

Merck & Co., Inc, Rahway, N.J. USA
Third-Quarter 2026 Sales and Earnings
Prepared Remarks
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Forward-looking statement of Merck & Co., Inc., Rahway, N.J., USA

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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.

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

[SLIDE 4: Strategy & Business Update – Head Shot]

Thank you, Peter.

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

2026 continues to be a year of substantial progress for our company. We're executing well on all fronts, demonstrated particularly by the many new product launches now successfully underway ... AND the important clinical milestones we're achieving that are further de-risking the substantial long-term opportunity of our late-phase pipeline. This momentum extends across multiple therapeutic areas and modalities. And there is much more to come ... with numerous significant readouts still to occur over the coming years.

I'm very pleased that the disciplined execution of our strategy over the past several years is increasingly translating into meaningful clinical, regulatory, and commercial results. The breadth of these achievements strengthens my confidence in the future of our company ... and our ability to deliver long-term value for patients and shareholders.

[SLIDE 5: Q3 2026 total company performance & pipeline progress]

Turning to our third-quarter results ...



We delivered solid performance with revenue of \$18.1 billion, reflecting increased contributions from new products as well as strength in Oncology and Animal Health.

Caroline will discuss our results and the full year outlook in greater detail in a moment.

We also achieved several important clinical and regulatory milestones.

In Oncology, last weekend's European Society for Medical Oncology (ESMO) meeting showcased potential practice-changing advances for several innovative programs, highlighted by the first positive Phase 3 results from our expansive global TroFuse program for sac-TMT in advanced or recurrent endometrial cancer. Additional data shared at the meeting from our partner Kelun further support the potential of sac-TMT in lung cancer and other tumor types.

And we are encouraged by the landmark validation of a therapeutic cancer vaccine, with positive Phase 3 data presented for intismeran autogene as an adjuvant treatment for certain patients with melanoma. This new approach may offer a tangible opportunity to change the trajectory of a patient's cancer.

In Ophthalmology, we presented results from the BRUNELLO study evaluating remigromig in diabetic macular edema, a significant milestone for our rapidly advancing retinal disease portfolio.

And finally, in Immunology, we presented encouraging Phase 2b results in HS and look forward to advancing our TL1A development program.



[SLIDE 6: Successfully executing on strategy to broaden and diversify pipeline with >20 current and future potential growth drivers]

This year's clinical and commercial progress underlines the ongoing transformation of our business, and provides us with greater visibility into the trajectory of our emerging and expansive new product portfolio.

The opportunity we have to drive strong long-term growth beyond the KEYTRUDA LOE period is becoming increasingly clear as we achieve these scientific and commercial milestones.

As we look ahead, we'll remain focused on successfully executing our launches, broadening and advancing our pipeline and making meaningful investments to realize the full potential of these opportunities.

I want to recognize and thank our dedicated global teams for their ongoing commitment to delivering value for 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 7: Financial Results and Outlook ... Head Shot]

Thank you, Rob. Good morning.



[SLIDE 8: Q3 growth across human and animal health with increasing contributions from new products]

As Rob noted, we delivered solid performance in the quarter, driven by increasing contributions from our compelling array of important new products and continued strength in Oncology and Animal Health. Strong commercial and operational execution continues to propel our near-term performance, while we invest to optimize our launches and advance our broad and deep pipeline to create long-term value for patients, customers and shareholders.

Now, turning to our third quarter results...

Total company revenues were \$18.1 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 9: 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 6% to \$8.6 billion, with global growth driven by strong uptake in earlier-stage cancers and continued robust demand from metastatic indications.

Key contributors to growth included strong utilization in tumors that primarily affect women, particularly cervical and breast cancers, as well as increased use of KEYTRUDA plus Padcev in urothelial cancer. We also saw continued uptake in earlier-stage head and neck cancer.



As expected, the timing of U.S. customer purchases last year created a headwind to growth, but this was largely offset by an increase in channel inventory, which we expect to unwind in the fourth quarter.

Sales of KEYTRUDA QLEX were \$830 million. We continue to see adoption increase, which supports our confidence in the trajectory of the product.

[SLIDE 10: Oncology: Continued impact for patients across broad portfolio]

In our broader oncology portfolio, WELIREG sales increased 58% to \$307 million, driven by increased use in previously treated patients and as adjuvant treatment for certain patients with renal cell carcinoma in the U.S., as well as continued uptake from ongoing launches in international markets.

[SLIDE 11: Vaccines & Infectious Diseases: Impacting lives globally]

In Vaccines and Infectious Diseases, GARDASIL sales were \$2.0 billion, an increase of 14%. In the U.S., sales grew 18%, benefitting from a significant CDC purchase and price, while international markets increased 6%.

In pneumococcal, CAPVAXIVE sales were \$263 million, an increase of 7%, driven by ongoing launches in certain international markets. In the U.S., sales declined 13% as increased market share was more than offset by lower adult pneumococcal vaccination rates.

In RSV, ENFLONSIA sales of \$187 million reflect seasonal demand and associated inventory build.



[SLIDE 12: Cardiometabolic & Respiratory: Driving growth and continuing to benefit patients with successful ongoing launches]

In Cardiometabolic and Respiratory, WINREVAIR continued its momentum with global sales of \$694 million, an increase of 94%, reflecting strong demand from adults with pulmonary arterial hypertension as well as a benefit from channel inventory. In the U.S., nearly sixteen hundred new patients received a prescription approximately 30% of whom were on background therapies that did not include a prostacyclin. Outside the U.S., we continue to progress with ongoing launches.

OHTUVAYRE sales were \$184 million, reflecting continued demand from adults with COPD, partially offset by a small headwind from the timing of specialty pharmacy purchases.

While early, we are encouraged by the initial launch of LIPFENDRA. Prescription trends and physician feedback have been positive. Additionally, we have established programs to support access and affordability for eligible patients. As expected, broad access will take time to build, and we remain confident in the long-term opportunity for this important treatment option for adults with elevated LDL cholesterol.

[SLIDE 13: Animal Health: Solid growth driven by and companion animal and livestock]

Our Animal Health business delivered growth of 3%. Companion animal sales increased 6%, driven by new product launches. Livestock sales grew 2% due to higher demand for poultry products.



[SLIDE 14: Q3 2026 non-GAAP financial results summary¹]

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

Gross margin decreased slightly to 81.4%.

Operating expenses increased 12% to \$7.4 billion, reflecting increased investments to support our launches and advance our diverse early- and late-phase pipeline. This increase was partially offset by benefits from our ongoing multi-year optimization effort and the recognition of a portion of the external funding for sac-TMT development. There was also a \$400 million upfront charge related to the license agreement with SciBrunch, compared with a \$300 million business development charge a year ago.

Other expense increased to \$420 million, primarily reflecting financing costs related to recent business development transactions.

Our tax rate was 10.9%, reflecting a benefit from certain discrete items.

Taken together, earnings per share were \$2.49, which includes a charge of \$0.12 per share related to the SciBrunch license agreement.



[SLIDE 15: Updated 2026 financial outlook]

Now turning to our 2026 non-GAAP guidance.

We have narrowed the range and raised the midpoint of both our full year revenue and EPS guidance. We now expect revenue to be between 66.8 and \$67.3 billion, representing growth of 3 to 4%, including a positive impact from foreign exchange of approximately 1 percentage point using mid-October rates.

Our gross margin assumption remains approximately 81.0%.

Operating expenses are expected to be between 42.4 and \$42.9 billion.

Other Expense is still expected to be approximately \$1.4 billion.

We now expect a full year tax rate between 32.0 and 33.0%.

We assume approximately 2.48 billion shares outstanding.

Taken together, we expect EPS of \$2.77 to \$2.82, including a positive impact from foreign exchange of approximately 15 cents, using mid-October rates. This range also includes the SciBrunch charge.



[SLIDE 16: Key modeling considerations]

As you consider your models, there are a few items to keep in mind.

Third-quarter sales benefitted by approximately \$550 million from favorable purchase timing in the U.S. We expect the benefit related to KEYTRUDA and WINREVAIR to fully unwind in the fourth quarter, while the majority of the benefit to vaccines, primarily related to GARDASIL, is expected to unwind next year.

As we look forward to 2027, we recently noted an expectation for modest revenue growth.

For KEYTRUDA, moderating growth reflects the success we have had in reaching the eligible patients as we now approach peak revenues for certain approved indications. Additionally, we expect the German market to be impacted by policy dynamics.

For BRIDION, we expect competition from multiple generics that have now entered the market.

For vaccines, we are watching broader market trends given increased hesitancy and reduced utilization.

Finally, we also expect underlying operating expenses to increase at a mid- to high-single digit rate, reflecting our conviction in the significant opportunity from our expanding pipeline and the growing portfolio of new product launches.



[SLIDE 17: Remain committed to balanced capital allocation strategy]

Now turning to capital allocation, where our priorities remain unchanged.

We will continue to invest in value-creating opportunities that drive both near- and long-term growth.

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

Business development remains an important priority, and we retain financial flexibility within a strong investment-grade credit rating to pursue additional science-driven, value-enhancing transactions.

We remain on track for approximately \$3 billion in share repurchases this year.

To conclude, as we head into the fourth quarter, we remain confident in the outlook for our business. Demand for our diverse portfolio of human and animal health products remains strong, and our recent launches are making increasingly meaningful contributions to growth. Our compelling innovative portfolio of pipeline assets continues to progress, leaving us very well positioned to deliver outstanding 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 18: Research Update ... Head Shot]

Thank you, Caroline.

Good morning everyone.

The third quarter was marked by a number of significant clinical and regulatory milestones. Today, I will provide updates in oncology, cardiometabolic and respiratory, immunology and ophthalmology. I will close by highlighting upcoming milestones.

[SLIDE 19: Meaningful progress across innovative oncology pipeline and portfolio]

Starting with oncology....

As Rob noted, data from several pivotal studies were presented at ESMO, which exemplify our clinical development approach and reflect how KEYTRUDA is informing our pipeline progress.

ESMO marked the first presentation of detailed Phase 3 findings from our expansive global TroFuse development program for sac-TMT, our TROP-2 directed ADC with a unique bifunctional linker.

The TroFuse program is guided by a two-pronged development strategy...

First, we are moving with speed and rigor to establish early leadership in multiple disease and treatment settings. Many of these first-mover opportunities are in gynecologic cancers, where there remains significant unmet need.



The TroFuse-005 study presented at ESMO evaluated sac-TMT in patients with endometrial cancer whose disease had progressed following platinum chemotherapy and anti-PD-1/L1 immunotherapy, demonstrating a remarkable near seven-month improvement in median overall survival compared to chemotherapy alone. Endometrial cancer is one of the few cancers with increasing incidence and mortality rates worldwide. These patients currently face a very poor prognosis, and we look forward to continuing to work with the FDA to deliver this potential new option as quickly as possible.

Second, we are exploring the potential of sac-TMT in certain types of breast and lung cancers where we believe we can be differentiated.

In first-line, PD-L1-negative nonsquamous non-small cell lung cancer, results from the OptiTROP-Lung06 study conducted by our partner Kelun showed a meaningful improvement in progression-free survival for sac-TMT plus KEYTRUDA over KEYTRUDA plus chemotherapy, raising the possibility that novel combinations may improve upon the high bar set by KEYTRUDA plus chemotherapy.

Our global TroFuse program includes five ongoing Phase 3 studies in various non-small cell lung cancer settings. We plan to investigate sac-TMT in combination with MK-2010, our PD-1/VEGF bispecific, in first-line non-small cell lung cancer. Engagement with the FDA has been productive and we anticipate Phase 3 studies in this setting in the first half of 2027.

Now turning to intismeran...

Our deep understanding of tumor biology continues to inform the next generation of our oncology pipeline, including the development of an mRNA therapeutic cancer vaccine based on the unique mutational signature of a patient's tumor.



ESMO marked the unveiling of landmark results for intismeran, an investigational individualized neoantigen therapy developed in collaboration with Moderna, plus KEYTRUDA as adjuvant therapy for melanoma.

Results of the INTerpath-001 study demonstrated clinically meaningful improvements in recurrence-free survival and distant metastasis-free survival for intismeran plus KEYTRUDA over standard-of-care KEYTRUDA in patients with completely resected stage IIB to IV melanoma.

These results, building on the body of evidence from the Phase 2b study, strengthen our confidence in the curative potential of intismeran when given in combination with KEYTRUDA. We are actively engaged with the FDA on regulatory submission.

Additionally, we are progressing a robust INTerpath clinical development program across a range of immune sensitive tumors, including indications in earlier stages of disease where KEYTRUDA has established efficacy.

Phase 3 studies are ongoing in melanoma and non-small cell lung cancer, which are characterized by high mutational burden. Ongoing Phase 2 studies are also evaluating tumors with lower mutational burden, including certain bladder and renal cancers, to inform potential future expansion.

I look forward to sharing further updates on these and other oncology programs.

Now to a few regulatory updates ...

Subcutaneous pembrolizumab and berahyaluronidase alfa was approved by regulatory authorities in Japan and China. In Europe, we received approval for KEYTRUDA plus Padcev as a perioperative treatment for resectable muscle-invasive bladder cancer and in the U.S., the FDA approved WELIREG plus Lenvima for the treatment of patients with previously treated renal cell carcinoma.



Regarding ifinatamab deruxtecan...together with Daiichi Sankyo, we made the decision to withdraw the biologics license application seeking accelerated approval. Multiple studies of I-DXd are ongoing in small cell lung cancer, prostate cancer and other tumor types.

[SLIDE 20: Expanding impact of WINREVAIR in pulmonary hypertension]

Next, in cardiometabolic & respiratory...

Recently, the FDA approved a label update for WINREVAIR incorporating results from the Phase 3 HYPERION study, providing further evidence to support its use earlier in the treatment journey for adults with pulmonary arterial hypertension.

With WINREVAIR, we introduced activin signaling inhibition, a novel mechanism targeting the underlying vascular remodeling that drives disease progression. Building on the findings from the Phase 2 CADENCE trial, we are taking an important step to extend the application of activin signaling inhibition beyond Group 1 PAH. The upcoming Phase 3 CHORUS study will evaluate patients with combined post- and pre-capillary pulmonary hypertension associated with heart failure with preserved ejection fraction. This distinct population within Group 2 pulmonary hypertension has similar vascular characteristics to PAH and no currently approved treatment options.

[SLIDE 21: Progressing late-stage immunology and ophthalmology pipeline]

Next in immunology...

Last month at the European Academy of Dermatology & Venereology (EADV), positive Phase 2b results were presented for tulisokibart in patients with hidradenitis suppurativa, making it the first anti-TL1A antibody to demonstrate positive clinical data in a dermatology indication. The study demonstrated promising clinical responses and an encouraging safety profile. Based on these findings, we plan to advance tulisokibart into Phase 3 development in HS.



Finally, to ophthalmology ...

As Rob mentioned, earlier this month, results were presented from the Phase 2b/3 BRUNELLO study, the first of two pivotal studies evaluating remigromig, a novel Wnt agonist, in adults with DME.

BRUNELLO achieved its primary endpoint, with both doses of monthly remigromig demonstrating non-inferior best corrected visual acuity compared to monthly 0.5mg ranibizumab at one year.

While anti-VEGF therapies have transformed the treatment of DME, disease activity persists in many patients, highlighting the need for new therapeutic options.

BRUNELLO provides clinical evidence that activation of the Wnt pathway can achieve non-inferior efficacy to an anti-VEGF agent in DME.

If confirmed in the companion BAROLO trial, remigromig could introduce a promising new and orthogonal mechanism and help advance the field of ophthalmology toward therapeutic strategies involving multiple pathways.

[SLIDE 22: Significant late-stage pipeline milestones expected over next twelve months]

In closing, the breadth of these milestones reflects our progress in translating novel advances in the understanding of disease biology into potentially significant medicines across diverse therapeutic areas.

Over the next 12 months, we anticipate several important clinical and regulatory milestones, including:

- In immunology, for tulisokibart,
 - We are compiling data from the Phase 3 ATLAS UC study and expect to share the results in the near-term



- In ophthalmology, the readout of the BAROLO study of remigromig
- In cardiometabolic and respiratory:
 - The initiation of the Phase 3 CHORUS study
- In infectious disease:
 - Anticipated regulatory filings for islatravir plus lenacapavir, the potential first once-weekly oral two drug treatment regimen for HIV
 - Data from the Phase 3 ANCHOR study evaluating MK-1406, our investigational long-acting and strain-agnostic antiviral designed to prevent influenza, and
 - Data from the Phase 3 EXPrESSIVE program of our investigational once-monthly oral HIV PrEP option, alimatravir
- And finally, in oncology:
 - The potential approval of sac-TMT in endometrial cancer and additional Phase 3 readouts;
 - The anticipated regulatory filing of intismeran
 - and additional readouts in multiple other programs

And now I will turn the call back to Peter.