# UNITED STATES
# SECURITIES AND EXCHANGE COMMISSION

**Washington, D.C. 20549**

# FORM 10-Q

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

For the quarterly period ended June 30, 2023

**OR**

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to _____

**Commission File No. 1-6571**

# Merck & Co., Inc.

(Exact name of registrant as specified in its charter)

| **New Jersey** | **22-1918501** |
|---|---|
| (State or other jurisdiction of incorporation) | (I.R.S. Employer Identification No.) |

**126 East Lincoln Avenue**
**Rahway New Jersey 07065**
(Address of principal executive offices) (zip code)

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

**Not Applicable**
(Former name, former address and former fiscal year, if changed since last report.)

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

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

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company.

| | | | |
|---|---|---|---|
| Large accelerated filer | ☒ | Accelerated filer | ☐ |
| Non-accelerated filer | ☐ | Smaller reporting company | ☐ |
| | | Emerging growth company | ☐ |

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒



JHU 2249
Merck Sharp v. Johns Hopkins
IPR2024-00625

The number of shares of common stock outstanding as of the close of business on July 31, 2023: 2,537,521,169

## Table of Contents


| | | Page No. |
|---|---|---|
| **PART I** | **FINANCIAL INFORMATION** | 3 |
| Item 1. | Financial Statements | 3 |
| | Condensed Consolidated Statement of Operations | 3 |
| | Condensed Consolidated Statement of Comprehensive (Loss) Income | 3 |
| | Condensed Consolidated Balance Sheet | 4 |
| | Condensed Consolidated Statement of Cash Flows | 5 |
| | Notes to Condensed Consolidated Financial Statements | 6 |
| Item 2. | Management's Discussion and Analysis of Financial Condition and Results of Operations | 29 |
| Item 3. | Quantitative and Qualitative Disclosures about Market Risk | 42 |
| Item 4. | Controls and Procedures | 42 |
| | Cautionary Factors That May Affect Future Results | 42 |
| **PART II** | **OTHER INFORMATION** | 43 |
| Item 1. | Legal Proceedings | 43 |
| Item 2. | Unregistered Sales of Equity Securities and Use of Proceeds | 43 |
| Item 5. | Other Information | 43 |
| Item 6. | Exhibits | 44 |
| | Signatures | 45 |

Sales of the Company's products were as follows:

| | Three Months Ended June 30, | | | | | | Six Months Ended June 30, | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2023 | | | 2022 | | | 2023 | | | 2022 | | |
| *($ in millions)* | U.S. | Int'l | Total | U.S. | Int'l | Total | U.S. | Int'l | Total | U.S. | Int'l | Total |
| **Pharmaceutical:** | | | | | | | | | | | | |
| Oncology | | | | | | | | | | | | |
| *Keytruda* | $ 3,863 | $ 2,408 | $ 6,271 | $ 3,197 | $ 2,055 | $ 5,252 | $ 7,348 | $ 4,718 | $12,065 | $ 5,976 | $ 4,085 | $10,061 |
| Alliance revenue-Lynparza [1] | 144 | 166 | 310 | 143 | 132 | 275 | 286 | 299 | 585 | 283 | 257 | 541 |
| Alliance revenue-Lenvima [1] | 163 | 79 | 242 | 128 | 103 | 231 | 316 | 158 | 474 | 284 | 175 | 459 |
| *Welireg* | 49 | 2 | 50 | 27 | — | 27 | 90 | 3 | 92 | 45 | — | 45 |
| Alliance revenue-Reblozyl [2] | 36 | 11 | 47 | 28 | 5 | 33 | 66 | 24 | 90 | 55 | 30 | 86 |
| Vaccines | | | | | | | | | | | | |
| *Gardasil/Gardasil* 9 | 464 | 1,994 | 2,458 | 428 | 1,245 | 1,674 | 880 | 3,550 | 4,430 | 846 | 2,287 | 3,133 |
| *ProQuad/M-M-R* II */Varivax* | 447 | 135 | 582 | 434 | 143 | 578 | 868 | 242 | 1,109 | 805 | 243 | 1,047 |
| *RotaTeq* | 93 | 37 | 131 | 98 | 75 | 173 | 273 | 155 | 428 | 273 | 116 | 389 |
| *Vaxneuvance* | 147 | 20 | 168 | 11 | — | 12 | 241 | 33 | 274 | 16 | 1 | 16 |
| *Pneumovax* 23 | 23 | 69 | 92 | 94 | 59 | 153 | 63 | 125 | 188 | 212 | 114 | 325 |
| *Vaqta* | 29 | 13 | 42 | 16 | 19 | 35 | 59 | 23 | 82 | 45 | 25 | 71 |
| Hospital Acute Care | | | | | | | | | | | | |
| *Bridion* | 299 | 203 | 502 | 237 | 190 | 426 | 576 | 413 | 989 | 432 | 389 | 821 |
| *Prevymis* | 61 | 82 | 143 | 47 | 56 | 103 | 116 | 157 | 273 | 87 | 110 | 197 |
| *Dificid* | 68 | 8 | 76 | 63 | 3 | 66 | 130 | 11 | 141 | 113 | 6 | 119 |
| *Primaxin* | ( 2 ) | 56 | 53 | — | 64 | 64 | 2 | 132 | 133 | 1 | 122 | 122 |
| *Noxafil* | 11 | 45 | 55 | 16 | 45 | 60 | 25 | 91 | 116 | 25 | 92 | 118 |
| *Zerbaxa* | 30 | 24 | 54 | 22 | 24 | 46 | 57 | 47 | 104 | 40 | 36 | 76 |
| Cardiovascular | | | | | | | | | | | | |
| Alliance revenue-Adempas/Verquvo [3] | 70 | ( 2 ) | 68 | 88 | 10 | 98 | 153 | 14 | 167 | 159 | 11 | 170 |
| Adempas | — | 65 | 65 | — | 63 | 63 | — | 125 | 125 | — | 124 | 124 |
| Virology | | | | | | | | | | | | |
| *Lagevrio* | 2 | 201 | 203 | — | 1,177 | 1,177 | — | 595 | 595 | 1,523 | 2,901 | 4,424 |
| *Isentress/Isentress HD* | 56 | 80 | 136 | 67 | 80 | 147 | 108 | 151 | 259 | 128 | 177 | 305 |
| Neuroscience | | | | | | | | | | | | |
| *Belsomra* | 21 | 42 | 63 | 19 | 50 | 69 | 37 | 82 | 119 | 39 | 98 | 137 |
| Immunology | | | | | | | | | | | | |
| *Simponi* | — | 180 | 180 | — | 181 | 181 | — | 359 | 359 | — | 366 | 366 |
| *Remicade* | — | 48 | 48 | — | 53 | 53 | — | 99 | 99 | — | 114 | 114 |
| Diabetes | | | | | | | | | | | | |
| *Januvia* | 243 | 267 | 511 | 301 | 455 | 756 | 514 | 548 | 1,062 | 626 | 909 | 1,535 |
| *Janumet* | 82 | 272 | 354 | 105 | 371 | 476 | 138 | 544 | 683 | 168 | 762 | 931 |
| Other pharmaceutical [4] | 171 | 382 | 553 | 157 | 372 | 528 | 342 | 793 | 1,138 | 317 | 814 | 1,131 |
| Total Pharmaceutical segment sales | 6,570 | 6,887 | 13,457 | 5,726 | 7,030 | 12,756 | 12,688 | 13,491 | 26,179 | 12,498 | 14,364 | 26,863 |
| **Animal Health:** | | | | | | | | | | | | |
| Livestock | 165 | 643 | 807 | 164 | 662 | 826 | 338 | 1,318 | 1,656 | 335 | 1,322 | 1,658 |
| Companion Animal | 310 | 339 | 649 | 313 | 328 | 641 | 618 | 673 | 1,291 | 616 | 676 | 1,291 |
| Total Animal Health segment sales | 475 | 982 | 1,456 | 477 | 990 | 1,467 | 956 | 1,991 | 2,947 | 951 | 1,998 | 2,949 |
| Total segment sales | 7,045 | 7,869 | 14,913 | 6,203 | 8,020 | 14,223 | 13,644 | 15,482 | 29,126 | 13,449 | 16,362 | 29,812 |
| Other [5] | ( 27 ) | 149 | 122 | 35 | 335 | 370 | 32 | 364 | 396 | 128 | 555 | 682 |
| | $ 7,018 | $ 8,018 | $15,035 | $ 6,238 | $ 8,355 | $14,593 | $ 13,676 | $ 15,846 | $29,522 | $ 13,577 | $ 16,917 | $30,494 |

*U.S. plus international may not equal total due to rounding.*

[1] *Alliance revenue for Lynparza and Lenvima represents Merck's share of profits, which are product sales net of cost of sales and commercialization costs (see Note 3).*

[2] *Alliance revenue for Reblozyl represents royalties and, for the first six months of 2022, also includes the receipt of a regulatory approval milestone payment (see Note 3).*

[3] *Alliance revenue for Adempas/Verquvo represents Merck's share of profits from sales in Bayer's marketing territories, which are product sales net of cost of sales and commercialization costs (see Note 3).*

[4] *Other pharmaceutical primarily reflects sales of other human health pharmaceutical products, including products within the franchises not listed separately.*

[5] *Other is primarily comprised of miscellaneous corporate revenue, including revenue hedging activities which increased sales by $ 128 million and $ 277 million for the six months ended June 30, 2023 and 2022, respectively, as well as revenue from third-party manufacturing arrangements (including sales to Organon). Other for the six months ended June 30, 2023 and 2022 also includes $ 54 million and $ 146 million, respectively, related to upfront and milestone payments received by Merck for out-licensing arrangements.*