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 July 2, 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 NUMBER 1-3619

PFIZER INC.

(Exact name of registrant as specified in its charter)

Delaware 13-5315170

(State of Incorporation) (I.R.S. Employer Identification No.)

66 Hudson Boulevard East, New York, New York 10001-2192 (Address of principal executive offices) (zip code)

(212) 733-2323

(Registrant’s telephone number including area code)

**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, $0.05 par value PFE New York Stock Exchange

1.000% Notes due 2027 PFE27 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, a smaller reporting company, or an emerging growth company. See the definitions of “large accelerated filer,” “accelerated filer,” “smaller reporting company,” and “emerging growth company” in Rule 12b-2 of the Exchange Act:

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 

At August 4, 2023, 5,645,959,570 shares of the issuer’s voting common stock were outstanding.

## TABLE OF CONTENTS

[**PART I. FINANCIAL INFORMATION**](#_bookmark0)Page

[Item 1.](#_bookmark1)

[Financial Statements](#_bookmark1)

[Condensed Consolidated Statements of Income](#_bookmark2) [5](#_bookmark2)

[Condensed Consolidated Statements of Comprehensive Income](#_bookmark3) [6](#_bookmark3)

[Condensed Consolidated Balance Sheets](#_bookmark4) [7](#_bookmark4)

[Condensed Consolidated Statements of Equity](#_bookmark5) [8](#_bookmark5)

[Condensed Consolidated Statements of Cash Flows](#_bookmark6) [9](#_bookmark6)

[Notes to Condensed Consolidated Financial Statements](#_bookmark7) [10](#_bookmark7)

Item 2.

Management’[s Discussion and Analysis of Financial Condition and Results of Operations](#_bookmark21) [38](#_bookmark21)

[Item 3.](#_bookmark33)

[Quantitative and Qualitative Disclosures About Market Risk](#_bookmark33) [59](#_bookmark33)

[Item 4.](#_bookmark34)

[Controls and Procedures](#_bookmark34) [59](#_bookmark34)

[**PART II. OTHER INFORMATION**](#_bookmark35)

[Item 1.](#_bookmark36)

[Legal Proceedings](#_bookmark36) [60](#_bookmark36)

[Item 1A.](#_bookmark37)

[Risk Factors](#_bookmark37) [60](#_bookmark37)

[Item 2.](#_bookmark38)

[Unregistered Sales of Equity Securities and Use of Proceeds](#_bookmark38) [61](#_bookmark38)

Item 3.

Defaults Upon Senior Securities N/A

Item 4.

Mine Safety Disclosures N/A

Item 5.

Other Information [61](#_bookmark39)

[Item](#_bookmark40) [6](#_bookmark40).

[Exhibits](#_bookmark40) [61](#_bookmark40)

[Signature](#_bookmark41) [62](#_bookmark41)

N/A = Not Applicable

2

## DEFINED TERMS

Unless the context requires otherwise, references to “Pfizer,” “the Company,” “we,” “us” or “our” in this Form 10-Q (defined below) refer to Pfizer Inc. and its subsidiaries. Pfizer’s fiscal quarter-end for subsidiaries operating outside the U.S. is as of and for the three and six months ended May 28, 2023 and May 29, 2022, and for U.S. subsidiaries is as of and for the three and six months ended July 2, 2023 and July 3, 2022. References to “Notes” in this Form 10-Q are to the Notes to the Condensed or Consolidated Financial Statements in this Form 10-Q or in our 2022 Form 10-K. We also have used several other terms in this Form 10-Q, most of which are explained or defined below:

|  |  |
| --- | --- |
| *2022 Form 10-K* | Annual Report on Form 10-K for the fiscal year ended December 31, 2022 |
| *Alexion* | Alexion Pharma International Operations Limited |
| *ALK* | anaplastic lymphoma kinase |
| *Alliance revenues* | Revenues from alliance agreements under which we co-promote products discovered or developed by other companies or us |
| *Arena* | Arena Pharmaceuticals, Inc. |
| *Astellas* | Astellas Pharma Inc., Astellas US LLC and Astellas Pharma US, Inc. |
| *ATTR-CM* | transthyretin amyloid cardiomyopathy |
| *Biohaven* | Biohaven Pharmaceutical Holding Company Ltd. |
| *BioNTech* | BioNTech SE |
| *Biopharma* | Global Biopharmaceuticals Business |
| *Blackstone* | Blackstone Life Sciences |
| *BMS* | Bristol-Myers Squibb Company |
| *BOD* | Board of Directors |
| *CDC* | U.S. Centers for Disease Control and Prevention |
| *CMA* | conditional marketing authorisation |
| *Comirnaty\** | Unless otherwise noted, refers to, as applicable, and as authorized or approved, the Pfizer-BioNTech COVID-19 Vaccine, the Pfizer- BioNTech COVID-19 Vaccine, Bivalent (Original and Omicron BA.4/BA.5), the Comirnaty Original/Omicron BA.1 Vaccine, and Comirnaty Original/Omicron BA.4/BA.5 Vaccine. In the U.S., the original monovalent mRNA COVID-19 vaccine is no longer emergency use authorized or CDC-recommended, although Comirnaty remains a licensed vaccine. |
| *Cond. J-NDA* | Conditional Japan New Drug Application |
| *Consumer Healthcare JV* | GSK Consumer Healthcare JV |
| *COVID-19* | novel coronavirus disease of 2019 |
| *Developed Europe* | Includes the following markets: Western Europe, Scandinavian countries and Finland |
| *Developed Markets* | Includes the following markets: U.S., Developed Europe, Japan, Australia, Canada, South Korea and New Zealand |
| *Developed Rest of World* | Includes the following markets: Japan, Australia, Canada, South Korea and New Zealand |
| *EC* | European Commission |
| *EMA* | European Medicines Agency |
| *Emerging Markets* | Includes, but is not limited to, the following markets: Asia (excluding Japan and South Korea), Latin America, Eastern Europe, Central Europe, the Middle East, Africa and Turkey |
| *EPS* | earnings per share |
| *ESG* | Environmental, Social and Governance |
| *EU* | European Union |
| *EUA* | emergency use authorization |
| *Exchange Act* | Securities Exchange Act of 1934, as amended |
| *FASB* | Financial Accounting Standards Board |
| *FDA* | U.S. Food and Drug Administration |
| *FFDCA* | U.S. Federal Food, Drug and Cosmetic Act |
| *Form 10-Q* | This Quarterly Report on Form 10-Q for the quarterly period ended July 2, 2023 |
| *GAAP* | Generally Accepted Accounting Principles |
| *GBT* | Global Blood Therapeutics, Inc. |
| *GPD* | Global Product Development |
| *GSK* | GSK plc |
| *Haleon* | Haleon plc |
| *HIPAA* | Health Insurance Portability and Accountability Act of 1996 |
| *Hospira* | Hospira, Inc. |
| *IPR&D* | in-process research and development |
| *IRA* | Inflation Reduction Act of 2022 |
| *IRS* | U.S. Internal Revenue Service |
| *JAK* | Janus kinase |

|  |  |
| --- | --- |
| *JV* | joint venture |
| *King* | King Pharmaceuticals LLC (formerly King Pharmaceuticals, Inc.) |
| *LIBOR* | London Interbank Offered Rate |
| *LOE* | loss of exclusivity |

3

|  |  |
| --- | --- |
| *mCRC* | metastatic colorectal cancer |
| *mCRPC* | metastatic castration-resistant prostate cancer |
| *mCSPC* | metastatic castration-sensitive prostate cancer |
| *MD&A* | Management’s Discussion and Analysis of Financial Condition and Results of Operations |
| *MDL* | Multi-District Litigation |
| *Meridian* | Meridian Medical Technologies, Inc. |
| *Moody’s* | Moody’s Investors Service |
| *mRNA* | messenger ribonucleic acid |
| *MSA* | Manufacturing Supply Agreement |
| *Mylan* | Mylan N.V. |
| *NDA* | New Drug Application |
| *Nimbus* | Nimbus Therapeutics, LLC |
| *nmCRPC* | non-metastatic castration-resistant prostate cancer |
| *NSCLC* | non-small cell lung cancer |
| *ODT* | oral disintegrating tablet |
| *Ono* | Ono Pharmaceutical Co., Ltd. |
| *OPKO* | OPKO Health, Inc. |
| *OTC* | over-the-counter |
| *Paxlovid\** | an oral COVID-19 treatment (nirmatrelvir [PF-07321332] tablets and ritonavir tablets) |
| *PC1* | Pfizer CentreOne |
| *Pharmacia* | Pharmacia LLC (formerly Pharmacia Corporation) |
| *PIE* | Pfizer Investment Enterprises Pte. Ltd. (a wholly-owned finance subsidiary of Pfizer) |
| *Prevnar family* | Includes Prevnar 13/Prevenar 13 (pediatric and adult) and Prevnar 20/Apexxnar (pediatric and adult) |
| *PsA* | psoriatic arthritis |
| *QTD* | Quarter-to-date or three months ended |
| *RA* | rheumatoid arthritis |
| *RCC* | renal cell carcinoma |
| *R&D* | research and development |
| *S&P* | Standard & Poor’s |
| *Seagen* | Seagen Inc. |
| *SEC* | U.S. Securities and Exchange Commission |
| *SI&A* | selling, informational and administrative |
| *TSAs* | transition service arrangements |
| *UC* | ulcerative colitis |
| *U.K.* | United Kingdom |
| *U.S.* | United States |
| *Upjohn Business* | Pfizer’s former global, primarily off-patent branded and generics business, which included a portfolio of 20 globally recognized solid oral dose brands, including Lipitor, Lyrica, Norvasc, Celebrex and Viagra, as well as a U.S.-based generics platform, Greenstone, that was spun-off on November 16, 2020 and combined with Mylan to create Viatris |
| *Viatris* | Viatris Inc. |
| *ViiV* | ViiV Healthcare Limited |
| *Vyndaqel family* | Includes Vyndaqel, Vyndamax and Vynmac |
| *WRDM* | Worldwide Research, Development and Medical |
| *YTD* | Year-to-date or six months ended |

\* The Pfizer-BioNTech COVID-19 Vaccine, Bivalent (Original and Omicron BA.4/BA.5) and certain uses of Paxlovid have not been approved or licensed by the FDA. The Pfizer-BioNTech COVID-19 Vaccine, Bivalent has been authorized by the FDA under an EUA to prevent COVID-19 in individuals aged 6 months and older. Paxlovid has been authorized for emergency use by the FDA under an EUA for the treatment of mild-to-moderate COVID-19 in pediatric patients (12 years of age and older weighing at least 40 kg) who are at high risk for progression to severe COVID-19, including hospitalization or death. The emergency uses are only authorized for the duration of the declaration that circumstances exist justifying the authorization of emergency use of the medical product during the COVID-19 pandemic under Section 564(b)(1) of the FFDCA unless the declaration is terminated or authorization revoked sooner. Please see the EUA Fact Sheets at [*www.covid19oralrx.com*](http://www.covid19oralrx.com/)and [*www.cvdvaccine-us.com*.](http://www.cvdvaccine-us.com/)

This Form 10-Q includes discussion of certain clinical studies relating to various in-line products and/or product candidates. These studies typically are part of a larger body of clinical data relating to such products or product candidates, and the discussion herein should be considered in the context of the larger body of data. In addition, clinical trial data are subject to differing interpretations, and, even when we view data as sufficient to support the safety and/or effectiveness of a product candidate or a new indication for an in-line product, regulatory authorities may not share our views and may require additional data or may deny approval altogether.

Some amounts in this Form 10-Q may not add due to rounding. All percentages have been calculated using unrounded amounts. All trademarks mentioned are the property of their owners.

The information contained on our website, our Facebook, Instagram, YouTube and LinkedIn pages or our Twitter accounts, or any third-party website, is not incorporated by reference into this Form 10-Q.

4

# PART I. FINANCIAL INFORMATION

## ITEM 1. FINANCIAL STATEMENTS

PFIZER INC. AND SUBSIDIARY COMPANIES CONDENSED CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)

Three Months Ended Six Months Ended

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| (MILLIONS, EXCEPT PER SHARE DATA) |  | July 2,  2023 |  | July 3,  2022 |  | July 2,  2023 |  | July 3,  2022 |
| Revenues |  | $ 12,734 |  | $ 27,742 |  | $ 31,015 |  | $ 53,402 |
| Costs and expenses: |  |  |  |  |  |  |  |  |
| Cost of sales(a) |  | 3,237 |  | 8,648 |  | 8,122 |  | 18,632 |
| Selling, informational and administrative expenses(a) |  | 3,497 |  | 3,048 |  | 6,914 |  | 5,642 |
| Research and development expenses(a) |  | 2,648 |  | 2,815 |  | 5,153 |  | 5,116 |
| Acquired in-process research and development expenses |  | 33 |  | 1 |  | 55 |  | 356 |
| Amortization of intangible assets |  | 1,184 |  | 822 |  | 2,287 |  | 1,657 |
| Restructuring charges and certain acquisition-related costs |  | 214 |  | 189 |  | 222 |  | 381 |
| Other (income)/deductions––net |  | (347) |  | 772 |  | (277) |  | 1,122 |
| Income from continuing operations before provision/(benefit) for taxes |  |  |  |  |  |  |  |  |
| on income |  | 2,269 |  | 11,447 |  | 8,539 |  | 20,497 |
| Provision/(benefit) for taxes on income |  | (71) |  | 1,570 |  | 644 |  | 2,742 |
| Income from continuing operations |  | 2,340 |  | 9,877 |  | 7,895 |  | 17,756 |
| Discontinued operations––net of tax |  | (2) |  | 34 |  | (1) |  | 26 |
| Net income before allocation to noncontrolling interests |  | 2,338 |  | 9,911 |  | 7,894 |  | 17,781 |
| Less: Net income attributable to noncontrolling interests |  | 11 |  | 6 |  | 24 |  | 12 |
| Net income attributable to Pfizer Inc. common shareholders |  | $ 2,327 |  | $ 9,906 |  | $ 7,870 |  | $ 17,769 |
| Earnings per common share––basic: |  |  |  |  |  |  |  |  |
| Income from continuing operations attributable to Pfizer Inc. common |  |  |  |  |  |  |  |  |
| shareholders | | $ 0.41 |  | $ 1.76 |  | $ 1.40 |  | $ 3.17 |
| Discontinued operations––net of tax | | — |  | 0.01 |  | — |  | — |
| Net income attributable to Pfizer Inc. common shareholders | | $ 0.41 |  | $ 1.77 |  | $ 1.40 |  | $ 3.17 |
| Earnings per common share––diluted: | |  |  |  |  |  |  |  |
| Income from continuing operations attributable to Pfizer Inc. common |  |  |  |  |  |  |  |  |
| shareholders | | $ 0.41 |  | $ 1.73 |  | $ 1.38 |  | $ 3.09 |
| Discontinued operations––net of tax | | — |  | 0.01 |  | — |  | — |
| Net income attributable to Pfizer Inc. common shareholders | | $ 0.41 |  | $ 1.73 |  | $ 1.38 |  | $ 3.10 |
| Weighted-average shares––basic | | 5,646 |  | 5,593 |  | 5,640 |  | 5,605 |
| Weighted-average shares––diluted | | 5,713 |  | 5,712 |  | 5,720 |  | 5,735 |
| (a) Exclusive of amortization of intangible assets. | |  |  |  |  |  |  |  |

See Accompanying Notes.

5

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)

Three Months Ended Six Months Ended

|  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | | July 2, | |  | July 3, | |  | July 2, | |  | July 3, | |
| (MILLIONS) |  | 2023 | |  | 2022 | |  | 2023 | |  | 2022 | |
| Net income before allocation to noncontrolling interests |  | $ 2,338 | |  | $ 9,911 | |  | $ 7,894 | |  | $ 17,781 | |
| Foreign currency translation adjustments, net |  | 242 | |  | (1,268) | |  | 343 | |  | (1,631) | |
| Unrealized holding gains/(losses) on derivative financial instruments, |  |  | |  |  | |  |  | |  |  | |
| net |  | 109 | |  | 651 | |  | 112 | |  | 854 | |
| Reclassification adjustments for (gains)/losses included in net income(a) |  | (163) | |  | (144) | |  | 140 | |  | (357) | |
|  |  | (54) | |  | 507 | |  | 251 | |  | 497 | |
| Unrealized holding gains/(losses) on available-for-sale securities, net |  | 26 | |  | (486) | |  | 113 | |  | (620) | |
| Reclassification adjustments for (gains)/losses included in net income(b) |  | 16 | |  | 255 | |  | (493) | |  | 487 | |
|  |  | 42 | |  | (232) | |  | (379) | |  | (132) | |
| Reclassification adjustments related to amortization of prior service |  |  | |  |  | |  |  | |  |  | |
| costs and other, net |  | (30) | |  | (31) | |  | (59) | |  | (68) | |
| Reclassification adjustments related to curtailments of prior service |  |  | |  |  | |  |  | |  |  | |
| costs and other, net | |  | (7) |  |  | 1 |  |  | (12) |  |  | (10) |
|  | |  | (37) |  |  | (30) |  |  | (72) |  |  | (78) |
| Other comprehensive income/(loss), before tax | |  | 193 |  |  | (1,023) |  |  | 143 |  |  | (1,344) |
| Tax provision/(benefit) on other comprehensive income/(loss) | |  | 9 |  |  | (55) |  |  | (53) |  |  | (115) |
| Other comprehensive income/(loss) before allocation to | |  |  |  |  |  |  |  |  |  |  |  |
| noncontrolling interests | | $ | 184 |  | $ | (968) |  | $ | 196 |  | $ | (1,228) |
| Comprehensive income/(loss) before allocation to noncontrolling | |  |  |  |  |  |  |  |  |  |  |  |
| interests | | $ | 2,522 |  | $ | 8,943 |  | $ | 8,091 |  | $ | 16,553 |
| Less: Comprehensive income/(loss) attributable to noncontrolling | |  |  |  |  |  |  |  |  |  |  |  |
| interests | | 8 | |  | — | |  | 18 | |  | 6 | |
| Comprehensive income/(loss) attributable to Pfizer Inc. | | $ 2,514 | |  | $ 8,943 | |  | $ 8,072 | |  | $ 16,546 | |
| (a) Reclassified into *Other (income)/deductions—net* and *Cost of sales.* See [*Note 7E*](#_bookmark16)*.* | |  | |  |  | |  |  | |  |  | |
| (b) Reclassified into *Other (income)/deductions—net.* | |  | |  |  | |  |  | |  |  | |

See Accompanying Notes.

6

CONDENSED CONSOLIDATED BALANCE SHEETS

(MILLIONS)

July 2,

2023 December 31, 2022

(Unaudited)

|  |  |  |  |
| --- | --- | --- | --- |
| Assets  Cash and cash equivalents | $ 2,632 |  | $ 416 |
| Short-term investments | 42,153 |  | 22,316 |
| Trade accounts receivable, less allowance for doubtful accounts: 2023—$471; 2022—$449 | 10,231 |  | 10,952 |
| Inventories | 10,310 |  | 8,981 |
| Current tax assets | 3,194 |  | 3,577 |
| Other current assets | 4,828 |  | 5,017 |
| Total current assets | 73,347 |  | 51,259 |
| Equity-method investments | 11,422 |  | 11,033 |
| Long-term investments | 3,644 |  | 4,036 |
| Property, plant and equipment, less accumulated depreciation: 2023—$15,554; 2022—$15,174 | 17,488 |  | 16,274 |
| Identifiable intangible assets | 41,406 |  | 43,370 |
| Goodwill | 51,572 |  | 51,375 |
| Noncurrent deferred tax assets and other noncurrent tax assets | 8,261 |  | 6,693 |
| Other noncurrent assets | 13,028 |  | 13,163 |
| Total assets | $ 220,168 |  | $ 197,205 |
| Liabilities and Equity  Short-term borrowings, including current portion of long-term debt: 2023—$3,565; 2022—$2,560 | $ 3,985 |  | $ 2,945 |
| Trade accounts payable | 6,081 |  | 6,809 |
| Dividends payable | 2,315 |  | 2,303 |
| Income taxes payable | 2,928 |  | 1,587 |
| Accrued compensation and related items | 1,972 |  | 3,407 |
| Deferred revenues | 1,286 |  | 2,520 |
| Other current liabilities | 16,079 |  | 22,568 |
| Total current liabilities | 34,647 |  | 42,138 |
| Long-term debt | 61,356 |  | 32,884 |
| Pension and postretirement benefit obligations | 2,184 |  | 2,250 |
| Noncurrent deferred tax liabilities | 1,232 |  | 1,023 |
| Other taxes payable | 8,052 |  | 9,812 |
| Other noncurrent liabilities | 13,403 |  | 13,180 |
| Total liabilities | 120,875 |  | 101,288 |
| Commitments and Contingencies |  |  |  |
| Common stock | 478 |  | 476 |
| Additional paid-in capital | 92,329 |  | 91,802 |
| Treasury stock | (114,482) |  | (113,969) |
| Retained earnings | 128,796 |  | 125,656 |
| Accumulated other comprehensive loss | (8,102) |  | (8,304) |
| Total Pfizer Inc. shareholders’ equity | 99,019 |  | 95,661 |
| Equity attributable to noncontrolling interests | 274 |  | 256 |
| Total equity | 99,293 |  | 95,916 |
| Total liabilities and equity | $ 220,168 |  | $ 197,205 |

See Accompanying Notes.

7

PFIZER INC. AND SUBSIDIARY COMPANIES CONDENSED CONSOLIDATED STATEMENTS OF EQUITY (UNAUDITED)

PFIZER INC. SHAREHOLDERS

Common Stock Treasury Stock

Add’l Paid-In

Retained

Accum. Other

Comp.

Share-

Non- controlling

(MILLIONS, EXCEPT PER SHARE DATA) Shares Par Value

Capital Shares Cost

Earnings

Loss

holders’ Equity

interests Total Equity

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Balance, April 2, 2023 |  | 9,560 |  | $ 478 |  | $ 92,153 |  | (3,915) |  | $ (114,473) |  | $ 131,101 |  | $ (8,289) |  | $ 100,970 |  | $ 266 |  | $ 101,236 |
| Net income |  |  |  |  |  |  |  |  |  |  |  | 2,327 |  |  |  | 2,327 |  | 11 |  | 2,338 |
| Other comprehensive income/(loss), net of tax |  |  |  |  |  |  |  |  |  |  |  |  |  | 187 |  | 187 |  | (3) |  | 184 |
| Cash dividends declared, per share: $0.82 |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Common stock |  |  |  |  |  |  |  |  |  |  |  | (4,630) |  |  |  | (4,630) |  |  |  | (4,630) |
| Share-based payment transactions | | 1 |  | — |  | 176 |  | — |  | (8) |  | (4) |  |  |  | 164 |  |  |  | 164 |
| Other | |  |  |  |  | — |  |  |  |  |  | — |  |  |  | — |  | — |  | — |
| Balance, July 2, 2023 | | 9,561 |  | $ 478 |  | $ 92,329 |  | (3,916) |  | $ (114,482) |  | $ 128,796 |  | $ (8,102) |  | $ 99,019 |  | $ 274 |  | $ 99,293 |
|  | |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |

PFIZER INC. SHAREHOLDERS

Common Stock Treasury Stock

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| (MILLIONS, EXCEPT PER SHARE DATA) Shares | | | Par Value | | Add’l Paid-In Capital | | | Shares | Cost | | Retained Earnings | | Accum. Other  Comp. Loss | | Share- holders’ Equity | | Non- controlling interests | | Total Equity | |
| Balance, April 3, 2022 |  | 9,494 |  | $ 476 |  | $ 90,844 |  | (3,903) |  | $ (113,931) |  | $ 111,193 |  | $ (6,157) |  | $ 82,424 |  | $ 261 |  | $ 82,685 |
| Net income |  |  |  |  |  |  |  |  |  |  |  | 9,906 |  |  |  | 9,906 |  | 6 |  | 9,911 |
| Other comprehensive income/(loss), net of tax |  |  |  |  |  |  |  |  |  |  |  |  |  | (963) |  | (963) |  | (5) |  | (968) |
| Cash dividends declared, per share: $0.80 |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Common stock |  |  |  |  |  |  |  |  |  |  |  | (4,489) |  |  |  | (4,489) |  |  |  | (4,489) |
| Share-based payment transactions | | 2 |  | — |  | 339 |  | — |  | (8) |  | (2) |  |  |  | 330 |  |  |  | 330 |
| Other | |  |  |  |  |  |  |  |  |  |  | — |  |  |  | — |  |  |  | — |
| Balance, July 3, 2022 | | 9,496 |  | $ 476 |  | $ 91,183 |  | (3,903) |  | $ (113,939) |  | $ 116,608 |  | $ (7,119) |  | $ 87,208 |  | $ 261 |  | $ 87,469 |
|  | |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |

PFIZER INC. SHAREHOLDERS

Common Stock Treasury Stock

Add’l

Accum. Other

Non-

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| (MILLIONS, EXCEPT PER SHARE DATA) Shares | | | Par Value | Paid-In  Capital | | Shares | | Cost | Retained  Earnings | | Comp.  Loss | | Share-  holders’ Equity | | controlling  interests | | Total Equity | |
| Balance, January 1, 2023 |  | 9,519 | $ 476 |  | $ 91,802 |  | (3,903) | $ (113,969) |  | $ 125,656 |  | $ (8,304) |  | $ 95,661 |  | $ 256 |  | $ 95,916 |
| Net income |  |  |  |  |  |  |  |  |  | 7,870 |  |  |  | 7,870 |  | 24 |  | 7,894 |
| Other comprehensive income/(loss), net of tax |  |  |  |  |  |  |  |  |  |  |  | 202 |  | 202 |  | (6) |  | 196 |
| Cash dividends declared, per share: $0.82 |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Common stock |  |  |  |  |  |  |  |  |  | (4,630) |  |  |  | (4,630) |  |  |  | (4,630) |

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Share-based payment transactions | 42 |  | 2 |  | 527 |  | (12) |  | (512) |  | (101) |  |  |  | (85) |  |  |  | (85) |
| Other |  |  |  |  | — |  |  |  |  |  | — |  |  |  | — |  | — |  | — |
| Balance, July 2, 2023 | 9,561 |  | $ 478 |  | $ 92,329 |  | (3,916) |  | $ (114,482) |  | $ 128,796 |  | $ (8,102) |  | $ 99,019 |  | $ 274 |  | $ 99,293 |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |

PFIZER INC. SHAREHOLDERS

Common Stock Treasury Stock

Add’l

Accum. Other

Non-

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| (MILLIONS, EXCEPT PER SHARE DATA) Shares | | | Par Value | Paid-In  Capital | | Shares | | Cost | Retained  Earnings | | Comp.  Loss | | Share-  holders’ Equity | | controlling  interests | | Total Equity | |
| Balance, January 1, 2022 |  | 9,471 | $ 473 |  | $ 90,591 |  | (3,851) | $ (111,361) |  | $ 103,394 |  | $ (5,897) |  | $ 77,201 |  | $ 262 |  | $ 77,462 |
| Net income |  |  |  |  |  |  |  |  |  | 17,769 |  |  |  | 17,769 |  | 12 |  | 17,781 |
| Other comprehensive income/(loss), net of tax |  |  |  |  |  |  |  |  |  |  |  | (1,223) |  | (1,223) |  | (6) |  | (1,228) |
| Cash dividends declared, per share: $0.80 |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Common stock |  |  |  |  |  |  |  |  |  | (4,489) |  |  |  | (4,489) |  |  |  | (4,489) |

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Share-based payment transactions | 25 |  | 2 |  | 588 |  | (12) |  | (578) |  | (66) |  |  |  | (53) |  |  |  | (53) |
| Purchases of common stock |  |  |  |  |  |  | (39) |  | (2,000) |  |  |  |  |  | (2,000) |  |  |  | (2,000) |
| Other |  |  |  |  | 3 |  |  |  |  |  | — |  |  |  | 3 |  | (7) |  | (4) |
| Balance, July 3, 2022 | 9,496 |  | $ 476 |  | $ 91,183 |  | (3,903) |  | $ (113,939) |  | $ 116,608 |  | $ (7,119) |  | $ 87,208 |  | $ 261 |  | $ 87,469 |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |

See Accompanying Notes.

8

PFIZER INC. AND SUBSIDIARY COMPANIES CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(UNAUDITED)

Six Months Ended

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | | July 2, |  | July 3, |
| (MILLIONS) |  | 2023 |  | 2022 |
| Operating Activities  Net income before allocation to noncontrolling interests |  | $ 7,894 |  | $ 17,781 |
| Discontinued operations—net of tax |  | (1) |  | 26 |
| Net income from continuing operations before allocation to noncontrolling interests  Adjustments to reconcile net income before allocation to noncontrolling interests to net cash provided by/(used in) operating activities: |  | 7,895 |  | 17,756 |
| Depreciation and amortization | | 3,060 |  | 2,362 |
| Asset write-offs and impairments | | 327 |  | 58 |
| Deferred taxes | | (1,471) |  | (3,461) |
| Share-based compensation expense | | 253 |  | 373 |
| Benefit plan contributions in excess of expense/income | | (322) |  | (146) |
| Other adjustments, net | | (317) |  | 1,270 |
| Other changes in assets and liabilities, net of acquisitions and divestitures | | (9,423) |  | (3,496) |
| Net cash provided by/(used in) operating activities from continuing operations | | 4 |  | 14,717 |
| Net cash provided by/(used in) operating activities from discontinued operations | | — |  | (5) |
| Net cash provided by/(used in) operating activities | | 4 |  | 14,711 |
| Investing Activities  Purchases of property, plant and equipment | | (2,053) |  | (1,394) |
| Purchases of short-term investments | | (21,006) |  | (18,937) |
| Proceeds from redemptions/sales of short-term investments | | 12,594 |  | 20,151 |
| Net (purchases of)/proceeds from redemptions/sales of short-term investments with original maturities of three months or less | | (11,217) |  | (3,153) |
| Purchases of long-term investments | | (92) |  | (1,324) |
| Proceeds from redemptions/sales of long-term investments | | 172 |  | 226 |
| Acquisitions of businesses, net of cash acquired | | (25) |  | (6,225) |
| Other investing activities, net | | (543) |  | (91) |
| Net cash provided by/(used in) investing activities | | (22,170) |  | (10,746) |
| Financing Activities | |  |  |  |
| Proceeds from short-term borrowings | | 14 |  | 4,012 |
| Net (payments on)/proceeds from short-term borrowings with original maturities of three months or less | | 22 |  | 379 |
| Proceeds from issuance of long-term debt | | 30,831 |  | — |
| Payments on long-term debt | | (1,269) |  | (1,609) |
| Purchases of common stock | | — |  | (2,000) |
| Cash dividends paid | | (4,618) |  | (4,493) |
| Other financing activities, net | | (576) |  | (347) |
| Net cash provided by/(used in) financing activities | | 24,403 |  | (4,058) |
| Effect of exchange-rate changes on cash and cash equivalents and restricted cash and cash equivalents | | (7) |  | (67) |
| Net increase/(decrease) in cash and cash equivalents and restricted cash and cash equivalents | | 2,229 |  | (159) |
| Cash and cash equivalents and restricted cash and cash equivalents, at beginning of period | | 468 |  | 1,983 |
| Cash and cash equivalents and restricted cash and cash equivalents, at end of period | | $ 2,698 |  | $ 1,824 |
| Supplemental Cash Flow Information  Cash paid/(received) during the period for: | |  |  |  |
| Income taxes | | $ 2,025 |  | $ 3,098 |
| Interest paid | | 821 |  | 771 |
| Interest rate hedges | | 31 |  | (10) |

See Accompanying Notes.

9

### Note 1. Basis of Presentation and Significant Accounting Policies

1. *Basis of Presentation*

We prepared these condensed consolidated financial statements in conformity with U.S. GAAP, consistent in all material respects with those applied in our 2022 Form 10-K. As permitted under the SEC requirements for interim reporting, certain footnotes or other financial information have been condensed or omitted.

These financial statements include all normal and recurring adjustments that are considered necessary for the fair statement of results for the interim periods presented. The information included in this Form 10-Q should be read in conjunction with the consolidated financial statements and accompanying notes included in our 2022 Form 10-K*.* Revenues, expenses, assets and liabilities can vary during each quarter of the year. Therefore, the results and trends in these interim financial statements may not be representative of those for the full year.

Pfizer’s fiscal quarter-end for subsidiaries operating outside the U.S. is as of and for the three and six months ended May 28, 2023 and May 29, 2022, and for

U.S. subsidiaries is as of and for the three and six months ended July 2, 2023 and July 3, 2022.

We manage our commercial operations through two operating segments, each led by a single manager: Biopharma and Business Innovation. Biopharma is the only reportable segment. See [*Note 13A*](#_bookmark20)below and *Note 17A* in our 2022 Form 10-K*.*

Business development activities impacted financial results in the periods presented. In March 2023, we and Seagen announced that the companies entered into an agreement under which we will acquire Seagen, a global biotechnology company that discovers, develops and commercializes transformative cancer medicines, for $229 in cash per Seagen share for a total enterprise value of approximately $43 billion. We expect to finance the transaction substantially through $31 billion of long-term debt issued in May 2023 (see [*Note 7D*](#_bookmark15)), and the balance from a combination of short-term financing and existing cash. The transaction was approved by Seagen’s shareholders in May 2023. The transaction is expected to close in late 2023 or early 2024, and remains subject to customary closing conditions, including receipt of required regulatory approvals. See [*Note 2*](#_bookmark9)below, as well as *Notes 1A* and *2* in our 2022 Form 10-K.

We have made certain reclassification adjustments to conform prior-period amounts to the current presentation for segment reporting.

1. *New Accounting Standards Adopted in 2023*

On January 1, 2023, we adopted a new accounting standard for supplier finance programs which requires increased disclosures in the notes to our financial statements. See [*Note 8C*](#_bookmark18)*.*

In the second quarter of 2023, we adopted new accounting standards on reference rate reform that provide temporary optional expedients and exceptions to the guidance for contracts, hedging relationships, and other transactions that reference LIBOR or another reference rate that were discontinued after June 30, 2023. We applied certain of the optional expedients related to hedge accounting relationships. The main purpose of the expedients is to allow hedge accounting to continue uninterrupted and make it easier to apply the requirements to maintain hedge accounting during the transition period through December 31, 2024.

1. *Revenues and Trade Accounts Receivable*

*Customers––*Our prescription biopharmaceutical products, with the exception of Paxlovid, are sold principally to wholesalers, but we also sell directly to retailers, hospitals, clinics, government agencies and pharmacies. We principally sell Paxlovid to government agencies and distributors. In the U.S., we primarily sell our vaccines directly to the federal government (including the CDC), wholesalers, individual provider offices, retail pharmacies and integrated delivery systems. Outside the U.S., we primarily sell our vaccines to government and non-government institutions.

*Deductions from Revenues––*Our accruals for Medicare, Medicaid and related state program and performance-based contract rebates, chargebacks, sales allowances and sales returns and cash discounts are as follows:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| (MILLIONS) | July 2,  2023 | | December 31,  2022 | |
| Reserve against ***Trade accounts receivable, less allowance for doubtful accounts*** | | $ 1,236 |  | $ 1,200 |
| ***Other current liabilities***: | |  |  |  |
| Accrued rebates | | 4,868 |  | 4,479 |
| Other accruals | | 412 |  | 430 |
| ***Other noncurrent liabilities*** | | 473 |  | 612 |
| Total accrued rebates and other sales-related accruals | | $ 6,989 |  | $ 6,722 |

10

*Trade Accounts Receivable––*Trade accounts receivable are stated at their net realizable value. The allowance for credit losses reflects our best estimate of expected credit losses of the receivables portfolio determined on the basis of historical experience, current information, and forecasts of future economic conditions. In developing the estimate for expected credit losses, trade accounts receivables are segmented into pools of assets depending on market (U.S. versus international), delinquency status, and customer type (high risk versus low risk and government versus non-government), and fixed reserve percentages are established for each pool of trade accounts receivables.

In determining the reserve percentages for each pool of trade accounts receivables, we considered our historical experience with certain customers and customer types, regulatory and legal environments, country and political risk, and other relevant current and future forecasted macroeconomic factors. When management becomes aware of certain customer-specific factors that impact credit risk, specific allowances for these known troubled accounts are recorded.

During the three and six months ended July 2, 2023 and July 3, 2022, additions to the allowance for credit losses, write-offs and recoveries of customer receivables were not material to our condensed consolidated financial statements. For additional information on our trade accounts receivable, see *Note 1G* in our 2022 Form 10-K.

### Note 2. Acquisitions, Discontinued Operations, Equity-Method Investment and Research and Development Arrangement

1. *Acquisitions*

*GBT––*On October 5, 2022, we acquired GBT, a biopharmaceutical company dedicated to the discovery, development and delivery of life-changing treatments for underserved patient communities, starting with sickle cell disease. The total fair value of the consideration transferred was $5.7 billion ($5.2 billion, net of cash acquired). In connection with this business combination, we provisionally recorded: (i) $4.4 billion in *Identifiable intangible assets*, consisting of $3.0 billion of IPR&D and $1.4 billion of developed technology rights with a useful life of six years, (ii) $1.1 billion of *Goodwill,* (iii) $672 million of inventories to be sold over approximately three years, (iv) $568 million of net deferred tax liabilities and (v) $331 million of assumed long-term debt that was paid in full in the fourth quarter of 2022. The allocation of the consideration transferred to the assets acquired and liabilities assumed has not yet been finalized.

*Biohaven––*On October 3, 2022, we acquired Biohaven, the maker of Nurtec ODT/Vydura (rimegepant), an innovative therapy approved for both acute treatment of migraine and prevention of episodic migraine in adults. The total fair value of the consideration transferred was $11.8 billion, which includes the fair value of Pfizer’s previous investment in Biohaven on the acquisition date of approximately $300 million. In connection with this business combination, we provisionally recorded: (i) $12.1 billion in *Identifiable intangible assets*, consisting of $11.6 billion of developed technology rights with a useful life of 11 years and $450 million of IPR&D, (ii) $813 million of inventories to be sold over approximately two years, (iii) $795 million of *Goodwill*, (iv) $398 million of trade accounts receivable, (v) $1.4 billion of assumed long-term debt that was paid in full in the fourth quarter of 2022, (vi) $566 million of net deferred tax liabilities and (vii) $476 million of *Other current liabilities*. The allocation of the consideration transferred to the assets acquired and liabilities assumed has not yet been finalized.

*Arena––*On March 11, 2022, we acquired Arena, a clinical stage company with development-stage therapeutic candidates in gastroenterology, dermatology and cardiology. The total fair value of the consideration transferred was $6.6 billion ($6.2 billion, net of cash acquired). The final allocation of the consideration transferred to the assets acquired and the liabilities assumed was completed in the first quarter of 2023. In connection with this business combination, we recorded: (i) $5.5 billion in *Identifiable intangible assets*, consisting of $5.0 billion of IPR&D and $460 million of indefinite-lived licensing agreements and other, (ii) $1.0 billion of *Goodwill* and (iii) $490 million of net deferred tax liabilities.

1. *Discontinued Operations*

*Discontinued operations––net of tax* in the periods presented relate to post-close adjustments for previously divested businesses. In the three and six months ended July 2, 2023 and July 3, 2022, amounts recorded under interim agreements, including TSAs and MSAs, associated with these disposals were not material. Under agreements related to the 2020 spin-off and the combination of the Upjohn Business with Mylan to form Viatris, net amounts due to Viatris were $25 million as of July 2, 2023 and $94 million as of December 31, 2022. The cash flows associated with the agreements are included in *Net cash provided by/(used in) operating activities*. For information about the nature of these agreements, see *Note 2B* in our 2022 Form 10-K.

1. *Equity-Method Investment*

*Haleon*/*Consumer Healthcare JV––*On July 18, 2022, GSK completed a demerger of the Consumer Healthcare JV which became Haleon, an independent, publicly traded company listed on the London Stock Exchange that holds the joint historical

11

consumer healthcare business of GSK and Pfizer following the demerger. We continue to own 32% of the ordinary shares of Haleon after the demerger.

The carrying value of our investment in Haleon as of July 2, 2023 and as of December 31, 2022 is $11.2 billion and $10.8 billion, respectively, and is reported in *Equity-method investments*. The fair value of our investment in Haleon as of July 2, 2023, based on quoted market prices of Haleon stock, was $12.1 billion. Haleon/the Consumer Healthcare JV is a foreign investee whose reporting currency is the U.K. pound, and therefore we translate its financial statements into

U.S. dollars and recognize the impact of foreign currency translation adjustments in the carrying value of our investment and in other comprehensive income. The increase in the value of our investment from December 31, 2022 is primarily due to $271 million in pre-tax foreign currency translation adjustments (see [*Note 6*](#_bookmark13)) and our share of Haleon’s earnings of $219 million, partially offset by $88 million in dividends received. We record our share of earnings from Haleon/the Consumer Healthcare JV on a quarterly basis on a one-quarter lag in *Other (income)/deductions––net*. Our total share of Haleon’s earnings generated in the first quarter of 2023, which we recorded in our operating results in the second quarter of 2023, was $151 million. Our total share of Haleon’s earnings generated in the fourth quarter of 2022 and first quarter of 2023, which we recorded in our operating results in the first six months of 2023, was $219 million. Our total share of the JV’s earnings generated in the first quarter of 2022, which we recorded in our operating results in the second quarter of 2022, was $150 million. Our total share of the JV’s earnings generated in the fourth quarter of 2021 and first quarter of 2022, which we recorded in our operating results in the first six months of 2022, was $335 million. The total amortization and adjustment of basis differences resulting from the excess of the initial fair value of our investment over the underlying equity in the carrying value of the net assets of Haleon/the Consumer Healthcare JV is included in *Other (income)/deductions—net* and was not material to our results of operations in the periods presented. See [*Note 4*](#_bookmark11)*.*

Summarized financial information for our equity-method investee, Haleon/the Consumer Healthcare JV, for the three and six months ending March 31, 2023, the most recent period available, and for the three and six months ending March 31, 2022, is as follows:

Three Months Ended Six Months Ended

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | | March 31, |  | March 31, |  | March 31, |  | March 31, |
| (MILLIONS) |  | 2023 |  | 2022 |  | 2023 |  | 2022 |
| Net sales |  | $ 3,627 |  | $ 3,526 |  | $ 6,889 |  | $ 6,945 |
| Cost of sales |  | (1,392) |  | (1,322) |  | (2,888) |  | (2,634) |
| Gross profit |  | $ 2,235 |  | $ 2,204 |  | $ 4,001 |  | $ 4,312 |
| Income from continuing operations |  | 504 |  | 487 |  | 730 |  | 1,077 |
| Net income |  | 504 |  | 487 |  | 730 |  | 1,077 |
| Income attributable to shareholders |  | 473 |  | 468 |  | 684 |  | 1,046 |

1. *Research and Development Arrangement*

*Research and Development Funding Arrangement with Blackstone––*In April 2023, we entered into an arrangement with Blackstone under which we will receive up to a total of $550 million in 2023 through 2026 to co-fund our quarterly development costs for specified treatments. As there is substantive transfer of risk to the financial partner, the development funding is recognized by us as an obligation to perform contractual services. We are recognizing the funding as a reduction of *Research and development expenses* using an attribution model over the period of the related expenses. The reduction to *Research and development expenses* for the second quarter of 2023 was $45 million. If successful, upon regulatory approval in the U.S. or certain major markets in the EU for the indications based on the applicable clinical trials, Blackstone will be eligible to receive approval-based fixed milestone payments of up to $468 million contingent upon the successful results of the clinical trials. Fixed milestone payments due upon approval will be recorded as intangible assets and amortized to *Amortization of intangible assets* over the shorter of the term of the agreement or estimated commercial life of the product. Following potential regulatory approval, Blackstone will be eligible to receive a combination of fixed milestone payments of up to $550 million in total based on achievement of certain levels of cumulative applicable net sales, as well as royalties based on a mid-to-high single digit percentage of the applicable net sales. Fixed sales-based milestone payments will be recorded as intangible assets and amortized to *Amortization of intangible assets* over the shorter of the term of the agreement or estimated commercial life of the product, and royalties on net sales will be recorded as *Cost of sales* when incurred.

12

### Note 3. Restructuring Charges and Other Costs Associated with Acquisitions and Cost-Reduction/Productivity Initiatives

1. *Transf orming to a More Focused Company Program*

In 2019, we announced that we would be incurring costs associated with our Transforming to a More Focused Company Program, a multi-year effort to ensure our cost base aligns appropriately with our operating structure following Pfizer’s transformation into a more focused, innovative science-based global biopharmaceutical business. This program includes activities to (i) restructure our corporate enabling functions to appropriately support our operating structure;

(ii) transform our commercial go-to-market model; and (iii) optimize our manufacturing network and R&D operations.

The activities associated with transforming our commercial go-to-market model are substantially complete. Activities associated with restructuring our corporate enabling functions and optimizing our manufacturing network and R&D operations are ongoing and are expected to be substantially completed by the end of 2023. The costs to restructure our corporate enabling functions, and to optimize our R&D operations and reduce cycle times, as well as to further prioritize our internal R&D portfolio, primarily include severance and implementation costs. The costs to optimize our manufacturing network largely include severance, implementation costs, product transfer costs, site exit costs, and accelerated depreciation.

From the start of this program in the fourth quarter of 2019 through July 2, 2023, we incurred costs of $3.8 billion, of which $1.5 billion ($1.1 billion of restructuring charges) is associated with Biopharma. We have incurred approximately 85% of total expected costs to date, and we expect the remaining costs to be substantially incurred through 2023.

1. *Key Activities*

The following summarizes costs and credits for acquisitions and cost-reduction/productivity initiatives:

|  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | | Three Months Ended | | | |  |  | Six Months Ended | | | |  |
| July 2, | | | | July 3, |  | July 2, | | | | July 3, |
| (MILLIONS) |  | 2023 | | | | 2022 |  | 2023 | | | | 2022 |
| Restructuring charges/(credits): |  |  | | | |  |  |  | | | |  |
| Employee terminations | | $ | 96 |  | $ | 110 |  | $ | 61 |  | $ | 135 |
| Asset impairments | |  | 15 |  |  | 20 |  |  | 4 |  |  | 28 |
| Exit costs/(credits) | |  | 27 |  |  | 18 |  |  | 29 |  |  | 29 |
| Restructuring charges/(credits)(a) | |  | 138 |  |  | 147 |  |  | 94 |  |  | 191 |
| Transaction costs(b) | |  | 8 |  |  | 36 |  |  | 8 |  |  | 42 |
| Integration costs and other(c) | |  | 68 |  |  | 6 |  |  | 120 |  |  | 148 |
| *Restructuring charges and certain acquisition-related costs* | |  | 214 |  |  | 189 |  |  | 222 |  |  | 381 |
| Net periodic benefit costs/(credits) recorded in *Other (income)/deductions––net* | |  | (2) |  |  | — |  |  | (7) |  |  | (6) |
| Additional depreciation––asset restructuring recorded in our condensed consolidated statements of income, mainly in *Cost of sales*(d) | |  | 4 |  |  | 7 |  |  | 23 |  |  | 15 |
| Implementation costs recorded in our condensed consolidated statements of income as follows(e): | |  |  |  |  |  |  |  |  |  |  |  |
| *Cost of sales* | |  | 13 |  |  | 15 |  |  | 27 |  |  | 27 |
| *Selling, informational and administrative expenses* | |  | 67 |  |  | 134 |  |  | 126 |  |  | 208 |
| *Research and development expenses* | |  | 19 |  |  | — |  |  | 30 |  |  | — |
| Total implementation costs | |  | 98 |  |  | 149 |  |  | 183 |  |  | 235 |
| Total costs associated with acquisitions and cost-reduction/productivity initiatives | | $ | 313 |  | $ | 345 |  | $ | 420 |  | $ | 625 |

(a) Primarily represents cost reduction initiatives. Restructuring charges/(credits) associated with Biopharma: charges of $4 million and credits of $23 million for the three and six months ended July 2, 2023, respectively, and charges of $50 million and $46 million for the three and six months ended July 3, 2022, respectively.

(b) Represents external costs for banking, legal, accounting and other similar services.

(c) Represents external, incremental costs directly related to integrating acquired businesses, such as expenditures for consulting and the integration of systems and processes, and certain other qualifying costs. In the six months ended July 2, 2023, integration costs and other were mostly related to our acquisitions of GBT and Biohaven. In the six months ended July 3, 2022, integration costs and other were mostly related to our acquisition of Arena, including $138 million in payments to Arena employees in the first quarter of 2022 for the fair value of previously unvested long- term incentive awards that was recognized as post-closing compensation expense.

(d) Represents the impact of changes in the estimated useful lives of assets involved in restructuring actions.

(e) Represents external, incremental costs directly related to implementing our non-acquisition-related cost-reduction/productivity initiatives.

13

The following summarizes the components and changes in restructuring accruals:

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| (MILLIONS) |  |  | Employee Termination  Costs |  |  | Asset Impairment  Charges |  | Exit Costs |  | Accrual |
| Balance, December 31, 2022(a) |  | $ | 1,196 |  | $ | — |  | $ 8 |  | $ 1,204 |
| Provision/(credit) |  |  | 61 |  |  | 4 |  | 29 |  | 94 |
| Utilization and other(b) |  |  | (556) |  |  | (4) |  | (23) |  | (584) |
| Balance, July 2, 2023(c) |  | $ | 700 |  | $ | — |  | $ 14 |  | $ 714 |

(a) Included in *Other current liabilities* ($991 million) and *Other noncurrent liabilities* ($213 million).

(b) Other activity includes adjustments for foreign currency translation that are not material.

(c) Included in *Other current liabilities* ($556 million) and *Other noncurrent liabilities* ($158 million).

### Note 4. Other (Income)/Deductions—Net

Components of *Other (income)/deductions––net* include:

Three Months Ended Six Months Ended

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | | July 2, |  | July 3, |  | July 2, |  | July 3, |
| (MILLIONS) |  | 2023 |  | 2022 |  | 2023 |  | 2022 |
| Interest income |  | $ (316) |  | $ (30) |  | $ (493) |  | $ (44) |
| Interest expense |  | 508 |  | 293 |  | 826 |  | 614 |
| Net interest expense(a) |  | 192 |  | 263 |  | 333 |  | 571 |
| Royalty-related income |  | (273) |  | (217) |  | (477) |  | (389) |
| Net (gains)/losses on asset disposals |  | 5 |  | — |  | (2) |  | (1) |
| Net (gains)/losses recognized during the period on equity securities(b) |  | (135) |  | 541 |  | 316 |  | 1,241 |
| Income from collaborations, out-licensing arrangements and sales of compound/product rights |  | (7) |  | (5) |  | (74) |  | (14) |
| Net periodic benefit costs/(credits) other than service costs |  | (88) |  | 295 |  | (168) |  | 12 |
| Certain legal matters, net(c) |  | 139 |  | 19 |  | 175 |  | 98 |
| Certain asset impairments(d) |  | — |  | — |  | 264 |  | — |
| Haleon/Consumer Healthcare JV equity method (income)/loss(e) |  | (156) |  | (149) |  | (224) |  | (334) |
| Other, net(f) |  | (24) |  | 26 |  | (421) |  | (62) |
| *Other (income)/deductions––net* |  | $ (347) |  | $ 772 |  | $ (277) |  | $ 1,122 |

(a) The decrease in net interest expense in the second quarter and first six months of 2023 reflects higher interest expense driven by our $31 billion aggregate principal amount of senior unsecured notes issued in May 2023 as part of the financing for our proposed acquisition of Seagen, which was more than offset by higher interest income on the investment of the net proceeds from the debt issuance.

(b) The net gains in the second quarter of 2023 include, among other things, unrealized gains of $202 million related to our investment in Cerevel Therapeutics Holdings, Inc. (Cerevel). The net losses in the first six months of 2023 include, among other things, unrealized losses of $276 million related to our investment in BioNTech. The net losses in 2022 included, among other things, unrealized losses of $432 million in the second quarter and $776 million in the first six months related to our investments in BioNTech and Cerevel.

(c) The second quarter and first six months of 2023 primarily include certain product liability and other legal expenses related to products discontinued and/or divested by Pfizer. The second quarter and first six months of 2022 primarily included certain product liability expenses related to products discontinued and/or divested by Pfizer. The first six months of 2022 also included legal obligations related to pre-acquisition commitments.

(d) The first six months of 2023 primarily represents intangible asset impairment charges, including $128 million associated with Other business activities, related to IPR&D and developed technology rights for acquired software assets and reflects unfavorable pivotal trial results and updated commercial forecasts, and $120 million associated with our Biopharma segment resulting from the discontinuation of a study related to an out-licensed IPR&D asset for the treatment of prostate cancer, acquired in our Array BioPharma Inc. acquisition.

(e) See [*Note 2C*](#_bookmark9)*.*

(f) The first six months of 2023 primarily includes, among other things, dividend income of $211 million from our investment in Nimbus resulting from Takeda Pharmaceutical Company Limited’s acquisition of Nimbus’s oral, selective allosteric tyrosine kinase 2 (TYK2) inhibitor program subsidiary, and $183 million from our investment in ViiV.

14

Additional information about the intangible assets that were impaired during 2023 follows:

Fair Value(a)

Six Months Ended

July 2, 2023

|  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| (MILLIONS) |  | Amount |  | Level 1 |  | Level 2 |  | Level 3 |  |  | Impairment |  |
| Intangible assets––Licensing agreements and other(b) |  | $ — |  | $ — |  | $ — |  | $ — |  | $ | 120 |  |
| Intangible assets––IPR&D(b) |  | — |  | — |  | — |  | — |  |  | 94 |  |
| Intangible assets––Developed technology rights(b) |  | — |  | — |  | — |  | — |  |  | 34 |  |
| Total |  | $ — |  | $ — |  | $ — |  | $ — |  | $ | 248 |  |

(a) The fair value amount is presented as of the date of impairment, as this asset is not measured at fair value on a recurring basis. See also *Note 1E* in our 2022 Form 10-K*.*

(b) Reflects intangible assets written down to fair value in 2023. Fair value was determined using the income approach, specifically the multi-period excess earnings method, also known as the discounted cash flow method. We started with a forecast of all the expected net cash flows for the asset and then applied an asset-specific discount rate to arrive at a net present value amount. Some of the more significant estimates and assumptions inherent in this approach include: the amount and timing of the projected net cash flows, which includes the expected impact of competitive, legal and/or regulatory forces on the product; the discount rate, which seeks to reflect the various risks inherent in the projected cash flows; and the tax rate, which seeks to incorporate the geographic diversity of the projected cash flows.

### Note 5. Tax Matters

1. *Taxes on Income f rom Continuing Operations*

Our effective tax rate for continuing operations was (3.1)% for the second quarter of 2023, compared to 13.7% for the second quarter of 2022, and was 7.5% for the first six months of 2023, compared to 13.4% for the first six months of 2022. The negative effective tax rate for the second quarter of 2023 and the lower effective tax rates for the second quarter and first six months of 2023, compared to the second quarter and first six months of 2022, were primarily due to tax benefits in the second quarter of 2023 related to global income tax resolutions in multiple jurisdictions spanning multiple tax years and a favorable change in the jurisdictional mix of earnings.

We elected, with the filing of our 2018 U.S. Federal Consolidated Income Tax Return, to pay our initial estimated $15 billion repatriation tax liability on accumulated post-1986 foreign earnings over eight years through 2026. The fifth annual installment of this liability was paid by its April 18, 2023 due date. The sixth annual installment is due April 15, 2024 and is reported in current *Income taxes payable* as of July 2, 2023. The remaining liability is reported in noncurrent *Other taxes payable.* Our obligations may vary as a result of changes in our uncertain tax positions and/or availability of attributes such as foreign tax and other credit carryforwards.

1. *Tax Contingencies*

We are subject to income tax in many jurisdictions, and a certain degree of estimation is required in recording the assets and liabilities related to income taxes. All of our tax positions are subject to audit by the local taxing authorities in each tax jurisdiction. These tax audits can involve complex issues, interpretations and judgments and the resolution of matters may span multiple years, particularly if subject to negotiation or litigation.

The U.S. is one of our major tax jurisdictions, and we are regularly audited by the IRS. With respect to Pfizer, tax years 2016-2018 are under audit. Tax years 2019-2023 are open but not under audit. All other tax years are closed. In addition to the open audit years in the U.S., we have open audit years and certain related audits, appeals and investigations in certain major international tax jurisdictions dating back to 2012.

See *Note 5D* in our 2022 Form 10-K.

15

1. *Tax Provision/(Benef it) on Other Comprehensive Income/(Loss)*

Components of *Tax provision/(benefit) on other comprehensive income/(loss)* include:

Three Months Ended Six Months Ended

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | | July 2, |  | July 3, |  | July 2, |  | July 3, |
| (MILLIONS) |  | 2023 |  | 2022 |  | 2023 |  | 2022 |
| Foreign currency translation adjustments, net(a) |  | $ 20 |  | $ (114) |  | $ (5) |  | $ (185) |
| Unrealized holding gains/(losses) on derivative financial instruments, net |  | 25 |  | 98 |  | 28 |  | 130 |
| Reclassification adjustments for (gains)/losses included in net income |  | (33) |  | (3) |  | (12) |  | (26) |
|  |  | (8) |  | 95 |  | 16 |  | 105 |
| Unrealized holding gains/(losses) on available-for-sale securities, net |  | 3 |  | (61) |  | 14 |  | (78) |
| Reclassification adjustments for (gains)/losses included in net income |  | 2 |  | 32 |  | (62) |  | 61 |
|  |  | 5 |  | (29) |  | (47) |  | (17) |
| Reclassification adjustments related to amortization of prior service costs and other, net |  | (7) |  | (7) |  | (14) |  | (16) |
| Reclassification adjustments related to curtailments of prior service costs and other, net |  | (1) |  | — |  | (3) |  | (2) |
|  |  | (8) |  | (8) |  | (17) |  | (18) |
| *Tax provision/(benefit) on other comprehensive income/(loss)* |  | $ 9 |  | $ (55) |  | $ (53) |  | $ (115) |

(a) Taxes are not provided for foreign currency translation adjustments relating to investments in international subsidiaries that we intend to hold indefinitely.

### Note 6. Accumulated Other Comprehensive Loss, Excluding Noncontrolling Interests

The following summarizes the changes, net of tax, in *Accumulated other comprehensive loss*:

Net Unrealized Gains/(Losses) Benefit Plans

|  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| (MILLIONS) |  | Foreign Currency  Translation Adjustments(a) |  |  | Derivative Financial Instruments |  | Available-For- Sale Securities |  | Prior Service (Costs)/Credits and  Other |  |  | Accumulated Other Comprehensive Income/(Loss) |
| Balance, December 31, 2022 |  | $ (8,360) |  | $ | (412) |  | $ 220 |  | $ 248 |  | $ | (8,304) |
| Other comprehensive income/(loss)(b) |  | 354 |  |  | 235 |  | (332) |  | (55) |  |  | 202 |
| Balance, July 2, 2023 |  | $ (8,006) |  | $ | (177) |  | $ (112) |  | $ 193 |  | $ | (8,102) |

(a) Amounts do not include foreign currency translation adjustments attributable to noncontrolling interests.

(b) Foreign currency translation adjustments include net gains related to our equity-method investment in Haleon (see [*Note 2C*](#_bookmark9)) and the impact of our net investment hedging program.

16

### Note 7. Financial Instruments

1. *Fair Value Measurements*

Financial Assets and Liabilities Measured at Fair Value on a Recurring Basis and Fair Value Hierarchy, using a Market Approach:

July 2, 2023 December 31, 2022

|  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| (MILLIONS) |  | Total |  | Level 1 |  | Level 2 |  | Total |  | Level 1 |  | Level 2 |
| **Financial assets:**  **Short-term investments** |  |  |  |  |  |  |  |  |  |  |  |  |
| Equity securities with readily determinable fair values:  Money market funds |  | $ 17,639 |  | $ — |  | $ 17,639 |  | $ 1,588 |  | $ — |  | $ 1,588 |
| Available-for-sale debt securities: |  |  |  |  |  |  |  |  |  |  |  |  |
| Government and agency—non-U.S. | | 15,492 |  | — |  | 15,492 |  | 15,915 |  | — |  | 15,915 |
| Government and agency—U.S. | | 6,348 |  | — |  | 6,348 |  | 1,313 |  | — |  | 1,313 |
| Corporate and other | | 2,252 |  | — |  | 2,252 |  | 1,514 |  | — |  | 1,514 |
|  | | 24,091 |  | — |  | 24,091 |  | 18,743 |  | — |  | 18,743 |
| Total short-term investments 41,730 | | | — | | 41,730 | | 20,331 | | — | | 20,331 | |
| **Other current assets** | |  |  |  |  |  |  |  |  |  |  |  |
| Derivative assets:  Foreign exchange contracts | | 562 |  | — |  | 562 |  | 714 |  | — |  | 714 |
| Total other current assets | | 562 |  | — |  | 562 |  | 714 |  | — |  | 714 |
| **Long-term investments** | |  |  |  |  |  |  |  |  |  |  |  |
| Equity securities with readily determinable fair values(a) | | 2,507 |  | 2,500 |  | 6 |  | 2,836 |  | 2,823 |  | 13 |
| Available-for-sale debt securities: | |  |  |  |  |  |  |  |  |  |  |  |
| Government and agency—non-U.S. | | 181 |  | — |  | 181 |  | 280 |  | — |  | 280 |
| Corporate and other | | 73 |  | — |  | 73 |  | 72 |  | — |  | 72 |
|  | | 254 |  | — |  | 254 |  | 352 |  | — |  | 352 |
| Total long-term investments 2,761 | | | 2,500 | | 260 | | 3,188 | | 2,823 | | 365 | |
| **Other noncurrent assets**  Derivative assets: |  |  |  |  |  |  |  |  |  |  |  |  |
| Foreign exchange contracts 292 | | | — | | 292 | | 364 | | — | | 364 | |
| Total derivative assets | | 292 |  | — |  | 292 |  | 364 |  | — |  | 364 |
| Insurance contracts(b) | | 745 |  | — |  | 745 |  | 665 |  | — |  | 665 |
| Total other noncurrent assets | | 1,036 |  | — |  | 1,036 |  | 1,028 |  | — |  | 1,028 |
| Total assets | | $ 46,089 |  | $ 2,500 |  | $ 43,588 |  | $ 25,261 |  | $ 2,823 |  | $ 22,439 |
| **Financial liabilities: Other current liabilities** Derivative liabilities:  Interest rate contracts | | $ 15 |  | $ — |  | $ 15 |  | $ 10 |  | $ — |  | $ 10 |
| Foreign exchange contracts | | 371 |  | — |  | 371 |  | 694 |  | — |  | 694 |
| Total other current liabilities | | 386 |  | — |  | 386 |  | 704 |  | — |  | 704 |
| **Other noncurrent liabilities**  Derivative liabilities:  Interest rate contracts | | 318 |  | — |  | 318 |  | 321 |  | — |  | 321 |
| Foreign exchange contracts | | 902 |  | — |  | 902 |  | 864 |  | — |  | 864 |
| Total other noncurrent liabilities | | 1,221 |  | — |  | 1,221 |  | 1,185 |  | — |  | 1,185 |
| Total liabilities | | $ 1,606 |  | $ — |  | $ 1,606 |  | $ 1,889 |  | $ — |  | $ 1,889 |

(a) Long-term equity securities of $121 million as of July 2, 2023 and $143 million as of December 31, 2022 were held in restricted trusts for U.S. non-qualified employee benefit plans.

(b) Includes life insurance policies held in restricted trusts for U.S. non-qualified employee benefit plans. The underlying invested assets in these contracts are marketable securities, which are carried at fair value, with changes in fair value recognized in *Other (income)/deductions—net* (see [*Note 4*](#_bookmark11)).

*Financial Assets and Liabilities Not Measured at Fair Value on a Recurring Basis––*The carrying value of Long-term debt, excluding the current portion was

$61 billion as of July 2, 2023 and $33 billion as of December 31, 2022. The estimated fair value of such debt, using a market approach and Level 2 inputs, was

$60 billion as of July 2, 2023 and $30 billion as of December 31, 2022.

The differences between the estimated fair values and carrying values of held-to-maturity debt securities, private equity securities, long-term receivables and short-term borrowings not measured at fair value on a recurring basis were not significant

17

as of July 2, 2023 and December 31, 2022. The fair value measurements of our held-to-maturity debt securities and short-term borrowings are based on Level 2 inputs. The fair value measurements of our long-term receivables and private equity securities are based on Level 3 inputs.

1. *Investments*

*Total Short-Term, Long-Term and Equity-Method Investments*

The following summarizes our investments by classification type:

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| (MILLIONS) |  |  | July 2,  2023 |  | December | 31, 2022 |  |
| ***Short-term investments***  Equity securities with readily determinable fair values(a) |  | $ | 17,639 |  | $ | 1,588 |  |
| Available-for-sale debt securities |  |  | 24,091 |  |  | 18,743 |  |
| Held-to-maturity debt securities |  |  | 423 |  |  | 1,985 |  |
| ***Total Short-term investments*** |  | $ | 42,153 |  | $ | 22,316 |  |
| ***Long-term investments*** |  |  |  |  |  |  |  |
| Equity securities with readily determinable fair values(b) |  | $ | 2,507 |  | $ | 2,836 |  |
| Available-for-sale debt securities |  |  | 254 |  |  | 352 |  |
| Held-to-maturity debt securities |  |  | 50 |  |  | 48 |  |
| Private equity securities at cost(b) |  |  | 833 |  |  | 800 |  |
| ***Total Long-term investments*** |  | $ | 3,644 |  | $ | 4,036 |  |
| ***Equity-method investments*** |  |  | 11,422 |  |  | 11,033 |  |
| Total long-term investments and equity-method investments |  | $ | 15,066 |  | $ | 15,069 |  |
| Held-to-maturity cash equivalents |  | $ | 602 |  | $ | 679 |  |

(a) Includes money market funds primarily invested in U.S. Treasury and government debt.

(b) Represent investments in the life sciences sector.

*Debt Securities*

Our investment portfolio consists of investment-grade debt securities issued across diverse governments, corporate and financial institutions:

July 2, 2023 December 31, 2022

Contractual or Estimated Maturities (in

Gross Unrealized Years) Gross Unrealized

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| (MILLIONS) |  | Amortized  Cost |  | Gains |  | Losses |  | Fair Value |  | Within 1 |  | Over 1  to 5 |  | Over 5 | Amortized  Cost |  | Gains |  | Losses |  | Fair Value |
| Available-for-sale debt securities |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Government and agency*––*non-U.S. |  | $ 15,791 |  | $ 7 |  | $ (124) |  | $ 15,673 |  | $ 15,492 |  | $ 181 |  | $ — $ | 15,946 |  | $ 297 |  | $ (48) |  | $ 16,195 |
| Government and agency––U.S. |  | 6,351 |  | — |  | (3) |  | 6,348 |  | 6,348 |  | — |  | — | 1,313 |  | — |  | — |  | 1,313 |
| Corporate and other |  | 2,332 |  | — |  | (8) |  | 2,324 |  | 2,252 |  | 73 |  | — | 1,584 |  | 7 |  | (4) |  | 1,586 |
| Held-to-maturity debt securities |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Time deposits and other | 1,071 |  | — — |  | 1,071 |  | 1,025 |  | 35 |  | 11 |  | 1,171 |  | — — |  | 1,171 |  |
| Government and agency*––*non-U.S. | 4 |  | — — |  | 4 |  | — |  | 3 |  | 1 |  | 1,542 |  | — — |  | 1,542 |  |
| Total debt securities | $ 25,548 |  | $ 7 $ (135) |  | $ 25,420 |  | $ 25,116 |  | $ 293 |  | $ 11 |  | $ 21,556 |  | $ 304 $ (53) |  | $ 21,807 |  |

Any expected credit losses to these portfolios would be immaterial to our financial statements.

*Equity Securities*

The following presents the calculation of the portion of unrealized (gains)/losses that relates to equity securities, excluding equity-method investments, held at the reporting date:

Three Months Ended Six Months Ended

(MILLIONS)

July 2,

2023

July 3,

2022

July 2,

2023

July 3,

2022

Net (gains)/losses recognized during the period on equity securities(a)

Less: Net (gains)/losses recognized during the period on equity securities sold

$ (135) $ 541 $ 316 $ 1,241

during the period (14) (68) (47) (79) Net unrealized (gains)/losses during the reporting period on equity securities still

held at the reporting date(b) $ (121) $ 610 $ 363 $ 1,320

18

(a) Reported in *Other (income)/deductions*––*net.* See [*Note 4*](#_bookmark11).

(b) Included in net unrealized (gains)/losses are observable price changes on equity securities without readily determinable fair values. As of July 2, 2023, there were cumulative impairments and downward adjustments of $170 million and upward adjustments of $200 million. Impairments, downward and upward adjustments were not significant in the second quarters and first six months of 2023 and 2022.

1. *Short-Term Borrowings*

Short-term borrowings include:

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| (MILLIONS) |  | July 2,  2023 | |  | December 31, 2022 | |  |
| Current portion of long-term debt, principal amount |  | $ 3,550 | |  | $ 2,550 | |  |
| Other short-term borrowings, principal amount(a) |  | 420 | |  | 385 | |  |
| Total short-term borrowings, principal amount |  | 3,970 | |  | 2,935 | |  |
| Net fair value adjustments |  | 15 | |  | 10 | |  |
| Total *Short-term borrowings, including current portion of long-term debt*, carried at historical proceeds, as adjusted | $ | | 3,985 | $ | | 2,945 | |

(a) Primarily includes cash collateral. See [*Note 7F*](#_bookmark17).

1. *Long-Term Debt Issuance*

In May 2023, we issued, through our wholly-owned finance subsidiary, PIE, the following senior unsecured notes as part of the financing for our proposed acquisition of Seagen(a), (b):

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| (MILLIONS) |  |  |  |  | Principal |  |
| Interest Rate |  | Maturity Date |  |  |  | July 2,  2023 |
| 4.65%(c) |  | May 19, 2025 |  | $ |  | 3,000 |
| 4.45%(c) |  | May 19, 2026 |  |  |  | 3,000 |
| 4.45%(c) |  | May 19, 2028 |  |  |  | 4,000 |
| 4.65%(c) |  | May 19, 2030 |  |  |  | 3,000 |
| 4.75% |  | May 19, 2033 |  |  |  | 5,000 |
| 5.11%(c) |  | May 19, 2043 |  |  |  | 3,000 |
| 5.30% |  | May 19, 2053 |  |  |  | 6,000 |
| 5.34%(c) |  | May 19, 2063 |  |  |  | 4,000 |
| Total long-term debt issued in the second quarter of 2023(d) |  |  |  | $ |  | 31,000 |

(a) The notes are fully and unconditionally guaranteed on a senior unsecured basis by Pfizer Inc. PIE was formed to finance a portion of the consideration for the proposed acquisition of Seagen and has no assets or operations and will have no assets or operations, other than as related to the issuance, administration and repayment of the notes and any other debt securities that it may issue in the future.

(b) The notes may be redeemed by us at any time, in whole, or in part, at a make-whole redemption price plus accrued and unpaid interest.

(c) The notes are subject to a special mandatory redemption (at a price equal to 101% of the aggregate principal amount of such series of notes, plus any accrued and unpaid interest) under certain circumstances if the proposed acquisition of Seagen is terminated or does not close by an agreed upon date.

(d) The weighted average effective interest rate for the notes at issuance was 4.93%.

19

|  |  |  |
| --- | --- | --- |
| The following outlines our senior unsecured long-term debt\* and the weighted-average stated interest rate by maturity: |  | |
| July 2,  (MILLIONS) 2023 |  | December 31,  2022 |
| Notes due 2024 (3.9% for 2022)(a) $ — |  | $ 2,250 |
| Notes due 2025 (3.9% for 2023 and 0.8% for 2022) 3,750 |  | 750 |
| Notes due 2026 (3.7% for 2023 and 2.9% for 2022) 6,000 |  | 3,000 |
| Notes due 2027 (2.1% for 2023 and 2022) 1,017 |  | 1,000 |
| Notes due 2028 (4.6% for 2023 and 4.8% for 2022) 5,660 |  | 1,660 |
| Notes due 2029 (3.5% for 2023 and 2022) 1,750 |  | 1,750 |
| Notes due 2030-2034 (4.1% for 2023 and 2.9% for 2022) 12,000 |  | 4,000 |
| Notes due 2035-2039 (5.8% for 2023 and 2022) 8,046 |  | 8,017 |
| Notes due 2040-2044 (4.1% for 2023 and 3.6% for 2022) 7,990 |  | 4,903 |
| Notes due 2045-2049 (4.1% for 2023 and 2022) 3,500 |  | 3,500 |
| Notes due 2050-2063 (5.0% for 2023 and 2.7% for 2022) 11,250 |  | 1,250 |
| Total long-term debt, principal amount $ 60,963 |  | $ 32,080 |
| Net fair value adjustments related to hedging and purchase accounting 892 |  | 959 |
| Net unamortized discounts, premiums and debt issuance costs (499) |  | (175) |
| Other long-term debt — |  | 20 |
| Total long-term debt, carried at historical proceeds, as adjusted $ 61,356 |  | $ 32,884 |
| Current portion of long-term debt, carried at historical proceeds, as adjusted (not included above (3.9% for 2023 |  |  |
| and 3.7% for 2022)) $ 3,565 |  | $ 2,560 |

***\**** Our long-term debt is generally redeemable by us at any time at varying redemption prices plus accrued and unpaid interest.

(a) Reclassified to the current portion of long-term debt.

1. *Derivative Financial Instruments and Hedging Activities*

*Foreign Exchange Risk––*A significant portion of our revenues, earnings and net investments in foreign affiliates is exposed to changes in foreign exchange rates. Where foreign exchange risk is not offset by other exposures, we manage our foreign exchange risk principally through the use of derivative financial instruments and foreign currency debt. These financial instruments serve to mitigate the impact on net income as a result of remeasurement into another currency, or against the impact of translation into U.S. dollars of certain foreign exchange-denominated transactions.

The derivative financial instruments primarily hedge or offset exposures in the euro, U.K. Pound, Japanese Yen, Chinese renminbi, Singapore dollar and Canadian dollar, and include a portion of our forecasted foreign exchange-denominated intercompany inventory sales hedged up to two years. We may seek to protect against possible declines in the reported net investments of our foreign business entities.

*Interest Rate Risk––*Our interest-bearing investments and borrowings are subject to interest rate risk. Depending on market conditions, we may change the profile of our outstanding debt or investments by entering into derivative financial instruments like interest rate swaps, either to hedge or offset the exposure to changes in the fair value of hedged items with fixed interest rates, or to convert variable rate debt or investments to fixed rates. The derivative financial instruments primarily hedge U.S. dollar fixed-rate debt.

The following summarizes the fair value of the derivative financial instruments and notional amounts:

July 2, 2023 December 31, 2022 Fair Value Fair Value

|  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| (MILLIONS) |  | Notional |  | Asset |  | Liability |  | Notional |  | Asset |  | Liability |
| *Derivatives designated as hedging instruments*:  Foreign exchange contracts(a) |  | $ 24,145 |  | $ 630 |  | $ 1,095 |  | $ 26,603 |  | $ 838 |  | $ 1,196 |
| Interest rate contracts |  | 2,250 |  | — |  | 333 |  | 2,250 |  | — |  | 331 |
| *Derivatives not designated as hedging instruments*: |  |  |  | 630 |  | 1,428 |  |  |  | 838 |  | 1,527 |
| Foreign exchange contracts |  | $ 22,630 |  | 223 |  | 178 |  | $ 29,814 |  | 240 |  | 362 |
| Total |  |  |  | $ 853 |  | $ 1,606 |  |  |  | $ 1,078 |  | $ 1,889 |

(a) The notional amount of outstanding foreign exchange contracts hedging our intercompany forecasted inventory sales was $4.6 billion as of July 2, 2023 and $4.4 billion as of December 31, 2022.

20

The following summarizes information about the gains/(losses) incurred to hedge or offset operational foreign exchange or interest rate risk exposures:

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | | Gains/(Losses) Recognized in OID(a) |  | Gains/(Losses) Recognized in OCI(a) |  | Gains/(Losses) Reclassified from  OCI into OID and COS(a) |
|  |  | Three Months Ended |  |  |
| (MILLIONS) |  | July 2, July 3,  2023 2022 |  | July 2, July 3,  2023 2022 |  | July 2, July 3,  2023 2022 |
| Derivative Financial Instruments in Cash Flow Hedge Relationships:  Interest rate contracts |  | $ — $ — |  | $ 68 $ — |  | $ — $ — |
| Foreign exchange contracts(b) |  | — — |  | 6 624 |  | 126 119 |
| Amount excluded from effectiveness testing and amortized into earnings(c) |  | — — |  | 34 27 |  | 37 25 |
| Derivative Financial Instruments in Fair Value Hedge Relationships: |  |  |  |  |  |  |
| Interest rate contracts |  | (45) (66) |  | — — |  | — — |
| Hedged item |  | 45 66 |  | — — |  | — — |
| Derivative Financial Instruments in Net Investment Hedge Relationships: |  |  |  |  |  |  |
| Foreign exchange contracts |  | — — |  | (70) 674 |  | — — |
| Amount excluded from effectiveness testing and amortized into earnings(c) |  | — — |  | 9 59 |  | 33 33 |
| Non-Derivative Financial Instruments in Net Investment Hedge Relationships(d): |  |  |  |  |  |  |
| Foreign currency long-term debt |  | — — |  | (1) 48 |  | — — |
| Derivative Financial Instruments Not Designated as Hedges: |  |  |  |  |  |  |
| Foreign exchange contracts |  | 99 (394) |  | — — |  | — — |
|  |  | $ 99 $ (394) |  | $ 47 $ 1,432 |  | $ 196 $ 177 |
|  |  |  |  |  |  |  |
|  |  | Gains/(Losses) |  | Gains/(Losses) |  | Gains/(Losses) Reclassified from |
|  |  | Recognized in OID(a) |  | Recognized in OCI(a) |  | OCI into OID and COS(a) |
|  |  |  |  | Six Months Ended |  |  |
| (MILLIONS) |  | July 2, July 3,  2023 2022 |  | July 2, July 3,  2023 2022 |  | July 2, July 3,  2023 2022 |
| Derivative Financial Instruments in Cash Flow Hedge Relationships:  Interest rate contracts |  | $ — $ — |  | $ 68 $ — |  | $ — $ — |
| Foreign exchange contracts(b) |  | — — |  | (47) 811 |  | (230) 314 |
| Amount excluded from effectiveness testing and amortized into earnings(c) |  | — — |  | 90 43 |  | 90 43 |
| Derivative Financial Instruments in Fair Value Hedge Relationships: |  |  |  |  |  |  |
| Interest rate contracts |  | 3 (222) |  | — — |  | — — |
| Hedged item |  | (3) 222 |  | — — |  | — — |
| Derivative Financial Instruments in Net Investment Hedge Relationships: |  |  |  |  |  |  |
| Foreign exchange contracts |  | — — |  | (283) 933 |  | — — |
| Amount excluded from effectiveness testing and amortized into earnings(c) |  | — — |  | 76 (15) |  | 67 63 |
| Non-Derivative Financial Instruments in Net Investment Hedge Relationships(d): |  |  |  |  |  |  |
| Foreign currency short-term borrowings |  | — — |  | — 26 |  | — — |
| Foreign currency long-term debt |  | — — |  | (17) 70 |  | — — |
| Derivative Financial Instruments Not Designated as Hedges: |  |  |  |  |  |  |
| Foreign exchange contracts |  | 116 (413) |  | — — |  | — — |
|  |  | $ 116 $ (413) |  | $ (113) $ 1,868 |  | $ (73) $ 421 |

21

(a) OID = Other (income)/deductions—net, included in *Other (income)/deductions—net* in the condensed consolidated statements of income*.* COS = Cost of Sales, included in *Cost of sales* in the condensed consolidated statements of income. OCI = Other comprehensive income/(loss), included in the condensed consolidated statements of comprehensive income*.*

(b) The amounts reclassified from OCI into COS were:

* a net gain of $55 million in the second quarter of 2023;
* a net gain of $146 million in the first six months of 2023;
* a net gain of $68 million in the second quarter of 2022; and
* a net gain of $102 million in the first six months of 2022.

The remaining amounts were reclassified from OCI into OID. Based on quarter-end foreign exchange rates that are subject to change, we expect to reclassify a pre-tax gain of $208 million within the next 12 months into income*.* The maximum length of time over which we are hedging our exposure to the variability in future foreign exchange cash flows is approximately 20 years and relates to foreign currency debt.

(c) The amounts reclassified from OCI were reclassified into OID.

(d) Short-term borrowings and long-term debt include foreign currency borrowings, which are used in net investment hedges. The related long-term debt carrying values as of July 2, 2023 and December 31, 2022 were $812 million and $795 million, respectively.

The following summarizes cumulative basis adjustments to our debt in fair value hedges:

July 2, 2023 December 31, 2022

Carrying Amount of

Cumulative Amount of Fair Value Hedging Adjustment Increase/(Decrease) to

Carrying Amount

Discontinued

Carrying Amount of

Cumulative Amount of Fair Value Hedging Adjustment Increase/(Decrease) to

Carrying Amount

Discontinued

(MILLIONS)

*Short-term borrowings, including current*

Hedged Assets/Liabilities(a)

Active Hedging Relationships

Hedging Relationships

Hedged Assets/Liabilities(a)

Active Hedging Relationships

Hedging Relationships

*portion of long-term debt* $ — $ — $ 13 $ — $ — $ 10

*Long-term debt* $ 2,236 $ (318) $ 989 $ 2,235 $ (321) $ 1,042

(a) Carrying amounts exclude the cumulative amount of fair value hedging adjustments.

1. *Credit Risk*

A significant portion of our trade accounts receivable balances are due from wholesalers and governments. For additional information on our trade accounts receivables with significant customers, see [*Note 13C*](#_bookmark20)below and *Note 17C* in our 2022 Form 10-K.

As of July 2, 2023, the largest investment exposures in our portfolio consist primarily of money market funds mainly invested in U.S. Treasury and government debt, as well as sovereign debt instruments issued by the U.S., Germany, Canada, Japan, and France.

With respect to our derivative financial instrument agreements with financial institutions, we do not expect to incur a significant loss from failure of any counterparty. Derivative financial instruments are executed under International Swaps and Derivatives Association master agreements with credit-support annexes that contain zero threshold provisions requiring collateral to be exchanged daily depending on levels of exposure. As a result, there are no significant concentrations of credit risk with any individual financial institution. As of July 2, 2023, the aggregate fair value of these derivative financial instruments that are in a net payable position was $854 million, for which we have posted collateral of $867 million with a corresponding amount reported in *Short-term investments*. As of July 2, 2023, the aggregate fair value of our derivative financial instruments that are in a net receivable position was $422 million, for which we have received collateral of $366 million with a corresponding amount reported in *Short-term borrowings, including current portion of long-term debt.*

### Note 8. Other Financial Information

1. *Inventories*

The following summarizes the components of *Inventories*:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| (MILLIONS) |  | July 2,  2023 |  | December 31, 2022 |
| Finished goods |  | $ 3,048 |  | $ 2,603 |
| Work-in-process |  | 6,409 |  | 5,519 |
| Raw materials and supplies |  | 854 |  | 859 |
| *Inventories*(a) |  | $ 10,310 |  | $ 8,981 |
| Noncurrent inventories not included above(b) |  | $ 5,868 |  | $ 5,827 |

(a) The increase from December 31, 2022 reflects higher inventory levels for Paxlovid and, to a lesser extent, increases for certain products due to supply recovery and inventory build, partially offset by decreases due to net market demand.

22

(b) Included in *Other noncurrent assets*. Based on our current estimates and assumptions, there are no recoverability issues for these amounts, which are primarily related to Paxlovid.

1. *Other Current Liabilities*

*Other current liabilities* includes, among other things, amounts payable to BioNTech for the gross profit split for Comirnaty, which totaled $1.3 billion as of July 2, 2023 and $5.2 billion as of December 31, 2022.

1. *Supplier Finance Program Obligation*

We maintain voluntary supply chain finance agreements with several participating financial institutions. Under these agreements, participating suppliers may voluntarily elect to sell their accounts receivable with Pfizer to these financial institutions. Our suppliers negotiate their financing agreements directly with the respective financial institutions and we are not a party to these agreements. We have no economic interest in our suppliers’ decision to participate and we pay the financial institutions the stated amount of confirmed invoices on the original maturity dates, which is generally within 90 to 120 days of the invoice date. The agreements with the financial institutions do not require Pfizer to provide assets pledged as security or other forms of guarantees for the supplier finance program. All outstanding amounts related to suppliers participating in such financing arrangements are recorded within trade payables in our consolidated balance sheet. As of July 2, 2023 and December 31, 2022, respectively, $779 million and $849 million of our trade payables to suppliers who participate in these financing arrangements are outstanding.

### Note 9. Identifiable Intangible Assets

1. *Identif iable Intangible Assets*

The following summarizes the components of *Identifiable intangible assets*:

July 2, 2023 December 31, 2022

(MILLIONS)

Gross Carrying Amount

Accumulated Amortization

Identifiable Intangible Assets, less Accumulated Amortization

Gross Carrying Amount

Accumulated Amortization

Identifiable Intangible Assets, less Accumulated Amortization

|  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Finite-lived intangible assets  Developed technology rights(a) |  | $ 86,030 |  | $ (58,035) |  | $ 27,994 |  | $ 85,604 |  | $ (56,307) |  | $ 29,297 |
| Brands |  | 922 |  | (861) |  | 61 |  | 922 |  | (844) |  | 78 |
| Licensing agreements and other | | 2,425 |  | (1,469) |  | 956 |  | 2,237 |  | (1,397) |  | 841 |
|  | | 89,376 |  | (60,366) |  | 29,011 |  | 88,763 |  | (58,548) |  | 30,215 |
| Indefinite-lived intangible assets | |  |  |  |  |  |  |  |  |  |  |  |
| Brands | | 827 |  |  |  | 827 |  | 827 |  |  |  | 827 |
| IPR&D(b) | | 10,803 |  |  |  | 10,803 |  | 11,357 |  |  |  | 11,357 |
| Licensing agreements and other | | 765 |  |  |  | 765 |  | 971 |  |  |  | 971 |
|  | | 12,395 |  |  |  | 12,395 |  | 13,155 |  |  |  | 13,155 |
| *Identifiable intangible assets*(c) | | $ 101,771 |  | $ (60,366) |  | $ 41,406 |  | $ 101,919 |  | $ (58,548) |  | $ 43,370 |

(a) The increase in the gross carrying amount includes, among other things, $495 million of capitalized milestones and the transfer of $450 million from IPR&D to developed technology rights as a result of the approval in the U.S. for Zavzpret nasal spray, and a $90 million capitalized milestone as a result of the approval of Ngenla in the U.S. (all in the second quarter of 2023).

(b) The decrease in the gross carrying amount mainly reflects the transfer from IPR&D to developed technology rights as a result of the approval in the U.S. of Zavzpret nasal spray.

(c) The decrease is primarily due to amortization expense of $2.3 billion and impairments of $248 million (see [*Note 4*](#_bookmark11)*)*, partially offset by additions of $681 million mostly related to milestone payments for the approvals in the U.S. for Zavzpret nasal spray and Ngenla.

23

### Note 10. Pension and Postretirement Benefit Plans

The following summarizes the components of net periodic benefit cost/(credit):

Pension Plans

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | | U.S. |  | International |  | Postretirement Plans |  |
|  |  | Three Months Ended |  |  |  |
| (MILLIONS) |  | July 2, July 3,  2023 2022 |  | July 2, July 3,  2023 2022 |  | July 2, July 3,  2023 2022 |  |
| Service cost |  | $ — $ — |  | $ 22 $ 30 |  | $ 3 $ 7 |  |
| Interest cost |  | 147 118 |  | 72 41 |  | 5 7 |  |
| Expected return on plan assets |  | (194) (245) |  | (76) (77) |  | (11) (12) |  |
| Amortization of prior service cost/(credit) |  | — — |  | — — |  | (30) (31) |  |
| Actuarial (gains)/losses(a) |  | 5 490 |  | — — |  | — — |  |
| Curtailments |  | — — |  | — — |  | (7) (1) |  |
| Special termination benefits |  | 5 1 |  | — — |  | — — |  |
| Net periodic benefit cost/(credit) reported in income |  | $ (37) $ 365 |  | $ 18 $ (6) |  | $ (39) $ (30) |  |
|  |  |  |  |  |  |  |  |

Pension Plans

U.S. International

Six Months Ended

Postretirement Plans

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | | July 2, |  | July 3, |  | July 2, |  | July 3, |  | July 2, |  | July 3, |  |
| (MILLIONS) |  | 2023 |  | 2022 |  | 2023 |  | 2022 |  | 2023 |  | 2022 |  |
| Service cost |  | $ — |  | $ — |  | $ 43 |  | $ 60 |  | $ 6 |  | $ 15 |  |
| Interest cost |  | 295 |  | 236 |  | 143 |  | 82 |  | 11 |  | 14 |  |
| Expected return on plan assets |  | (389) |  | (490) |  | (152) |  | (156) |  | (22) |  | (23) |  |
| Amortization of prior service cost/(credit) |  | 1 |  | 1 |  | — |  | — |  | (60) |  | (68) |  |
| Actuarial (gains)/losses(a) |  | 14 |  | 424 |  | 3 |  | — |  | — |  | — |  |
| Curtailments |  | — |  | — |  | (1) |  | — |  | (12) |  | (14) |  |
| Special termination benefits |  | 6 |  | 7 |  | — |  | — |  | — |  | 1 |  |
| Net periodic benefit cost/(credit) reported in income |  | $ (73) |  | $ 178 |  | $ 36 |  | $ (14) |  | $ (77) |  | $ (76) |  |

(a) The second quarter and first six months of 2022 mainly reflect interim actuarial remeasurement losses, primarily driven by unfavorable plan asset performance, partially offset by gains due to an increase in interest rates.

The components of net periodic benefit cost/(credit) other than the service cost component are primarily included in *Other (income)/deductions––net* (see [*Note*](#_bookmark11)[*4*](#_bookmark11)).

For the six months ended July 2, 2023, we contributed $104 million, $80 million, and $23 million to our U.S. Pension Plans, International Pension Plans, and Postretirement Plans, respectively, from our general assets, which include direct employer benefit payments.

24

### Note 11. Earnings Per Common Share Attributable to Pfizer Inc. Common Shareholders

|  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| The following presents the detailed calculation of *EPS*: |  | | | | | | | | | | | |
|  |  | Three Months Ended | | | |  |  | Six Months Ended | | | |  |
|  |  | July 2, | | | | July 3, |  | July 2, | | | | July 3, |
| (MILLIONS) |  | 2023 | | | | 2022 |  | 2023 | | | | 2022 |
| EPS Numerator––Basic |  |  | | | |  |  |  | | | |  |
| Income from continuing operations attributable to Pfizer Inc. common |  |  | | | |  |  |  | | | |  |
| shareholders | | $ 2,329 | |  | $ 9,871 | |  | $ 7,871 | |  | $ 17,743 | |
| Discontinued operations––net of tax | | (2) | |  | 34 | |  | (1) | |  | 26 | |
| Net income attributable to Pfizer Inc. common shareholders | | $ 2,327 | |  | $ 9,906 | |  | $ 7,870 | |  | $ 17,769 | |
| EPS Numerator––Diluted |  | |  | |  |  |  | |  |  | |  |
| Income from continuing operations attributable to Pfizer Inc. common shareholders and assumed conversions | $ | | 2,329 | | $ | 9,871 | $ | | 7,871 | $ | | 17,743 |
| Discontinued operations––net of tax, attributable to Pfizer Inc. common shareholders and assumed conversions |  | | (2) | |  | 34 |  | | (1) |  | | 26 |
| Net income attributable to Pfizer Inc. common shareholders and assumed conversions | | $ 2,327 | |  | $ 9,906 | |  | $ 7,870 | |  | $ 17,769 | |
| EPS Denominator | |  | |  |  | |  |  | |  |  | |
| Weighted-average number of common shares outstanding––Basic | | 5,646 | |  | 5,593 | |  | 5,640 | |  | 5,605 | |
| Common-share equivalents | | 67 | |  | 119 | |  | 80 | |  | 130 | |
| Weighted-average number of common shares outstanding––Diluted | | 5,713 | |  | 5,712 | |  | 5,720 | |  | 5,735 | |
| Anti-dilutive common stock equivalents(a) | | 3 | |  | 1 | |  | 2 | |  | — | |

(a) These common stock equivalents were outstanding for the periods presented, but were not included in the computation of diluted EPS for those periods because their inclusion would have had an anti-dilutive effect.

### Note 12. Contingencies and Certain Commitments

We and certain of our subsidiaries are subject to numerous contingencies arising in the ordinary course of business, including tax and legal contingencies, guarantees and indemnifications. The following outlines our legal contingencies, guarantees and indemnifications. For a discussion of our tax contingencies, see [*Note 5B*](#_bookmark12)*.*

1. *Legal Proceedings*

Our legal contingencies include, but are not limited to, the following:

* + Patent litigation, which typically involves challenges to the coverage and/or validity of patents on various products, processes or dosage forms. An adverse outcome could result in loss of patent protection for a product, a significant loss of revenues from a product or impairment of the value of associated assets. We are the plaintiff in the majority of these actions.
  + Product liability and other product-related litigation related to current or former products, which can include personal injury, consumer, off-label promotion, securities, antitrust and breach of contract claims, among others, and often involves highly complex issues relating to medical causation, label warnings and reliance on those warnings, scientific evidence and findings, actual, provable injury and other matters.
  + Commercial and other asserted or unasserted matters, which can include acquisition-, licensing-, intellectual property-, collaboration- or co-promotion- related and product-pricing claims and environmental claims and proceedings, and can involve complexities that will vary from matter to matter.
  + Government investigations, which often are related to the extensive regulation of pharmaceutical companies by national, state and local government agencies in the U.S. and in other jurisdictions.

Certain of these contingencies could result in increased expenses and/or losses, including damages, royalty payments, fines and/or civil penalties, which could be substantial, and/or criminal charges.

We believe that our claims and defenses in matters in which we are a defendant are substantial, but litigation is inherently unpredictable and excessive verdicts do occur. We do not believe that any of these matters will have a material adverse effect on our financial position. However, we could incur judgments, enter into settlements or revise our expectations regarding the outcome of matters, which could have a material adverse effect on our results of operations and/or our cash flows in the period in which the amounts are accrued or paid.

25

We have accrued for losses that are both probable and reasonably estimable. Substantially all of our contingencies are subject to significant uncertainties and, therefore, determining the likelihood of a loss and/or the measurement of any loss can be complex. Consequently, we are unable to estimate the range of reasonably possible loss in excess of amounts accrued. Our assessments, which result from a complex series of judgments about future events and uncertainties, are based on estimates and assumptions that have been deemed reasonable by management, but that may prove to be incomplete or inaccurate, and unanticipated events and circumstances may occur that might cause us to change those estimates and assumptions.

Amounts recorded for legal and environmental contingencies can result from a complex series of judgments about future events and uncertainties and can rely heavily on estimates and assumptions. For proceedings under environmental laws to which a governmental authority is a party, we have adopted a disclosure threshold of $1 million in potential or actual governmental monetary sanctions.

The principal pending matters to which we are a party are discussed below. In determining whether a pending matter is a principal matter, we consider both quantitative and qualitative factors to assess materiality, such as, among others, the amount of damages and the nature of other relief sought, if specified; our view of the merits of the claims and of the strength of our defenses; whether the action purports to be, or is, a class action and, if not certified, our view of the likelihood that a class will be certified by the court; the jurisdiction in which the proceeding is pending; whether related actions have been transferred to multidistrict litigation; any experience that we or, to our knowledge, other companies have had in similar proceedings; whether disclosure of the action would be important to a reader of our financial statements, including whether disclosure might change a reader’s judgment about our financial statements in light of all of the information that is available to the reader; the potential impact of the proceeding on our reputation; and the extent of public interest in the matter. In addition, with respect to patent matters in which we are the plaintiff, we consider, among other things, the financial significance of the product protected by the patent(s) at issue. Some of the matters discussed below include those which management believes that the likelihood of possible loss in excess of amounts accrued is remote.

*A1. Legal Proceedings––Patent Litigation*

We are involved in suits relating to our patents (or those of our collaboration/licensing partners to which we have licenses or co-promotion rights), including but not limited to, those discussed below. We face claims by generic drug manufacturers that patents covering our products (or those of our collaboration/licensing partners to which we have licenses or co-promotion rights and to which we may or may not be a party), processes or dosage forms are invalid and/or do not cover the product of the generic drug manufacturer. Also, counterclaims, as well as various independent actions, have been filed alleging that our assertions of, or attempts to enforce, patent rights with respect to certain products constitute unfair competition and/or violations of antitrust laws. In addition to the challenges to the U.S. patents that are discussed below, patent rights to certain of our products or those of our collaboration/licensing partners are being challenged in various other jurisdictions. Some of our collaboration or licensing partners face challenges to the validity of their patent rights in non-

U.S. jurisdictions. For example, in April 2022, the U.K. High Court issued a judgment finding invalid a BMS patent related to Eliquis due to expire in 2026. In November 2022, BMS received permission to appeal the High Court’s decision and the appeal hearing was held in April 2023. In May 2023, the Court of Appeal dismissed the appeal. Additional challenges are pending in other jurisdictions. Also, in July 2022, CureVac AG (CureVac) brought a patent infringement action against BioNTech and certain of its subsidiaries in the German Regional Court alleging that Comirnaty infringes certain German utility model patents and certain expired and unexpired European patents. Additional challenges involving Comirnaty patents may be filed against us and/or BioNTech in other jurisdictions in the future. Adverse decisions in these matters could have a material adverse effect on our results of operations. We are also party to patent damages suits in various jurisdictions pursuant to which generic drug manufacturers, payers, governments or other parties are seeking damages from us for allegedly causing delay of generic entry.

We also are often involved in other proceedings, such as inter partes review, post-grant review, re-examination or opposition proceedings, before the U.S. Patent and Trademark Office, the European Patent Office, or other foreign counterparts, as well as court proceedings relating to our intellectual property or the intellectual property rights of others, including challenges to such rights initiated by us. For example, we have challenged certain of GSK’s RSV vaccine patents in certain ex-U.S. jurisdictions. Also, if one of our patents (or one of our collaboration/licensing partner’s patents) is found to be invalid by such proceedings, generic or competitive products could be introduced into the market resulting in the erosion of sales of our existing products. For example, several of the patents in our pneumococcal vaccine portfolio have been challenged in inter partes review and post-grant review proceedings in the U.S. Patent and Trademark Office, as well as outside the U.S. The invalidation of any of the patents in our pneumococcal portfolio could potentially allow additional competitor vaccines, if approved, to enter the marketplace earlier than anticipated. In the event that any of the patents are found valid and infringed, a competitor’s vaccine, if approved, might be prohibited from entering the market or a competitor might be required to pay us a royalty.

We are also subject to patent litigation pursuant to which one or more third parties seek damages and/or injunctive relief to compensate for alleged infringement of its patents by our commercial or other activities. If one of our marketed products (or a

26

product of our collaboration/licensing partners to which we have licenses or co-promotion rights) is found to infringe valid patent rights of a third party, such third party may be awarded significant damages or royalty payments, or we may be prevented from further sales of that product. Such damages may be enhanced as much as three-fold if we or one of our subsidiaries is found to have willfully infringed valid patent rights of a third party.

### Actions In Which We Are The Plaintiff Xeljanz (tofacitinib)

Beginning in 2017, we brought patent-infringement actions against several generic manufacturers that filed separate abbreviated new drug applications (ANDAs) with the FDA seeking approval to market their generic versions of tofacitinib tablets in one or both of 5 mg and 10 mg dosage strengths, and in both immediate and extended release forms. To date, we have settled actions with several manufacturers on terms not material to us. The remaining actions continue in the U.S. District Court for the District of Delaware as described below.

In October 2021, we brought a separate patent-infringement action against Sinotherapeutics Inc. (Sinotherapeutics) asserting the infringement and validity of our patent covering extended release formulations of tofacitinib that was challenged by Sinotherapeutics in its ANDA seeking approval to market a generic version of tofacitinib 11 mg extended release tablets. In November 2022, we filed an additional patent-infringement action against Sinotherapeutics relating to its challenge of our extended release formulation and method of treatment patents in its ANDA seeking approval to market a generic version of tofacitinib 22 mg extended release tablets.

In June 2023, we brought a patent infringement action against Aurobindo Pharma Limited and Aurobindo Pharma USA, Inc. (collectively, Aurobindo) asserting the infringement and validity of our basic compound patent, in connection with Aurobindo’s ANDA seeking approval to market a generic version of tofacitinib 11 mg extended release tablets. Also in June 2023, we brought a patent infringement action against Sun Pharmaceutical Industries Limited and Sun Pharmaceutical Industries, Inc. (collectively, Sun) asserting the infringement and validity of our basic compound patent, in connection with Sun’s ANDA seeking approval to market a generic version of tofacitinib 5 mg and 10 mg immediate release tablets. Also in June 2023, we brought a patent infringement action against Annora Pharma Private Limited (Annora) and Hetero USA, Inc. (Hetero) asserting the infringement and validity of our basic compound patent, in connection with Annora’s ANDA seeking approval to market a generic version of tofacitinib 1 mg/mL oral solution.

### Ibrance (palbociclib)

Beginning in January 2021, several generic companies notified us that they had filed ANDAs with the FDA seeking approval to market generic versions of Ibrance tablets. We have settled with one of these generic companies on terms not material to us, and have dismissed the patent infringement actions against all other generic companies except for the action against Synthon Pharmaceuticals Inc. and affiliated entities, in which we have asserted the infringement and validity of the composition of matter patent, expiring in 2027.

### Eucrisa

Beginning in September 2021, several generic companies notified us that they had filed ANDAs with the FDA seeking approval to market generic versions of Eucrisa. The companies assert the invalidity and non-infringement of a composition of matter patent expiring in 2026, two method of use patents expiring in 2027, and one other method of use patent expiring in 2030. In September 2021, we brought patent infringement actions against the generic filers in the U.S. District Court for the District of Delaware, asserting the validity and infringement of the patents challenged by the generic companies. In July 2023, we reached a settlement agreement with one generic company on terms not material to the company.

### Mektovi (binimetinib)

Beginning in August 2022, several generic companies notified us that they had filed ANDAs with the FDA seeking approval to market generic versions of Mektovi. The companies assert the invalidity and non-infringement of two method of use patents expiring in 2030, a method of use patent expiring in 2031, two method of use patents expiring in 2033, and a product by process patent expiring in 2033. Beginning in September 2022, we brought patent infringement actions against the generic filers in the U.S. District Court for the District of Delaware, asserting the validity and infringement of all six patents.

In August 2022 we received notice from Teva Pharmaceuticals, Inc. (Teva) that it had filed an ANDA seeking approval to market a generic version of Mektovi. Teva asserts the invalidity and non-infringement of two method of use patents expiring in 2033 and a product by process patent expiring in 2033. In June 2023, we brought a patent infringement action against Teva in the U.S. District Court for the District of Delaware, asserting the validity and infringement of the three patents.

27

### Actions in Which We are the Defendant Comirnaty

In March 2022, Alnylam Pharmaceuticals, Inc. (Alnylam) filed a complaint in the U.S. District Court for the District of Delaware against Pfizer and Pharmacia & Upjohn Company LLC, our wholly owned subsidiary, alleging that Comirnaty infringes a U.S. patent issued in February 2022, and seeking unspecified monetary damages. In July 2022, Alnylam filed a second complaint in the U.S. District Court for the District of Delaware against Pfizer, Pharmacia & Upjohn Company LLC, BioNTech and BioNTech Manufacturing GmbH, alleging that Comirnaty infringes a U.S. patent issued in July 2022, and seeking unspecified monetary damages. In May 2023, Alnylam filed a separate complaint in the U.S. District Court for the District of Delaware against Pfizer and Pharmacia & Upjohn Company LLC alleging that Comirnaty infringes four U.S. patents issued on various dates in 2023 and seeking unspecified monetary damages.

In August 2022, ModernaTX, Inc. (ModernaTX) and Moderna US, Inc. (Moderna) sued Pfizer, BioNTech, BioNTech Manufacturing GmbH and BioNTech US Inc. in the U.S. District Court for the District of Massachusetts, alleging that Comirnaty infringes three U.S. patents. In its complaint, Moderna stated that it is seeking damages for alleged infringement occurring after March 7, 2022.

In August 2022, ModernaTX filed a patent infringement action in Germany against Pfizer and certain subsidiary companies, as well as BioNTech and certain subsidiary companies, alleging that Comirnaty infringes two European patents. In September 2022, ModernaTX filed patent infringement actions in the U.K. and in the Netherlands against Pfizer and certain subsidiary companies, as well as BioNTech and certain subsidiary companies, on the same two patents. In its complaints, ModernaTX stated that it is seeking damages for alleged infringement occurring after March 7, 2022. In the U.K., Pfizer and BioNTech have brought an action against ModernaTX seeking to revoke these European patents, which was consolidated with the September 2022 action filed by ModernaTX. ModernaTX has filed additional patent infringement actions against Pfizer and BioNTech in certain other ex-U.S. jurisdictions.

In April 2023, Arbutus Biopharma Corporation (Arbutus) and Genevant Sciences GmbH (Genevant) filed a complaint in the U.S. District Court for the District of New Jersey against Pfizer and BioNTech alleging that Comirnaty and its manufacture infringe five U.S. patents, and seeking unspecified monetary damages.

In June 2023, Promosome LLC filed a complaint in the U.S. District Court for the Southern District of California against Pfizer and BioNTech alleging that Comirnaty and its manufacture infringe a U.S. patent and seeking unspecified monetary damages.

### Paxlovid

In June 2022, Enanta Pharmaceuticals, Inc. filed a complaint in the U.S. District Court for the District of Massachusetts against Pfizer alleging that the active ingredient in Paxlovid, nirmatrelvir, infringes a U.S. patent issued in June 2022, and seeking unspecified monetary damages.

### Abrysvo

In August 2023, GlaxoSmithKline Biologics SA and GlaxoSmithKline LLC filed a complaint in the U.S. District Court for the District of Delaware against Pfizer alleging that the active ingredient in Abrysvo infringes four U.S. patents. The complaint seeks unspecified monetary damages and a permanent injunction against sales of Abrysvo for use in adults over 60 years of age.

### Matters Involving Pfizer and its Collaboration/Licensing Partners Comirnaty

In July 2022, Pfizer, BioNTech and BioNTech Manufacturing GmbH filed a declaratory judgment complaint against CureVac in the U.S. District Court for the District of Massachusetts seeking a judgment of non-infringement for three U.S. patents relating to Comirnaty. In May 2023, the case was transferred to the

U.S. District Court for the Eastern District of Virginia. Also in May 2023, CureVac asserted that Comirnaty infringes the three patents that were the subject of our declaratory judgment complaint, and asserted that Comirnaty infringes six additional U.S. patents.

In the U.K., Pfizer and BioNTech have sued CureVac seeking a judgment of invalidity of several patents and CureVac has made certain infringement counterclaims.

### Xtandi (enzalutamide)

In July 2022, Medivation LLC and Medivation Prostate Therapeutics LLC (wholly owned subsidiaries of Pfizer); Astellas Pharma Inc., Astellas US LLC and Astellas Pharma US, Inc.; and The Regents of the University of California filed a patent-infringement suit in the U.S. District Court for the District of New Jersey against Zydus Pharmaceuticals (USA) Inc. and Zydus Lifesciences Limited (collectively, Zydus). In April 2023, the case against Zydus was dismissed without prejudice. In December 2022, the same entities filed a patent-infringement suit in the U.S. District Court for the District of New Jersey against Sun in connection with those companies’ respective ANDAs seeking approval to market generic versions of

28

enzalutamide; and in March 2023, the same entities filed a patent-infringement suit in the same jurisdiction against Humanwell Puracap Pharmaceuticals (Wuhan) Co., Ltd. and Epic Pharma, LLC in connection with their ANDA seeking approval to market generic versions of enzalutamide. In July 2023, we settled our actions against Humanwell Puracap Pharmaceuticals (Wuhan) Co., Ltd. and Epic Pharma, LLC on terms not material to us. The generic manufacturers are challenging the composition of matter patent, which expires in 2027, covering enzalutamide and pharmaceutical compositions thereof, for treating prostate cancer.

### Eliquis

In April 2023, we and BMS brought separate patent-infringement actions in Federal Court in Delaware against each of Biocon Pharma Ltd. (Biocon) and ScieGen Pharmaceuticals Inc. (ScieGen) asserting the infringement and validity of the formulation patent for Eliquis, expiring in 2031, challenged by Biocon and ScieGen in their respective ANDAs seeking approval to market generic versions of Eliquis. In April 2023, we settled our action against ScieGen on terms not material to us. In June 2023, we settled our action against Biocon on terms not material to us.

*A2. Legal Proceedings––Product Litigation*

We are defendants in numerous cases, including but not limited to those discussed below, related to our pharmaceutical and other products. Plaintiffs in these cases seek damages and other relief on various grounds for alleged personal injury and economic loss.

### Asbestos

Between 1967 and 1982, Warner-Lambert owned American Optical Corporation (American Optical), which manufactured and sold respiratory protective devices and asbestos safety clothing. In connection with the sale of American Optical in 1982, Warner-Lambert agreed to indemnify the purchaser for certain liabilities, including certain asbestos-related and other claims. Warner-Lambert was acquired by Pfizer in 2000 and is a wholly owned subsidiary of Pfizer. Warner-Lambert is actively engaged in the defense of, and will continue to explore various means of resolving, these claims.

Numerous lawsuits against American Optical, Pfizer and certain of its previously owned subsidiaries are pending in various federal and state courts seeking damages for alleged personal injury from exposure to products allegedly containing asbestos and other allegedly hazardous materials sold by Pfizer and certain of its previously owned subsidiaries.

There also are a small number of lawsuits pending in various federal and state courts seeking damages for alleged exposure to asbestos in facilities owned or formerly owned by Pfizer or its subsidiaries.

### Effexor

Beginning in 2011, actions, including purported class actions, were filed in various federal courts against Wyeth and, in certain of the actions, affiliates of Wyeth and certain other defendants relating to Effexor XR, which is the extended-release formulation of Effexor. The plaintiffs in each of the class actions seek to represent a class consisting of all persons in the U.S. and its territories who directly purchased, indirectly purchased or reimbursed patients for the purchase of Effexor XR or generic Effexor XR from any of the defendants from June 14, 2008 until the time the defendants’ allegedly unlawful conduct ceased. The plaintiffs in all of the actions allege delay in the launch of generic Effexor XR in the U.S. and its territories, in violation of federal antitrust laws and, in certain of the actions, the antitrust, consumer protection and various other laws of certain states, as the result of Wyeth fraudulently obtaining and improperly listing certain patents for Effexor XR in the Orange Book, enforcing certain patents for Effexor XR and entering into a litigation settlement agreement with a generic drug manufacturer with respect to Effexor XR. Each of the plaintiffs seeks treble damages (for itself in the individual actions or on behalf of the putative class in the purported class actions) for alleged price overcharges for Effexor XR or generic Effexor XR in the U.S. and its territories since June 14, 2008. All of these actions have been consolidated in the U.S. District Court for the District of New Jersey.

In 2014, the District Court dismissed the direct purchaser plaintiffs’ claims based on the litigation settlement agreement, but declined to dismiss the other direct purchaser plaintiff claims. In 2015, the District Court entered partial final judgments as to all settlement agreement claims, including those asserted by direct purchasers and end-payer plaintiffs, which plaintiffs appealed to the U.S. Court of Appeals for the Third Circuit. In 2017, the U.S. Court of Appeals for the Third Circuit reversed the District Court’s decisions and remanded the claims to the District Court.

### Lipitor

Beginning in 2011, purported class actions relating to Lipitor were filed in various federal courts against, among others, Pfizer, certain Pfizer affiliates, and, in most of the actions, Ranbaxy Laboratories Limited (Ranbaxy) and certain Ranbaxy affiliates. The plaintiffs in these various actions seek to represent nationwide, multi-state or statewide classes consisting of persons or entities who directly purchased, indirectly purchased or reimbursed patients for the purchase of Lipitor (or, in certain of the actions, generic Lipitor) from any of the defendants from March 2010 until the cessation of the defendants’ allegedly unlawful conduct (the Class Period). The plaintiffs allege delay in the launch of generic Lipitor, in violation of federal antitrust laws and/

29

or state antitrust, consumer protection and various other laws, resulting from (i) the 2008 agreement pursuant to which Pfizer and Ranbaxy settled certain patent litigation involving Lipitor and Pfizer granted Ranbaxy a license to sell a generic version of Lipitor in various markets beginning on varying dates, and

(ii) in certain of the actions, the procurement and/or enforcement of certain patents for Lipitor. Each of the actions seeks, among other things, treble damages on behalf of the putative class for alleged price overcharges for Lipitor (or, in certain of the actions, generic Lipitor) during the Class Period. In addition, individual actions have been filed against Pfizer, Ranbaxy and certain of their affiliates, among others, that assert claims and seek relief for the plaintiffs that are substantially similar to the claims asserted and the relief sought in the purported class actions described above. These various actions have been consolidated for pre-trial proceedings in a MDL in the U.S. District Court for the District of New Jersey.

In September 2013 and 2014, the District Court dismissed with prejudice the claims of the direct purchasers. In October and November 2014, the District Court dismissed with prejudice the claims of all other MDL plaintiffs. All plaintiffs appealed the District Court’s orders dismissing their claims with prejudice to the

U.S. Court of Appeals for the Third Circuit. In addition, the direct purchaser class plaintiffs appealed the order denying their motion to amend the judgment and for leave to amend their complaint to the Court of Appeals. In 2017, the Court of Appeals reversed the District Court’s decisions and remanded the claims to the District Court.

Also, in 2013, the State of West Virginia filed an action in West Virginia state court against Pfizer and Ranbaxy, among others, that asserts claims and seeks relief on behalf of the State of West Virginia and residents of that state that are substantially similar to the claims asserted and the relief sought in the purported class actions described above.

### EpiPen (Direct Purchaser)

In February 2020, a lawsuit was filed in the U.S. District Court for the District of Kansas against Pfizer, its current and former affiliates King and Meridian, and various Mylan entities, on behalf of a purported U.S. nationwide class of direct purchaser plaintiffs who purchased EpiPen devices directly from the defendants. Plaintiffs in this action generally allege that Pfizer and Mylan conspired to delay market entry of generic EpiPen through the settlement of patent litigation regarding EpiPen, and thereby delayed market entry of generic EpiPen in violation of federal antitrust law. Plaintiffs seek treble damages for alleged overcharges for EpiPen since 2011. In July 2021, the District Court granted defendants’ motion to dismiss the direct purchaser complaint, without prejudice. In September 2021, plaintiffs filed an amended complaint. In August 2022, the District Court granted Pfizer’s motion to dismiss the complaint, and plaintiffs have appealed to the U.S. Court of Appeals for the Tenth Circuit.

### Nexium 24HR and Protonix

A number of individual and multi-plaintiff lawsuits have been filed against Pfizer, certain of its subsidiaries and/or other pharmaceutical manufacturers in various federal and state courts alleging that the plaintiffs developed kidney-related injuries purportedly as a result of the ingestion of certain proton pump inhibitors. The cases against Pfizer involve Protonix and/or Nexium 24HR and seek compensatory and punitive damages and, in some cases, treble damages, restitution or disgorgement. In 2017, the federal actions were ordered transferred for coordinated pre-trial proceedings to a MDL in the U.S. District Court for the District of New Jersey. As part of the combination of our and GSK’s consumer healthcare businesses to form Haleon, Haleon assumed, and agreed to indemnify Pfizer for, liabilities arising out of such litigation to the extent related to Nexium 24HR. In June 2023, the parties reached an agreement to resolve the litigation related to Protonix on terms not material to Pfizer.

### Docetaxel

* *Personal Injury Actions*

A number of lawsuits have been filed against Hospira and Pfizer in various federal and state courts alleging that plaintiffs who were treated with Docetaxel developed permanent hair loss. The significant majority of the cases also name other defendants, including the manufacturer of the branded product, Taxotere. Plaintiffs seek compensatory and punitive damages. Additional lawsuits have been filed in which plaintiffs allege they developed blocked tear ducts following their treatment with Docetaxel.

In 2016, the federal cases were transferred for coordinated pre-trial proceedings to a MDL in the U.S. District Court for the Eastern District of Louisiana. In 2022, the eye injury cases were transferred for coordinated pre-trial proceedings to a MDL in the U.S. District Court for the Eastern District of Louisiana.

* *Mississippi Attorney General Government Action*

In 2018, the Attorney General of Mississippi filed a complaint in Mississippi state court against the manufacturer of the branded product and eight other manufacturers including Pfizer and Hospira, alleging, with respect to Pfizer and Hospira, a failure to warn about a risk of permanent hair loss in violation of the Mississippi Consumer Protection Act. The action seeks civil penalties and injunctive relief.

30

### Zantac

A number of lawsuits have been filed against Pfizer in various federal and state courts alleging that plaintiffs developed various types of cancer, or face an increased risk of developing cancer, purportedly as a result of the ingestion of Zantac. The significant majority of these cases also name other defendants that have historically manufactured and/or sold Zantac. Pfizer has not sold Zantac since 2006, and only sold an OTC version of the product. In 2006, Pfizer sold the consumer business that included its Zantac OTC rights to Johnson & Johnson and transferred the assets and liabilities related to Zantac OTC to Johnson & Johnson in connection with the sale. Plaintiffs in these cases seek compensatory and punitive damages.

In February 2020, the federal actions were transferred for coordinated pre-trial proceedings to a MDL in the U.S. District Court for the Southern District of Florida (the Federal MDL Court). Plaintiffs in the MDL have filed against Pfizer and many other defendants a master personal injury complaint, asserting a consolidated consumer class action alleging, among other things, claims under consumer protection statutes of all 50 states, and a medical monitoring complaint seeking to certify medical monitoring classes under the laws of 13 states. In December 2022, the Federal MDL Court granted defendants’ Daubert motions to exclude plaintiffs’ expert testimony and motion for summary judgment on general causation, and dismissed the litigation.

In addition, (i) Pfizer has received service of Canadian class action complaints naming Pfizer and other defendants, and seeking compensatory and punitive damages for personal injury and economic loss, allegedly arising from the defendants’ sale of Zantac in Canada; and (ii) the State of New Mexico and the Mayor and City Council of Baltimore separately filed civil actions against Pfizer and many other defendants in state courts, alleging various state statutory and common law claims in connection with the defendants’ alleged sale of Zantac in those jurisdictions. In April 2021, a Judicial Council Coordinated Proceeding was created in the Superior Court of California in Alameda County to coordinate personal injury actions against Pfizer and other defendants filed in California state court. Coordinated proceedings have also been created in other state courts.

### Chantix

Beginning in August 2021, a number of putative class actions have been filed against Pfizer in various U.S. federal courts following Pfizer’s voluntary recall of Chantix due to the presence of a nitrosamine, N-nitroso-varenicline. Plaintiffs assert that they suffered economic harm purportedly as a result of purchasing Chantix or generic varenicline medicines sold by Pfizer. Plaintiffs seek to represent nationwide and state-specific classes and seek various remedies, including damages and medical monitoring. In December 2022, the federal actions were transferred for coordinated pre-trial proceedings to a MDL in the U.S. District Court for the Southern District of New York. Similar putative class actions have been filed in Canada and Israel, where the product brand is Champix.

*A3. Legal Proceedings––Commercial and Other Matters*

### Monsanto-Related Matters

In 1997, Monsanto Company (Former Monsanto) contributed certain chemical manufacturing operations and facilities to a newly formed corporation, Solutia Inc. (Solutia), and spun off the shares of Solutia. In 2000, Former Monsanto merged with Pharmacia & Upjohn Company to form Pharmacia. Pharmacia then transferred its agricultural operations to a newly created subsidiary, named Monsanto Company (New Monsanto), which it spun off in a two-stage process that was completed in 2002. Pharmacia was acquired by Pfizer in 2003 and is a wholly owned subsidiary of Pfizer.

In connection with its spin-off that was completed in 2002, New Monsanto assumed, and agreed to indemnify Pharmacia for, any liabilities related to Pharmacia’s former agricultural business. New Monsanto has defended and/or is defending Pharmacia in connection with various claims and litigation arising out of, or related to, the agricultural business, and has been indemnifying Pharmacia when liability has been imposed or settlement has been reached regarding such claims and litigation.

In connection with its spin-off in 1997, Solutia assumed, and agreed to indemnify Pharmacia for, liabilities related to Former Monsanto’s chemical businesses. As the result of its reorganization under Chapter 11 of the U.S. Bankruptcy Code, Solutia’s indemnification obligations relating to Former Monsanto’s chemical businesses are primarily limited to sites that Solutia has owned or operated. In addition, in connection with its spin-off that was completed in 2002, New Monsanto assumed, and agreed to indemnify Pharmacia for, any liabilities primarily related to Former Monsanto’s chemical businesses, including, but not limited to, any such liabilities that Solutia assumed. Solutia’s and New Monsanto’s assumption of, and agreement to indemnify Pharmacia for, these liabilities apply to pending actions and any future actions related to Former Monsanto’s chemical businesses in which Pharmacia is named as a defendant, including, without limitation, actions asserting environmental claims, including alleged exposure to polychlorinated biphenyls. Solutia and/or New Monsanto are defending Pharmacia in connection with various claims and litigation arising out of, or related to, Former Monsanto’s chemical businesses, and have been indemnifying Pharmacia when liability has been imposed or settlement has been reached regarding such claims and litigation.

31

### Environmental Matters

In 2009, as part of our acquisition of Wyeth, we assumed responsibility for environmental remediation at the Wyeth Holdings LLC (formerly known as, Wyeth Holdings Corporation and American Cyanamid Company) discontinued industrial chemical facility in Bound Brook, New Jersey. Since that time, we have executed or have become a party to a number of administrative settlement agreements, orders on consent, and/or judicial consent decrees, with the U.S. Environmental Protection Agency and/or New Jersey Department of Environmental Protection to perform remedial design, removal and remedial actions, and related environmental remediation activities at the Bound Brook facility. We have accrued for the currently estimated costs of these activities.

We are a party to a number of other proceedings brought under the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended, and other state, local or foreign laws in which the primary relief sought is the cost of past and/or future remediation.

### Contracts with Iraqi Ministry of Health

In 2017, a number of U.S. service members, civilians, and their families brought a complaint in the U.S. District Court for the District of Columbia against a number of pharmaceutical and medical devices companies, including Pfizer and certain of its subsidiaries, alleging that the defendants violated the U.S. Anti- Terrorism Act. The complaint alleges that the defendants provided funding for terrorist organizations through their sales practices pursuant to pharmaceutical and medical device contracts with the Iraqi Ministry of Health, and seeks monetary relief. In July 2020, the District Court granted defendants’ motions to dismiss and dismissed all of plaintiffs’ claims. In January 2022, the Court of Appeals reversed the District Court’s decision. In February 2022, the defendants filed for en banc review of the Court of Appeals’ decision. In February 2023, the Court of Appeals denied defendants’ en banc petitions.

### Allergan Complaint for Indemnity

In 2019, Pfizer was named as a defendant in a complaint, along with King, filed by Allergan Finance LLC (Allergan) in the Supreme Court of the State of New York, asserting claims for indemnity related to Kadian, which was owned for a short period by King in 2008, prior to Pfizer's acquisition of King in 2010. This suit was voluntarily discontinued without prejudice in January 2021.

### Viatris Securities Litigation

In October 2021, a putative class action was filed in the Court of Common Pleas of Allegheny County, Pennsylvania on behalf of former Mylan N.V. shareholders who received Viatris common stock in exchange for Mylan shares in connection with the spin-off of the Upjohn Business and its combination with Mylan (the Transactions). Viatris, Pfizer, and certain of each company’s current and former officers, directors and employees are named as defendants. An amended complaint was filed in January 2023, and alleges that the defendants violated certain provisions of the Securities Act of 1933 in connection with certain disclosures made in or omitted from the registration statement and related prospectus issued in connection with the Transactions, as well as related communications. Plaintiff seeks damages, costs and expenses and other equitable and injunctive relief.

*A4. Legal Proceedings––Government Investigations*

We are subject to extensive regulation by government agencies in the U.S., other developed markets and multiple emerging markets in which we operate. Criminal charges, substantial fines and/or civil penalties, limitations on our ability to conduct business in applicable jurisdictions, corporate integrity or deferred prosecution agreements, as well as reputational harm and increased public interest in the matter could result from government investigations in the

U.S. and other jurisdictions in which we do business. These matters often involve government requests for information on a voluntary basis or through subpoenas after which the government may seek additional information through follow-up requests or additional subpoenas. In addition, in a qui tam lawsuit in which the government declines to intervene, the relator may still pursue a suit for the recovery of civil damages and penalties on behalf of the government. Among the investigations by government agencies are the matters discussed below.

### Greenstone Investigations

* *U.S. Department of Justice Antitrust Division Investigation*

Since July 2017, the U.S. Department of Justice's Antitrust Division has been investigating our former Greenstone generics business. We believe this is related to an ongoing broader antitrust investigation of the generic pharmaceutical industry. We have produced records relating to this investigation.

32

* *State Attorneys General and Multi-District Generics Antitrust Litigation*

In April 2018, Greenstone received requests for information from the Antitrust Department of the Connecticut Office of the Attorney General. In May 2019, Attorneys General of more than 40 states plus the District of Columbia and Puerto Rico filed a complaint against a number of pharmaceutical companies, including Greenstone and Pfizer. The matter has been consolidated with a MDL in the Eastern District of Pennsylvania. As to Greenstone and Pfizer, the complaint alleges anticompetitive conduct in violation of federal and state antitrust laws and state consumer protection laws. In June 2020, the State Attorneys General filed a new complaint against a large number of companies, including Greenstone and Pfizer, making similar allegations, but concerning a new set of drugs. This complaint was transferred to the MDL in July 2020. The MDL also includes civil complaints filed by private plaintiffs and state counties against Pfizer, Greenstone and a significant number of other defendants asserting allegations that generally overlap with those asserted by the State Attorneys General.

### Subpoena & Civil Investigative Demand relating to Tris Pharma/Quillivant XR

In October 2018, we received a subpoena from the U.S. Attorney’s Office for the Southern District of New York (SDNY) seeking records relating to our relationship with another drug manufacturer and its production and manufacturing of drugs including, but not limited to, Quillivant XR. We responded to that subpoena in full and have had no communication with the SDNY in connection with the subpoena since June 2019. Additionally, in September 2020, we received a Civil Investigative Demand (CID) from the Texas Attorney General’s office seeking records of a similar nature to those requested by the SDNY. We are producing records in response to this request.

### Government Inquiries relating to Meridian Medical Technologies

In February 2019, we received a CID from the U.S. Attorney’s Office for the SDNY. The CID seeks records and information related to alleged quality issues involving the manufacture of auto-injectors at the Meridian site. In August 2019, we received a HIPAA subpoena issued by the U.S. Attorney’s Office for the Eastern District of Missouri, in coordination with the Department of Justice’s Consumer Protection Branch, seeking similar records and information. We are producing records in response to these and subsequent requests.

### U.S. Department of Justice/SEC Inquiry relating to Russian Operations

In June 2019, we received an informal request from the U.S. Department of Justice’s Foreign Corrupt Practices Act (FCPA) Unit seeking documents relating to our operations in Russia. In September 2019, we received a similar request from the SEC’s FCPA Unit. We have produced records pursuant to these requests.

### Docetaxel––Mississippi Attorney General Government Investigation

See *Legal Proceedings*––*Product Litigation*––*Docetaxel*––*Mississippi Attorney General Government Action* above for information regarding a government investigation related to Docetaxel marketing practices.

### U.S. Department of Justice Inquiries relating to India Operations

In March 2020, we received an informal request from the U.S. Department of Justice's Consumer Protection Branch seeking documents relating to our manufacturing operations in India, including at our former facility located at Irrungattukottai in India. In April 2020, we received a similar request from the

U.S. Attorney’s Office for the SDNY regarding a civil investigation concerning operations at our facilities in India. We are producing records pursuant to these requests.

### U.S. Department of Justice/SEC Inquiry relating to China Operations

In June 2020, we received an informal request from the U.S. Department of Justice's FCPA Unit seeking documents relating to our operations in China. In August 2020, we received a similar request from the SEC’s FCPA Unit. We have produced records pursuant to these requests.

### Zantac––State of New Mexico and Mayor and City Council of Baltimore Civil Actions

See *Legal Proceedings––Product Litigation––Zantac* above for information regarding civil actions separately filed by the State of New Mexico and the Mayor and City Council of Baltimore alleging various state statutory and common law claims in connection with the defendants’ alleged sale of Zantac in those jurisdictions.

### Government Inquiries relating to Biohaven

In June 2022, the U.S. Department of Justice's Commercial Litigation Branch and the U.S. Attorney’s Office for the Western District of New York issued a CID relating to Biohaven. The CID seeks records and information related to, among other things, engagements with health care professionals and co-pay coupons cards. In March 2023, the California Department of Insurance issued a subpoena seeking records similar to those requested by the CID. Biohaven is a wholly- owned subsidiary that we acquired in October 2022. We are producing records in response to these requests.

33

### U.S. Department of Justice Inquiry relating to Mexico Operations

In March 2023, we received an informal request from the U.S. Department of Justice’s FCPA Unit seeking documents relating to our operations in Mexico. We are producing records pursuant to this request.

### Government Inquiries relating to Xeljanz

In April 2023, we received a HIPAA subpoena issued by the U.S. Attorney’s Office for the Western District of Virginia, in coordination with the Department of Justice’s Commercial Litigation Branch, seeking records and information related to programs Pfizer sponsored in retail pharmacies relating to Xeljanz. We are producing records pursuant to this request.

1. *Guarantees and Indemnif ications*

In the ordinary course of business and in connection with the sale of assets and businesses and other transactions, we often indemnify our counterparties against certain liabilities that may arise in connection with the transaction or that are related to events and activities prior to or following a transaction. If the indemnified party were to make a successful claim pursuant to the terms of the indemnification, we may be required to reimburse the loss. These indemnifications are generally subject to various restrictions and limitations. Historically, we have not paid significant amounts under these provisions and, as of July 2, 2023, the estimated fair value of these indemnification obligations is not material to Pfizer.

In addition, in connection with our entry into certain agreements and other transactions, our counterparties may be obligated to indemnify us. For example, in November 2020, we and Mylan completed the transaction to spin-off our Upjohn Business and combine it with Mylan to form Viatris. As part of the transaction and as previously disclosed, each of Viatris and Pfizer has agreed to assume, and to indemnify the other for, liabilities arising out of certain matters. Also, our global agreement with BioNTech to co-develop a mRNA-based coronavirus vaccine program aimed at preventing COVID-19 infection, includes certain indemnity provisions pursuant to which each of BioNTech and Pfizer has agreed to indemnify the other for certain liabilities that may arise in connection with certain third-party claims relating to Comirnaty.

See [*Note 7D*](#_bookmark15)for information on Pfizer Inc.’s guarantee of the debt issued by PIE in May 2023.

We have also guaranteed the long-term debt of certain companies that we acquired and that now are subsidiaries of Pfizer.

1. *Contingent Consideration f or Acquisitions*

We may be required to make payments to sellers for certain prior business combinations that are contingent upon future events or outcomes. See *Note 1D* in our 2022 Form 10-K.

### Note 13. Segment, Geographic and Other Revenue Information

1. *Segment Information*

We manage our commercial operations through two operating segments, each led by a single manager: Biopharma and Business Innovation, an operating segment established in the first quarter of 2023 that includes PC1, our contract development and manufacturing organization and a leading supplier of specialty active pharmaceutical ingredients, and Pfizer Ignite, a recently launched offering that provides strategic guidance and end-to-end R&D services to select innovative biotech companies that align with Pfizer’s R&D focus areas*.* Biopharma is the only reportable segment. Each operating segment has responsibility for its commercial activities. Regional commercial organizations market, distribute and sell our products and are supported by global platform functions that are responsible for the research, development, manufacturing and supply of our products and global corporate enabling functions. Biopharma receives its R&D services from WRDM and GPD. These services include IPR&D projects for new investigational products and additional indications for in-line products. Each operating segment has a geographic footprint across developed and emerging markets. Our chief operating decision maker uses the revenues and earnings of the operating segments, among other factors, for performance evaluation and resource allocation.

*Other Business Activities and Reconciling Items––*Other business activities include the operating results of Business Innovation as well as certain pre-tax costs not allocated to our operating segment results, such as costs associated with: (i) R&D and medical expenses managed by our WRDM organization and costs associated with our GPD organization; (ii) corporate enabling functions and other corporate costs; (iii) overhead costs primarily associated with our manufacturing operations; and (iv) our share of earnings from Haleon/the Consumer Healthcare JV. Reconciling items include the following items, transactions and events that are not allocated to our operating segments: (i) all amortization of intangible assets; (ii) acquisition-related items; and (iii) certain significant items, representing substantive and/or unusual, and in some cases recurring, items that are evaluated on an individual basis by management and that, either as a result of their nature or size, would not be expected to occur as part of our normal business on a regular basis.

34

*Segment Assets––*We manage our assets on a total company basis, not by operating segment, as our operating assets are shared or commingled. Therefore, our chief operating decision maker does not regularly review any asset information by operating segment and, accordingly, we do not report asset information by operating segment. Total assets were $220 billion as of July 2, 2023 and $197 billion as of December 31, 2022.

Selected Income Statement Information

The following provides selected income statement information by reportable segment:

Three Months Ended Six Months Ended

Revenues Earnings(a) Revenues Earnings(a)

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | | July 2, |  | July 3, |  | July 2, |  | July 3, |  | July 2, |  | July 3, |  | July 2, |  | July 3, |  |
| (MILLIONS) |  | 2023 |  | 2022 |  | 2023 |  | 2022 |  | 2023 |  | 2022 |  | 2023 |  | 2022 |  |
| Reportable Segment: |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Biopharma |  | $ 12,418 |  | $ 27,425 |  | $ 7,003 |  | $ 17,166 |  | $ 30,389 |  | $ 52,748 |  | $ 17,939 |  | $ 30,557 |  |
| Other business activities(b) |  | 316 |  | 317 |  | (2,871) |  | (3,384) |  | 626 |  | 655 |  | (5,605) |  | (5,812) |  |
| Reconciling Items: |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Amortization of intangible assets |  |  |  |  |  | (1,184) |  | (822) |  |  |  |  |  | (2,287) |  | (1,657) |  |
| Acquisition-related items |  |  |  |  |  | (387) |  | (82) |  |  |  |  |  | (550) |  | (269) |  |
| Certain significant items(c) |  |  |  |  |  | (293) |  | (1,431) |  |  |  |  |  | (958) |  | (2,322) |  |
|  |  | $ 12,734 |  | $ 27,742 |  | $ 2,269 |  | $ 11,447 |  | $ 31,015 |  | $ 53,402 |  | $ 8,539 |  | $ 20,497 |  |

(a) *Income from continuing operations before provision/(benefit) for taxes on income.* Biopharma’s earnings include dividend income from our investment in ViiV of $91 million in the second quarter of 2023 and $69 million in the second quarter of 2022, and $183 million in the first six months of 2023 and $125 million in the first six months of 2022. In connection with the organizational changes effective in the third quarter of 2022, certain functions transferred between Biopharma and corporate enabling functions and certain activities were realigned within the GPD organization. We have reclassified $58 million of costs in the second quarter of 2022 and $105 million in the first six months of 2022 from corporate enabling functions, which are included in Other business activities, to Biopharma to conform to the current period presentation.

(b) Other business activities include revenues and costs associated with Business Innovation and costs that we do not allocate to our operating segments, per above, including acquired IPR&D expenses in the periods presented. Earnings in the second quarter and first six months of 2023 include approximately $140 million and $260 million, respectively, of write-offs to *Cost of sales* of inventory related to COVID-19 products that exceeded or were expected to exceed their approved shelf-lives prior to being used. Earnings in the second quarter and first six months of 2022 included a $450 million write-off to *Cost of sales* of inventory related to COVID-19 products that exceeded or were expected to exceed their approved shelf-lives prior to being used.

(c) Certain significant items are substantive and/or unusual, and in some cases recurring, items (as noted above). Earnings in the second quarter and first six months of 2022 included, among other

items, net losses on equity securities of $539 million and $1.2 billion, respectively, recorded in *Other (income)/deductions––net*. See [*Note*](#_bookmark11)[*4*](#_bookmark11).

1. *Geographic Information*

The following summarizes revenues by geographic area:

Three Months Ended Six Months Ended

|  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | | July 2, |  | July 3, |  | % |  | July 2, |  | July 3, |  | % |
| (MILLIONS) |  | 2023 |  | 2022 |  | Change |  | 2023 |  | 2022 |  | Change |
| United States |  | $ 6,185 |  | $ 11,222 |  | (45) |  | $ 14,692 |  | $ 20,140 |  | (27) |
| Developed Europe |  | 2,415 |  | 5,480 |  | (56) |  | 5,236 |  | 11,569 |  | (55) |
| Developed Rest of World |  | 1,305 |  | 5,034 |  | (74) |  | 3,778 |  | 8,320 |  | (55) |
| Emerging Markets |  | 2,828 |  | 6,006 |  | (53) |  | 7,308 |  | 13,373 |  | (45) |
| *Revenues* |  | $ 12,734 |  | $ 27,742 |  | (54) |  | $ 31,015 |  | $ 53,402 |  | (42) |

In May 2023, we and our collaboration partner, BioNTech, amended our contract with the EC to deliver COVID-19 vaccines to the EU. The amended agreement includes rephasing of delivery of doses annually through 2026 and an aggregate volume reduction, providing additional flexibility for EU member states. The EC will maintain access to future adapted COVID-19 vaccines and the ability to donate doses, in alignment with the original agreement. See [*Note*](#_bookmark20)[*13C*](#_bookmark20).

1. *Other Revenue Information*

*Significant Customers––*For information on our significant wholesale customers, see *Note 17C* in our 2022 Form 10-K. Additionally, revenues from the U.S. government represented 1% and 9% of total revenues for the three and six months ended July 2, 2023, respectively, and 26% and 22% of total revenues for the three and six months ended July 3, 2022, respectively. Accounts receivable from the U.S. government represented less than 1% and 4% of total trade accounts receivable as of July 2, 2023 and December 31, 2022, respectively. Revenues and accounts receivable from the U.S. government primarily represent sales of Paxlovid and Comirnaty.

35

Significant Product Revenues

The following provides detailed revenue information for several of our major products:

(MILLIONS) Three Months Ended Six Months Ended

|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **PRODUCT** | |  | **PRIMARY INDICATION OR CLASS** |  | July 2,  2023 | July 3,  2022 | |  | July 2,  2023 | July 3,  2022 | |
| **TOTAL REVENUES** | | | |  | **$ 12,734** |  | **$ 27,742** |  | **$ 31,015** |  | **$ 53,402** |
| **GLOBAL BIOPHARMACEUTICALS BUSINESS** | **(BIOPHARMA)**(a) | | |  | **$ 12,418** |  | **$ 27,425** |  | **$ 30,389** |  | **$ 52,748** |
| **Primary Care** |  | | |  | **$ 5,810** |  | **$ 20,979** |  | **$ 17,315** |  | **$ 39,830** |
|  | Active immunization to prevent COVID-19 | | |  |  |  |  |  |  |  |  |
| Comirnaty direct sales and alliance revenues(b) |  | | |  | 1,488 |  | 8,848 |  | 4,552 |  | 22,075 |
| Paxlovid | COVID-19 in certain high-risk patients | | |  | 143 |  | 8,115 |  | 4,212 |  | 9,585 |
| Eliquis alliance revenues and direct sales | Nonvalvular atrial fibrillation, deep vein thrombosis, pulmonary embolism | | |  | 1,762 |  | 1,745 |  | 3,636 |  | 3,537 |
| Prevnar family |  |  | Active immunization to prevent pneumonia, invasive disease and otitis media |  |  |  |  |  |  |  |  |
|  | caused by Streptococcus pneumoniae | | |  | 1,388 |  | 1,429 |  | 2,981 |  | 2,994 |
| Nurtec ODT/Vydura | Acute treatment of migraine and prevention of episodic migraine | | |  | 247 |  | — |  | 414 |  | 1 |
| Premarin family | Symptoms of menopause | | |  | 95 |  | 115 |  | 207 |  | 217 |
| BMP2 | Bone graft for spinal fusion | | |  | 84 |  | 75 |  | 170 |  | 142 |
| FSME-IMMUN/TicoVac | Active immunization to prevent tick-borne encephalitis disease | | |  | 101 |  | 68 |  | 146 |  | 110 |
| Nimenrix | Active immunization against invasive meningococcal ACWY disease | | |  | 38 |  | 65 |  | 78 |  | 142 |
| All other Primary Care | Various | | |  | 463 |  | 519 |  | 919 |  | 1,026 |
| **Specialty Care** |  | | |  | **$ 3,653** |  | **$ 3,358** |  | **$ 7,264** |  | **$ 6,863** |
| Vyndaqel family | ATTR-CM and polyneuropathy | | |  | 782 |  | 552 |  | 1,468 |  | 1,164 |
| Xeljanz | RA, PsA, UC, active polyarticular course juvenile idiopathic arthritis, | | |  |  |  |  |  |  |  |  |
|  | ankylosing spondylitis | | |  |  |  |  |  |  |  |  |
|  |  | | |  | 469 |  | 430 |  | 706 |  | 802 |
| Sulperazon | Bacterial infections | | |  | 177 |  | 210 |  | 497 |  | 420 |
| Enbrel (Outside the U.S. and Canada) | RA, juvenile idiopathic arthritis, PsA, plaque psoriasis, pediatric plaque | | |  |  |  |  |  |  |  |  |
|  | psoriasis, ankylosing spondylitis and nonradiographic axial | | |  |  |  |  |  |  |  |  |
|  | spondyloarthritis | | |  |  |  |  |  |  |  |  |
|  |  | | |  | 219 |  | 257 |  | 419 |  | 537 |
| Ig Portfolio(c) | Various | | |  | 163 |  | 125 |  | 288 |  | 232 |
| Inflectra | Crohn’s disease, pediatric Crohn’s disease, UC, pediatric UC, RA in | | |  |  |  |  |  |  |  |  |
|  | combination with methotrexate, ankylosing spondylitis, PsA and plaque | | |  |  |  |  |  |  |  |  |
|  | psoriasis | | |  |  |  |  |  |  |  |  |
|  |  | | |  | 74 |  | 137 |  | 252 |  | 272 |
| Zavicefta | Bacterial infections | | |  | 132 |  | 100 |  | 248 |  | 204 |
| Genotropin | Replacement of human growth hormone | | |  | 74 |  | 91 |  | 222 |  | 171 |
| BeneFIX | Hemophilia B | | |  | 106 |  | 113 |  | 215 |  | 225 |
| Zithromax | Bacterial infections | | |  | 44 |  | 54 |  | 194 |  | 180 |
| Medrol | Anti-inflammatory glucocorticoid | | |  | 80 |  | 79 |  | 173 |  | 155 |
| Oxbryta | Sickle cell disease | | |  | 77 |  | — |  | 148 |  | — |
| Somavert | Acromegaly | | |  | 65 |  | 64 |  | 131 |  | 132 |
| Fragmin | Treatment/prevention of venous thromboembolism | | |  | 59 |  | 72 |  | 117 |  | 142 |
| Refacto AF/Xyntha | Hemophilia A | | |  | 56 |  | 64 |  | 116 |  | 129 |
| Vfend | Fungal infections | | |  | 56 |  | 54 |  | 107 |  | 119 |
| Cresemba | Fungal infections | | |  | 54 |  | 33 |  | 101 |  | 73 |
| Bicillin | Bacterial infections | | |  | 53 |  | 48 |  | 97 |  | 73 |
| Cibinqo | Atopic dermatitis | | |  | 38 |  | 1 |  | 54 |  | 6 |
| All other Anti-infectives | Various | | |  | 269 |  | 286 |  | 550 |  | 603 |
| All other Specialty Care | Various | | |  | 606 |  | 586 |  | 1,159 |  | 1,224 |
| **Oncology** | | | | **$ 2,956** | | **$ 3,088** | | **$ 5,811** | | **$ 6,055** | |
| Ibrance | HR-positive/HER2-negative metastatic breast cancer | | | | 1,247 |  | 1,320 |  | 2,391 |  | 2,557 |
| Xtandi alliance revenues | mCRPC, nmCRPC, mCSPC | | | | 305 |  | 290 |  | 564 |  | 558 |
| Inlyta | Advanced RCC | | | | 262 |  | 274 |  | 521 |  | 508 |
| Bosulif | Philadelphia chromosome–positive chronic myelogenous leukemia | | | | 154 |  | 156 |  | 304 |  | 284 |
| Zirabev | Treatment of mCRC; unresectable, locally advanced, recurrent or metastatic | | | |  |  |  |  |  |  |  |
|  |  |  | NSCLC; recurrent glioblastoma; metastatic RCC; and persistent, recurrent |  |  |  |  |  |  |  |  |
|  | or metastatic cervical cancer | | | 106 | | 138 | | 235 | | 286 | |
| Lorbrena | ALK-positive metastatic NSCLC | | | 121 | | 77 | | 234 | | 149 | |

36

(MILLIONS) Three Months Ended Six Months Ended

**PRODUCT PRIMARY INDICATION OR CLASS**

Ruxience Non-hodgkin’s lymphoma, chronic lymphocytic leukemia, granulomatosis

July 2,

2023

July 3,

2022

July 2,

2023

July 3,

2022

with polyangiitis (Wegener’s Granulomatosis) and microscopic polyangiitis 100 113 214 237

Xalkori ALK-positive and Proto-Oncogene 1, Receptor Tyrosine Kinase-positive

advanced NSCLC 86 118 197 244

Retacrit Anemia 87 106 180 221

Bavencio alliance revenues Locally advanced or metastatic urothelial carcinoma; metastatic Merkel cell carcinoma; immunotherapy and tyrosine kinase inhibitor combination for

patients with advanced RCC 83 58 168 125

Aromasin Post-menopausal early and advanced breast cancer 72 59 149 121

Besponsa Relapsed or refractory B-cell acute lymphoblastic leukemia 59 58 117 109

Braftovi In combination with Mektovi for metastatic melanoma in patients with a BRAFV600E/K mutation and, in combination with Erbitux® (cetuximab)(d), for

the treatment of BRAFV600E -mutant mCRC after prior therapy 50 51 99 98

Sutent Advanced and/or metastatic RCC, adjuvant RCC, refractory gastrointestinal

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | stromal tumors (after disease progression on, or intolerance to, imatinib  mesylate) and advanced pancreatic neuroendocrine tumor |  | 45 |  | 97 |  | 94 |  | 211 |
| Mektovi | In combination with Braftovi for metastatic melanoma in patients with a BRAFV600E/K mutation |  | 43 |  | 44 |  | 83 |  | 84 |
| Trazimera | HER2-positive breast cancer and metastatic stomach cancers |  | 33 |  | 46 |  | 67 |  | 98 |
| All other Oncology | Various |  | 102 |  | 82 |  | 194 |  | 163 |
| **BUSINESS INNOVATION**(a) |  |  | **$ 316** |  | **$ 317** |  | **$ 626** |  | **$ 655** |
| Pfizer CentreOne(e) | Various |  | 306 |  | 317 |  | 611 |  | 655 |
| Pfizer Ignite | Various |  | 10 |  | — |  | 14 |  | — |
|  |  |  |  |  |  |  |  |  |  |
| **Total Alliance revenues included above** |  |  | **$ 1,967** |  | **$ 2,317** |  | **$ 4,028** |  | **$ 4,631** |

(a) See *Note 1A* in our 2022 Form 10-K for information about our recent organizational changes within Biopharma. See *Note 13A* above for information about Business Innovation. Prior-period financial information has been revised to reflect the current period presentation.

(b) Excludes revenues for certain Comirnaty-related manufacturing activities performed on behalf of BioNTech, which are included in the PC1 contract development and manufacturing organization. See footnote (e) below.

(c) Immunoglobulin (Ig) portfolio includes the revenues from Panzyga, Octagam and Cutaquig.

(d) Erbitux® is a registered trademark of ImClone LLC.

(e) PC1 includes revenues from our contract manufacturing, including certain Comirnaty-related manufacturing activities performed on behalf of BioNTech ($6 million and $10 million for the second quarter and the first six months of 2023, respectively, and $55 million and $101 million for the second quarter and the first six months of 2022, respectively), and revenues from our active pharmaceutical ingredient sales operation, as well as revenues related to our manufacturing and supply agreements with former legacy Pfizer businesses/partnerships.

*Remaining Performance Obligations––*Contracted revenue expected to be recognized from remaining performance obligations for firm orders in long-term contracts to supply Comirnaty to our customers totaled approximately $9 billion as of July 2, 2023, which includes amounts received in advance and deferred, as well as amounts that will be invoiced as we deliver these products to our customers in future periods. Of this amount, current contract terms provide for expected delivery of product with contracted revenue from 2023 through 2026, the timing and terms of which may be renegotiated. Remaining performance obligations are based on foreign exchange rates as of the end of our fiscal second quarter of 2023 and exclude arrangements with an original expected contract duration of less than one year.

*Deferred Revenues––*Our deferred revenues primarily relate to advance payments received or receivable from various government or government sponsored customers in international markets for supply of Comirnaty. The deferred revenues related to Comirnaty total $1.2 billion as of July 2, 2023, with $1.2 billion and $28 million recorded in current liabilities and noncurrent liabilities, respectively. The deferred revenues related to Comirnaty totaled $2.5 billion as of December 31, 2022, with $2.4 billion and $77 million recorded in current liabilities and noncurrent liabilities, respectively. The decrease in Comirnaty deferred revenues during the first six months of 2023 was primarily the result of amounts recognized in *Revenues* as we delivered the products to our customers, partially offset by additional advance payments received as we entered into amended contracts and the impact of foreign exchange. During the second quarter and first six months of 2023, we recognized revenue of approximately $300 million and $2.0 billion, respectively, that was included in the balance of Comirnaty deferred revenues as of December 31, 2022. The Comirnaty deferred revenues as of July 2, 2023 will be recognized in *Revenues* proportionately as we transfer control of the product to our customers and satisfy our performance obligation under the contracts, with the amounts included in current liabilities expected to be recognized in *Revenues* within the next 12 months, and the amounts included in noncurrent liabilities expected to be recognized in *Revenues* in 2024. Deferred revenues associated with contracts for other products were not significant as of July 2, 2023 or December 31, 2022.

37

## ITEM 2. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

**GENERAL**

The following MD&A is intended to assist the reader in understanding our financial condition and results of operations, including an evaluation of the amounts and certainty of cash flows from operations and from outside sources, and is provided as a supplement to and should be read in conjunction with the condensed consolidated financial statements and related notes in [*Item 1. Financial Statements*](#_bookmark1)in this Form 10-Q.

References to operational variances pertain to period-over-period changes that exclude the impact of foreign exchange rates. Although foreign exchange rate changes are part of our business, they are not within our control and because they can mask positive or negative trends in the business, we believe presenting operational variances excluding these foreign exchange changes provides useful information to evaluate our results.

## OVERVIEW OF OUR PERFORMANCE, OPERATING ENVIRONMENT, STRATEGY AND OUTLOOK

**Our Business and Strategy**––Pfizer Inc. is a research-based, global biopharmaceutical company. We apply science and our global resources to bring therapies to people that extend and significantly improve their lives. In 2023, we are making additional investments in both R&D and SI&A to support Pfizer’s near- and longer-term growth plans, including to support anticipated new launches, commercial launch of COVID-19 products, potential pipeline programs and recently acquired assets. We manage our commercial operations through a global structure consisting of two operating segments: Biopharma and Business Innovation. Biopharma is the only reportable segment. See [*Note 13A*](#_bookmark20).

We expect to incur costs of approximately $700 million in connection with separating Upjohn, of which approximately 90% has been incurred since inception and through the second quarter of 2023. These charges include costs and expenses related to separation of legal entities and transaction costs.

In the fourth quarter of 2022, we began taking steps through our Transforming to a More Focused Company restructuring program to optimize our end-to-end R&D operations to reduce costs and cycle times as well as to further prioritize our internal R&D portfolio in areas where our capabilities are differentiated while increasing external innovation efforts to leverage an expanding and productive biotech sector. See [*Note 3*](#_bookmark10). For a description of savings related to this program, see the [*Costs and Expenses––Restructuring Charges and Other Costs Associated with Acquisitions and Cost-Reduction/Productivity Initiatives*](#_bookmark26)section within MD&A*.*

In July 2023, we announced that in consideration of planned future investments in oncology, including the proposed acquisition of Seagen, we are reorganizing how our R&D operations are conducted. Beginning in July 2023, discovery to early- and late-phase clinical development for oncology will be performed by a new end-to-end Oncology Research and Development platform function and discovery to early- and late-phase clinical development for all remaining therapeutic areas will be consolidated in the Pfizer Research and Development platform function.

For additional information about our business, strategy and operating environment, see the *Item 1. Business* section and *Overview of Our Performance, Operating Environment, Strategy and Outlook* section within MD&A of our 2022 Form 10-K.

**Our Business Development Initiatives**––We are committed to strategically capitalizing on growth opportunities, primarily by advancing our own product pipeline and maximizing the value of our existing products, but also through various business development activities. Our significant recent business development activities include the transactions discussed in [*Notes*](#_bookmark8)[*1A*](#_bookmark8)and [*2*](#_bookmark9)*,* including the proposed acquisition of Seagen, as well as the following:

*Proposed Divestiture of Early-Stage Rare Disease Gene Therapy Portf olio–*–In July 2023, we entered into an agreement with Alexion, a subsidiary of AstraZeneca plc, under which Alexion will purchase and license the assets of our early-stage rare disease gene therapy portfolio. This agreement is consistent with our previously announced strategy to pivot from viral capsid-based gene therapy approaches to harnessing new platform technologies that we believe can have a transformative impact on patients, such as mRNA or in vivo gene editing. Under the terms of the agreement, Alexion will pay us total consideration of up to $1 billion, plus tiered royalties based on annual net sales of the assets. The transaction is expected to close in the third quarter of 2023, subject to customary closing conditions.

*Agreement with Flagship Pioneering, Inc. (Flagship)–*–In July 2023, we and Flagship announced that we have partnered to create a new pipeline of innovative medicines. Under the terms of the novel agreement, we and Flagship will each invest $50 million upfront to explore opportunities to develop 10 single-asset programs by leveraging Flagship’s ecosystem of more than 40 human health companies and multiple biotechnology platforms. Pfizer will fund and have an option to acquire each selected development program. Flagship and its bioplatform companies will be eligible to receive up to $700 million in milestones and royalties for each successfully commercialized program.

38

*Termination of Collaboration Arrangement with Merck KGaA, Darmstadt, Germany (Merck KGaA)–*–In March 2023, it was announced that our alliance with Merck KGaA to co-develop and co-commercialize Bavencio (avelumab) will terminate. Effective June 30, 2023, Merck KGaA took full control of the global commercialization of Bavencio. Beginning in the third quarter of 2023, the current profit share will be replaced by a 15% royalty to Pfizer on net sales of Bavencio. We and Merck KGaA will continue to operationalize our respective ongoing clinical trials for Bavencio; and Merck KGaA will control all future R&D activities.

For a description of the more significant recent transactions through February 23, 2023, the filing date of our 2022 Form 10-K, see *Note 2* in our 2022 Form 10-K.

### Our Second Quarter 2023 and First Six Months of 2023 Performance

*Revenues*––*Revenues* decreased $15.0 billion, or 54%, in the second quarter of 2023 to $12.7 billion from $27.7 billion in the second quarter of 2022, reflecting an operational decrease of $14.7 billion, or 53%, as well as an unfavorable impact of foreign exchange of $283 million, or 1%. The operational decrease was primarily driven by declines in Paxlovid and Comirnaty. Excluding contributions from Comirnaty and Paxlovid, revenues increased $537 million, or 5%, operationally, reflecting revenues from recently acquired products, Nurtec ODT/Vydura and Oxbryta, and strong growth from the Vyndaqel family, partially offset by declines in Inflectra in the U.S. and Ibrance.

Revenues decreased $22.4 billion, or 42%, in the first six months of 2023 to $31.0 billion from $53.4 billion in the first six months of 2022, reflecting an operational decrease of $21.4 billion, or 40%, as well as an unfavorable impact of foreign exchange of $1.0 billion, or 2%. The operational decrease was primarily driven by declines in Comirnaty and Paxlovid. Excluding contributions from Comirnaty and Paxlovid, revenues increased $1.1 billion, or 5%, operationally, reflecting revenues from recently acquired products, Nurtec ODT/Vydura and Oxbryta, as well as strong growth from the Vyndaqel family and Eliquis, and increased Sulperazon revenues in China in the first quarter of 2023, partially offset by a decline in Ibrance.

As of August 1, 2023, on a total company basis, we forecasted revenues in 2023 of $67 billion to $70 billion, reflecting an operational decline of 31% at the midpoint from 2022 results, which we expect will also have an unfavorable impact on *Income from continuing operations before provision/(benefit) for taxes on income*. The total company expected revenue declines in 2023 are driven by an expected reduction in sales of our COVID-19 products, partially offset by expected operational growth from our non-COVID-19 in-line portfolio, anticipated new product and indication launches, and recently acquired products.

See the [*Revenues by*](#_bookmark24)[*Geography*](#_bookmark24)and [*Revenues*––*Selected Product Discussion*](#_bookmark25)sections for more information, including a discussion of key drivers of our revenue performance. See also *The Global Economic Environment––COVID-19* section below for information about our COVID-19 products, including expectations, risks and uncertainties for 2023. For information regarding the primary indications or class of certain products, see [*Note 13C*](#_bookmark20)*.*

*Income f rom Continuing Operations Bef ore Provision/(Benef it)* *for Taxes on Income*––The decreases in *Income from continuing operations before provision/(benefit) for taxes on income* of $9.2 billion in the second quarter of 2023 and $12.0 billion in the first six months of 2023, compared to the same periods in 2022, were primarily due to lower revenues and an increase in *Selling, informational and administrative expenses,* partially offset by lower *Cost of sales* and net gains on equity securities in the second quarter of 2023 versus net losses recognized in the second quarter of 2022, and lower net losses on equity securities for the first six months of 2023*.*

See the [*Analysis of the Condensed Consolidated Statements of Income*](#_bookmark23)within MD&A and [*Note 4*](#_bookmark11). See also *The Global Economic Environment––COVID-19* section below for information about our COVID-19 products, including expectations for 2023. For information on our tax provision and effective tax rate, see the [*Provision/(Benef it)* *for Taxes on Income*](#_bookmark27)section within MD&A and [*Note 5*](#_bookmark12).

**Our Operating Environment**––We, like other businesses in our industry, are subject to certain industry-specific challenges. These include, among others, the topics listed below, as well as in the *Item 1. Business––Government Regulation and Price Constraints* and *Item 1A. Risk Factors* sections, and the *Overview of Our Performance, Operating Environment, Strategy and Outlook*––*Our Operating Environment* section of the MD&A of our 2022 Form 10-K and the [*Item 1A.*](#_bookmark37)[*Risk Factors*](#_bookmark37)section of this Form 10-Q.

*Intellectual Property Rights and Collaboration/Licensing Rights*––The loss, expiration or invalidation of intellectual property rights, patent litigation settlements and the expiration of co-promotion and licensing rights can have a material adverse effect on our revenues. Certain of our products have experienced patent-based expirations or loss of regulatory exclusivity in certain markets in the last few years, and we expect certain products to face increased generic competition over the next few years. While additional patent expiries will continue, we expect a moderate impact of reduced revenues due to patent expiries from 2023 through 2025. We anticipate a more significant impact of reduced revenues from patent expiries in 2026 through 2030 as several of our in- line products experience patent-based expirations. We continue to vigorously defend our patent rights against

39

infringement, and we will continue to support efforts that strengthen worldwide recognition of patent rights while taking necessary steps to help ensure appropriate patient access.

For additional information, see the *Item 1. Business––Patents and Other Intellectual Property Rights* and the *Item 1A. Risk Factors––Intellectual Property Protection* sections of our 2022 Form 10-K. For a discussion of recent developments with respect to patent litigation, see [*Note 12A1*](#_bookmark19)*.*

*Regulatory Environment/Pricing and Access––Government and Other Payer Group Pressures*––Governments globally, as well as private third-party payers in the U.S., may use a variety of measures to control costs, including, among others, proposing pricing reform or legislation, employing formularies to control costs, cross country collaboration and procurement, price cuts, mandatory rebates, health technology assessments, forced localization as a condition of market access, “international reference pricing” (i.e., the practice of a country linking its regulated medicine prices to those of other countries), quality consistency evaluation processes and volume-based procurement. We anticipate that these and similar initiatives will continue to increase pricing and access pressures globally. In the U.S., we expect to see continued focus by Congress and the Biden Administration on regulating pricing, which could result in legislative and regulatory changes designed to control costs. We continue to evaluate the impact of the IRA, which was signed into law in August 2022, on our business, operations and financial condition and results as the full effect of the IRA on our business and the pharmaceutical industry remains uncertain. In addition, changes to the Medicaid program or the federal 340B drug pricing program, including legal or legislative developments at the federal or state level with respect to the 340B program, could have a material impact on our business. See the *Item 1. Business*––*Pricing Pressures and Managed Care Organizations* and –– *Government Regulation and Price Constraints* and the *Item 1A. Risk Factors––Pricing and Reimbursement* sections, and the *Overview of Our Performance, Operating Environment, Strategy and Outlook––Our Operating Environment* section of the MD&A of our 2022 Form 10-K*.*

*Impact of Recent Tornado in Rocky Mount, North Carolina (NC)––*Our manufacturing facility in Rocky Mount, NC was damaged by a tornado in July 2023. The facility is a key producer of sterile injectables and is responsible for manufacturing nearly 25 percent of all our sterile injectables—including anesthesia, analgesia, and micronutrients—which is nearly eight percent of all the sterile injectables used in U.S. hospitals. The HiRise warehouse sustained major damage and all raw materials, packaging supplies and finished medicines stored within were damaged. All necessary supplies have been reordered for expedited delivery and we are actively engaging with suppliers. We are working diligently to move product stored within other areas of the facility not impacted by the event to other nearby sites for storage and to secure temporary warehouse space in the vicinity, as an interim solution, until the warehouse on the Rocky Mount campus can be rebuilt. We are also exploring alternative manufacturing locations for production across our significant manufacturing presence in the U.S. and internationally and across our partner network. After an initial assessment, there does not appear to be major damage to the production areas. We are committed to rapidly restoring full function to the site. We are providing financial support to help local communities affected by the natural disaster. We are currently evaluating the financial impact of the tornado on our business, including costs to repair and rebuild the site, inventory losses, potential losses from stock outages at the hospital/retail level, overhead costs related to the period in which the plant may be inoperable, as well as other one-time remediation and/or other incremental costs which may be necessary as we work to bring our plant back online, but we are unable to predict the impact or insurance recoveries with certainty at this time.

*Product Supply*––We periodically encounter supply delays, disruptions and shortages, including due to voluntary product recalls and natural or man-made disasters. In response to requests from various regulatory authorities, manufacturers across the pharmaceutical industry, including Pfizer, are evaluating their product portfolios for the potential presence or formation of nitrosamines. This has led to recalls, including our voluntary recall of Chantix in 2021 and additional voluntary recalls initiated for other products in 2022 due to the presence of nitrosamines above the FDA interim acceptable intake limit, and may lead to additional recalls or other market actions for Pfizer products.

Except for the recent tornado in Rocky Mount, NC discussed above, we have not seen a significant disruption of our supply chain in the first six months of 2023 and to date, and all of our manufacturing sites globally have continued to operate at or near normal levels; however, we continue to see heightened demand in the industry for certain components and raw materials, which could potentially result in constraining available supply leading to a possible future impact on our business. We are continuing to monitor and implement mitigation strategies in an effort to reduce any potential risk or impact including active supplier management, qualification of additional suppliers and advanced purchasing to the extent possible. For information on risks related to product manufacturing, see the *Item 1A. Risk Factors––Product Manufacturing, Sales and Marketing Risks* section of our 2022 Form 10-K.

**The Global Economic Environment**––In addition to the industry-specific factors discussed above, we, like other businesses of our size and global extent of activities, are exposed to economic cycles. See the *Overview of Our Performance, Operating Environment, Strategy and Outlook*––*The Global Economic Environment* section of the MD&A of our 2022 Form 10-K.

*COVID-19*––In response to COVID-19, we have developed Paxlovid and collaborated with BioNTech to jointly develop Comirnaty, including, subject to approval, an Omicron XBB.1.5-adapted monovalent vaccine. As part of our strategy for

40

COVID-19, we are continuing to make significant additional investments in breakthrough science and global manufacturing. This includes continuing to evaluate Comirnaty and Paxlovid, including against new variants of concern, developing variant adapted vaccine candidates and developing potential combination respiratory vaccines and potential next generation vaccines and therapies. We are also evaluating Paxlovid for additional populations. See the [*Product Developments*](#_bookmark28)section within MD&A.

In the first six months of 2023 and to date, we principally sold Comirnaty globally under government contracts and Paxlovid globally to government agencies and distributors. We expect Comirnaty in the U.S. will transition to traditional commercial market sales in the second half of 2023, triggered by the expiration of current contracts and the COVID-19 vaccines from Pfizer and BioNTech purchased through them becoming either depleted or not used following the introduction of a new variant vaccine. Internationally, we expect sales of Comirnaty in international developed markets to generally be under government contracts in 2023, and in emerging markets, under a combination of private channels and government contracts; in both cases, we expect to generally transition to commercial markets starting in 2024. For Paxlovid, we expect to transition to traditional commercial markets in the second half of 2023 rather than significant government purchases. We anticipate this transition in the U.S. to occur in the second half of 2023, though at this point we have not yet agreed on a transition plan with the U.S. government. We also remain committed to helping ensure broad and equitable access to our COVID-19 products to eligible patients around the world. Revenues from our COVID-19 products are expected to go from their peak in 2022 to their low point in 2023 before potentially returning to growth in 2024. While patient demand for our COVID-19 products is expected to remain strong throughout 2023, much of that demand is expected to be fulfilled by existing supply of products that were delivered to governments and recorded as revenues in 2022. As of August 1, 2023, we forecasted Comirnaty revenues of approximately $13.5 billion in 2023, down 64% from actual 2022 results, with gross profit to be split evenly with BioNTech, and Paxlovid revenues of approximately $8 billion in 2023, down 58% from actual 2022 results. These forecasts are based on estimates and assumptions that are subject to significant uncertainties, including, among others, patient demand, which could be significantly impacted by the infectiousness and severity of the predominant strains of the SARS-CoV-2 virus during 2023, proportion of the population that receives a vaccine or is treated with an oral antiviral treatment, the number of doses per vaccinated person per year, number of symptomatic infections, market share of Comirnaty and Paxlovid and the timing for transitioning Comirnaty and Paxlovid to commercial markets in the U.S.

For information on the impact of COVID-19 on our business, operations and financial conditions and results and risks associated with COVID-19 and our COVID-19 products, as well as COVID-19 intellectual property disputes, see the *Item 1A. Risk Factors—COVID-19, —Intellectual Property Protection* and *— Third-Party Intellectual Property Claims* sections and the *Overview of Our Performance, Operating Environment, Strategy and Outlook* section of the MD&A of our 2022 Form 10-K, as well as [*Notes*](#_bookmark18)[*8A*](#_bookmark18), [*12A1*](#_bookmark19)and [*Forward-Looking Information*](#_bookmark32)[*and Factors*](#_bookmark32)[*tha*](#_bookmark32)*t* [*May Aff ect Future Results*](#_bookmark32)of this Form 10-Q*.*

*Russia/Ukraine Conflict*––Our global operations may be impacted by the armed conflict between Russia and Ukraine. For both the six months ended July 2, 2023 and the fiscal year ended December 31, 2022, the business of our Russia and Ukraine subsidiaries represented less than 1% of our consolidated revenues and assets, and while we are monitoring the effects of the armed conflict between Russia and Ukraine, the situation continues to evolve and the long-term implications, including the broader economic consequences of the conflict, are difficult to predict at this time. While as of now, we do not anticipate any significant negative impacts on our business from this conflict, continued regional instability, geopolitical shifts, potential additional sanctions and other restrictive measures against Russia, neighboring countries or allies of Russia, any retaliatory measures taken by Russia, neighboring countries or allies of Russia, and actions by our customers or suppliers, including financial institutions, in response to such measures could adversely affect the global macroeconomic environment, our operations, currency exchange rates and financial markets, which could in turn adversely impact our business and results of operations. For additional information on our response to the armed conflict between Russia and Ukraine as well as risks associated with the conflict, see the *Item 1A. Risk Factors—Global Operations* section and the *Overview of Our Performance, Operating Environment, Strategy and Outlook* section of the MD&A of our 2022 Form 10-K.

## SIGNIFICANT ACCOUNTING POLICIES AND APPLICATION OF CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

For a description of our significant accounting policies, see *Note 1* in our 2022 Form 10-K*.* Of these policies, the following are considered critical to an understanding of our consolidated financial statements as they require the application of the most subjective and the most complex judgments: Acquisitions (*Note 1D*); Fair Value (*Note 1E*); Revenues (*Note 1G*); Asset Impairments (*Note 1M*); Tax Assets and Liabilities and Income Tax Contingencies (*Note 1Q*); Pension and Postretirement Benefit Plans (*Note 1R*); and Legal and Environmental Contingencies (*Note 1S*).

For a discussion about the critical accounting estimates and assumptions impacting our consolidated financial statements, see the *Significant Accounting Policies and Application of Critical Accounting Estimates and Assumptions* section within MD&A in our 2022 Form 10-K. See also *Note 1C* in our 2022 Form 10-K for a discussion about the risks associated with estimates and assumptions.

41

For a discussion of recently adopted accounting standards, see [*Note 1B*](#_bookmark8).

## ANALYSIS OF THE CONDENSED CONSOLIDATED STATEMENTS OF INCOME

### Revenues by Geography

The following presents worldwide revenues by geography:

Three Months Ended

Worldwide U.S. International

World-

wide U.S.

Inter- national

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | | July 2, |  | July 3, | |  | July 2, |  | July 3, | |  | July 2, |  | July 3, | |  | | | | |
| (MILLIONS) |  | 2023 |  | 2022 | |  | 2023 |  | 2022 | |  | 2023 |  | 2022 | |  |  | % Change |  |  |
| Operating segments: |  |  |  |  | |  |  |  |  | |  |  |  |  | |  |  |  |  |  |
| Biopharma |  | $ 12,418 |  | $ 27,425 | |  | $ 6,095 |  | $ 11,136 | |  | $ 6,323 |  | $ 16,289 | |  | (55) | (45) | (61) |  |
| Business Innovation |  | 316 |  | 317 | |  | 90 |  | 86 | |  | 225 |  | 230 | |  | — | 5 | (2) |  |
| Total revenues |  | $ 12,734 |  | $ 27,742 | |  | $ 6,185 |  | $ 11,222 | |  | $ 6,548 |  | $ 16,519 | |  | (54) | (45) | (60) |  |
| Six Months Ended | | | | | | | | | | | | | | | | | | | | |
|  |  | Worldwide | | |  |  | U.S. | | |  |  | International | | |  |  | World- wide | U.S. | Inter- national |  |
|  |  | July 2, | | | July 3, |  | July 2, | | | July 3, |  | July 2, | | | July 3, |  |  |  |  |  |
| (MILLIONS) |  | 2023 | | | 2022 |  | 2023 | | | 2022 |  | 2023 | | | 2022 |  |  | % Change |  |  |
| Operating segments: |  |  | | |  |  |  | | |  |  |  | | |  |  |  |  |  |  |
| Biopharma | | $ 30,389 |  | $ 52,748 | |  | $ 14,491 |  | $ 19,952 | |  | $ 15,898 |  | $ 32,795 | | (42) | | (27) | (52) | |
| Business Innovation | | 626 |  | 655 | |  | 201 |  | 188 | |  | 425 |  | 467 | | (4) | | 7 | (9) | |
| Total revenues | | $ 31,015 |  | $ 53,402 | |  | $ 14,692 |  | $ 20,140 | |  | $ 16,323 |  | $ 33,262 | | (42) | | (27) | (51) | |

*Second Quarter of 2023 vs. Second Quarter of 2022*

The following provides an analysis of the change in worldwide revenues by geographic areas in the second quarter of 2023:

Three Months Ended July 2, 2023

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| (MILLIONS) |  | Worldwide |  | U.S. |  | International |
| Operational growth/(decline): |  |  |  |  |  |  |
| Worldwide declines from Paxlovid(a) |  | $ (7,967) |  | $ (4,455) |  | $ (3,512) |
| Worldwide declines from Comirnaty(a) |  | (7,294) |  | (1,063) |  | (6,230) |
| Lower revenues from Inflectra, primarily driven by lower net price in the U.S. as a result of unfavorable changes in channel mix |  | (62) |  | (64) |  | 2 |
| Revenues from recently acquired products: Nurtec ODT/Vydura(a) and Oxbryta |  | 324 |  | 319 |  | 4 |
| Worldwide growth from the Vyndaqel family, Xeljanz, Eliquis and Xtandi, partially offset by declines from Ibrance, |  |  |  |  |  |  |
| the Prevnar family and Inlyta(a) |  | 244 |  | 226 |  | 18 |
| Other operational factors, net |  | 31 |  | — |  | 30 |
| Operational growth/(decline), net |  | (14,725) |  | (5,037) |  | (9,688) |
| Unfavorable impact of foreign exchange |  | (283) |  | — |  | (283) |
| *Revenues* increase/(decrease) |  | $ (15,008) |  | $ (5,037) |  | $ (9,971) |

(a) See the [*Revenues––Selected Product Discussion*](#_bookmark25)section within MD&A for additional analysis.

Emerging markets revenues decreased $3.2 billion, or 53%, in the second quarter of 2023 to $2.8 billion from $6.0 billion in the second quarter of 2022, reflecting an operational decrease of $3.0 billion, or 50%, and an unfavorable impact from foreign exchange of 2%. The operational decrease in emerging markets was primarily driven by declines from Comirnaty and Paxlovid.

42

*First Six Months of 2023 vs. First Six Months of 2022*

The following provides an analysis of the worldwide change in revenues by geographic areas in the first six months of 2023:

Six Months Ended July 2, 2023

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| (MILLIONS) |  | Worldwide |  | U.S. |  | International |
| Operational growth/(decline): |  |  |  |  |  |  |
| Worldwide declines from Comirnaty(a) |  | $ (17,260) |  | $ (3,049) |  | $ (14,211) |
| Worldwide declines from Paxlovid(a) |  | (5,214) |  | (3,510) |  | (1,704) |
| Revenues from recently acquired products: Nurtec ODT/Vydura(a) and Oxbryta |  | 561 |  | 553 |  | 8 |
| Worldwide growth from the Vyndaqel family, Eliquis, the Prevnar family, Inlyta and Xtandi, partially offset by declines from Ibrance and Xeljanz(a) |  | 363 |  | 477 |  | (115) |
| Increased revenues from Sulperazon, largely driven by demand in China in the first quarter of 2023 |  | 114 |  | — |  | 114 |
| Other operational factors, net |  | 62 |  | 81 |  | (19) |
| Operational growth/(decline), net |  | (21,374) |  | (5,448) |  | (15,926) |
| Unfavorable impact of foreign exchange |  | (1,013) |  | — |  | (1,013) |
| *Revenues* increase/(decrease) |  | $ (22,387) |  | $ (5,448) |  | $ (16,939) |

(a) See the [*Revenues––Selected Product Discussion*](#_bookmark25)section within MD&A for additional analysis.

Emerging markets revenues decreased $6.1 billion, or 45%, in the first six months of 2023 to $7.3 billion from $13.4 billion in the first six months of 2022, reflecting an operational decrease of $5.6 billion, or 42%, and an unfavorable impact from foreign exchange of 3%. The operational decrease in emerging markets was primarily driven by declines from Comirnaty, partially offset by growth from Paxlovid, as well as increased Sulperazon revenues in the first quarter of 2023 largely driven by demand in China.

**Revenue Deductions**––Our gross product revenues are subject to a variety of deductions, which generally are estimated and recorded in the same period that the revenues are recognized. These deductions represent estimates of the related obligations and, as such, knowledge and judgment are required when estimating the impact of these revenue deductions on gross sales for a reporting period. Historically, adjustments to these estimates to reflect actual results or updated expectations, have not been material to our overall business and generally have been less than 1% of revenues. Product-specific rebates, however, can have a significant impact on year-over-year individual product revenue growth trends.

The following presents information about revenue deductions:

Three Months Ended Six Months Ended

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | | July 2, |  | July 3, |  | July 2, |  | July 3, |
| (MILLIONS) |  | 2023 |  | 2022 |  | 2023 |  | 2022 |
| Medicare rebates |  | $ 207 |  | $ 186 |  | $ 432 |  | $ 387 |
| Medicaid and related state program rebates |  | 411 |  | 225 |  | 822 |  | 466 |
| Performance-based contract rebates |  | 1,229 |  | 862 |  | 2,421 |  | 1,667 |
| Chargebacks |  | 2,305 |  | 1,797 |  | 4,589 |  | 3,534 |
| Sales allowances |  | 1,594 |  | 1,367 |  | 3,109 |  | 2,571 |
| Sales returns and cash discounts |  | 238 |  | 328 |  | 751 |  | 598 |
| Total |  | $ 5,984 |  | $ 4,765 |  | $ 12,125 |  | $ 9,223 |

Revenue deductions are primarily a function of product sales volume, mix of products sold, contractual or legislative discounts and rebates. For information on our accruals for revenue deductions, including the balance sheet classification of these accruals, see [*Note 1C*](#_bookmark8)*.*

43

### Revenues––Selected Product Discussion

*Biopharma*

(MILLIONS) **Revenue % Change**

**Global**

|  |
| --- |
| **$1,488**  **Down 82% (operationally)** |
| **$4,552**  **Down 78% (operationally)** |
| **$143**  **Down 98% (operationally)** |
| **$4,212**  **Down 54% (operationally)** |
| **$1,762**  **Up 2%**  **(operationally)** |
| **$3,636**  **Up 4%**  **(operationally)** |
| **$1,388**  **Down 1% (operationally)** |
| **$2,981**  **Up 2%**  **(operationally)** |
| **$1,247**  **Down 4% (operationally)** |
| **$2,391**  **Down 5% (operationally)** |
| **$782**  **Up 43%**  **(operationally)** |
| **$1,468**  **Up 29%**  **(operationally)** |
| **$469**  **Up 11%**  **(operationally)** |
| **$706**  **Down 10%** |

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| $ 17 |  | $ 1,080 |  | (98) |  |  |  | |
| 1,471 |  | 7,768 |  | (81) |  | (80) |
| $ 1,488 |  | $ 8,848 |  | (83) |  | (82) |  | Global declines largely driven by lower contracted deliveries and demand in  international markets and lower U.S. government contracted deliveries, with |
| $ 345 |  | $ 3,395 |  | (90) |  |  |  | anticipated transition to new variant vaccines globally and to traditional U.S.  commercial market sales in the second half of 2023. |
| 4,207 |  | 18,681 |  | (77) |  | (76) |  |  |
| $ 4,552 |  | $ 22,075 |  | (79) |  | (78) |  |  |
| $ — |  | $ 4,455 |  | \* |  |  |  |  |
| 143 |  | 3,660 |  | (96) |  | (96) |  | Declines primarily driven by:   * No second quarter U.S. sales in anticipation of transition to traditional |
| $ 143 |  | $ 8,115 |  | (98) |  | (98) |  | commercial markets in the second half of 2023, and   * lower contractual deliveries in most international markets |
| $ 1,960 |  | $ 5,470 |  | (64) |  |  |  | YTD declines partially offset by strong demand in China under the temporary National Reimbursement Drug List (which ended on April 1, 2023) due to surge in |
| 2,252 |  | 4,115 |  | (45) |  | (41) |  | COVID-19 infection. |
| $ 4,212 |  | $ 9,585 |  | (56) |  | (54) |  |  |
| $ 1,152 |  | $ 1,064 |  | 8 |  |  |  |  |
| 610 |  | 681 |  | (10) |  | (9) |  |  |
| $ 1,762 |  | $ 1,745 |  | 1 |  | 2 |  | Growth driven primarily by continued oral anti-coagulant adoption and market  share gains in the non-valvular atrial fibrillation indication in the U.S. and certain |
| $ 2,413 |  | $ 2,144 |  | 13 |  |  |  | markets in Europe, partially offset by declines due to LOE and generic competition  in certain international markets. |
| 1,223 |  | 1,394 |  | (12) |  | (8) |  |  |
| $ 3,636 |  | $ 3,537 |  | 3 |  | 4 |  |  |

**Product Period**

|  |
| --- |
| **QTD** |
| **YTD** |
| **QTD** |
| **YTD** |
| **QTD** |
| **YTD** |
| **QTD** |
| **YTD** |
| **QTD** |
| **YTD** |
| **QTD** |
| **YTD** |
| **QTD** |
| **YTD** |

**Comirnaty**(a)

**Paxlovid**

**Eliquis**

**Revenues Region July 2, 2023 July 3, 2022 Total Oper. Operational Results Commentary**

**Prevnar family**

**Ibrance**

**Vyndaqel family**

**Xeljanz**

$ 825 $ 906 (9)

563 523 8 12

|  |
| --- |
| U.S.  Int’l. |
| Worldwide |
| U.S.  Int’l. |
| Worldwide |
| U.S.  Int’l. |
| Worldwide |
| U.S.  Int’l. |
| Worldwide |
| U.S.  Int’l. |
| Worldwide |
| U.S.  Int’l. |
| Worldwide |
| U.S.  Int’l. |
| Worldwide |
| U.S.  Int’l. |
| Worldwide |
| U.S.  Int’l. |
| Worldwide |
| U.S.  Int’l. |
| Worldwide |
| U.S.  Int’l. |
| Worldwide |
| U.S.  Int’l. |
| Worldwide |
| U.S.  Int’l. |
| Worldwide |
| U.S.  Int’l. |

$ 1,388 $ 1,429 (3) (1)

$ 1,900 $ 1,920 (1)

1,081 1,074 1 6

$ 2,981 $ 2,994 — 2

$ 850 $ 868 (2)

397 452 (12) (9)

$ 1,247 $ 1,320 (6) (4)

$ 1,600 $ 1,621 (1)

791 936 (16) (11)

$ 2,391 $ 2,557 (7) (5)

$ 434 $ 296 47

348 256 36 38

$ 782 $ 552 42 43

$ 818 $ 561 46

650 603 8 12

$ 1,468 $ 1,164 26 29

$ 333 $ 254 31

136 176 (23) (19)

$ 469 $ 430 9 11

$ 423 $ 457 (7)

284 345 (18) (12)

QTD decline primarily driven by lower stocking and demand for Prevnar pediatric indication in the U.S. in anticipation of transition to Prevnar 20, as well as lower market share due to competitor entry, largely offset by the adult indications in the

U.S. due to strong patient demand following the launch of Prevnar 20 for the eligible adult population, as well as growth in certain emerging markets.

YTD growth primarily driven by the adult indications in the U.S. due to strong patient demand following the launch of Prevnar 20 for the eligible adult population, as well as growth in certain emerging markets, partially offset by lower stocking and demand for Prevnar pediatric indication in the U.S. in anticipation of transition to Prevnar 20, as well as lower market share due to competitor entry.

Declines primarily driven by lower demand globally due to competitive pressure, lower clinical trial purchases internationally, and planned price decreases in certain international developed markets.

Growth largely driven by continued strong uptake of the ATTR-CM indication, primarily in the U.S. and developed Europe.

YTD growth partially offset by a planned price decrease that went into effect in Japan in the second quarter of 2022.

QTD growth driven primarily by higher net price in the U.S. due to favorable changes in channel mix, partially offset by decreased prescription volumes globally resulting from ongoing shifts in prescribing patterns related to label changes.

YTD declines driven primarily by decreased prescription volumes globally resulting from ongoing shifts in prescribing patterns related to label changes.

Worldwide $ 706 $ 802 (12) (10)

**QTD**

**YTD**

**(operationally)**

**$305**

**Up 5%**

**(operationally)**

**$564**

**Up 1%**

**(operationally)**

**Xtandi**

QTD growth driven by higher demand and net price realization.

YTD growth driven by higher demand, partially offset by lower net price mainly due to unfavorable changes in channel mix.

44

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| U.S. |  | $ 305 |  | $ 290 |  | 5 |  | |
| Int’l. |  | — |  | — |  | — |  | — |
| Worldwide $ 305 $ 290 5 5  U.S. $ 564 $ 558 1  Int’l. — — — — Worldwide $ 564 $ 558 1 1 | | | | | | | | |

(MILLIONS) **Revenue % Change**

**Global**

**Product Period Revenues Region July 2, 2023 July 3, 2022 Total Oper. Operational Results Commentary**

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  | **$262** |  | $ 168  94  $ 262  $ 323  199  $ 521 |  | $ 162  112  $ 274  $ 302  206  $ 508 |  | QTD decline primarily driven by lower net price and lower volumes in certain European markets, partially offset by continued strong performance in the U.S. and  3 emerging markets driven by the adoption of combinations of certain immune  (16) (12) checkpoint inhibitors and Inlyta for the first-line treatment of patients with  (4) (3) advanced RCC.    YTD growth primarily reflects continued strong performance in the U.S. and  7 emerging markets driven by the adoption of combinations of certain immune checkpoint inhibitors and Inlyta for the first-line treatment of patients with  (3) 2 advanced RCC, partially offset by lower volumes and lower net price in certain European markets.  3 5 |
|  | **QTD** | **Down 3%** | U.S. |
|  |  |  | Int’l. |
| **Inlyta** |  | **(operationally)** |
| Worldwide |
|  | **$521** | U.S. |
|  | **YTD** | **Up 5%** | Int’l. |
|  |  | **(operationally)** | Worldwide |
|  |  |  | **$247** | U.S. | $ 244  4  $ 247  $ 406  7  $ 414 |  | $ —  —  $ —  $ —  1  $ 1 |  | \*   * \* Driven by the acquisition of Biohaven in the fourth quarter of 2022, after which * \* Nurtec ODT/Vydura is now a Pfizer-owned product, compared to the second   quarter and first six months of 2022, during which Pfizer only had   * commercialization rights outside of the U.S. under a collaboration and license * \* agreement with Biohaven. See *Notes 2A* and *2E* of our 2022 Form 10-K.   \* \* |
|  | **QTD** |  | Int’l. |
| **Nurtec ODT/Vydura** |  | **\*** | Worldwide |
|  | **$414** | U.S. |
|  | **YTD** |  | Int’l. |
|  |  | **\*** | Worldwide |

*Business Innovation*

(MILLIONS) **Revenue % Change**

**Operating**

**Segment Period**

**Global**

**Revenues Region July 2, 2023 July 3, 2022 Total Oper. Operational Results Commentary**

425

467

(9)

(7)

Worldwide $ 626 $ 655 (4) (3)

**$626**

**Down 3% (operationally)**

U.S. $ 201 $ 188

317

316 $

Worldwide $

**Business Innovation**

Int’l.

(2)

(2)

230

Int’l.

**QTD**

5

86

—

90 $

$

U.S.

**$316**

**Flat (operationally)**

7

Performance primarily driven by, among other things, the timing of Comirnaty

— supply to BioNTech, offset by - for QTD (and partially offset by - for YTD) higher manufacturing of divested products under manufacturing and supply agreements and higher COVID-19 manufacturing activities performed on behalf of customers.

**YTD**

225

(a) Comirnaty includes direct sales and Alliance revenues related to sales of the Pfizer-BioNTech COVID-19 vaccine, which are recorded within our Primary Care customer group. It does not include revenues for certain Comirnaty-related manufacturing activities performed on behalf of BioNTech, which are included in PC1, which is part of the Business Innovation operating segment. See [*Note*](#_bookmark20)[*13C*](#_bookmark20).

\* Indicates calculation not meaningful.

See the *Item 1. Business*—*Patents and Other Intellectual Property Rights* section of our 2022 Form 10-K for information regarding the expiration of various patent rights, [*Note 12*](#_bookmark19)for a discussion of recent developments concerning patent and product litigation relating to certain of the products discussed above and [*Note 13C*](#_bookmark20)for additional information regarding the primary indications or class of the selected products discussed above.

### Costs and Expenses

Costs and expenses follow:

Three Months Ended Six Months Ended

|  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | | July 2, |  | July 3, |  | % |  | July 2, |  | July 3, |  | % |
| (MILLIONS) |  | 2023 |  | 2022 |  | Change |  | 2023 |  | 2022 |  | Change |
| *Cost of sales* |  | $ 3,237 |  | $ 8,648 |  | (63) |  | $ 8,122 |  | $ 18,632 |  | (56) |
| Percentage of *Revenues* |  | 25.4 % |  | 31.2 % |  |  |  | 26.2 % |  | 34.9 % |  |  |
| *Selling, informational and administrative expenses* |  | 3,497 |  | 3,048 |  | 15 |  | 6,914 |  | 5,642 |  | 23 |
| *Research and development expenses* |  | 2,648 |  | 2,815 |  | (6) |  | 5,153 |  | 5,116 |  | 1 |
| *Acquired in-process research and development expenses* |  | 33 |  | 1 |  | \* |  | 55 |  | 356 |  | (85) |
| *Amortization of intangible assets* |  | 1,184 |  | 822 |  | 44 |  | 2,287 |  | 1,657 |  | 38 |
| *Restructuring charges and certain acquisition-related costs* |  | 214 |  | 189 |  | 13 |  | 222 |  | 381 |  | (42) |
| *Other (income)/deductions—net* |  | (347) |  | 772 |  | \* |  | (277) |  | 1,122 |  | \* |
| \* Indicates calculation not meaningful. |  |  |  |  |  |  |  |  |  |  |  |  |

45

#### Cost of Sales

*Cost of sales* decreased $5.4 billion in the second quarter of 2023 and $10.5 billion in the first six months of 2023, primarily due to:

* a reduction of $4.3 billion in the second quarter and $9.8 billion in the first six months due to lower sales of Comirnaty and, to a much lesser extent, by lower write-offs of approximately $300 million in the second quarter and $240 million in the first six months for Comirnaty inventory that exceeded or was expected to exceed its approved shelf-life prior to being used; and
* a reduction of $1.0 billion in the second quarter and $630 million in the first six months due to lower sales of Paxlovid.

The decrease in *Cost of sales* as a percentage of revenues in the second quarter and in the first six months of 2023 was mainly driven by favorable changes in sales mix, including lower sales of Comirnaty, and to a much lesser extent by lower write-offs for Comirnaty discussed above, partially offset by lower sales of Paxlovid.

#### Selling, Informational and Administrative Expenses

*Selling, informational and administrative* expenses increased $448 million in the second quarter of 2023 and $1.3 billion in the first six months of 2023, primarily due to:

* increases of $410 million in the second quarter and $970 million in the first six months in marketing and promotional expenses ($280 million in the second quarter and $560 million in the first six months for recently acquired and launched products, and $130 million in the second quarter and $410 million in the first six months for the expected Paxlovid commercial launch); and
* increases of $130 million in the second quarter and $210 million in the first six months in our liability to be paid to participants of our supplemental savings plan,

partially offset by:

* decreases of $120 million in the second quarter and $170 million in the first six months due to a lower provision for U.S. healthcare reform fees associated with lower sales of Paxlovid and Comirnaty.

#### Research and Development Expenses

*Research and development* expenses decreased $167 million in the second quarter of 2023, primarily due to:

* lower spending of $190 million on programs to prevent and treat COVID-19; and
* a decrease of $100 million in the value of the portfolio performance share grants reflecting the decrease in the price of Pfizer’s common stock, partially offset by:
* increased investments of $130 million to develop recently acquired assets and certain vaccine programs, as well as activities to support upcoming product launches.

*Research and development* expenses increased $37 million in the first six months of 2023, primarily driven by:

* increased costs of $530 million to develop recently acquired assets and certain vaccine programs, and other late stage clinical programs as well as activities to support upcoming product launches,

partially offset by:

* lower spending of $390 million on programs to prevent and treat COVID-19; and
* a decrease of $80 million in the value of the portfolio performance share grants reflecting the decrease in the price of Pfizer’s common stock.

#### Acquired In-Process Research and Development Expenses

*Acquired in-process research and development* expenses decreased $301 million in the first six months of 2023, primarily reflecting the non-recurrence of (i) an upfront payment to Biohaven and a premium paid on our equity investment in Biohaven totaling $263 million and (ii) a $76 million premium paid on our equity investment in BioNTech to develop a potential mRNA vaccine against shingles, both recorded in the first quarter of 2022.

#### Amortization of Intangible Assets

Amortization of intangible assets increased $362 million in the second quarter of 2023 and $630 million in the first six months of 2023, primarily as a result of amortization of intangible assets from our acquisitions of Biohaven and GBT, partially offset by fully amortized assets.

#### Restructuring Charges and Other Costs Associated with Acquisitions and Cost-Reduction/Productivity Initiatives

*Transforming to a More Focused Company Program*––For a description of our program, as well as the anticipated and actual costs, see [*Note 3A*](#_bookmark10)*.* The program savings discussed below may be rounded and represent approximations. In connection with restructuring our corporate enabling functions, we achieved gross cost savings of $1.0 billion, or net cost savings, excluding

46

merit and inflation growth and certain real estate cost increases, of $700 million, in the two year period from 2021 through 2022. In connection with transforming our commercial go-to market strategy, we expect net cost savings of $1.4 billion, to be achieved primarily from 2022 through 2024. In connection with manufacturing network optimization, we expect net cost savings of $550 million to be achieved primarily from 2020 through 2023. In connection with optimizing our end-to-end R&D operations, we expect net cost savings of $2.3 billion to be achieved primarily from 2023 through 2025.

Certain qualifying costs for this program in all periods since inception were recorded and reflected as Certain Significant Items and excluded from our non- GAAP measure of Adjusted Income. See the [*Non-GAAP Financial Measure: Adjusted Income*](#_bookmark29)section within MD&A.

In addition to this program, we continuously monitor our operations for cost reduction and/or productivity opportunities, especially in light of the losses of exclusivity and the expiration of collaborative arrangements for various products.

#### Other (Income)/Deductions—Net

The favorable period-over-period change of $1.1 billion for the second quarter of 2023, compared to the second quarter of 2022, was primarily driven by (i) net gains on equity securities recognized in the second quarter of 2023 versus net losses in the second quarter of 2022, and (ii) net periodic benefit credits associated with pension and postretirement plans recorded in the second quarter of 2023 versus net periodic benefit costs recorded in the second quarter of 2022.

The favorable period-over-period change of $1.4 billion for the first six months of 2023, compared to the first six months of 2022, was primarily driven by (i) lower net losses on equity securities, (ii) higher dividend income and (iii) lower net interest expense, partially offset by (iv) intangible asset impairment charges recorded in the first six months of 2023.

See [*Note 4*](#_bookmark11)*.*

### Provision/(Benefit) for Taxes on Income

Three Months Ended Six Months Ended

|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | | July 2, |  | July 3, |  | % | July 2, |  | July 3, |  | % |
| (MILLIONS) |  | 2023 |  | 2022 |  | Change | 2023 |  | 2022 |  | Change |
| *Provision/(benefit) for taxes on income* |  | $ (71) |  | $ 1,570 |  | \* $ | 644 |  | $ 2,742 |  | (77) |
| Effective tax rate on continuing operations |  | (3.1)% |  | 13.7 % |  |  | 7.5 % |  | 13.4 % |  |  |

\* Indicates calculation not meaningful.

For information about our effective tax rate and the events and circumstances contributing to the changes between periods, as well as details about discrete elements that impacted our tax provisions, see [*Note 5*](#_bookmark12)*.*

### Discontinued Operations

For information about our discontinued operations, see [*Note 2B*](#_bookmark9).

## PRODUCT DEVELOPMENTS

A comprehensive update of Pfizer’s development pipeline was published as of August 1, 2023 and is available at [www.pfizer.com/science/drug-product-](http://www.pfizer.com/science/drug-product-) pipeline. It includes an overview of our research and a list of compounds in development with targeted indication and phase of development, as well as mechanism of action for some candidates in Phase 1 and all candidates from Phase 2 through registration.

This section provides information as of the date of this filing about significant marketing application-related regulatory actions by, and filings pending with, the FDA and regulatory authorities in the EU and Japan.

The tables below include filing and approval milestones for products that have occurred in the last twelve months and generally do not include approvals that may have occurred prior to that time. The tables include filings with regulatory decisions pending (even if the filing occurred outside of the last twelve-month period).

### COVID-19 Vaccine Products

*U.S.*––In April 2023, in order to simplify the vaccination schedule for most individuals, the FDA amended an EUA for the emergency use of the Pfizer‑BioNTech COVID-19 Vaccine, Bivalent (Original and Omicron BA.4/BA.5), which has been developed in collaboration with BioNTech, for active immunization to prevent COVID-19 caused by severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2) in individuals 6 months of age and older. In the U.S., the original monovalent Pfizer-BioNTech COVID-19 Vaccine is no longer authorized for emergency use or CDC-recommended, although Comirnaty remains a licensed vaccine. This decision relates entirely to the FDA’s strategy to harmonize COVID-19 vaccines and is not indicative of any safety-related

signals or concerns.

47

In February 2023, Pfizer and BioNTech announced the submission of a supplemental Biologics License Application (sBLA) to the FDA for approval of the companies’ Omicron BA.4/BA.5-adapted bivalent COVID-19 vaccine (Pfizer-BioNTech COVID-19 Vaccine, Bivalent (Original and Omicron BA.4/BA.5)) as a primary series and booster dose(s) for individuals 12 years of age and older.

In June 2023, Pfizer and BioNTech announced the companies have submitted a regulatory application to the FDA for their Omicron XBB.1.5-adapted monovalent COVID-19 vaccine.

The following table contains the authorized uses of the Pfizer‑BioNTech COVID-19 Vaccine, Bivalent (Original and Omicron BA.4/BA.5) for the various patient populations in the U.S.:

**PATIENT POPULATION AND AUTHORIZATIONS (U.S. ONLY)**

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **AGE** | **Individuals 6 months of age and older not previously vaccinated with a COVID-19 vaccine** |  | **Individuals 5 years of age and older previously vaccinated with 1 or more doses of the original monovalent COVID-19 Vaccine**(a) |  | **Individuals 6 months through 4 years of age previously vaccinated with the original monovalent Pfizer-BioNTech COVID-19 Vaccine** | | | |
| One previous dose of the Pfizer-BioNTech COVID-19 Vaccine |  | Two previous doses of the  Pfizer-BioNTech COVID-19 Vaccine | Three previous doses of the Pfizer-BioNTech COVID-19 Vaccine  Single dose, 0.2 mL  ≥2 months after receipt of third dose of the Pfizer-BioNTech COVID-19 Vaccine |
| 6 months –  4 years(b) | 3 doses, 0.2 mL each  Dose 1: Week 0  Dose 2: Week 3  Dose 3: ≥ 8 weeks after Dose 2 |  | 2 doses(c), 0.2 mL each  Dose 1: 3 weeks after receipt of the Pfizer- BioNTech COVID-19 Vaccine  Dose 2: ≥8 weeks after Dose 1 | Single dose, 0.2 mL  ≥8 weeks after receipt of second dose of the Pfizer-BioNTech COVID-19 Vaccine |
| 5-11 years | Single dose, 0.2 mL | Single dose, 0.2 mL  ≥2 months after original monovalent COVID-19 Vaccine |  |  |
| 12-64 years | Single dose, 0.3 mL | Single dose, 0.3 mL  ≥2 months after original monovalent COVID-19 Vaccine |
| ≥65 years | Single dose, 0.3 mL.  One additional dose, 0.3 mL, may be administered ≥4 months after first dose of an authorized bivalent COVID-19 vaccine | Single dose, 0.3 mL  ≥2 months after original monovalent COVID-19 vaccine  One additional dose, 0.3 mL, may be administered ≥4 months after first dose of an authorized bivalent COVID-19 vaccine |

(a) “Original monovalent” refers to a COVID-19 vaccine that contains or encodes the spike protein of only the Original SARS-CoV-2.

(b) Notwithstanding the age limitations for use of the vaccine, individuals turning from 4 to 5 years of age during the vaccination series should receive all doses with the Pfizer-BioNTech COVID-19 Vaccine, Bivalent.

(c) Notwithstanding the age limitations for use of the vaccine, individuals turning from 4 to 5 years of age during the vaccination series should receive 2 doses with the Pfizer-BioNTech COVID-19 Vaccine, Bivalent.

For individuals with certain kinds of immunocompromise 6 months through 4 years of age who have received three 0.2 mL doses (the Pfizer‑BioNTech COVID-19 Vaccine or the Pfizer-BioNTech COVID-19 Vaccine, Bivalent), a fourth dose (0.2 mL) with the Pfizer-BioNTech COVID-19 Vaccine, Bivalent may be administered at least one month following the most recent dose; additional doses of the Pfizer-BioNTech COVID-19 Vaccine, Bivalent may be administered

at the discretion of the healthcare provider, taking into consideration the individual’s clinical circumstances. For individuals with certain kinds of immunocompromise 5 years of age and older, a single additional age-appropriate dose of the Pfizer‑BioNTech COVID-19 Vaccine, Bivalent may be administered at least 2 months following the initial dose of a bivalent COVID-19 vaccine; additional age‑appropriate doses of the Pfizer‑BioNTech COVID‑19 Vaccine, Bivalent may be administered at the discretion of the healthcare provider, taking into consideration the individual’s clinical circumstances.

*EU and Japan*––In March 2023, Pfizer and BioNTech announced the submission of an application to the EMA to extend the Omicron BA.4/BA.5-adapted bivalent vaccine’s marketing authorization (MA) to include use in children six months through 4 years of age as both primary series (all three doses) and booster vaccination (fourth dose).

In February 2023, Pfizer and BioNTech announced the submission of an application to the EMA for a variation of the MA to include the bivalent vaccine as a primary course of vaccination in individuals 5 years of age and older.

In July 2023, Pfizer and BioNTech announced the companies have submitted a regulatory application to the Pharmaceuticals and Medical Devices Agency (Japan) for their Omicron XBB.1.5-adapted monovalent COVID-19 vaccine.

In June 2023, Pfizer and BioNTech announced the companies have submitted regulatory application to the EMA for their Omicron XBB.1.5-adapted monovalent COVID-19 vaccine.

48

The following table includes filings and approvals for our COVID-19 vaccine products in the EU and Japan. All COVID-19 vaccine products listed in this table have been developed in collaboration with BioNTech.

|  |  |  |  |
| --- | --- | --- | --- |
| **Approved** December 2020 | **Cond.**  **J-NDA** February 2021 | **Approved** May 2021 | **Cond. J-NDA**  May 2021 |

|  |  |  |  |
| --- | --- | --- | --- |
| **Approved** | **Cond.** | **Approved** | **Cond.** |
| October | **J-NDA** | February | **J-NDA** |
| 2021 | November | 2022 | March |
|  | 2021 |  | 2022 |

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **PATIENT POPULATION AND DATE OF APPROVAL/FILING**(a) | | | | | | | | | | | | | | |
| **COVID-19 VACCINE**  **PRODUCT**(b) |  | **PRIMARY SERIES OR BOOSTER** |  | **16 Years of age and older** | |  | **12-15 Years of age** | |  | **5-11 Years of age** | |  | **6 Months through 4 Years of age** | |
|  |  | **EU** | **JAPAN** | **EU** | **JAPAN** | **EU** | **JAPAN** | **EU** | **JAPAN** |
| **Comirnaty** | Primary | 30-µg 2-dose primary  30-µg booster dose  30-µg 2-dose primary  30-µg booster dose  30-µg booster dose | | | | | | 10-µg 2-dose primary  **Approved Cond.**  November **J-NDA**  2021 January  2022  10-µg booster dose  **Approved Cond.**  September **J-NDA**  2022 August  2022  10-µg 2-dose primary  **Approved** August 2023  10-µg booster dose | | | 3-µg 3-dose primary | |
| **CMA**  October 2022 | **Cond. J-NDA**  October 2022 |
| Booster |  |  |
| **Comirnaty**  **Original/Omicron BA.4/BA.5 Vaccine**(b) | Primary | 3-µg 3-dose primary | |
|  | **Approved** August 2023 |
| Booster | 3-µg booster dose | |
|  | **Approved** September 2022 | **Cond. J-NDA**  February 2023 |  | **Approved** August 2023 |
| **Comirnaty**  **Original/Omicron BA.1 Vaccine** | Booster |  |  |  |  |
|  | **Approved** September 2022 | **Cond.**  **J-NDA** October 2022 | | **Approved** September 2022 | **Cond.**  **J-NDA** October 2022 |

\* For the EU, the filing date is the date on which the EMA validated our submission.

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Filed** April 2023 |  | **Filed** April 2023 |

|  |  |  |  |
| --- | --- | --- | --- |
| **Approved** September 2022 | **Cond.**  **J-NDA** October 2022 | **Approved** September 2022 | **Cond.**  **J-NDA** October 2022 |

(a) All EU approvals prior to October 10, 2022 were under the CMA, and later converted to full MA as of October 10, 2022. Dates shown in table reflect original CMA date.

(b) Refers to the Pfizer-BioNTech COVID-19 Vaccine, Bivalent (Original and Omicron BA.4/BA.5) and Comirnaty Original/Omicron BA.4/BA.5 Vaccine.

49

### Other Products

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **PRODUCT** | **INDICATION OR PROPOSED INDICATION** | **APPROVED/FILED\*** | | |
| **U.S.** | **EU** | **JAPAN** |
| **Myfembree (relugolix, estradiol, and norethindrone acetate)**(a) | Moderate to severe pain associated with endometriosis | **Approved** August 2022 |  |  |
| **Ngenla (somatrogon)**(b) | Pediatric growth hormone deficiency | **Approved** June 2023 | **Approved** February 2022 | **Approved** January 2022 |
| **Prevnar 20/Apexxnar (Vaccine)** | Active immunization to prevent pneumonia, invasive disease and otitis media caused by Streptococcus pneumoniae (adults) | **Approved** June 2021 | **Approved** February 2022 |  |
| Active immunization to prevent pneumonia, invasive disease and otitis media caused by Streptococcus pneumoniae (pediatric) | **Approved** April 2023 |  | **Filed** March 2023 |
| **TicoVac (Vaccine)** | Active immunization to prevent tick-borne encephalitis disease | **Approved** August 2021 |  | **Filed** March 2023 |
| **Paxlovid(c) (nirmatrelvir and ritonavir)** | COVID-19 in high-risk adults | **Approved** May 2023 | **Approved** February 2023 | **Approved** February 2022 |
| **Nurtec ODT/Vydura (rimegepant)** | Acute treatment of migraine with or without aura (adults) | **Approved** February 2020 | **Approved** April 2022 |  |
| Prevention of episodic migraine (adults) | **Approved** May 2021 | **Approved** April 2022 |  |
| **Litfulo/Ritfulo (ritlecitinib)** | Alopecia areata | **Approved** June 2023 | **Filed** September 2022 | **Approved** June 2023 |
| **Zavzpret (zavegepant) (intranasal)** | Acute treatment of migraine with or without aura (adults) | **Approved** March 2023 |  |  |
| **PF-06886992**  **(Vaccine)** | Active immunization to prevent serogroups ABCWY meningococcal infections (adolescent and young adults) | **Filed** December 2022 | **Filed** June 2023 |  |
| **Abrysvo (Vaccine)** | Active immunization to prevent respiratory syncytial virus infection (maternal) | **Filed** February 2023 | **Filed** January 2023 | **Filed** February 2023 |
| Active immunization to prevent respiratory syncytial virus infection (older adults) | **Approved** May 2023 | **Filed** January 2023 | **Filed** May 2023 |
| **etrasimod** | Ulcerative colitis (moderately to severely active) | **Filed** December 2022 | **Filed** November 2022 |  |
| **Braftovi (encorafenib) and Mektovi (binimetinib)** | BRAFV600E-mutant metastatic non-small cell lung cancer | **Filed** April 2023 |  |  |
| **elranatamab (PF-06863135)** | Multiple myeloma triple-class relapsed/refractory | **Filed** February 2023 | **Filed** February 2023 | **Filed** June 2023 |
| **Talzenna (talazoparib)** | Combination with Xtandi (enzalutamide) for adult patients with homologous recombination repair (HRR) gene-mutated mCRPC(d) | **Approved** June 2023 | **Filed** February 2023 |  |
| **fidanacogene elaparvovec (PF- 06838435)**(e) | Hemophilia B | **Filed** June 2023 | **Filed** June 2023 |  |

\* For the U.S., the filing date is the date on which the FDA accepted our submission. For the EU, the filing date is the date on which the EMA validated our submission.

(a) Being developed in collaboration with Sumitomo Pharma America, Inc. (formerly known as Myovant Sciences Ltd.)

(b) Being developed in collaboration with OPKO.

(c) Previously authorized under EUA in the U.S. (December 2021) and approved by the FDA in high-risk adults (May 2023). Remains under EUA for children (12-18 years of age; >88lbs) in the U.S.

(d) Listed patient population applies to U.S. only. Patient population in the filed application in the EU is an all-comers population in men with mCRPC.

(e) Being developed in collaboration with Spark Therapeutics, Inc.

In China, the following products received regulatory approvals in the last twelve months: Xeljanz for the treatment of adult patients with active psoriatic arthritis in October 2022; and Prevenar 13 in infants and children aged 6 weeks to 15 months, in April 2023.

50

The following provides information about additional indications and new drug candidates in late-stage development:

|  |  |  |  |
| --- | --- | --- | --- |
|  |  | **PRODUCT/CANDIDATE** | **PROPOSED DISEASE AREA** |
|  | Ibrance (palbociclib)(a) | ER+/HER2+ metastatic breast cancer |
|  | Xtandi (enzalutamide)(b) | Non-metastatic high-risk castration sensitive prostate cancer |
|  | Talzenna (talazoparib) | Combination with Xtandi (enzalutamide) for DNA Damage Repair (DDR)-deficient mCSPC |
|  | somatrogon (PF-06836922)(c) | Adult growth hormone deficiency |
|  | Braftovi (encorafenib) and Erbitux® | First-line BRAFV600E-mutant mCRC |
|  | (cetuximab)(d) |
| **LATE-STAGE CLINICAL PROGRAMS**  **FOR ADDITIONAL USES AND DOSAGE FORMS**  **FOR IN-LINE AND** |  |
| Braftovi (encorafenib) and Mektovi (binimetinib) and Keytruda® (pembrolizumab)(e) | BRAFV600E/K-mutant metastatic or unresectable locally advanced melanoma |
| Paxlovid (nirmatrelvir (PF-07321332); ritonavir) | COVID-19 in high-risk children (6-11 years of age; >88lbs) |
| **IN-REGISTRATION** | zavegepant (oral) | Prevention of chronic migraine (adults) |
| **PRODUCTS** |
| Litfulo (ritlecitinib) | Vitiligo |
|  |  | Multiple myeloma double-class exposed |
|  | elranatamab (PF-06863135) | Newly diagnosed multiple myeloma post-transplant maintenance |
|  |  | Newly diagnosed multiple myeloma transplant-ineligible |
|  | Oxbryta (voxelotor) | Sickle cell disease (pediatric) |
|  | Eliquis (apixaban) | Venous thromboembolism (pediatric) |
|  |  | aztreonam-avibactam (PF-06947387) | Treatment of infections caused by Gram-negative bacteria with limited or no treatment options |
|  | giroctocogene fitelparvovec | Hemophilia A |
|  | (PF-07055480)(f) |
|  | PF-06425090 (Vaccine) | Immunization to prevent primary clostridioides difficile infection |
|  | sasanlimab (PF-06801591) | Combination with Bacillus Calmette-Guerin for non-muscle-invasive bladder cancer |
| **NEW DRUG CANDIDATES IN**  **LATE-STAGE** | fordadistrogene movaparvovec (PF- 06939926) | Duchenne muscular dystrophy (ambulatory) |
| marstacimab (PF-06741086) | Hemophilia |
| **DEVELOPMENT** | Omicron-based mRNA vaccine(g) | Immunization to prevent COVID-19 (adults) |
|  | VLA15 (PF-07307405) vaccine(h) | Immunization to prevent Lyme disease |
|  | PF-07252220 (quadrivalent mRNA-based | Immunization to prevent influenza |
|  | vaccine) |
|  | Vepdegestrant (PF-07850327)(i) | Breast cancer metastatic - 2nd line + ER+/HER2- |
|  | inclacumab (PF-07940370) | Sickle cell disease |
| PF-06823859 | | Dermatomyositis, polymyositis |

(a) Being developed in collaboration with The Alliance Foundation Trials, LLC.

(b) Being developed in collaboration with Astellas.

(c) Being developed in collaboration with OPKO.

(d) Erbitux® is a registered trademark of ImClone LLC. In the EU, we are developing in collaboration with the Pierre Fabre Group. In Japan, we are developing in collaboration with Ono.

(e) Keytruda® is a registered trademark of Merck Sharp & Dohme Corp. In the EU, we are developing in collaboration with the Pierre Fabre Group. In Japan, we are developing in collaboration with Ono.

(f) Being developed in collaboration with Sangamo Therapeutics, Inc..

(g) Being developed in collaboration with BioNTech.

(h) Being developed in collaboration with Valneva SE.

(i) Being developed in collaboration with Arvinas, Inc.

For additional information about our R&D organization, see the [*Overview of Our Perf ormance, Operating Environment, Strategy and Outlook*––*Our*](#_bookmark22)[*Business*](#_bookmark22)[*and*](#_bookmark22)[*Strategy*](#_bookmark22)section within MD&A and *Item 1. Business*—*Research and Development* section of our 2022 Form 10-K.

## NON-GAAP FINANCIAL MEASURE: ADJUSTED INCOME

Adjusted income is an alternative measure of performance used by management to evaluate our overall performance as a supplement to our GAAP Reported performance measures. As such, we believe that investors’ understanding of our performance is enhanced by disclosing this measure. We use Adjusted income, certain components of Adjusted income and Adjusted diluted EPS to present the results of our major operations––the discovery, development, manufacture, marketing, sale and distribution of biopharmaceutical products worldwide––prior to considering certain income statement elements as follows:

51

Measure Definition Relevance of Metrics to Our Business Performance

Adjusted income

Adjusted cost of sales, Adjusted selling, informational and administrative expenses, Adjusted research and development expenses and Adjusted other (income)/deductions*––*net

Adjusted diluted EPS

*Net income attributable to Pfizer Inc. common shareholders*(a) before the impact of amortization of intangible assets, certain acquisition-related items, discontinued operations and certain significant items

*Cost of sales, Selling, informational and administrative expenses, Research and development expenses* and *Other (income)/deductions––net*(a), each before the impact of amortization of intangible assets, certain acquisition-related items, discontinued operations and certain significant items, which are components of the Adjusted income measure

*EPS attributable to Pfizer Inc. common shareholders––diluted*(a) before the impact of amortization of intangible assets, certain acquisition-related items, discontinued operations and certain significant items

* Provides investors useful information to:
  + evaluate the normal recurring operational activities, and their components, on a comparable year- over-year basis
  + assist in modeling expected future

performance on a normalized basis

* Provides investors insight into the way we manage our budgeting and forecasting, how we evaluate and manage our recurring operations and how we reward and compensate our senior management(b)

(a) Most directly comparable GAAP measure.

(b) The short-term incentive plans for substantially all non-sales-force employees worldwide are funded from a pool based on our performance, measured in significant part versus three budgeted metrics, one of which is Adjusted diluted EPS (as defined for annual incentive compensation purposes), which is derived from Adjusted income and accounts for 40% of the bonus pool funding tied to financial performance. Additionally, the payout for performance share awards is determined in part by Adjusted net income, which is derived from Adjusted income. Beginning in the first quarter of 2022, we no longer exclude any expenses for acquired IPR&D from our non-GAAP Adjusted results but we continue to exclude certain of these expenses for our financial results for annual incentive compensation purposes. The bonus pool funding, which is largely based on financial performance, is adjusted by our R&D pipeline performance, as measured by four metrics, and performance against certain of our ESG metrics, and may be further modified by our Compensation Committee’s assessment of other factors.

Adjusted income and its components and Adjusted diluted EPS are non-GAAP financial measures that have no standardized meaning prescribed by GAAP and, therefore, are limited in their usefulness to investors. Because of their non-standardized definitions, they may not be comparable to the calculation of similar measures of other companies and are presented to permit investors to more fully understand how management assesses performance. A limitation of these measures is that they provide a view of our operations without including all events during a period, and do not provide a comparable view of our performance to peers. These measures are not, and should not be viewed as, substitutes for their most directly comparable GAAP measures of *Net income attributable to Pfizer Inc. common shareholders*, components of *Net income attributable to Pfizer Inc. common shareholders* and *EPS attributable to Pfizer Inc. common shareholders—diluted*, respectively.

We also recognize that, as internal measures of performance, these measures have limitations, and we do not restrict our performance-management process solely to these measures. We also use other tools designed to achieve the highest levels of performance. For example, our R&D organization has productivity targets, upon which its effectiveness is measured. In addition, total shareholder return, both on an absolute basis and relative to a publicly traded pharmaceutical index, plays a significant role in determining payouts under certain of our incentive compensation plans.

### Adjusted Income and Adjusted Diluted EPS

*Amortization of Intangible Assets*—Adjusted income excludes all amortization of intangible assets.

*Acquisition-Related Items*—Adjusted income excludes certain acquisition-related items, which are comprised of transaction, integration, restructuring charges and additional depreciation costs for business combinations because these costs are unique to each transaction and represent costs that were incurred to restructure and integrate businesses as a result of an acquisition. We have made no adjustments for resulting synergies. Acquisition-related items may include purchase accounting impacts such as the incremental charge to cost of sales from the sale of acquired inventory that was written up to fair value, depreciation related to the increase/decrease in fair value of acquired fixed assets, amortization related to the increase in fair value of acquired debt, and the fair value changes for contingent consideration.

*Discontinued Operations*—Adjusted income excludes the results of discontinued operations, as well as any related gains or losses on the disposal of such operations. We believe that this presentation is meaningful to investors because, while we review our product portfolio for strategic fit with our operations, we do not build or run our business with the intent to discontinue parts of our business. Restatements due to discontinued operations do not impact compensation or change the Adjusted income measure for the compensation in respect of the restated periods, but are presented for consistency across all periods.

52

*Certain Signif icant Items*—Adjusted income excludes certain significant items representing substantive and/or unusual items that are evaluated individually on a quantitative and qualitative basis. Certain significant items may be highly variable and difficult to predict. Furthermore, in some cases it is reasonably possible that they could reoccur in future periods. For example, although major non-acquisition-related cost-reduction programs are specific to an event or goal with a defined term, we may have subsequent programs based on reorganizations of the business, cost productivity or in response to LOE or economic conditions. Legal charges to resolve litigation are also related to specific cases, which are facts and circumstances specific and, in some cases, may also be the result of litigation matters at acquired companies that were inestimable, not probable or unresolved at the date of acquisition, or legal matters related to divested products or businesses. Gains and losses on equity securities, and pension and postretirement actuarial remeasurement gains and losses have a very high degree of inherent market volatility, which we do not control and cannot predict with any level of certainty and because we do not believe including these gains and losses assists investors in understanding our business or is reflective of our core operations and business. Unusual items represent items that are not part of our ongoing business; items that, either as a result of their nature or size, we would not expect to occur as part of our normal business on a regular basis; items that would be non-recurring; or items that relate to products we no longer sell. See the *Reconciliations of GAAP Reported to Non-GAAP Adjusted information— Certain Line Items* below for a non-inclusive list of certain significant items and the *Non-GAAP Financial Measure: Adjusted Income* section within MD&A of our 2022 Form 10-K.

*Reconciliations of GAAP Reported to Non-GAAP Adjusted Information––Certain Line Items*

Three Months Ended July 2, 2023

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| *Data presented will not (in all cases) aggregate to totals.*  (MILLIONS, EXCEPT PER SHARE DATA) | | Cost of sales(a) |  | Selling, informational and administrative expenses(a) |  | Other (income)/deductions–– net(a) |  | Net income attributable to Pfizer Inc. common shareholders(a), (b) | | Earnings per common share attributable to Pfizer Inc. common shareholders–– diluted |
| **GAAP Reported**  Amortization of intangible assets Acquisition-related items Discontinued operations(c) Certain significant items:  Restructuring charges/(credits) and implementation costs and additional depreciation—asset restructuring(d)  (Gains)/losses on equity securities(e)  Actuarial valuation and other pension and postretirement plan (gains)/losses  Other(f)  Income tax provision—non-GAAP items Non-GAAP Adjusted |  | **$ 3,237** | | **$ 3,497** | | **$ (347)** | | **$ 2,327** |  | **$ 0.41** |
| — | | — | | — | | 1,184 |  |
| (136) | | (2) | | (168) | | 387 |  |
| — | | — | | — | | 3 |  |
| (17) | | (67) | | — | | 235 |  |
| — | | — | | 135 | | (135) |  |
| — | | — | | 1 | | (1) |  |
| (12) | | (8) | | (171) | | 194 |  |
|  | |  | |  | | (355) |  |
| $ 3,072 |  | $ 3,419 |  | $ (551) | | $ 3,839 | $ 0.67 |

Six Months Ended July 2, 2023

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| *Data presented will not (in all cases) aggregate to totals.*  (MILLIONS, EXCEPT PER SHARE DATA) | | Cost of sales(a) |  | Selling, informational and administrative expenses(a) |  | Other (income)/deductions–– net(a) |  | Net income attributable to Pfizer Inc.  common shareholders(a),  (b) | | Earnings per common share attributable to Pfizer Inc. common shareholders–– diluted |
| **GAAP Reported**  Amortization of intangible assets Acquisition-related items Discontinued operations(c) Certain significant items:  Restructuring charges/(credits) and implementation costs and additional depreciation—asset restructuring(d)  Certain asset impairments(e) (Gains)/losses on equity securities(e)  Actuarial valuation and other pension and postretirement plan (gains)/losses  Other(f)  Income tax provision—Non-GAAP items Non-GAAP Adjusted |  | **$ 8,122** | | **$ 6,914** | | **$ (277)** | | **$ 7,870** |  | **$ 1.38** |
| — | | — | | — | | 2,287 |  |
| (233) | | (5) | | (150) | | 550 |  |
| — | | — | | — | | 2 |  |
| (50) | | (126) | | — | | 265 |  |
| — | | — | | (264) | | 264 |  |
| — | | — | | (317) | | 317 |  |
| — | | — | | (6) | | 6 |  |
| (22) | | (14) | | (64) | | 105 |  |
|  | |  | |  | | (791) |  |
| $ 7,818 |  | $ 6,769 |  | $ (1,079) | | $ 10,876 | $ 1.90 |

53

Three Months Ended July 3, 2022

*Data presented will not (in all cases) aggregate to totals.*

Selling, informational and administrative

Cost of sales(a) expenses(a)

Other (income)/deductions–– net(a)

Earnings per common share Net income attributable attributable to Pfizer Inc. to Pfizer Inc. common common shareholders––

shareholders(a), (b) diluted

(MILLIONS, EXCEPT PER SHARE DATA)

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **GAAP Reported** | **$ 8,648** | **$** | **3,048** | **$** | **772** | **$** | **9,906** | | **$** | **1.73** |
| Amortization of intangible assets | — |  | — |  | — |  | 822 | |  |  |
| Acquisition-related items | 5 |  | (2) |  | (13) |  | 82 | |  |  |
| Discontinued operations(c) | — |  | — |  | — |  | (34) | |  |  |
| Certain significant items: |  |  |  |  |  |  |  | |  |  |
| Restructuring charges/(credits) and implementation costs and |  |  |  |  |  |  |  | |  |  |
| additional depreciation—asset restructuring(d) | (22) |  | (134) |  | — |  | 272 |  | |  |
| (Gains)/losses on equity securities(e) | — |  | — |  | (539) |  | 539 |  | |  |
| Actuarial valuation and other pension and postretirement plan (gains)/losses | — |  | — |  | (490) |  | 490 |  | |  |
| Other(f) | (6) |  | (13) |  | (107) |  | 130 |  | |  |
| Income tax provision—non-GAAP items |  |  |  |  |  |  | (551) |  | |  |
| Non-GAAP Adjusted | $ 8,625 | $ | 2,900 | $ | (377) | $ | 11,656 | $ | | 2.04 |

Six Months Ended July 3, 2022

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| *Data presented will not (in all cases) aggregate to totals.*  (MILLIONS, EXCEPT PER SHARE DATA) | | Cost of sales(a) |  | Selling, informational and administrative expenses(a) |  | Other (income)/deductions–– net(a) |  | Net income attributable to Pfizer Inc. common shareholders(a), (b) | Earnings per common share attributable to Pfizer Inc. common shareholders–– diluted |
| **GAAP Reported**  Amortization of intangible assets Acquisition-related items Discontinued operations(c) Certain significant items:  Restructuring charges/(credits) and implementation costs and additional depreciation—asset restructuring(d)  (Gains)/losses on equity securities(e)  Actuarial valuation and other pension and postretirement plan (gains)/losses  Other(f)  Income tax provision—Non-GAAP items Non-GAAP Adjusted |  | **$ 18,632** | | **$ 5,642** | | **$ 1,122** | | **$ 17,769** | **$ 3.10** |
| — | | — | | — | | 1,657 |  |
| 8 | | (3) | | (39) | | 269 |  |
| — | | — | | — | | (24) |  |
| (42) | | (208) | | — | | 394 |  |
| — | | — | | (1,237) | | 1,237 |  |
| — | | — | | (418) | | 418 |  |
| (17) | | (35) | | (211) | | 273 |  |
|  | |  | |  | | (999) |  |
| $ 18,582 |  | $ 5,396 |  | $ (783) | | $ 20,993 | $ 3.66 |

(a) Items that reconcile GAAP Reported to non-GAAP Adjusted balances are shown pre-tax. Our effective tax rates for GAAP Reported income from continuing operations were: (3.1)% and 7.5% in the three and six months ended July 2, 2023, respectively, and 13.7% and 13.4% in the three and six months ended July 3, 2022, respectively. See [*Note 5*](#_bookmark12). Our effective tax rates for non-GAAP Adjusted income were 6.8% and 11.6% in the three and six months ended July 2, 2023, respectively, and 15.4% and 15.1% in the three and six months ended July 3, 2022, respectively.

(b) The amounts for the three and six months ended July 2, 2023 and July 3, 2022 include reconciling amounts for *Research and development expenses* that are not material.

(c) See [*Note 2B*](#_bookmark9).

(d) Includes employee termination costs, asset impairments and other exit costs related to our cost-reduction and productivity initiatives not associated with acquisitions. See [*Note 3*](#_bookmark10)*.*

(e) See [*Note 4*](#_bookmark11).

(f) For the second quarter of 2023, the total *Other (income)/deductions––net* adjustment of $171 million primarily includes charges of $139 million for certain legal matters, primarily representing certain product liability and other legal expenses related to products discontinued and/or divested by Pfizer. For the first six months of 2023, the total *Other (income)/deductions––net* adjustment of

$64 million primarily includes charges of (i) $175 million for certain legal matters, primarily for certain product liability and other legal expenses related to products discontinued and/or divested

by Pfizer, and (ii) $70 million mostly related to our equity-method accounting pro-rata share of intangible asset amortization and impairments, costs of separating from GSK and restructuring costs recorded by Haleon, partially offset by dividend income of $211 million related to our investment in Nimbus resulting from Takeda Pharmaceutical Company Limited’s acquisition of Nimbus’s oral, selective allosteric tyrosine kinase 2 (TYK2) inhibitor program subsidiary. For the second quarter of 2022, the total *Other (income)/deductions––net* adjustment of $107 million primarily included charges of $55 million mostly representing our equity-method accounting pro rata share of costs of separating from GSK recorded by the GSK Consumer Healthcare JV, and charges of

$19 million for certain legal matters, primarily representing certain product liability expenses related to products discontinued and/or divested by Pfizer. For the first six months of 2022, the total

*Other (income)/deductions––net* adjustment of $211 million primarily included charges of $98 million for certain legal matters, primarily representing certain product liability expenses related to products discontinued and/or divested by Pfizer, and to a lesser extent, legal obligations related to pre-acquisition commitments, and charges of $61 million mostly representing our equity-method accounting pro rata share of restructuring charges and costs of separating from GSK recorded by the GSK Consumer Healthcare JV.

54

## ANALYSIS OF THE CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

Six Months Ended

(MILLIONS)

Cash provided by/(used in):

July 2,

2023

July 3,

2022 Drivers of change

The change was primarily driven by a decrease in net income adjusted for non-cash items and the timing of receipts and payments in the ordinary course

Operating activities $ 4 $ 14,711

Investing activities $ (22,170) $ (10,746)

Financing activities $ 24,403 $ (4,058)

of business, including timing of payments to BioNTech for the gross profit split for Comirnaty (see [*Note 8B*](#_bookmark18)) and a decrease in advance payments for Comirnaty and Paxlovid.

The change was driven mainly by $17.7 billion greater net purchases of short- term investments in 2023, partially offset by $6.2 billion cash used to acquire Arena, net of cash acquired, in 2022.

The change was driven mainly by $30.8 billion of proceeds from the issuance of long-term debt in 2023 and $2.0 billion of purchases of common stock in 2022, partially offset by a net $4.4 billion decrease in proceeds from short- term borrowings.

## ANALYSIS OF FINANCIAL CONDITION, LIQUIDITY, CAPITAL RESOURCES AND MARKET RISK

Our historically robust operating cash flows, which we expect to continue, is a key strength of our liquidity and capital resources and our primary funding source. We believe as a result of this, together with our financial assets, access to capital markets, revolving credit agreements, and available lines of credit, we have and will maintain the ability to meet our liquidity needs to support ongoing operations, our capital allocation objectives, and our contractual and other obligations for the foreseeable future. For information about the sources and uses of our funds and capital resources, as well as our operating cash flows, see our [*Condensed Consolidated Statements of Cash Flows*](#_bookmark6), [*Condensed Consolidated Balance Sheets*](#_bookmark4), [*Condensed Consolidated Statements of Equity*](#_bookmark5), and the [*Analysis of the Condensed Consolidated Statements of Cash Flows*](#_bookmark30)within MD&A. For information on our money market funds, available-for sale-debt securities and long-term debt, see [*Note 7*](#_bookmark14).

For information about our diverse sources of funds, off-balance sheet arrangements, contractual and other obligations, global economic conditions, market risk and LIBOR, see the *Analysis of Financial Condition, Liquidity, Capital Resources and Market Risk* section within MD&A in our 2022 Form 10-K. For more information on guarantees and indemnifications, see [*Note 12B*](#_bookmark19).

**Debt Issuance**––In May 2023, we completed a public offering of $31 billion aggregate principal amount of senior unsecured notes as part of the financing for our proposed acquisition of Seagen. The net proceeds have been invested in short-term investments in a combination of money market funds and available-for- sale debt securities until the completion of the proposed acquisition. See [*Notes 7A*](#_bookmark14)and [*7D*](#_bookmark15).

**Credit Ratings**––The cost and availability of financing are influenced by credit ratings, and an increase or decrease in our credit rating could have a beneficial or adverse effect on financing. Our long-term debt is rated high-quality by both S&P and Moody’s. In March 2023, following the announcement of the proposed acquisition of Seagen, Moody’s changed the outlook on our long-term debt to Negative; S&P downgraded our short-term rating from A-1+ to A-1.

As of the date of the filing of this Form 10-Q, the ratings assigned to our commercial paper and senior unsecured long-term debt:

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| NAME OF RATING AGENCY |  | Pfizer Short-Term Rating |  | Pfizer Long-Term Rating |  | Outlook/Watch |
| Moody’s  S&P |  | P-1  A-1 |  | A1  A+ |  | Negative Outlook  Stable |

These ratings are not recommendations to buy, sell or hold securities and the ratings are subject to revision or withdrawal at any time by the rating organizations. Each rating should be evaluated independently of any other rating.

**Debt Capacity––Lines of Credit**––As of July 2, 2023, we had access to a $7 billion committed U.S. revolving credit facility, which may be used for general corporate purposes including to support our commercial paper borrowings. Lenders under this facility have approximately $700 million of commitments maturing in November 2026 and $6.3 billion of commitments maturing in November 2027. In addition to the U.S. revolving credit facility, our lenders have provided us an additional $304 million in lines of credit, of which $274 million expire within one year. Essentially all lines of credit were unused as of July 2, 2023.

55

**Capital Allocation Framework**––Our capital allocation framework is primarily devised to facilitate the achievement of medical breakthroughs through R&D investments and business development activities and returning capital to shareholders through dividends and share repurchases. We expect to finance the proposed acquisition of Seagen substantially through $31 billion of long-term debt issued in May 2023, and the balance from a combination of short-term financing and existing cash. See [*Note 1A*](#_bookmark8)and the [*Item 1A. Risk Factors*](#_bookmark37)section for additional information about our proposed acquisition of Seagen. In April 2023, our BOD declared a dividend of $0.41 per share, paid on June 9, 2023, to shareholders of record at the close of business on May 12, 2023. In June 2023, our BOD declared a dividend of $0.41 per share, payable on September 5, 2023, to shareholders of record at the close of business on July 28, 2023. At July 2, 2023, our remaining share-purchase authorization was $3.3 billion, with no repurchases in the first six months of 2023. See *Note 12* in our 2022 Form 10-K for more information on our publicly announced share-purchase plans.

Our financing plan for Seagen does not involve monetizing any portion of our Haleon stake. Our intentions with respect to our Haleon stake are set out in our Schedule 13D (as amended) initially filed with the SEC on July 27, 2022.

## NEW ACCOUNTING STANDARDS

### Recently Adopted Accounting Standards

See [*Note 1B*](#_bookmark8)*.*

### Recently Issued Accounting Standard, Not Adopted as of July 2, 2023

**Financial Statements**

**Standard/Description Effective Date Effect on the**

In June 2022, the FASB issued final guidance to clarify that a **contractual restriction on the sale of an equity security** is not considered part of the unit of account of the equity security and, therefore, is not considered when measuring fair value. Recognizing a contractual sale restriction as a separate unit of account is not permitted.

January 1, 2024, with early adoption permitted.

We are assessing the impact, but currently do not expect this new guidance to have a material impact on our consolidated financial statements.

## FORWARD-LOOKING INFORMATION AND FACTORS THAT MAY AFFECT FUTURE RESULTS

This Form 10-Q contains forward-looking statements. We also provide forward-looking statements in other materials we release to the public, as well as public oral statements. Given their forward-looking nature, these statements involve substantial risks, uncertainties and potentially inaccurate assumptions.

We have tried, wherever possible, to identify such statements by using words such as “will,” “may,” “could,” “likely,” “ongoing,” “anticipate,” “estimate,” “expect,” “project,” “intend,” “plan,” “believe,” “assume,” “target,” “forecast,” “guidance,” “goal,” “objective,” “aim,” “seek,” “potential,” “hope” and other words and terms of similar meaning or by using future dates.

We include forward-looking information in our discussion of the following, among other topics:

* our anticipated operating and financial performance, reorganizations, business plans, strategy and prospects;
* expectations for our product pipeline, in-line products and product candidates, including anticipated regulatory submissions, data read-outs, study starts, approvals, launches, clinical trial results and other developing data; revenue contribution and projections; potential pricing and reimbursement; potential market dynamics and size; growth, performance, timing of exclusivity and potential benefits;
* strategic reviews, capital allocation objectives, dividends and share repurchases;
* plans for and prospects of our acquisitions, dispositions and other business development activities, and our ability to successfully capitalize on growth opportunities and prospects;
* sales, expenses, interest rates, foreign exchange rates and the outcome of contingencies, such as legal proceedings;
* expectations for impact of or changes to existing or new government regulations or laws;
* our ability to anticipate and respond to macroeconomic, geopolitical, health and industry trends, pandemics, acts of war and other large-scale crises; and
* manufacturing and product supply.

In particular, forward-looking information in this Form 10-Q includes statements relating to specific future actions, performance and effects, including, among others, plans for and prospects of our proposed acquisition of Seagen, including expectations regarding financing and closing of the transaction; the expected benefits of the organizational changes to our operations; our 2023 revenue expectations; our ongoing efforts to respond to COVID-19, including our plans and expectations regarding Comirnaty and Paxlovid, and any potential future vaccines or treatments; the forecasted revenue, demand, manufacturing and supply of Comirnaty and Paxlovid, including expectations for the commercial market for Comirnaty and

56

Paxlovid; our expectations regarding the impact of COVID-19 on our business; the expected impact of patent expiries and generic competition; the expected pricing pressures on our products and the anticipated impact to our business; the availability of raw materials for 2023; the benefits expected from our business development transactions, including our proposed acquisition of Seagen; our anticipated operating cash flows and liquidity position; the anticipated costs and savings from certain of our initiatives, including our Transforming to a More Focused Company program; and our planned capital spending.

Given their nature, we cannot assure that any outcome expressed in these forward-looking statements will be realized in whole or in part. Actual outcomes may vary materially from past results and those anticipated, estimated, implied or projected. These forward-looking statements may be affected by underlying assumptions that may prove inaccurate or incomplete, or by known or unknown risks and uncertainties, including those described in this section and in the *Item 1A. Risk Factors* section in our 2022 Form 10-K and the [*Item 1A. Risk Factors*](#_bookmark37)section of this Form 10-Q.

Therefore, you are cautioned not to unduly rely on forward-looking statements, which speak only as of the date of this Form 10-Q. We undertake no obligation to update forward-looking statements, whether as a result of new information, future events or otherwise, except as required by applicable securities law. You are advised, however, to consult any further disclosures we make on related subjects.

Some of the factors that could cause actual results to differ are identified below, as well as those discussed in the *Item 1A. Risk Factors* section in our 2022 Form 10-K, the [*Item 1A. Risk Factors*](#_bookmark37)section of this Form 10-Q and within MD&A. We note these factors for investors as permitted by the Private Securities Litigation Reform Act of 1995. The occurrence of any of the risks identified below, in the *Item 1A. Risk Factors* section in our 2022 Form 10-K, the [*Item 1A.*](#_bookmark37)[*Risk Factors*](#_bookmark37)section of this Form 10-Q or within MD&A, or other risks currently unknown, could have a material adverse effect on our business, financial condition or results of operations, or we may be required to increase our accruals for contingencies. It is not possible to predict or identify all such factors.

Consequently, you should not consider the following to be a complete discussion of all potential risks or uncertainties:

### Risks Related to Our Business, Industry and Operations, and Business Development

* the outcome of R&D activities, including, the ability to meet anticipated pre-clinical or clinical endpoints, commencement and/or completion dates for our pre-clinical or clinical trials, regulatory submission dates, and/or regulatory approval and/or launch dates; the possibility of unfavorable pre-clinical and clinical trial results, including the possibility of unfavorable new pre-clinical or clinical data and further analyses of existing pre-clinical or clinical data; risks associated with preliminary, early stage or interim data; the risk that pre-clinical and clinical trial data are subject to differing interpretations and assessments, including during the peer review/publication process, in the scientific community generally, and by regulatory authorities; and whether and when additional data from our pipeline programs will be published in scientific journal publications, and if so, when and with what modifications and interpretations;
* our ability to successfully address comments received from regulatory authorities such as the FDA or the EMA, or obtain approval for new products and indications from regulators on a timely basis or at all;
* regulatory decisions impacting labeling, including the scope of indicated patient populations, product dosage, manufacturing processes, safety and/or other matters, including decisions relating to emerging developments regarding potential product impurities, uncertainties regarding the ability to obtain, and the scope of, recommendations by technical or advisory committees, and the timing of, and ability to obtain, pricing approvals and product launches, all of which could impact the availability or commercial potential of our products and product candidates;
* claims and concerns that may arise regarding the safety or efficacy of in-line products and product candidates, including claims and concerns that may arise from the outcome of post-approval clinical trials, which could impact marketing approval, product labeling, and/or availability or commercial potential, including uncertainties regarding the commercial or other impact of the results of the Xeljanz ORAL Surveillance (A3921133) study or actions by regulatory authorities based on analysis of ORAL Surveillance or other data, including on other JAK inhibitors in our portfolio;
* the success and impact of external business development activities, including the ability to identify and execute on potential business development opportunities; the ability to satisfy the conditions to closing of announced transactions in the anticipated time frame or at all; the ability to realize the anticipated benefits of any such transactions in the anticipated time frame or at all; the potential need for and impact of additional equity or debt financing to pursue these opportunities, which could result in increased leverage and/or a downgrade of our credit ratings; challenges integrating the businesses and operations; disruption to business and operations relationships; risks related to growing revenues for certain acquired products; significant transaction costs; and unknown liabilities;
* risks and uncertainties related to Pfizer’s proposed acquisition of Seagen, including, among other things, risks related to the satisfaction or waiver of the conditions to closing the proposed acquisition (including the failure to obtain necessary regulatory approvals) in the anticipated timeframe or at all, including the possibility that the proposed acquisition does not close; risks related to the ability to realize the anticipated benefits of the proposed acquisition, including the possibility that the expected benefits from the acquisition will not be realized or will not be realized within the expected time period; the risk that the businesses will not be integrated successfully; disruption from the transaction making it more difficult to maintain

57

business and operational relationships; negative effects of the announcement or the consummation of the proposed acquisition on the market price of Pfizer’s common stock and/or operating results; significant transaction costs; unknown liabilities; the risk of litigation and/or regulatory actions related to the proposed acquisition or Seagen’s business; risks related to the financing of the transaction; other business effects and uncertainties, including the effects of industry, market, business, economic, political or regulatory conditions; future exchange and interest rates; changes in tax and other laws, regulations, rates and policies; the impact of the proposed acquisition on future business combinations or disposals; uncertainties regarding the commercial success of Pfizer’s and Seagen’s commercialized and pipeline products; the uncertainties inherent in R&D; whether and when drug applications may be filed in any jurisdictions for Pfizer’s or Seagen’s pipeline products; whether and when any such applications may be approved by regulatory authorities, which will depend on myriad factors, including making a determination as to whether the product's benefits outweigh its known risks and determination of the product's efficacy and, if approved, whether any such products will be commercially successful; and competitive developments;

* competition, including from new product entrants, in-line branded products, generic products, private label products, biosimilars and product candidates that treat or prevent diseases and conditions similar to those treated or intended to be prevented by our in-line products and product candidates;
* the ability to successfully market both new and existing products, including biosimilars;
* difficulties or delays in manufacturing, sales or marketing; supply disruptions, shortages or stock-outs at our facilities or third-party facilities that we rely on; and legal or regulatory actions;
* the impact of public health outbreaks, epidemics or pandemics (such as COVID-19) on our business, operations and financial condition and results, including impacts on our employees, manufacturing, supply chain, sales and marketing, R&D and clinical trials;
* risks and uncertainties related to our efforts to continue to develop and commercialize Comirnaty and Paxlovid or any potential future COVID-19 vaccines, treatments or combinations, as well as challenges related to their manufacturing, supply and distribution, including, among others, the risk that as the market for COVID-19 products becomes more endemic and seasonal, demand for any of our COVID-19 products may be reduced, no longer exist or not meet expectations, which may lead to reduced revenues or excess inventory on-hand and/or in the channel which, for Paxlovid, could result in significant inventory write-offs; challenges related to and uncertainties regarding the timing of a transition to the commercial market for any of our products; uncertainties related to the public’s adherence to vaccines, boosters and treatments; and risks related to our ability to achieve our revenue forecasts for Comirnaty and Paxlovid or any potential future COVID-19 vaccines or treatments;
* trends toward managed care and healthcare cost containment, and our ability to obtain or maintain timely or adequate pricing or favorable formulary placement for our products;
* interest rate and foreign currency exchange rate fluctuations, including the impact of possible currency devaluations and monetary policy actions in countries experiencing high inflation rates;
* any significant issues involving our largest wholesale distributors or government customers, which account for a substantial portion of our revenues;
* the impact of the increased presence of counterfeit medicines or vaccines in the pharmaceutical supply chain;
* any significant issues related to the outsourcing of certain operational and staff functions to third parties; and any significant issues related to our JVs and other third-party business arrangements;
* uncertainties related to general economic, political, business, industry, regulatory and market conditions including, without limitation, uncertainties related to the impact on us, our customers, suppliers and lenders and counterparties to our foreign-exchange and interest-rate agreements of challenging global economic conditions, such as inflation, and recent and possible future changes in global financial markets;
* the exposure of our operations globally to possible capital and exchange controls, economic conditions, expropriation and other restrictive government actions, changes in intellectual property legal protections and remedies, the impact of political or civil unrest or military action, including the ongoing conflict between Russia and Ukraine and its economic consequences, unstable governments and legal systems, inter-governmental disputes, disruptions related to climate change and natural disasters, including uncertainties related to the impact of the recent tornado at our manufacturing facility in Rocky Mount, North Carolina;
* any changes in business, political and economic conditions due to actual or threatened terrorist activity, geopolitical instability, civil unrest or military action;
* the impact of product recalls, withdrawals and other unusual items, including uncertainties related to regulator-directed risk evaluations and assessments, including our ongoing evaluation of our product portfolio for the potential presence or formation of nitrosamines;
* trade buying patterns;

58

* the risk of an impairment charge related to our intangible assets, goodwill or equity-method investments;
* the impact of, and risks and uncertainties related to, restructurings and internal reorganizations, as well as any other corporate strategic initiatives and growth strategies, and cost-reduction and productivity initiatives, each of which requires upfront costs but may fail to yield anticipated benefits and may result in unexpected costs or organizational disruption;
* the ability to successfully achieve our climate goals and progress our environmental sustainability and other ESG priorities;

### Risks Related to Government Regulation and Legal Proceedings

* the impact of any U.S. healthcare reform or legislation or any significant spending reductions or cost controls affecting Medicare, Medicaid or other publicly funded or subsidized health programs, including the IRA, or changes in the tax treatment of employer-sponsored health insurance that may be implemented;
* U.S. federal or state legislation or regulatory action and/or policy efforts affecting, among other things, pharmaceutical product pricing, intellectual property, reimbursement or access or restrictions on U.S. direct-to-consumer advertising; limitations on interactions with healthcare professionals and other industry stakeholders; as well as pricing pressures for our products as a result of highly competitive insurance markets;
* legislation or regulatory action in markets outside of the U.S., such as China or Europe, including, without limitation, laws related to pharmaceutical product pricing, intellectual property, medicine safety, environmental impact of medicines, reimbursement or access, including, in particular, continued government- mandated reductions in prices and access restrictions for certain biopharmaceutical products to control costs in those markets;
* legal defense costs, insurance expenses, settlement costs and contingencies, including those related to actual or alleged environmental contamination;
* the risk and impact of an adverse decision or settlement and the risk related to adequacy of reserves related to legal proceedings;
* the risk and impact of tax related litigation and investigations;
* governmental laws and regulations affecting our operations, including, without limitation, the IRA, changes in laws and regulations or their interpretation, including, among others, changes in tax laws and regulations internationally and in the U.S., the adoption of global minimum taxation requirements outside the U.S. and potential changes to existing tax law by the current U.S. Presidential administration and Congress;

### Risks Related to Intellectual Property, Technology and Security

* any significant breakdown or interruption of our information technology systems and infrastructure (including cloud services);
* any business disruption, theft of confidential or proprietary information, security threats on facilities or infrastructure, extortion or integrity compromise resulting from a cyber-attack or other malfeasance by, but not limited to, nation states, employees, business partners or others;
* the risk that our currently pending or future patent applications may not be granted on a timely basis or at all, or any patent-term extensions that we seek may not be granted on a timely basis, if at all; and
* risks to our products, patents and other intellectual property, such as: (i) claims of invalidity that could result in LOE; (ii) claims of patent infringement, including asserted and/or unasserted intellectual property claims; (iii) claims we may assert against intellectual property rights held by third parties; (iv) challenges faced by our collaboration or licensing partners to the validity of their patent rights; or (v) any pressure, or legal or regulatory action by, various stakeholders or governments that could potentially result in us not seeking intellectual property protection or agreeing not to enforce or being restricted from enforcing intellectual property rights related to our products, including Comirnaty and Paxlovid.

## ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Information required by this item is incorporated by reference from the discussion in the *Analysis of Financial Condition, Liquidity, Capital Resources and Market Risk* section within MD&A of our 2022 Form 10-K.

## ITEM 4. CONTROLS AND PROCEDURES

As of the end of the period covered by this report, we carried out an evaluation, under the supervision and with the participation of our principal executive officer and principal financial officer, of the effectiveness of the design and operation of our disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act). Based on this evaluation, our principal executive officer and principal financial officer concluded that our disclosure controls and procedures are effective in alerting them in a timely manner to material information required to be disclosed in our periodic reports filed with the SEC.

59

During our most recent fiscal quarter, there has not been any change in our internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

# PART II. OTHER INFORMATION

## ITEM 1. LEGAL PROCEEDINGS

Certain legal proceedings in which we are involved are discussed in [*Note 12A*](#_bookmark19).

## ITEM 1A. RISK FACTORS

We refer to the [*Overview of Our Perf ormance, Operating Environment, Strategy and Outlook—Our Operating Environment*](#_bookmark22)and [*—The Global Economic*](#_bookmark22)[*Environment*](#_bookmark22)sections and the [*Forward-Looking Information and Factors That May Aff ect Future Results*](#_bookmark32)section within MD&A of this Form 10-Q and of our 2022 Form 10-K and to the *Item 1A. Risk Factors* section of our 2022 Form 10-K. We are including the following risk factors, which should be read in conjunction with the risk factors discussed in the *Item 1A. Risk Factors* section of our 2022 Form 10-K.

## PROPOSED ACQUISITION OF SEAGEN

### We may be unable to complete the acquisition of Seagen within the anticipated timeframe or at all, which could prevent us from receiving the anticipated benefits from the acquisition in the anticipated timeframe or at all.

On March 12, 2023, we entered into a merger agreement with Seagen. The transaction is expected to close in late 2023 or early 2024, and remains subject to customary closing conditions, including receipt of required regulatory approvals. As a result, there is no assurance that the acquisition will be consummated in the anticipated timeframe or at all. In addition, Pfizer may be required to pay Seagen a reverse termination fee of approximately $2.22 billion, subject to certain limitations set forth in the merger agreement, if the merger agreement is terminated by either party as a result of certain antitrust and/or foreign direct investment law-related conditions. Any failure to consummate the acquisition in the anticipated timeframe or at all could prevent Pfizer from receiving the expected benefits from the acquisition. See the [*Overview of Our Perf ormance, Operating Environment, Strategy and Outlook—Our Business Development*](#_bookmark22)[*Initiatives*](#_bookmark22)and the [*Forward-Looking Information and Factors That May Aff ect Future Results*](#_bookmark32)sections within MD&A.

### We have expended and will continue to expend significant time and resources in connection with the acquisition of Seagen and have incurred substantial indebtedness to fund the acquisition.

Pfizer has expended and will continue to expend significant management time and resources and expenses related to the acquisition of Seagen, many of which must be paid regardless of whether the acquisition is consummated. For example, such time, resources and expenses will be incurred in connection with seeking regulatory approvals for the transaction. We intend to finance a portion of the transaction with the proceeds from the $31 billion of long-term debt issued in May 2023, plus additional short-term indebtedness to be issued prior to the acquisition, which indebtedness may limit our operating or financial flexibility relative to our current position.

### We may not be successful in identifying and executing potential business development transactions, such as our acquisition of Seagen, or realizing the financial and strategic goals that were contemplated at the time of any historical or potential business development transaction, which could have an adverse impact on our ability to meet our growth objectives.

We have established significant growth goals, which we plan to achieve, in part, by accelerating revenue growth by not only advancing our own product pipelines and maximizing the value of our existing products, but also through various forms of business development activities, which can include alliances, licenses, JVs, collaborations, equity- or debt-based investments, dispositions, divestments, mergers and acquisitions. Our proposed acquisition of Seagen is part of that accelerated revenue growth plan. We view our business development activity as an enabler of our strategies and seek to generate growth by pursuing opportunities and transactions that have the potential to strengthen our business and our capabilities. The success of our business development activities is dependent on the availability and accurate evaluation of appropriate opportunities, competition from others that are seeking similar opportunities and our ability to successfully identify, structure and execute transactions, including the ability to satisfy or waive closing conditions in the anticipated timeframes, or at all, and our ability to successfully integrate acquired businesses and develop and commercialize acquired products. Pursuing, executing and consummating these transactions may require substantial investment, which may require us to obtain additional equity or debt financing, which could result in increased leverage and/or a downgrade of our credit ratings or limit our operating or financial flexibility relative to our current position. The success of our business development transactions depends on our ability to realize the anticipated benefits of these transactions and is subject to numerous risks and uncertainties, many of which are

60

outside of our control, including the possibility that the expected benefits from such transactions will not be realized or will not be realized within the expected time period. Unsuccessful clinical trials, regulatory hurdles and commercialization challenges may adversely impact revenue and income contribution from acquired products and businesses. We may fail to generate expected revenue growth for our existing products, product pipeline and acquired products or businesses or we may fail to achieve anticipated cost savings, such as those expected with respect to Seagen, within expected time frames or at all, which may impact our ability to meet our growth objectives. In certain transactions, we may agree to provide certain transition services for an extended period of time, which may divert our focus and resources that would otherwise be invested into maintaining or growing our business. Similarly, the accretive impact anticipated from transactions may not be realized or may be delayed. Integration of these products or businesses may result in the loss of key employees, the disruption of ongoing business, including third-party relationships, or inconsistencies in standards, controls, procedures and policies. Further, while we seek to mitigate risks and liabilities through, among other things, due diligence, we may be exposed to risks and liabilities as a result of business development transactions. There is no assurance that we will be able to acquire attractive businesses or enter into strategic business relationships on favorable terms ahead of our competitors, or that such acquisitions or strategic business development relationships will be accretive to earnings or improve our competitive position.

## ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

The following summarizes purchases of our common stock during the second quarter of 2023:

**Total Number of Shares**

**Approximate Value of Shares That May Yet Be**

**Total Number of**

**Average Price**

**Purchased as Part of Publicly**

**Purchased Under the**

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Period** |  | **Shares Purchased**(a) |  | **Paid per Share**(a) |  | **Announced Plan** |  | **Plan**(b) |
| April 3 through April 30, 2023 |  | 40,293 |  | $ 40.72 |  | — |  | $ 3,292,882,444 |
| May 1 through May 28, 2023 |  | 119,295 |  | $ 38.89 |  | — |  | $ 3,292,882,444 |
| May 29 through July 2, 2023 |  | 54,559 |  | $ 38.37 |  | — |  | $ 3,292,882,444 |
| Total |  | 214,147 |  | $ 39.10 |  | — |  |  |

(a) Represents (i) 211,991 shares of common stock surrendered to the Company to satisfy tax withholding obligations in connection with the vesting of awards under our long-term incentive programs and (ii) the open market purchase by the trustee of 2,156 shares of common stock in connection with the reinvestment of dividends paid on common stock held in trust for employees who deferred receipt of performance share awards.

(b) See the [*Analysis of Financial Condition, Liquidity, Capital Resources and Market Risk—Capital Allocation Framework*](#_bookmark31)section within MD&A of this Form 10-Q and *Note 12* in our 2022 Form 10- K.

## ITEM 5. OTHER INFORMATION

During the three months ended July 2, 2023, none of our directors or officers adopted or terminated a “Rule 10b5-1 trading arrangement” or “non-Rule 10b5-1 trading arrangement,” as each term is defined in Item 408 of Regulation S-K.

## ITEM 6. EXHIBITS

[Exhibit](#_bookmark42) [10.1](#_bookmark42) - Pfizer Inc. Executive Officer Severance Policy [Exhibit 22](#_bookmark43) - Subsidiary Issuers of Guaranteed Securities

[Exhibit 31.1](#_bookmark44) - Certification by the Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. [Exhibit 31.2](#_bookmark45) - Certification by the Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

[Exhibit 32.1](#_bookmark46) - Certification by the Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

[Exhibit 32.2](#_bookmark47) - Certification by the Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

Exhibit 101:

EX-101.INS XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.

EX-101.SCH EX-101.CAL EX-101.LAB EX-101.PRE EX-101.DEF

Inline XBRL Taxonomy Extension Schema

Inline XBRL Taxonomy Extension Calculation Linkbase Inline XBRL Taxonomy Extension Label Linkbase

Inline XBRL Taxonomy Extension Presentation Linkbase Inline XBRL Taxonomy Extension Definition Document

Exhibit 104 Cover Page Interactive Data File––the cover page interactive data file does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.

61

## SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Pfizer Inc. (Registrant)

Dated: August 9, 2023 /s/ Jennifer B. Damico

Jennifer B. Damico

Senior Vice President and Controller (Principal Accounting Officer and Duly Authorized Officer)

62

PFIZER INC.

EXECUTIVE OFFICER CASH SEVERANCE POLICY

Pfizer Inc. (the “Company”) will not enter into any new employment agreement, severance agreement or separation agreement with any executive officer of the Company or establish any new severance plan or policy covering any executive officer of the Company, in each case that provides for Cash Severance Benefits exceeding 2.99 times the sum of the executive officer’s Base Salary and Target Bonus, without seeking stockholder ratification of such agreement, plan or policy.1

For purposes of this policy:

“Cash Severance Benefits” means cash payments: (i) in respect of the termination of the executive officer’s employment; (ii) to secure an agreement not to compete with the Company; or (iii) to offset any tax liability in respect of any of the foregoing. For the avoidance of doubt, “Cash Severance Benefits” do not include (a) the grant, payment, vesting, acceleration or other handling of long term incentive awards granted under the Company’s stockholder-approved plans, including without limitation the Pfizer Inc. 2014 Stock Plan, the Pfizer Inc. 2019 Stock Plan or any successor plans, (b) payment of deferred compensation, earned retirement benefits or other vested employee benefits, in each case consistent with normal practices, provided under the Company’s qualified or nonqualified retirement plans or employee benefit plans, (c) the provision of perquisites, insurance, disability, health and welfare plan coverage, outplacement or retraining and other non-cash benefits generally available to similarly-situated employees, (d) any notice pay or interest required to be paid pursuant to the terms of any Company plan or policy between the termination date and the payment date, (e) any unpaid bonus for any previously completed performance period required to be paid pursuant to the terms of any Company plan or policy, (f) accrued but unpaid base salary or vacation pay through the termination date and reimbursement for any expenses validly incurred prior to the termination date or (g) any payment in respect of the executive officer’s bonus for the year of termination (prorated based on the executive officer’s completed service during the annual performance period).

“Base Salary” means the annualized base salary in effect immediately prior to an executive officer’s termination date, (or, if higher, the highest annualized base salary in effect during the 12-month period prior to the termination date).

“Target Bonus” means the executive officer’s target annual incentive bonus in effect for the year of termination.

1 Exclusions apply for pre-existing agreements and arrangements assumed by the Company in the context of a corporate transaction.

**Subsidiary Issuer of Guaranteed Securities**

As of July 2, 2023, Pfizer Inc. (Parent Guarantor) was the unconditional and irrevocable guarantor of the following unsecured registered notes issued by wholly-owned subsidiaries of Parent Guarantor:

|  |  |  |
| --- | --- | --- |
| Name of Subsidiary Issuer | State of Formation of Issuer | Description of Registered Notes |
| Wyeth LLC | Delaware | 6.45% Notes due 2024 |
| Pharmacia LLC | Delaware | 6.75% Debentures due 2027 |
| Pharmacia LLC | Delaware | 6.60% Debentures due 2028 |
| Wyeth LLC | Delaware | 6.50% Notes due 2034 |
| Wyeth LLC | Delaware | 6.00% Notes due 2036 |
| Wyeth LLC | Delaware | 5.95% Notes due 2037 |
| Pfizer Investment Enterprises Pte. Ltd. | Republic of Singapore | 4.650% Notes due 2025 |
| Pfizer Investment Enterprises Pte. Ltd. | Republic of Singapore | 4.450% Notes due 2026 |
| Pfizer Investment Enterprises Pte. Ltd. | Republic of Singapore | 4.450% Notes due 2028 |
| Pfizer Investment Enterprises Pte. Ltd. | Republic of Singapore | 4.650% Notes due 2030 |
| Pfizer Investment Enterprises Pte. Ltd. | Republic of Singapore | 4.750% Notes due 2033 |
| Pfizer Investment Enterprises Pte. Ltd. | Republic of Singapore | 5.110% Notes due 2043 |
| Pfizer Investment Enterprises Pte. Ltd. | Republic of Singapore | 5.300% Notes due 2053 |
| Pfizer Investment Enterprises Pte. Ltd. | Republic of Singapore | 5.340% Notes due 2063 |

I, Albert Bourla, certify that:

### Certification by the Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

1. I have reviewed this Quarterly Report on Form 10-Q of Pfizer Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   1. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   2. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   3. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   4. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   1. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   2. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 9, 2023

/s/ ALBERT BOURLA

### Albert Bourla

**Chairman and Chief Executive Officer**

I, David M. Denton, certify that:

### Certification by the Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

1. I have reviewed this Quarterly Report on Form 10-Q of Pfizer Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   1. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   2. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   3. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   4. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   1. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   2. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 9, 2023

/s/ DAVID M. DENTON

**David M. Denton**

**Chief Financial Officer, Executive Vice President**

**Certification by the Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**

Pursuant to 18 U.S.C. Section 1350, I, Albert Bourla, hereby certify that, to the best of my knowledge, the Quarterly Report on Form 10-Q of Pfizer Inc. for the fiscal quarter ended July 2, 2023 (the “Report”) fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934, and that the information contained in that Report fairly presents, in all material respects, the financial condition and results of operations of Pfizer Inc.

/s/ ALBERT BOURLA

### Albert Bourla

**Chairman and Chief Executive Officer**

August 9, 2023

This certification accompanies this Quarterly Report on Form 10-Q pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by such Act, be deemed filed by the Company for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). Such certification will not be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act, except to the extent that the Company specifically incorporates it by reference.

Pursuant to 18 U.S.C. Section 1350, I, David M. Denton, hereby certify that, to the best of my knowledge, the Quarterly Report on Form 10-Q of Pfizer Inc. for the fiscal quarter ended July 2, 2023 (the “Report”) fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934, and that the information contained in that Report fairly presents, in all material respects, the financial condition and results of operations of Pfizer Inc.

/s/ DAVID M. DENTON

### David M. Denton

**Chief Financial Officer, Executive Vice President**

August 9, 2023

This certification accompanies this Quarterly Report on Form 10-Q pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by such Act, be deemed filed by the Company for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). Such certification will not be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act, except to the extent that the Company specifically incorporates it by reference.