

consolidated financial statements

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Consolidated Income Statement

€ million	Note	2021	2020
Net sales	9	19,687	17,534
Cost of sales	10	-7,351	-6,835
Gross profit		12,335	10,699
Marketing and selling expenses	11	-4,304	-4,207
Administration expenses		-1,241	-1,188
Research and development costs	12	-2,408	-2,288
Impairment losses and reversals of impairment losses on financial assets (net)	42	1	-6
Other operating income	13	528	838
Other operating expenses	14	-734	-863
Operating result (EBIT)¹		4,179	2,985
Finance income	40	62	44
Finance costs	40	-317	-398
Profit before income tax		3,924	2,630
Income tax	15	-859	-637
Profit after tax		3,065	1,994
thereof: attributable to Merck KGaA shareholders (net income)		3,055	1,987
thereof: attributable to non-controlling interests	34	10	7
Earnings per share (in €)	17		
Basic		7.03	4.57
Diluted		7.03	4.57

¹ Not defined by International Financial Reporting Standards (IFRS).

Consolidated Statement of Comprehensive Income

€ million	Note	2021	2020
Profit after tax		3,065	1,994
Items of other comprehensive income that will not be reclassified to profit or loss in subsequent periods			
Net defined benefit liability	25		
Changes in remeasurement		751	-602
Tax effect		-119	130
Changes recognized in equity		632	-473
Equity instruments	34		
Fair value adjustments		-41	116
Tax effect		8	-
Changes recognized in equity		-33	116
		599	-356
Items of other comprehensive income that may be reclassified to profit or loss in subsequent periods			
Cash flow hedge reserve	37		
Fair value adjustments		-127	54
Reclassification to profit or loss		27	45
Reclassification to assets		-	-
Tax effect		5	-30
Changes recognized in equity		-95	69
Cost of cash flow hedge reserve	37		
Fair value adjustments		-13	-13
Reclassification to profit or loss		27	12
Reclassification to assets		-	-
Tax effect		-3	1
Changes recognized in equity		11	-1
Currency translation difference			
Changes taken directly to equity		1,730	-1,864
Reclassification to profit or loss		-6	4
Changes recognized in equity		1,724	-1,860
		1,640	-1,792
Other comprehensive income		2,239	-2,149
Comprehensive income		5,304	-155
thereof: attributable to Merck KGaA shareholders		5,289	-160
thereof: attributable to non-controlling interests	36	15	5

Consolidated Balance Sheet¹

€ million	Note	Dec. 31, 2021	Dec. 31, 2020
Non-current assets			
Goodwill	18	17,004	15,959
Other intangible assets	19	7,612	7,653
Property, plant and equipment	20	7,217	6,421
Investments accounted for using the equity method		3	2
Non-current receivables	25	25	25
Other non-current financial assets	36	911	822
Other non-current non-financial assets	22	95	81
Non-current income tax receivables	15	10	10
Deferred tax assets	15	1,502	1,543
		34,380	32,516
Current assets			
Inventories	24	3,900	3,294
Trade and other current receivables	25	3,646	3,221
Contract assets	26	207	169
Other current financial assets	36	174	125
Other current non-financial assets	22	663	597
Current income tax receivables	15	492	520
Cash and cash equivalents	35	1,899	1,355
		10,982	9,280
Total assets		45,362	41,796
Total equity			
	34		
Equity capital		565	565
Capital reserves		3,814	3,814
Retained earnings		15,134	12,378
Gains/losses recognized in equity		1,824	189
Equity attributable to Merck KGaA shareholders		21,338	16,946
Non-controlling interests		78	71
		21,416	17,017
Non-current liabilities			
Non-current provisions for employee benefits	33	3,402	3,880
Other non-current provisions	27	269	281
Non-current financial debt	37	8,270	9,785
Other non-current financial liabilities	38	106	62
Other non-current non-financial liabilities	29	15	55
Non-current income tax liabilities	15	42	45
Deferred tax liabilities	15	1,411	1,441
		13,515	15,548
Current liabilities			
Current provisions for employee benefits	33	224	152
Other current provisions	27	377	461
Current financial debt	37	2,531	2,357
Other current financial liabilities	38	1,192	1,008
Trade and other current payables	30	2,380	1,768
Refund liabilities	9	839	666
Current income tax liabilities	15	1,421	1,460
Other current non-financial liabilities	29	1,468	1,360
		10,432	9,231
Total equity and liabilities		45,362	41,796

¹ Previous year's figures have been adjusted, see Note (2) "Reporting principles".

Consolidated Cash Flow Statement

€ million	Note	2021	2020
Profit after tax		3,065	1,994
Depreciation/amortization/impairment losses/reversals of impairment losses		1,762	1,938
Changes in inventories		-472	-85
Changes in trade accounts receivable		-310	-84
Changes in trade accounts payable/refund liabilities		433	7
Changes in provisions		196	-110
Changes in other assets and liabilities		-121	-123
Neutralization of gains/losses on disposal of fixed assets and other disposals		-24	-98
Other non-cash income and expenses		86	39
Operating Cash Flow	16	4,616	3,477
thereof: from discontinued operations		-	-
Payments for investments in intangible assets		-355	-150
Payments from the disposal of intangible assets		39	88
Payments for investments in property, plant and equipment		-1,066	-1,413
Payments from the disposal of property, plant and equipment		7	35
Payments for investments in financial assets		-269	-278
Payments for acquisitions less acquired cash and cash equivalents (net)		-4	-11
Proceeds from the disposal of other financial assets		69	340
Payments for the acquisition of non-financial assets		-	-500
Proceeds from the disposal of non-financial assets		-	501
Payments from other divestments		1	-
Payments for the disposal of assets held for sale		-	-8
Proceeds from the disposal of assets held for sale less transferred cash and cash equivalents		-	55
Investing Cash Flow	23	-1,578	-1,340
thereof: from discontinued operations		-	-8
Dividend payments to Merck KGaA shareholders		-181	-168
Dividend payments to non-controlling interests		-8	-7
Profit withdrawal by E. Merck KG		-567	-512
Proceeds from new borrowings of financial debt from E. Merck KG		471	390
Repayment of financial debt to E. Merck KG		-393	-382
Repayment of bonds		-317	-2,724
Proceeds from the issuance of bonds		-	2,486
Payments from new borrowings of other current and non-current financial debt		388	3,561
Repayment of other current and non-current financial debt		-1,896	-4,166
Financing Cash Flow	41	-2,504	-1,522
thereof: from discontinued operations		-	-
Changes in cash and cash equivalents		534	615
Changes in cash and cash equivalents due to currency translation		9	-40
Cash and cash equivalents as of January 1		1,355	781
Cash and cash equivalents as of December 31 (consolidated balance sheet)	35	1,899	1,355

Consolidated Statement of Changes in Net Equity

For details see Note (34) “Equity”.

€ million	Equity capital	Capital reserves	Retained earnings	Gains/losses recognized in equity	Equity attributable to Merck KGaA shareholders	Non-controlling interests	Total equity
Jan. 1, 2020	565	3,814	11,483	1,980	17,841	73	17,914
Profit after tax	-	-	1,987	-	1,987	7	1,994
Gains/losses recognized in equity	-	-	-357	-1,790	-2,147	-2	-2,149
Comprehensive income	-	-	1,631	-1,790	-160	5	-155
Dividend payments	-	-	-168	-	-168	-7	-175
Profit transfer to/from E. Merck KG including changes in reserves	-	-	-567	-	-567	-	-567
Transactions with no change of control	-	-	-1	-	-1	-	-1
Change in scope of consolidation/Other	-	-	-	-	-	-	-
Dec. 31, 2020	565	3,814	12,378	189	16,946	71	17,017

€ million	Equity capital	Capital reserves	Retained earnings	Gains/losses recognized in equity	Equity attributable to Merck KGaA shareholders	Non-controlling interests	Total equity
Jan. 1, 2021	565	3,814	12,378	189	16,946	71	17,017
Profit after tax	-	-	3,055	-	3,055	10	3,065
Gains/losses recognized in equity	-	-	599	1,635	2,234	5	2,239
Comprehensive income	-	-	3,653	1,635	5,289	15	5,304
Dividend payments	-	-	-181	-	-181	-8	-189
Profit transfer to/from E. Merck KG including changes in reserves	-	-	-716	-	-716	-	-716
Transactions with no change of control	-	-	-	-	-	-	-
Change in scope of consolidation/Other	-	-	-	-	-	-	-
Dec. 31, 2021	565	3,814	15,134	1,824	21,338	78	21,416