

consolidated financial statements

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Consolidated Income Statement

€ million	Note	2022	2021
Net sales	9	22,232	19,687
Cost of sales	10	-8,527	-7,351
Gross profit		13,705	12,335
Marketing and selling expenses	11	-4,714	-4,304
Administration expenses ¹		-1,306	-1,227
Research and development costs ¹	12	-2,521	-2,426
Impairment losses and reversals of impairment losses on financial assets (net)	42	-6	1
Other operating income	13	486	528
Other operating expenses ¹	14	-1,170	-730
Operating result (EBIT)²		4,474	4,179
Finance income	40	90	62
Finance costs	40	-277	-317
Profit before income tax		4,287	3,924
Income tax	15	-948	-859
Profit after tax		3,339	3,065
thereof: attributable to Merck KGaA shareholders (net income)		3,326	3,055
thereof: attributable to non-controlling interests	34	14	10
Earnings per share (in €)	17		
Basic		7.65	7.03
Diluted		7.65	7.03

¹ Adjustment of prior-year figures due to a change in functional allocation within Corporate and Other.

² Not defined by International Financial Reporting Standard (IFRS).

Consolidated Statement of Comprehensive Income

€ million	Note	2022	2021
Profit after tax		3,339	3,065
Items of other comprehensive income that will not be reclassified to profit or loss in subsequent periods			
Net defined benefit liability	33		
Changes in remeasurement		1,440	751
Tax effect		-300	-119
Changes recognized in equity		1,140	632
Equity instruments	34		
Fair value adjustments		-34	-41
Tax effect		3	8
Changes recognized in equity		-31	-33
		1,109	599
Items of other comprehensive income that may be reclassified to profit or loss in subsequent periods			
Cash flow hedge reserve	39		
Fair value adjustments		-98	-127
Reclassification to profit or loss		194	27
Reclassification to assets		-	-
Tax effect		-5	5
Changes recognized in equity		91	-95
Cost of cash flow hedge reserve	39		
Fair value adjustments		-15	-13
Reclassification to profit or loss		16	27
Reclassification to assets		-	-
Tax effect		10	-3
Changes recognized in equity		11	11
Currency translation difference			
Changes taken directly to equity		1,228	1,730
Reclassification to profit or loss		-71	-6
Changes recognized in equity		1,157	1,724
		1,259	1,640
Other comprehensive income		2,368	2,239
Comprehensive income		5,708	5,304
thereof: attributable to Merck KGaA shareholders		5,696	5,289
thereof: attributable to non-controlling interests	34	12	15

Consolidated Balance Sheet

€ million	Note	Dec. 31, 2022	Dec. 31, 2021
Non-current assets			
Goodwill	18	18,415	17,004
Other intangible assets	19	7,302	7,612
Property, plant and equipment	20	8,203	7,217
Investments accounted for using the equity method		3	3
Non-current receivables	25	27	25
Other non-current financial assets	36	957	911
Other non-current non-financial assets	22	99	95
Non-current income tax receivables	15	10	10
Deferred tax assets	15	1,310	1,502
		36,325	34,380
Current assets			
Inventories	24	4,632	3,900
Trade and other current receivables	25	4,114	3,646
Contract assets	26	128	207
Other current financial assets	36	321	174
Other current non-financial assets	22	705	663
Current income tax receivables	15	446	492
Cash and cash equivalents	35	1,854	1,899
		12,201	10,982
Total assets		48,526	45,362
Total equity	34		
Equity capital		565	565
Capital reserves		3,814	3,814
Retained earnings		18,463	15,134
Gains/losses recognized in equity		3,086	1,824
Equity attributable to Merck KGaA shareholders		25,927	21,338
Non-controlling interests		78	78
		26,005	21,416
Non-current liabilities			
Non-current provisions for employee benefits	33	2,030	3,402
Other non-current provisions	27	299	269
Non-current financial debt	37	9,200	8,270
Other non-current financial liabilities	38	147	106
Other non-current non-financial liabilities	29	14	15
Non-current income tax liabilities	15	38	42
Deferred tax liabilities	15	1,279	1,411
		13,007	13,515
Current liabilities			
Current provisions for employee benefits	33	239	224
Other current provisions	27	372	377
Current financial debt	37	1,228	2,531
Other current financial liabilities	38	1,275	1,192
Trade and other current payables	30	2,498	2,380
Refund liabilities	9	912	839
Current income tax liabilities	15	1,483	1,421
Other current non-financial liabilities	29	1,507	1,468
		9,513	10,432
Total equity and liabilities		48,526	45,362

Consolidated Cash Flow Statement

€ million	Note	2022	2021
Profit after tax		3,339	3,065
Depreciation/amortization/impairment losses/reversals of impairment losses ¹		2,030	1,767
Changes in inventories		-604	-472
Changes in trade accounts receivable		-413	-310
Changes in trade accounts payable/refund liabilities		101	433
Changes in provisions		113	196
Changes in other assets and liabilities		-279	-121
Neutralization of gains/losses on disposal of fixed assets and other disposals		-48	-24
Other non-cash income and expenses ¹		21	81
Operating Cash Flow	16	4,259	4,616
Payments for investments in intangible assets		-275	-355
Payments from the disposal of intangible assets		38	39
Payments for investments in property, plant and equipment		-1,531	-1,066
Payments from the disposal of property, plant and equipment		21	7
Payments for investments in financial assets		-364	-269
Payments for acquisitions less acquired cash and cash equivalents (net)		-854	-4
Proceeds from the disposal of other financial assets		219	69
Payments for the acquisition of non-financial assets		-600	-
Proceeds from the disposal of non-financial assets		600	-
Payments from divestments		4	1
Investing Cash Flow	23	-2,743	-1,578
Dividend payments to Merck KGaA shareholders		-239	-181
Dividend payments to non-controlling interests		-11	-8
Profit withdrawal by E. Merck KG		-716	-567
Proceeds from new borrowings of financial debt from E. Merck KG and E. Merck Beteiligungen KG ²		1,637	471
Repayment of financial debt to E. Merck KG		-1,613	-393
Repayment of bonds		-1,661	-317
Proceeds from the issuance of bonds		995	-
Payments from new borrowings of other current and non-current financial debt		1,281	388
Repayment of other current and non-current financial debt		-1,227	-1,896
Financing Cash Flow	41	-1,555	-2,504
Changes in cash and cash equivalents		-39	534
Changes in cash and cash equivalents due to currency translation		-7	9
Cash and cash equivalents as of January 1		1,899	1,355
Cash and cash equivalents as of December 31 (consolidated balance sheet)	35	1,854	1,899

¹ Adjustment of prior-year figures due to reclassification of the presentation of impairment losses/reversals of impairment losses on financial assets from "Depreciation/amortization/impairment losses/reversals of impairment losses" to "Other non-cash income and expenses".

² In previous year only proceeds from new borrowings of financial debt from E. Merck KG were included.

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, 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

€ 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, 2022	565	3,814	15,134	1,824	21,338	78	21,416
Profit after tax	-	-	3,326	-	3,326	14	3,339
Gains/losses recognized in equity	-	-	1,109	1,261	2,370	-2	2,368
Comprehensive income	-	-	4,435	1,261	5,696	12	5,708
Dividend payments	-	-	-239	-	-239	-11	-251
Profit transfer to/from E. Merck KG including changes in reserves	-	-	-868	-	-868	-	-868
Transactions with no change of control	-	-	-	-	-	-	-
Change in scope of consolidation/Other	-	-	-	-	-	-	-
Dec. 31, 2022	565	3,814	18,463	3,086	25,927	78	26,005