9)%	119	117	2%	4%
Ganirelix Acetate Injection	32	31	3%	9%	61	60	3%	7%
Other Women's Health products	67	66	2%	5%	125	139	(10)%	(7)%
<b>Total Women's Health</b>	<b>408</b>	<b>417</b>	<b>(2)%</b>	<b>1%</b>	<b>786</b>	<b>816</b>	<b>(4)%</b>	<b>(1)%</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



- **Double digit growth for *Renflexis* and *Ontruzant***
- **US demand for biosimilars continues to grow**



Revenues \$ mil	Q2-2022	Q2-2021 (mid-year spin)	Act VPY	Ex FX VPY	2022 YTD	2021 YTD (mid-year spin)	Act VPY	Ex FX VPY
<i>Renflexis</i> ®	59	43	38%	39%	105	81	30%	30%
<i>Ontruzant</i> ®	35	22	57%	61%	57	45	28%	33%
<i>Brenzys</i> ™	14	11	28%	34%	28	21	34%	39%
<i>Aybintio</i> ™	9	8	14%	27%	19	16	20%	32%
<i>Hadlima</i> ™	2	2	NM	NM	8	4	99%	101%
<b>Biosimilars</b>	<b>119</b>	<b>86</b>	<b>39%</b>	<b>42%</b>	<b>217</b>	<b>166</b>	<b>31%</b>	<b>34%</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



- Growth in most therapy areas
- Improved erosion curve; tracking to flat or better growth for full year
- VBP delays and competitor supply interruptions aid 1H performance



Revenues \$ mil	Q2-2022	Q2-2021 (mid-year spin)	Act VPY	Ex FX VPY	2022 YTD	2021 YTD (mid-year spin)	Act VPY	Ex FX VPY
Cardiovascular	412	430	(4)%	3%	822	819	—%	7%
Respiratory	254	248	2%	8%	559	484	16%	21%
Non-Opioid Pain, Bone & Dermatology	209	218	(4)%	2%	410	398	3%	9%
Other	143	149	(17)%	(18)%	280	301	(34)%	(34)%
<b>Total Est. Brands</b>	<b>1,018</b>	<b>1,045</b>	<b>(2)%</b>	<b>4%</b>	<b>2,072</b>	<b>2,002</b>	<b>3%</b>	<b>10%</b>

Totals may not foot due to rounding.

## New IPR&D treatment ~\$100M impact to Q2 Adj. EBITDA

\$ mil	Q2-22	Q2-21 (mid-year spin)	Actual VPY	2022 YTD	2021 YTD (mid-year spin)	Actual VPY
<b>Revenues</b>	<b>1,585</b>	<b>1,595</b>	<b>(1)%</b>	<b>3,152</b>	<b>3,101</b>	<b>2%</b>
Cost of sales	588	583	1%	1,149	1,174	(2)%
Gross profit	997	1,012	(1)%	2,003	1,927	4%
Non-GAAP Adjusted Gross profit <sup>(1)</sup>	1,047	1,047	—%	2,089	1,984	5%
Selling, general and administrative	423	416	2%	794	798	(1)%
<b>Research and development <sup>(2)</sup></b>	<b>203</b>	<b>76</b>	<b>167%</b>	<b>299</b>	<b>143</b>	<b>109%</b>
<b>Adjusted EBITDA <sup>(2, 3)</sup></b>	<b>512</b>	<b>627</b>	<b>(18)%</b>	<b>1,159</b>	<b>1,193</b>	<b>(3)%</b>
Diluted Earnings per Share (EPS), continuing operations <sup>(2)</sup>	0.92	1.70	(46)%	2.28	3.25	(30)%
Non-GAAP adjusted diluted EPS, continuing operations <sup>(2, 4)</sup>	1.25	1.72	(27)%	2.90	3.50	(17)%
<b>Acquired IPR&amp;D and milestones</b>	<b>97</b>	<b>—</b>		<b>97</b>	<b>—</b>	
Per share impact to diluted EPS from acquired IPR&D and milestones	(0.30)	—		(0.30)	—	
<i>Gross margin</i>	<i>62.9%</i>	<i>63.4%</i>		<i>63.5%</i>	<i>62.1%</i>	
<i>Non-GAAP Adjusted Gross margin <sup>(1)</sup></i>	<i>66.1%</i>	<i>65.6%</i>		<i>66.3%</i>	<i>64.0%</i>	
<i>Adjusted EBITDA margin <sup>(2)</sup></i>	<i>32.3%</i>	<i>39.3%</i>		<i>36.8%</i>	<i>38.5%</i>	

<sup>(1)</sup> See Slide 20 of this presentation for a reconciliation of Gross Profit to Adjusted Gross Profit.

<sup>(2)</sup> Includes acquired IPR&D and milestones

<sup>(3)</sup> See Slides 21-22 of this presentation for a reconciliation of EBITDA and Adjusted EBITDA measures.

<sup>(4)</sup> See Slides 23-24 of this presentation for a reconciliation of diluted EPS to non-GAAP adjusted diluted EPS

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# Balancing commercial and pipeline business development



## Commercialized/soon to be commercialized assets

- March 2022 - Licensing agreement for **Xaciato™**
- February 2022 - Acquisition of commercial rights to **Marvelon™** and **Mercilon™** in certain Asian markets
- June 2021 - Acq. of **Alydia Health and its JADA® System**

Approx 1% contribution to revenues in 2022

## Building a pipeline

- July 2022 - Licensing agreement for a novel **investigational non-hormonal, on-demand contraceptive candidate with Cirqle Biomedical**
- June 2022 - Licensing agreement to commercialize **Investigational Perjeta® (Pertuzumab) and Prolia®/Xgeva® (Denosumab) biosimilar candidates**
- July 2021 - Licensing of **investigational agent, ebopiprant**
- December 2021 - Acquisition of **Forendo Pharma**

Investments in R&D spend

## Debt capitalization as of June 30, 2022

\$100 million voluntary debt repayment in Q2 - Bank covenant <sup>(\*)</sup> net leverage ratio ~3.5x

\$ mil

	June 30, 2021	September 30, 2021	December 31, 2021	March 31, 2022	June 30, 2022
Reported cash and cash equivalents	730	1,008	737	694	545
Cash for IOM-exit inventory <sup>(1)</sup>	(400)	(320)	(0)	(0)	(0)
<b>Cash available to Organon</b>	<b>330</b>	<b>688</b>	<b>737</b>	<b>694</b>	<b>545</b>
Gross Debt <sup>(2)</sup>	9,348	9,298	9,134	9,094	8,893
<b>Net Debt <sup>(2)</sup></b>	<b>9,018</b>	<b>8,610</b>	<b>8,397</b>	<b>8,400</b>	<b>8,348</b>

<sup>(1)</sup> Organon's starting cash balance at spin included \$400 million from Merck & Co., Inc., Rahway, NJ, USA which was used for the purchase of inventory upon exit of certain Interim Operating Model arrangements.

<sup>(2)</sup> Debt figures are net of discounts and unamortized fees of \$135 million, \$130 million, \$124 million, \$119 million, and \$113 million as of June 30, 2021, September 30, 2021, December 31, 2021, March 31, 2022, and June 30, 2022 respectively.

<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



# FX headwinds persist, masking solid volume growth



\$ mil



<sup>(1)</sup> Other includes manufacturing sales to Merck & Co., Inc., Rahway, NJ, USA and other third parties, and allocated amounts from pre-spin revenue hedging activities.

<sup>(2)</sup> Based on 2021 performance and July month end spot rates for 2022.

# FY 2022 guidance recast for IPR&D and FX; no change operationally

\$M, provided on a Non- GAAP basis, except Revenues	Guidance provided May 5, 2022	FX impact	IPR&D	Guidance provided as of August 4, 2022
Revenues	\$6,100 - \$6,400	from 300 - 475 bps to 550 - 650 bps		\$6,100 - \$6,300
Adjusted gross margin	Mid-60% range			Unchanged
SG&A (as % of revenues)	Mid-20% range			Unchanged
<b>R&amp;D (as % of revenues)</b>	<b>Mid-upper single-digit</b>			<b>Upper single digit</b>
Adjusted EBITDA margin	34% - 36%		~(\$110)	32% - 34%
Interest expense	~\$400			Unchanged
Depreciation	\$100 - \$115			Unchanged
Effective non-GAAP tax rate	17.5% - 19.5%			Unchanged
Fully diluted weighted avg. shares outstanding	~255M			Unchanged

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## Q&A

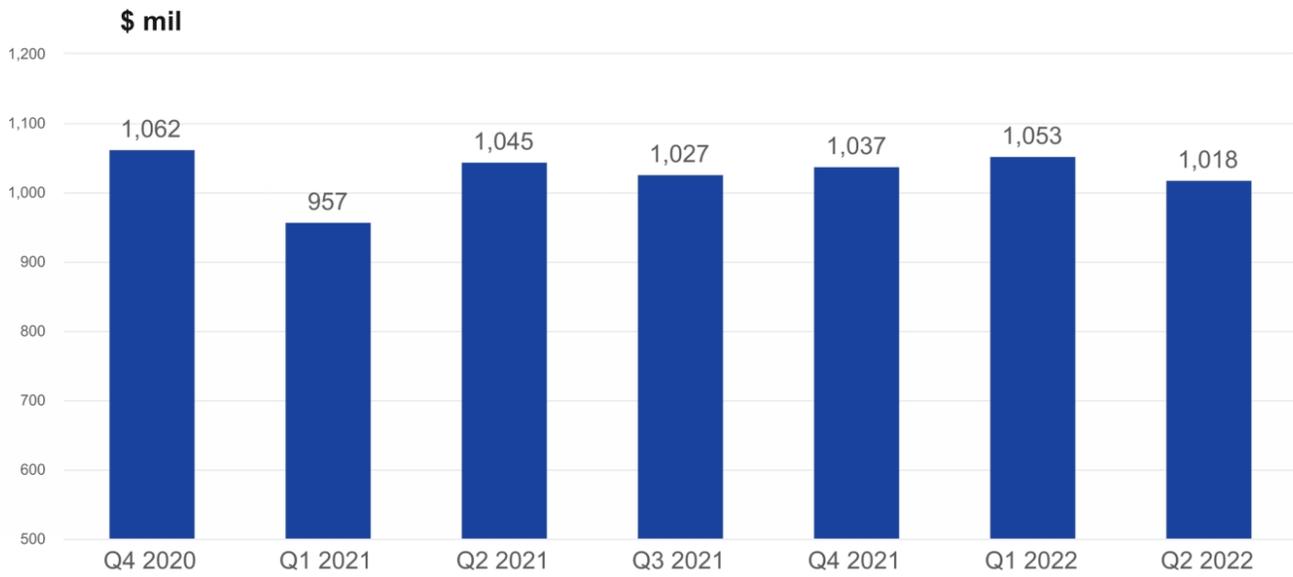




# Appendix



## Established Brands sizeable and stable base of revenue



## Franchise performance



\$ mil	Q2-2022	Q2-2021 (mid-year spin)	Actual VPY	Ex FX VPY	2022 YTD	2021 YTD (mid-year spin)	Actual VPY	Ex FX VPY
Women's Health	408	417	(2)%	1%	786	816	(4)%	(1)%
Biosimilars	119	86	39%	42%	217	166	31%	34%
Est. Brands	1,018	1,045	(2)%	4%	2,072	2,002	3%	10%
Other <sup>(1)</sup>	40	47	(17)%	(18)%	76	117	(34)%	(34)%
<b>Total Revenues</b>	<b>1,585</b>	<b>1,595</b>	<b>(1)%</b>	<b>5%</b>	<b>3,152</b>	<b>3,101</b>	<b>2%</b>	<b>6%</b>

<sup>(1)</sup> Other includes manufacturing sales to Merck & Co., Inc., Rahway, NJ, USA and other third parties, and allocated amounts from pre-spin revenue hedging activities.

## Gross margin reconciliation



\$ mil	Q2-2022	Q2-2021 (mid-year spin)	YTD 2022	YTD 2021 (mid-year spin)
<b>Revenues</b>	<b>1,585</b>	<b>1,595</b>	<b>3,152</b>	<b>3,101</b>
Cost of sales	588	583	1,149	1,174
Gross Profit	997	1,012	2,003	1,927
<i>Gross Margin</i>	62.9%	63.4%	63.5%	62.1%
Amortization	28	22	56	42
One-time costs <sup>(1)</sup>	19	10	24	10
Stock-based compensation	3	3	6	5
<b>Non-GAAP Adjusted Gross Profit <sup>(2)</sup></b>	<b>1,047</b>	<b>1,047</b>	<b>2,089</b>	<b>1,984</b>
<i>Non-GAAP Adjusted Gross Margin</i>	66.1%	65.6%	66.3%	64.0%

<sup>(1)</sup> One-time costs for the three and six months ended June 30, 2022 primarily include costs to stand up the Company and inventory step-up adjustments as well as a \$9 million impairment charge related to a licensed intangible asset.

<sup>(2)</sup> Non-GAAP Adjusted Gross Profit is calculated by excluding amortization, one-time costs, and the portion of stock-based compensation expense allocated to Cost of sales.

# Income from continuing operations before income taxes to Adjusted EBITDA



\$ mil	Q2-2022	Q2-2021 (mid-year spin)
Income from continuing operations before income taxes	287	437
Depreciation	22	21
Amortization <sup>(1)</sup>	28	22
Interest expense	98	62
<b>EBITDA</b>	<b>435</b>	<b>542</b>
Restructuring costs	—	1
One-time costs <sup>(2)</sup>	58	66
Stock-based compensation	19	18
<b>Adjusted EBITDA</b>	<b>512</b>	<b>627</b>
<i>Adjusted EBITDA margin</i>	<i>32.3%</i>	<i>39.3%</i>

<sup>(1)</sup> Amortization in all periods is included in Cost of sales.

<sup>(2)</sup> One-time costs primarily include costs incurred in connection with the spin-off of Organon, an impairment of a licensed intangible asset, and inventory step up adjustments. For the three months ended June 30, 2022, approximately \$28 million of the one-time costs are recorded in Selling, general and administrative expenses, \$19 million are recorded in Cost of sales, \$8 million are recorded in Other (income) expense, and \$3 million are recorded in Research and development. For the three months ended June 30, 2021, approximately \$55 million of the one-time costs are recorded in Selling, general and administrative expenses, and approximately \$10 million are recorded in Cost of sales.

# Income from continuing operations before income taxes to Adjusted EBITDA



\$ mil	2022 YTD	2021 YTD (mid-year spin)
Income from continuing operations before income taxes	729	904
Depreciation	47	39
Amortization <sup>(1)</sup>	56	42
Interest expense	195	62
<b>EBITDA</b>	<b>1,027</b>	<b>1,047</b>
Restructuring costs	—	2
One-time costs <sup>(2)</sup>	98	115
Stock-based compensation	34	29
<b>Adjusted EBITDA</b>	<b>1,159</b>	<b>1,193</b>
<i>Adjusted EBITDA margin</i>	<i>36.8%</i>	<i>38.5%</i>

<sup>(1)</sup> Amortization in all periods is included in Cost of sales.

<sup>(2)</sup> One-time costs primarily include costs incurred in connection with the spin-off of Organon, an impairment of a licensed intangible asset, and inventory step-up adjustments. For the six months ended June 30, 2022, approximately \$53 million of the one-time costs are recorded in Selling, general and administrative expenses, approximately \$24 million are recorded in Cost of sales, \$14 million are recorded in Other (income) expense, and \$7 million are recorded in Research and development. For the six months ended June 30, 2021, approximately \$104 million of the GAAP one-time costs are recorded in Selling, general and administrative expenses, and approximately \$10 million are recorded in Cost of sales.

# Income from continuing operations before income taxes to Adjusted Net Income



\$ mil (except EPS)	Q2-2022	Q2-2021 (mid-year spin)
Income from continuing operations before income taxes	287	437
Amortization <sup>(1)</sup>	28	22
Restructuring costs	—	1
One-time costs <sup>(2)</sup>	58	66
Stock-based compensation	19	18
<b>Total Adjustments</b>	<b>105</b>	<b>107</b>
<b>Non-GAAP pre-tax income, continuing operations</b>	<b>392</b>	<b>544</b>
Taxes on income as reported in accordance with GAAP	53	6
Tax benefit on adjustments	20	20
Tax benefit (deduction) on GAAP-only discrete items <sup>(3)</sup>	—	81
<b>Non-GAAP adjusted taxes on income</b>	<b>73</b>	<b>107</b>
<b>Non-GAAP adjusted net income, continuing operations</b>	<b>319</b>	<b>437</b>
<b>Non-GAAP adjusted net income, continuing operations per diluted share</b>	<b>1.25</b>	<b>1.72</b>

<sup>(1)</sup> Amortization in all periods is included in Cost of sales.

<sup>(2)</sup> One-time costs primarily include costs incurred in connection with the spin-off of Organon, an impairment of a licensed intangible asset, and inventory step-up adjustments. For the three months ended June 30, 2022, approximately \$28 million of the one-time costs are recorded in Selling, general and administrative expenses, \$19 million are recorded in Cost of sales, \$8 million are recorded in Other (income) expense, and \$3 million are recorded in Research and development. For the three months ended June 30, 2021, approximately \$55 million of the one-time costs are recorded in Selling, general and administrative expenses, and approximately \$10 million are recorded in Cost of sales.

<sup>(3)</sup> For the three months ended June 30, 2021, the company recorded a tax benefit of approximately \$70 million related to a portion of non-US step up in tax basis as a result of its separation from Merck & Co., Inc., Rahway, NJ, USA

# Income from continuing operations before income taxes to Adjusted Net Income

\$ mil (except EPS)	2022 YTD	2021 YTD (mid-year spin)
Income from continuing operations before income taxes	729	904
Amortization <sup>(1)</sup>	56	42
Restructuring costs	—	2
One-time costs <sup>(2)</sup>	98	115
Stock-based compensation	34	29
<b>Total Adjustments</b>	<b>188</b>	<b>188</b>
<b>Non-GAAP pre-tax income, continuing operations</b>	<b>917</b>	<b>1,092</b>
Taxes on income as reported in accordance with GAAP	147	78
Tax benefit on adjustments	34	35
Tax benefit (deduction) on GAAP-only discrete items <sup>(3)</sup>	(3)	91
<b>Non-GAAP adjusted taxes on income</b>	<b>178</b>	<b>204</b>
<b>Non-GAAP adjusted net income, continuing operations</b>	<b>739</b>	<b>888</b>
<b>Non-GAAP adjusted net income, continuing operations per diluted share</b>	<b>2.90</b>	<b>3.50</b>

<sup>(1)</sup> Amortization in all periods is included in Cost of sales.

<sup>(2)</sup> One-time costs primarily include costs incurred in connection with the spin-off of Organon, an impairment of a licensed intangible asset, and inventory step-up adjustments. For the six months ended June 30, 2022, approximately \$53 million of the one-time costs are recorded in Selling, general and administrative expenses, approximately \$24 million are recorded in Cost of sales, \$14 million are recorded in Other (income) expense, and \$7 million are recorded in Research and development. For the six months ended June 30, 2021, approximately \$104 million of the GAAP one-time costs are recorded in Selling, general and administrative expenses, and approximately \$10 million are recorded in Cost of sales.

<sup>(3)</sup> For the three months ended June 30, 2021, the company recorded a tax benefit of approximately \$70 million related to a portion of non-US step up in tax basis as a result of its separation from Merck & Co., Inc., Rahway, NJ, USA.

# Broad and diverse portfolio



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