Merck & Co., Inc, Rahway, N.J. USA Second-Quarter 2026 Sales and Earnings Prepared Remarks

August 4, 2026

Forward-looking statement of Merck & Co., Inc., Rahway, N.J., USA

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

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

The company undertakes no obligation to publicly update any forward-looking statement, whether as a result of new information, future events or otherwise. Additional factors that could cause results to differ materially from those described in the forward-looking statements can be found in the company's Annual Report on Form 10-K for the year ended December 31, 2025 and the company's other filings with the Securities and Exchange Commission (SEC) available at the SEC's Internet site (www.sec.gov).

Mr. Rob Davis - Merck & Co., Inc., Rahway, N.J., USA, Chairman and Chief Executive Officer

And now I'd like to turn the call over to Rob ….

[SLIDE 4: Strategy & Business Update]

Thank you, Peter.

Good morning and thank you for joining today's call.

I remain very pleased with the substantial progress we're making across our business, driven by strong execution, growing contributions from new product launches, and the continued advancement of the next wave of innovation from our pipeline.

[SLIDE 5: Accelerating progress toward transformation of portfolio]

Earlier this year, we provided insight into greater than $70 billion of commercial opportunity we have from over 20 new products that we expect will transform our portfolio and, in many cases, the practice of medicine … as well as fuel growth well into the next decade. We also outlined a series of clinical milestones that represent key events to substantially derisk this opportunity.

[SLIDE 6: Accelerating progress toward transformation of portfolio]

Since then, we've made meaningful advancements against that objective, including several important proof points that have occurred earlier than expected. This progress further bolsters my high confidence in the future of our company and our ability to create long-term value for patients and shareholders.

[SLIDE 7: Q2 2026 total company performance & pipeline progress]

Turning to our second quarter results…

We delivered revenue of $16.6 billion, reflecting continued strength across Oncology and Animal Health, as well as increasing contributions from our recent launches. Importantly, while we're delivering for patients today, we're also making substantial investments in the next generation of innovative medicines and vaccines. We remain confident in our outlook for the remainder of the year, which Caroline will discuss in more detail in a moment.

We also achieved several important clinical and regulatory milestones.

In cardiometabolic, the FDA approved LIPFENDRA, the first and only oral PCSK9 inhibitor to help reduce LDL cholesterol in adults with hypercholesterolemia, along with diet and exercise. We're pleased to have worked with the FDA through the Commissioner's National Priority Voucher process to bring this important new treatment option to patients on an accelerated basis. We look forward to providing broad access for patients to help address elevated LDL-C, a major modifiable risk factor for cardiovascular disease.

In Oncology, we received several approvals that underscore the ongoing impact of KEYTRUDA and the enduring strength of our oncology portfolio. At ASCO, we presented encouraging data that further demonstrate the durability

of KEYTRUDA, and at our investor event, we highlighted advances for a number of promising candidates across our pipeline. This included the first positive topline results from our expansive Phase 3 global clinical development program for sac-TMT, our TROP2-directed antibody-drug conjugate, in certain patients with advanced or recurrent endometrial cancer.

In Immunology, we announced positive Phase 3 topline induction results for tulisokibart for certain patients with ulcerative colitis, and are starting to see the first of numerous additional trial readouts, reinforcing our confidence in the potential of this program.

And at the AIDS 2026 congress last week, we shared compelling data from our broad HIV pipeline including for islatravir in combination with lenacapavir, which has the potential to be the first oral once-weekly HIV treatment for virologically-suppressed adults. We are excited to be returning to the HIV field with an array of important therapies, including the recent launch of IDVYNSO. Ahead of the meeting, we also announced initial access plans for alimatravir, our investigational once-monthly oral HIV PrEP candidate now in Phase 3 studies, underscoring our commitment to help enable broad and sustainable access to this candidate upon its potential approval.

[SLIDE 8: Completed strategic acquisition of Terns Pharmaceuticals]

We also continue to augment our portfolio through disciplined business development.

During the quarter, we completed the acquisition of Terns Pharmaceuticals, adding MK-4208, a novel, potentially best-in-class therapy for certain patients with chronic myeloid leukemia.

This transaction strengthens our hematology pipeline, adds another promising late-stage growth opportunity, and reflects our continued focus on pursuing science-driven business development that can benefit patients and enhance long-term shareholder value.

[SLIDE 9: Successfully executing on strategy to broaden and diversify pipeline]

This quarter marks my fifth year as CEO, and as I reflect on the commitments our leadership team made in 2021, our strategy was clear: maximize the transformative potential of KEYTRUDA; expand, deepen and extend our leadership in oncology; bring forward new growth drivers across additional therapeutic areas; and advance Merck's mission of using the power of leading-edge science to save and improve lives around the world.

Today, I'm proud that we are successfully executing on that strategy. Each year, we're making important progress in building a stronger foundation for our future. We're broadening and diversifying our pipeline, advancing multiple potential blockbuster opportunities, and achieving clinical, regulatory, and commercial milestones that will benefit patients and enhance our long-term growth trajectory. I believe Merck is substantially stronger, more diversified, and better positioned for sustainable growth than it was just five years ago.

While more work remains, I'm increasingly confident in Merck's future, particularly with the rapid pace of clinical and regulatory events now occurring. This confidence is grounded in the strength of our science, our disciplined approach to capital allocation including business development, and the dedication of our colleagues around the world who work every day to deliver for patients.

I want to extend a special word of thanks to our global team for this substantial progress and for their commitment and execution on behalf of patients, shareholders, and all of our stakeholders.

And now I'll turn the call over to Caroline.

Ms. Caroline Litchfield - Merck & Co., Inc., Rahway, N.J., USA, Chief Financial Officer

[SLIDE 10: Financial Results and Outlook]

Thank you, Rob. Good morning.

[SLIDE 11: Q2 growth across human and animal health with increasing contributions from new products]

We delivered growth in the quarter, led by continued strength in Oncology and Animal Health, along with increasing contributions from our diverse and compelling new products across an array of therapeutic areas. Our strong commercial and operational execution continues to drive near-term performance, while we invest in our outstanding pipeline to create long-term value for patients, customers and shareholders.

Now, turning to our second quarter results.

Total company revenues were $16.6 billion, an increase of 5%, or 4% excluding the impact of foreign exchange.

The following revenue comments will be on an ex-exchange basis.

[SLIDE 12: Oncology: KEYTRUDA continues to benefit patients and drive growth]

In Oncology, sales of the KEYTRUDA family of products, which includes KEYTRUDA and KEYTRUDA QLEX, increased 4% to $8.4 billion, with global growth driven by strong uptake in earlier-stage cancers and continued robust demand from metastatic indications.

Strong utilization in tumors that primarily affect women, including breast and cervical cancers, and increased use of KEYTRUDA in combination with Padcev in locally advanced or metastatic urothelial cancer, were key contributors to growth.

Sales of KEYTRUDA QLEX were $463 million. We have seen physician and patient adoption increase since the permanent J-code was established in April. As expected, early use has been predominantly in patients who are either on monotherapy or in combination with an oral agent. We remain confident in the trajectory of KEYTRUDA QLEX adoption.

[SLIDE 13: Oncology: Continued impact for patients across broad portfolio]

Our broader oncology portfolio delivered another quarter of strong growth. WELIREG sales increased 67% to $271 million, driven by continued uptake from international launches and increased use in certain U.S. patients with previously treated advanced renal cell carcinoma. We are excited that certain patients with earlier stage renal cell carcinoma may benefit from adjuvant treatment with WELIREG following the recent FDA approval of LITESPARK-022.

[SLIDE 14: Vaccines & Infectious Diseases: Impacting lives globally]

In Vaccines and Infectious Diseases, GARDASIL sales were $1.2 billion, an increase of 3%. Sales in international markets grew 6%, while the U.S. was roughly flat as lower demand and timing of CDC purchases, was largely offset by price.

In pneumococcal, CAPVAXIVE sales were $184 million, an increase of 40%. Growth was primarily driven by uptake from ongoing launches in certain international markets as well as higher demand in the U.S.

In HIV, we are pleased to have launched IDVYNSO, our once-daily oral, two-drug, single-tablet regimen of doravirine and islatravir for certain virologically-suppressed adults. We have seen encouraging early progress on access and reimbursement and look forward to broadening access overtime.

[SLIDE 15: Cardiometabolic & Respiratory: Continuing to drive benefit for patients with successful ongoing launches]

In Cardiometabolic and Respiratory, WINREVAIR global sales were $588 million, an increase of 75%, reflecting continued strong demand from adults with pulmonary arterial hypertension. In the U.S., we saw further progress with more than eighteen hundred new patients having received a prescription and an increase in the proportion of patients whose background therapies do not include a prostacyclin. Outside the U.S., we continue to progress with ongoing launches.

OHTUVAYRE sales were $204 million, reflecting continued prescription demand from patients with COPD as well as a benefit from the timing of specialty pharmacy purchases.

[SLIDE 16: Animal Health: Solid growth driven by livestock and companion animal]

Our Animal Health business delivered another quarter of solid growth, with sales increasing 5%. Livestock sales grew 6%, driven by higher demand for ruminants and poultry products. Companion animal sales increased 5% due to new product launches.

[SLIDE 17: Q2 2026 non-GAAP financial results summary]

I will now walk you through the remainder of our P&L, and my comments will be on a non-GAAP basis.

Gross margin was 81.1%, a decrease of 1.1 percentage points primarily due to higher inventory reserves.

Operating expenses increased to $12.6 billion. There was a $5.7 billion charge for the acquisition of Terns Pharmaceuticals in the quarter, compared with a $200 million business development charge a year ago. Excluding these charges, operating expenses grew 7%, reflecting increased investments in support of our launches as well as our robust early- and late-phase pipeline, partially offset by benefits from our multi-year optimization effort and recognition of a portion of the external funding for sac-TMT development.

Other expense increased to $290 million, primarily reflecting financing costs related to recent business development transactions.

Our tax provision was $882 million. As a result of the non-tax deductible one-time charge for Terns, our tax rate was 160.3%.

Taken together, we reported a loss of $0.13 per share, which includes a one-time charge of $2.31 per share from the acquisition of Terns.

[SLIDE 18: Updated 2026 financial outlook]

Now turning to our 2026 non-GAAP guidance.

We have raised and narrowed our full year revenue guidance range to be between 66.3 and $67.3 billion, representing growth of 2 to 4%, including a positive impact from foreign exchange of approximately 1 percentage point using mid-July rates.

Gross margin is now assumed to be approximately 81.0%, reflecting higher inventory reserves.

Operating expenses are expected to be between 42.0 and $42.7 billion. This range includes $5.8 billion for the upfront charge for Terns and investment to advance MK-4208. This guidance does not assume additional significant potential business development transactions.

Other Expense, which now includes the financing costs for Terns, is expected to be approximately $1.4 billion.

We now expect a full year tax rate between 35.0 and 36.0%, which reflects the non-tax deductible one-time charge for Terns.

We assume approximately 2.48 billion shares outstanding.

Taken together, we expect EPS of $2.66 to $2.76, with a midpoint of $2.71, including a positive impact from foreign exchange of approximately 15 cents, using mid-July rates. This range also includes an upfront charge of $2.31 per share related to the acquisition of Terns, as well as approximately 12 cents per share of ongoing costs to advance MK-4208 and finance the transaction.

[SLIDE 19: Key modeling considerations]

As you consider your models, there are a few items to keep in mind for the second half of the year.

First, for OHTUVAYRE, we remain excited about OHTUVAYRE's strong clinical profile and look forward to achieving its multibillion-dollar commercial potential in the coming years. Third quarter sales will be impacted by the unwind of specialty pharmacy purchases in the second quarter. We continue to invest behind our sales force and promotion to reach more physicians and patients in the U.S. We are also working with our specialty pharmacies to improve patient experience. We expect these actions to lead to accelerated growth in 2027.

Next, we anticipate that total U.S. KEYTRUDA year-over-year growth will moderate as we increasingly reach peak penetration across several key indications. Additionally, as a reminder, we benefitted by approximately $250 million due to the timing of wholesaler purchases in the third quarter of 2025 which will not repeat this year.

For BRIDION, U.S. sales are anticipated to decline at a slower pace than previously expected due to lower than anticipated generic competition.

Finally, Other Revenue in the second half of 2026 is expected to be significantly higher than the second half of 2025. This increase is primarily due to our revenue hedging program as well as an expected milestone receipt in the fourth quarter related to an out-license agreement.

[SLIDE 20: Remain committed to balanced capital allocation strategy]

Now turning to capital allocation, where our strategy remains unchanged.

We will continue to prioritize investments that support near- and long-term growth, including our new product launches and robust pipeline.

We remain committed to the dividend, with the goal of increasing it over time.

Business development remains a high priority, and we maintain the ability within a strong investment-grade credit rating to pursue additional science-driven, value-creating transactions.

We are on pace for approximately $3 billion in share repurchases this year, as previously communicated.

To conclude, as we enter the second half of the year, we remain confident in the outlook of our business, supported by global demand for our innovative medicines and vaccines, including our many new product launches. The transformation of our portfolio is underway and we are well positioned to deliver value for patients, customers and shareholders now and into the future.

With that, I'd like to turn the call over to Dean.

Dr. Dean Y. Li – Merck & Co., Inc., Rahway, N.J., USA, President, Research Laboratories

[SLIDE 21: Research Update]

Thank you, Caroline.

Good morning everyone.

The second quarter was marked by several important regulatory and clinical milestones. Today, I will provide updates in cardiometabolic disease, HIV, infectious disease, immunology and oncology. I will conclude with key upcoming milestones as we look toward the second half of 2026.

[SLIDE 22: LIPFENDRA the first and only approved oral PCSK9i]

First, in cardiometabolic disease….

As Rob mentioned, we recently received FDA approval for LIPFENDRA, the first approved oral PCSK9 inhibitor. In the CORALreef Lipids trial, LIPFENDRA was shown to be highly effective in lowering LDL-cholesterol with up to a 60% reduction when added to a statin.

Earlier this year, updated U.S. guidelines on the management of dyslipidemia from the American College of Cardiology and American Heart Association recognized that atherosclerotic cardiovascular disease remains the leading cause of morbidity and mortality, and underscored the need for earlier intervention to help reduce lifelong risk from prolonged elevated lipoprotein exposure. Guidelines also re-established and lowered LDL-cholesterol treatment goals, including to under 55 mg/dL for individuals with ASCVD who are at very high risk of ASCVD events.

The approval of LIPFENDRA is a major milestone in our effort to make PCSK9 inhibition accessible in a convenient daily oral option.

As an oral macrocyclic peptide, LIPFENDRA has the potential to extend the reach of this therapeutic approach globally. Additional regulatory reviews are underway in the European Union and China.

We are also advancing combination approaches designed to further reduce LDL-cholesterol and target additional ASCVD risk factors. Studies are ongoing to support the development of two potential fixed-dose combinations anchored by LIPFENDRA – one with rosuvastatin and another with MK-7262, our oral Lp(a) inhibitor.

[SLIDE 23: Advancing innovative longer-acting oral treatment options for people living with HIV]

Turning to HIV…

Yesterday, we hosted an investor event focused on our HIV program, including new data presented at AIDS 2026. IDVYNSO provides the foundation of what we believe will be a series of novel entries into the field. Our late-stage pipeline aims to address unmet needs for those living with or at risk of HIV through innovative oral options, including two once-weekly treatment regimens and a monthly oral option for pre-exposure prophylaxis.

In collaboration with Gilead, we announced full results of the Phase 3 ISLEND-1 and -2 trials evaluating the investigational oral once-weekly regimen of islatravir and Gilead's lenacapavir. Both studies demonstrated

maintenance of virologic suppression in adults living with HIV who switched therapy from a daily standard of care. These results support the potential for ISL/LEN to become the first approved oral once-weekly treatment regimen for adults with virologically-suppressed HIV.

Results were also presented from a Phase 2b study evaluating the investigational oral once-weekly combination of islatravir and ulonivirine, an internally developed investigational non-nucleoside reverse transcriptase inhibitor, in adults with virologically suppressed HIV. Based on these results, we plan to advance ISL/ULO into Phase 3 studies for people living with HIV who are previously untreated and those with prior treatment experience.

We also continue to evaluate our monthly oral HIV PrEP option alimatravir in two Phase 3 studies anticipated to readout next year.

[SLIDE 24: Important updates across infectious disease programs]

Next, in infectious disease…

We are progressing our Phase 3 study of MK-1406, an investigational, long-acting, strain-agnostic antiviral designed to prevent influenza. Enrollment was completed in the Southern Hemisphere. Plans are now in place to continue the study through a second Northern Hemisphere flu season to strengthen our global regulatory submissions. We remain on track for potential approval in 2029.

[SLIDE 25: Important progress in immunology clinical development program]

Moving to immunology…

Tulisokibart became the first anti-TL1A monoclonal antibody to demonstrate positive results in a Phase 3 trial. In June, we reported on the induction-only study of the ATLAS-UC trial. In patients with moderately to severely active ulcerative colitis, tulisokibart met the primary endpoint of clinical remission as well as key secondary endpoints, with

no new safety concerns identified. We look forward to the upcoming readout of the larger induction and maintenance study, which, together with the induction-only study, would form the basis of a regulatory filing and will be presented at an upcoming scientific congress.

These findings reinforce the potential of targeting TL1A to help address immuno-fibrosis, a key driver of disease progression across multiple immune-mediated inflammatory conditions.

We have advanced a broad Phase 2 development program to further explore this hypothesis and now have results from two of these studies. In SSc-ILD, the study did not meet its primary endpoint. In hidradenitis suppurativa, we are pleased to share that the study met its primary and key secondary endpoints. Results will be shared in due course.

[SLIDE 26: Continuing to advance cancer care with broad, differentiated portfolio and pipeline]

Finally, in oncology…

KEYTRUDA continues to generate compelling clinical data and regulatory approvals, including in earlier stages of disease.

Recently, building on the approval of KEYNOTE-905, the FDA approved an expanded indication for KEYTRUDA and KEYTRUDA QLEX, each with Padcev, as treatment before and after surgery for adults with muscle-invasive bladder cancer, based on the data from KEYNOTE-B15. This regimen is now approved regardless of cisplatin eligibility and is the first and only perioperative immunotherapy plus ADC regimen to extend survival for these patients.

We are also pleased that the FDA recently approved KEYTRUDA and KEYTRUDA QLEX in combination with WELIREG for the adjuvant treatment of certain patients with clear cell renal cell carcinoma based on the LITESPARK-022 study. This marks WELIREG's first approval in earlier-stage disease and brings the total number of earlier-stage indications for KEYTRUDA-based regimens to thirteen.

In June, at our ASCO investor event, we shared updates across our broad and diverse oncology portfolio. We also highlighted a series of pivotal readouts expected over the next several years.

We are now beginning to see the first of those milestones materialize with the announcement of positive Phase 3 results from our global TroFuse development program evaluating sac-TMT.

In TroFuse-005, sac-TMT demonstrated statistically significant and clinically meaningful improvements in both overall survival and progression-free survival versus chemotherapy in certain patients with advanced or recurrent endometrial cancer. We plan to apply the National Priority Review Voucher for sac-TMT towards our filing in endometrial cancer.

These results represent the first readout from our global TroFuse program, which includes 17 Phase 3 studies. The TroFuse program was intentionally designed to pursue both first-mover opportunities where sac-TMT can establish early leadership, and indications in breast and non-small cell lung cancer where we can apply novel development approaches.

This global effort continues to be informed by promising results generated by our partner Kelun from their program evaluating sac-TMT in China. Positive results from OptiTROP-Lung05 and, more recently, OptiTROP-Lung06 further strengthens our confidence in the potential of this differentiated TROP2-directed ADC.

[SLIDE 27: Significant late-stage pipeline milestones expected over next six months]

In closing, we anticipate a busy second half of the year, with multiple events and milestones including:

- In cardiometabolic and respiratory:
    - the September 21st PDUFA date for WINREVAIR for the label update based on the Phase 3 HYPERION study.

- In immunology, for tulisokibart,
  - the second readout from the ATLAS-UC trial and
  - the presentation of data from the Phase 2 HS study

- In ophthalmology, data from the Phase 3 BRUNELLO study of remigromig, also known as MK-3000, our novel Wnt agonist, being evaluated in patients with diabetic macular edema

- And finally, in oncology:
  - Potential approvals for
    - WELIREG plus LENVIMA in advanced renal cell carcinoma
    - and for I-DXd in extensive stage small cell lung cancer and
  - Data presentations from across our broad oncology portfolio including detailed results of the Phase 3 TroFuse-005 study

Please mark your calendars for the evening of Monday, October 26th where we will host an investor event at the European Society for Medical Oncology in Madrid.

I look forward to providing further updates on our progress.

And now I will turn the call back to Peter.