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 April 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 May 5, 2023, 5,645,307,020 shares of the issuer's voting common stock were outstanding.

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N/A = Not Applicable

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 months ended February 26, 2023 and February 27, 2022, and for U.S. subsidiaries is as of and for the three months ended April 2, 2023 and April 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
ACIP	Advisory Committee on Immunization Practices
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
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., monovalent mRNA COVID-19 vaccines are 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, South Korea, Canada, Australia and New Zealand
Developed Rest of World	Includes the following markets: Japan, South Korea, Canada, Australia 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 April 2, 2023
GAAP	Generally Accepted Accounting Principles
GBT	Global Blood Therapeutics, Inc.
GPD	Global Product Development organization
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
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.
mRNA	messenger ribonucleic acid
MSA	Manufacturing Supply Agreement
Mylan	Mylan N.V.
Myovant	Myovant Sciences Ltd.
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)
PCI	Pfizer CentreOne
Pharmacia	Pharmacia Corporation
Prevnar family	Includes Prevnar 13/Prevenar 13 (pediatric and adult) and Prevnar 20/Apexxnar (adult)
PsA	psoriatic arthritis
RA	rheumatoid arthritis
RCC	renal cell carcinoma
R&D	research and development
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

* Paxlovid and the Pfizer-BioNTech COVID-19 Vaccine, Bivalent (Original and Omicron BA.4/BA.5) have not been approved or licensed by the FDA. Paxlovid has been authorized for emergency use by the FDA under an EUA, for the treatment of mild-to-moderate COVID-19 in adults and pediatric patients (12 years of age and older weighing at least 40 kg) with a current diagnosis of mild-to-moderate COVID-19 and who are at high risk for progression to severe COVID-19, including hospitalization or death. 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. 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* and *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.

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

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

	Three Months Ended	
(MILLIONS, EXCEPT PER SHARE DATA)	April 2, 2023	April 3, 2022
Revenues	$ 18,282	$ 25,661
Costs and expenses:		
Cost of sales[a]	4,886	9,984
Selling, informational and administrative expenses[a]	3,418	2,593
Research and development expenses[a]	2,505	2,301
Acquired in-process research and development expenses	21	355
Amortization of intangible assets	1,103	835
Restructuring charges and certain acquisition-related costs	9	192
Other (income)/deductions—net	70	350
Income from continuing operations before provision/(benefit) for taxes on income	6,270	9,050
Provision/(benefit) for taxes on income	715	1,172
Income from continuing operations	5,555	7,879
Discontinued operations—net of tax	1	(9)
Net income before allocation to noncontrolling interests	5,556	7,870
Less: Net income attributable to noncontrolling interests	13	6
Net income attributable to Pfizer Inc. common shareholders	$ 5,543	$ 7,864
Earnings per common share—basic:		
Income from continuing operations attributable to Pfizer Inc. common shareholders	$ 0.98	$ 1.40
Discontinued operations—net of tax	—	—
Net income attributable to Pfizer Inc. common shareholders	$ 0.98	$ 1.40
Earnings per common share—diluted:		
Income from continuing operations attributable to Pfizer Inc. common shareholders	$ 0.97	$ 1.37
Discontinued operations—net of tax	—	—
Net income attributable to Pfizer Inc. common shareholders	$ 0.97	$ 1.37
Weighted-average shares—basic	5,634	5,617
Weighted-average shares—diluted	5,727	5,758

[a] Exclusive of amortization of intangible assets.

See Accompanying Notes.

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

(MILLIONS)	Three Months Ended April 2, 2023	Three Months Ended April 3, 2022
Net income before allocation to noncontrolling interests	$ 5,556	$ 7,870
Foreign currency translation adjustments, net	101	(363)
Unrealized holding gains/(losses) on derivative financial instruments, net	2	203
Reclassification adjustments for (gains)/losses included in net income[a]	303	(213)
	305	(10)
Unrealized holding gains/(losses) on available-for-sale securities, net	87	(133)
Reclassification adjustments for (gains)/losses included in net income[b]	(509)	233
	(422)	99
Reclassification adjustments related to amortization of prior service costs and other, net	(30)	(36)
Reclassification adjustments related to curtailments of prior service costs and other, net	(5)	(11)
	(35)	(47)
Other comprehensive income/(loss), before tax	(50)	(321)
Tax provision/(benefit) on other comprehensive income/(loss)	(63)	(60)
Other comprehensive income/(loss) before allocation to noncontrolling interests	$ 12	$ (260)
Comprehensive income/(loss) before allocation to noncontrolling interests	$ 5,569	$ 7,610
Less: Comprehensive income/(loss) attributable to noncontrolling interests	10	6
Comprehensive income/(loss) attributable to Pfizer Inc.	$ 5,558	$ 7,604

[a] Reclassified into *Other (income)/deductions—net* and *Cost of sales.* See Note 7E.
[b] Reclassified into *Other (income)/deductions—net.*

See Accompanying Notes.

PFIZER INC. AND SUBSIDIARY COMPANIES
CONDENSED CONSOLIDATED BALANCE SHEETS

(MILLIONS)	April 2, 2023	December 31, 2022
	(Unaudited)	
Assets		
Cash and cash equivalents	$ 2,166	$ 416
Short-term investments	17,806	22,316
Trade accounts receivable, less allowance for doubtful accounts: 2023—$465; 2022—$449	12,305	10,952
Inventories	9,541	8,981
Current tax assets	3,140	3,577
Other current assets	5,120	5,017
Total current assets	50,078	51,259
Equity-method investments	11,175	11,033
Long-term investments	3,568	4,036
Property, plant and equipment, less accumulated depreciation: 2023—$15,514; 2022—$15,174	17,052	16,274
Identifiable intangible assets	42,002	43,370
Goodwill	51,476	51,375
Noncurrent deferred tax assets and other noncurrent tax assets	7,302	6,693
Other noncurrent assets	12,965	13,163
Total assets	$ 195,617	$ 197,205
Liabilities and Equity		
Short-term borrowings, including current portion of long-term debt: 2023—$3,567; 2022—$2,560	$ 4,188	$ 2,945
Trade accounts payable	6,123	6,809
Dividends payable	—	2,303
Income taxes payable	1,969	1,587
Accrued compensation and related items	2,277	3,407
Deferred revenues	1,750	2,520
Other current liabilities	20,255	22,568
Total current liabilities	36,562	42,138
Long-term debt	31,704	32,884
Pension and postretirement benefit obligations	2,179	2,250
Noncurrent deferred tax liabilities	1,067	1,023
Other taxes payable	9,860	9,812
Other noncurrent liabilities	13,009	13,180
Total liabilities	94,381	101,288
Commitments and Contingencies		
Common stock	478	476
Additional paid-in capital	92,153	91,802
Treasury stock	(114,473)	(113,969)
Retained earnings	131,102	125,656
Accumulated other comprehensive loss	(8,289)	(8,304)
Total Pfizer Inc. shareholders' equity	100,970	95,661
Equity attributable to noncontrolling interests	266	256
Total equity	101,236	95,916
Total liabilities and equity	$ 195,617	$ 197,205

See Accompanying Notes.

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

	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, January 1, 2023	9,519	$ 476	$ 91,802	(3,903)	$ (113,969)	$ 125,656	$ (8,304)	$ 95,661	$ 256	$ 95,916
Net income						5,543		5,543	13	5,556
Other comprehensive income/(loss), net of tax							15	15	(3)	12
Cash dividends declared, per share: $—										
Common stock						—		—		—
Share-based payment transactions	41	2	350	(12)	(504)	(97)		(249)		(249)
Other			—			—		—	—	—
Balance, April 2, 2023	9,560	$ 478	$ 92,153	(3,915)	$ (114,473)	$ 131,102	$ (8,289)	$ 100,970	$ 266	$ 101,236

	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, January 1, 2022	9,471	$ 473	$ 90,591	(3,851)	$ (111,361)	$ 103,394	$ (5,897)	$ 77,201	$ 262	$ 77,462
Net income						7,864		7,864	6	7,870
Other comprehensive income/(loss), net of tax							(260)	(260)	—	(260)
Cash dividends declared, per share: $—										
Common stock						—		—		—
Share-based payment transactions	23	2	249	(12)	(570)	(65)		(383)		(383)
Purchases of common stock				(39)	(2,000)			(2,000)		(2,000)
Other			3			—		3	(7)	(4)
Balance, April 3, 2022	9,494	$ 476	$ 90,844	(3,903)	$ (113,931)	$ 111,193	$ (6,157)	$ 82,424	$ 261	$ 82,685

See Accompanying Notes.

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

(MILLIONS)	Three Months Ended April 2, 2023	Three Months Ended April 3, 2022
Operating Activities		
Net income before allocation to noncontrolling interests	$ 5,556	$ 7,870
Discontinued operations—net of tax	1	(9)
Net income from continuing operations before allocation to noncontrolling interests	5,555	7,879
Adjustments to reconcile net income before allocation to noncontrolling interests to net cash provided by operating activities:		
Depreciation and amortization	1,487	1,187
Asset write-offs and impairments	270	31
Deferred taxes	(598)	(2,321)
Share-based compensation expense	105	86
Benefit plan contributions in excess of expense/income	(200)	(404)
Other adjustments, net	99	815
Other changes in assets and liabilities, net of acquisitions and divestitures	(5,507)	(730)
Net cash provided by operating activities	1,212	6,541
Investing Activities		
Purchases of property, plant and equipment	(1,139)	(643)
Purchases of short-term investments	(6,665)	(8,758)
Proceeds from redemptions/sales of short-term investments	6,400	13,421
Net (purchases of)/proceeds from redemptions/sales of short-term investments with original maturities of three months or less	4,665	3,409
Purchases of long-term investments	(51)	(676)
Proceeds from redemptions/sales of long-term investments	124	52
Acquisition of business, net of cash acquired	—	(6,225)
Other investing activities, net	(18)	(13)
Net cash provided by/(used in) investing activities	3,315	567
Financing Activities		
Proceeds from short-term borrowings	11	—
Net (payments on)/proceeds from short-term borrowings with original maturities of three months or less	226	(220)
Payments on long-term debt	(269)	(1,609)
Purchases of common stock	—	(2,000)
Cash dividends paid	(2,303)	(2,249)
Other financing activities, net	(436)	(501)
Net cash provided by/(used in) financing activities	(2,771)	(6,578)
Effect of exchange-rate changes on cash and cash equivalents and restricted cash and cash equivalents	(2)	(1)
Net increase/(decrease) in cash and cash equivalents and restricted cash and cash equivalents	1,754	529
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	$ 2,222	$ 2,513
Supplemental Cash Flow Information		
Cash paid during the period for:		
Income taxes	$ 329	$ 354
Interest paid	419	453
Interest rate hedges	60	26

See Accompanying Notes.

Note 1. Basis of Presentation and Significant Accounting Policies

A. 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 months ended February 26, 2023 and February 27, 2022, and for U.S. subsidiaries is as of and for the three months ended April 2, 2023 and April 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* below and *Note 17A* in our 2022 Form 10-K.

Business development activities impacted financial results in the periods presented. See *Notes 2A* and *2B* 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.

B. New Accounting Standard 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*.

C. 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, 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)	April 2, 2023	December 31, 2022
Reserve against ***Trade accounts receivable, less allowance for doubtful accounts***	$ 1,068	$ 1,200
Other current liabilities:		
Accrued rebates	4,743	4,479
Other accruals	521	430
Other noncurrent liabilities	324	612
Total accrued rebates and other sales-related accruals	$ 6,656	$ 6,722

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 months ended April 2, 2023 and April 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 and Equity-Method Investment

A. 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) $817 million of inventories to be sold over approximately two years, (iii) $797 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.

B. Discontinued Operations

Discontinued operations—net of tax in the periods presented are post-close adjustments related to the previously disposed discontinued Meridian subsidiary and the Upjohn Business. In the three months ended April 2, 2023 and April 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 from Viatris were approximately $57 million as of April 2, 2023 and net amounts due to Viatris were $94 million as of December 31, 2022. The cash flows associated with the agreements are included in *Net cash provided by operating activities*. For information about the nature of these agreements, see *Note 2B* in our 2022 Form 10-K.

C. 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 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 April 2, 2023 and as of December 31, 2022 is $11.0 billion and $10.8 billion, respectively, and is reported in *Equity-method investments*. The fair value of our investment in Haleon as of April 2, 2023, based on quoted market prices of Haleon stock, was $11.8 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 $90 million in

pre-tax foreign currency translation adjustments (see *Note 6*) and our share of Haleon's earnings. 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 fourth quarter of 2022, which we recorded in our operating results in the first quarter of 2023, was $68 million. Our total share of the JV's earnings generated in the fourth quarter of 2021, which we recorded in our operating results in the first quarter of 2022, was $185 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 was not material to our results of operations in the periods presented. See *Note 4*.

Summarized financial information for our equity-method investee, Haleon/the Consumer Healthcare JV, for the three months ending December 31, 2022, the most recent period available, and for the three months ending December 31, 2021, is as follows:

	Three Months Ended	
(MILLIONS)	December 31, 2022	December 31, 2021
Net sales	$ 3,261	$ 3,420
Cost of sales	(1,496)	(1,312)
Gross profit	$ 1,766	$ 2,108
Income from continuing operations	225	590
Net income	225	590
Income attributable to shareholders	211	578

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

A. Transforming 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 April 2, 2023, we incurred costs of $3.5 billion, of which $1.4 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.

B. Key Activities

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

(MILLIONS)	Three Months Ended April 2, 2023	Three Months Ended April 3, 2022
Restructuring charges/(credits):		
Employee terminations	$ (36)	$ 25
Asset impairments	(10)	8
Exit costs/(credits)	2	11
Restructuring charges/(credits)[a]	(44)	43
Transaction costs[b]	—	6
Integration costs and other[c]	52	142
Restructuring charges and certain acquisition-related costs	9	192
Net periodic benefit costs/(credits) recorded in *Other (income)/deductions—net*	(5)	(6)
Additional depreciation—asset restructuring recorded in our condensed consolidated statements of income, mainly in *Cost of sales*[d]	18	9
Implementation costs recorded in our condensed consolidated statements of income as follows[e]:		
Cost of sales	15	12
Selling, informational and administrative expenses	59	74
Research and development expenses	11	—
Total implementation costs	85	85
Total costs associated with acquisitions and cost-reduction/productivity initiatives	$ 107	$ 280

[a] Primarily represents cost reduction initiatives. Restructuring charges/(credits) associated with Biopharma: credits of $28 million for the three months ended April 2, 2023 and credits of $4 million for the three months ended April 3, 2022.
[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 first quarter of 2022, integration costs and other were mostly related to our acquisition of Arena, including $138 million in payments to Arena employees 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.

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)	(36)	(10)	2	(44)
Utilization and other[b]	(420)	10	(1)	(411)
Balance, April 2, 2023[c]	$ 740	$ —	$ 9	$ 750

[a] Included in *Other current liabilities* ($991 million) and *Other noncurrent liabilities* ($213 million).
[b] Includes adjustments for foreign currency translation.
[c] Included in *Other current liabilities* ($548 million) and *Other noncurrent liabilities* ($202 million).

Note 4. Other (Income)/Deductions—Net

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

	Three Months Ended	
(MILLIONS)	April 2, 2023	April 3, 2022
Interest income	$ (177)	$ (14)
Interest expense	318	322
Net interest expense	141	308
Royalty-related income	(204)	(173)
Net (gains)/losses on asset disposals	(7)	(1)
Net (gains)/losses recognized during the period on equity securities[a]	451	699
Income from collaborations, out-licensing arrangements and sales of compound/product rights	(68)	(9)
Net periodic benefit costs/(credits) other than service costs	(80)	(283)
Certain legal matters, net[b]	36	79
Certain asset impairments[c]	264	—
Haleon/Consumer Healthcare JV equity method (income)/loss[d]	(68)	(184)
Other, net[e]	(396)	(88)
Other (income)/deductions—net	$ 70	$ 350

[a] The losses in the first quarter of 2023 include, among other things, unrealized losses of $363 million related to our investments in Cerevel Therapeutics Holdings, Inc. and BioNTech. The losses in the first quarter of 2022 included, among other things, unrealized losses of $473 million related to our investment in BioNTech.
[b] The first quarter of 2023 primarily includes certain product liability expenses related to products discontinued and/or divested by Pfizer. The first quarter of 2022 includes 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.
[c] The first quarter 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 due to 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.
[d] See *Note 2C*.
[e] The first quarter 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 $92 million from our investment in ViiV.

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

	Fair Value[a]				Three Months Ended April 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

A. Taxes on Income from Continuing Operations

Our effective tax rate for continuing operations was 11.4% for the first quarter of 2023, compared to 12.9% for the first quarter of 2022. The lower effective tax rate for the first quarter of 2023, was due to 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 and is reported in current *Income taxes payable* and the remaining liability is reported in noncurrent *Other taxes payable* as of April 2, 2023. 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.

B. 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.

C. Tax Provision/(Benefit) on Other Comprehensive Income/(Loss)

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

	Three Months Ended	
(MILLIONS)	April 2, 2023	April 3, 2022
Foreign currency translation adjustments, net[a]	$ (25)	$ (72)
Unrealized holding gains/(losses) on derivative financial instruments, net	3	32
Reclassification adjustments for (gains)/losses included in net income	21	(22)
	24	10
Unrealized holding gains/(losses) on available-for-sale securities, net	11	(17)
Reclassification adjustments for (gains)/losses included in net income	(64)	29
	(53)	12
Reclassification adjustments related to amortization of prior service costs and other, net	(7)	(9)
Reclassification adjustments related to curtailments of prior service costs and other, net	(1)	(2)
	(9)	(11)
Tax provision/(benefit) on other comprehensive income/(loss)	$ (63)	$ (60)

[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]	129	281	(369)	(27)	15
Balance, April 2, 2023	$ (8,231)	$ (131)	$ (149)	$ 222	$ (8,289)

[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*) and the impact of our net investment hedging program.

Note 7. Financial Instruments

A. Fair Value Measurements

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

	April 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	$ 1,165	$ —	$ 1,165	$ 1,588	$ —	$ 1,588
Available-for-sale debt securities:						
Government and agency—non-U.S.	13,278	—	13,278	15,915	—	15,915
Government and agency—U.S.	927	—	927	1,313	—	1,313
Corporate and other	1,914	—	1,914	1,514	—	1,514
	16,118	—	16,118	18,743	—	18,743
Total short-term investments	17,283	—	17,283	20,331	—	20,331
Other current assets						
Derivative assets:						
Foreign exchange contracts	734	—	734	714	—	714
Total other current assets	734	—	734	714	—	714
Long-term investments						
Equity securities with readily determinable fair values[a]	2,355	2,348	7	2,836	2,823	13
Available-for-sale debt securities:						
Government and agency—non-U.S.	261	—	261	280	—	280
Corporate and other	72	—	72	72	—	72
	333	—	333	352	—	352
Total long-term investments	2,688	2,348	340	3,188	2,823	365
Other noncurrent assets						
Derivative assets:						
Foreign exchange contracts	295	—	295	364	—	364
Total derivative assets	295	—	295	364	—	364
Insurance contracts[b]	700	—	700	665	—	665
Total other noncurrent assets	995	—	995	1,028	—	1,028
Total assets	$ 21,699	$ 2,348	$ 19,352	$ 25,261	$ 2,823	$ 22,439
Financial liabilities:						
Other current liabilities						
Derivative liabilities:						
Interest rate contracts	$ —	$ —	$ —	$ 10	$ —	$ 10
Foreign exchange contracts	382	—	382	694	—	694
Total other current liabilities	383	—	383	704	—	704
Other noncurrent liabilities						
Derivative liabilities:						
Interest rate contracts	274	—	274	321	—	321
Foreign exchange contracts	832	—	832	864	—	864
Total other noncurrent liabilities	1,105	—	1,105	1,185	—	1,185
Total liabilities	$ 1,488	$ —	$ 1,488	$ 1,889	$ —	$ 1,889

[a] Long-term equity securities of $115 million as of April 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).

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 $32 billion as of April 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 $30 billion as of April 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

as of April 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.

B. Investments

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

The following summarizes our investments by classification type:

(MILLIONS)	April 2, 2023	December 31, 2022
Short-term investments		
Equity securities with readily determinable fair values[a]	$ 1,165	$ 1,588
Available-for-sale debt securities	16,118	18,743
Held-to-maturity debt securities	523	1,985
Total Short-term investments	$ 17,806	$ 22,316
Long-term investments		
Equity securities with readily determinable fair values[b]	$ 2,355	$ 2,836
Available-for-sale debt securities	333	352
Held-to-maturity debt securities	52	48
Private equity securities at cost[b]	828	800
Total Long-term investments	$ 3,568	$ 4,036
Equity-method investments	11,175	11,033
Total long-term investments and equity-method investments	$ 14,743	$ 15,069
Held-to-maturity cash equivalents	$ 436	$ 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:

	April 2, 2023							December 31, 2022			
		Gross Unrealized			Contractual or Estimated Maturities (in 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.	$ 13,702	$ 51	$ (214)	$ 13,539	$ 13,278	$ 261	$ —	$ 15,946	$ 297	$ (48)	$ 16,195
Government and agency—U.S.	927	—	—	927	927	—	—	1,313	—	—	1,313
Corporate and other	1,992	—	(7)	1,985	1,914	72	—	1,584	7	(4)	1,586
Held-to-maturity debt securities											
Time deposits and other	936	—	—	936	888	34	14	1,171	—	—	1,171
Government and agency—non-U.S.	75	—	—	75	71	3	1	1,542	—	—	1,542
Total debt securities	$ 17,632	$ 51	$ (221)	$ 17,462	$ 17,077	$ 371	$ 15	$ 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	
(MILLIONS)	April 2, 2023	April 3, 2022
Net (gains)/losses recognized during the period on equity securities[a]	$ 451	$ 699
Less: Net (gains)/losses recognized during the period on equity securities sold during the period	(33)	(11)
Net unrealized (gains)/losses during the reporting period on equity securities still held at the reporting date[b]	$ 485	$ 710

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

[b] Included in net unrealized (gains)/losses are observable price changes on equity securities without readily determinable fair values. As of April 2, 2023, there were cumulative impairments and downward adjustments of $171 million and upward adjustments of $203 million. Impairments, downward and upward adjustments were not significant in the first quarters of 2023 and 2022.

C. Short-Term Borrowings

Short-term borrowings include:

(MILLIONS)	April 2, 2023	December 31, 2022
Current portion of long-term debt, principal amount	$ 3,550	$ 2,550
Other short-term borrowings, principal amount[a]	622	385
Total short-term borrowings, principal amount	4,172	2,935
Net fair value adjustments	17	10
Total *Short-term borrowings, including current portion of long-term debt*, carried at historical proceeds, as adjusted	$ 4,188	$ 2,945

[a] Primarily includes cash collateral. See *Note 7F*.

D. Long-Term Debt

The following summarizes the aggregate principal amount of our senior unsecured long-term debt, and adjustments to report our aggregate long-term debt:

(MILLIONS)	April 2, 2023	December 31, 2022
Total long-term debt, principal amount	$ 30,909	$ 32,080
Net fair value adjustments related to hedging and purchase accounting	966	959
Net unamortized discounts, premiums and debt issuance costs	(171)	(175)
Other long-term debt	—	20
Total long-term debt, carried at historical proceeds, as adjusted	$ 31,704	$ 32,884

E. 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, Canadian dollar and Singapore 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:

	April 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]	$ 26,179	$ 809	$ 1,038	$ 26,603	$ 838	$ 1,196
Interest rate contracts	2,250	—	274	2,250	—	331
		809	1,311		838	1,527
Derivatives not designated as hedging instruments:						
Foreign exchange contracts	$ 21,870	220	177	$ 29,814	240	362
Total		$ 1,029	$ 1,488		$ 1,078	$ 1,889

[a] The notional amount of outstanding foreign exchange contracts hedging our intercompany forecasted inventory sales was $4.5 billion as of April 2, 2023 and $4.4 billion as of December 31, 2022.

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)	April 2, 2023	April 3, 2022	April 2, 2023	April 3, 2022	April 2, 2023	April 3, 2022
Derivative Financial Instruments in Cash Flow Hedge Relationships:						
Foreign exchange contracts[b]	$ —	$ —	$ (53)	$ 187	$ (356)	$ 195
Amount excluded from effectiveness testing and amortized into earnings[c]	—	—	55	16	53	18
Derivative Financial Instruments in Fair Value Hedge Relationships:						
Interest rate contracts	48	(156)	—	—	—	—
Hedged item	(48)	156	—	—	—	—
Derivative Financial Instruments in Net Investment Hedge Relationships:						
Foreign exchange contracts	—	—	(213)	259	—	—
Amount excluded from effectiveness testing and amortized into earnings[c]	—	—	67	(74)	34	30
Non-Derivative Financial Instruments in Net Investment Hedge Relationships:[d]						
Foreign currency short-term borrowings	—	—	—	26	—	—
Foreign currency long-term debt	—	—	(16)	23	—	—
Derivative Financial Instruments Not Designated as Hedges:						
Foreign exchange contracts	17	(19)	—	—	—	—
	$ 17	$ (19)	$ (160)	$ 436	$ (269)	$ 243

[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 $91 million in the first quarter of 2023 and a net gain of $34 million in the first quarter 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 $235 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 April 2, 2023 and December 31, 2022 were $811 million and $795 million, respectively.

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

	April 2, 2023			December 31, 2022		
		Cumulative Amount of Fair Value Hedging Adjustment Increase/(Decrease) to Carrying Amount			Cumulative Amount of Fair Value Hedging Adjustment Increase/(Decrease) to Carrying Amount	
(MILLIONS)	Carrying Amount of Hedged Assets/Liabilities[a]	Active Hedging Relationships	Discontinued Hedging Relationships	Carrying Amount of Hedged Assets/Liabilities[a]	Active Hedging Relationships	Discontinued Hedging Relationships
Short-term borrowings, including current portion of long-term debt	$ —	$ —	$ 12	$ —	$ —	$ 10
Long-term debt	$ 2,236	$ (274)	$ 1,014	$ 2,235	$ (321)	$ 1,042

[a] Carrying amounts exclude the cumulative amount of fair value hedging adjustments.

F. 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* below and *Note 17C* in our 2022 Form 10-K.

As of April 2, 2023, the largest investment exposures in our portfolio represent primarily sovereign debt instruments issued by Canada, Japan, Germany, France, the U.S., and the U.K.

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 April 2, 2023, the aggregate fair value of these derivative financial instruments that are in a net payable position was $763 million, for which we have posted collateral of $831 million with a corresponding amount reported in *Short-term investments*. As of April 2, 2023, the aggregate fair value of our derivative financial instruments that are in a net receivable position was $715 million, for which we have received collateral of $530 million with a corresponding amount reported in *Short-term borrowings, including current portion of long-term debt.*

Note 8. Other Financial Information

A. Inventories

The following summarizes the components of *Inventories*:

(MILLIONS)	April 2, 2023	December 31, 2022
Finished goods	$ 2,657	$ 2,603
Work-in-process	6,129	5,519
Raw materials and supplies	755	859
Inventories[a]	$ 9,541	$ 8,981
Noncurrent inventories not included above[b]	$ 5,616	$ 5,827

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

B. Other Current Liabilities

Other current liabilities includes, among other things, amounts payable to BioNTech for the gross profit split for Comirnaty, which totaled $4.7 billion as of April 2, 2023 and $5.2 billion as of December 31, 2022.

C. 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 April 2, 2023 and December 31, 2022, respectively, $755 million and $849 million of our trade payables to suppliers who participate in these financing arrangements are outstanding.

Note 9. Identifiable Intangible Assets

A. Identifiable Intangible Assets

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

	April 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	$ 84,973	$ (56,887)	$ 28,086	$ 85,604	$ (56,307)	$ 29,297
Brands	922	(854)	68	922	(844)	78
Licensing agreements and other	2,420	(1,433)	987	2,237	(1,397)	841
	88,315	(59,174)	29,141	88,763	(58,548)	30,215
Indefinite-lived intangible assets						
Brands	827		827	827		827
IPR&D	11,269		11,269	11,357		11,357
Licensing agreements and other	764		764	971		971
	12,860		12,860	13,155		13,155
Identifiable intangible assets[a]	$ 101,176	$ (59,174)	$ 42,002	$ 101,919	$ (58,548)	$ 43,370

[a] The decrease is primarily due to amortization expense and impairments (see Note 4).

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)	April 2, 2023	April 3, 2022	April 2, 2023	April 3, 2022	April 2, 2023	April 3, 2022
Service cost	$ —	$ —	$ 22	$ 30	$ 3	$ 7
Interest cost	148	118	71	42	5	7
Expected return on plan assets	(194)	(245)	(76)	(79)	(11)	(12)
Amortization of prior service cost/(credit)	—	—	—	—	(30)	(36)
Actuarial (gains)/losses	9	(65)	3	—	—	—
Curtailments	—	—	(1)	—	(5)	(13)
Special termination benefits	2	6	—	—	—	—
Net periodic benefit cost/(credit) reported in income	$ (36)	$ (186)	$ 18	$ (8)	$ (37)	$ (46)

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

For the three months ended April 2, 2023, we contributed $85 million, $39 million, and $20 million to our U.S. Pension Plans, International Pension Plans, and Postretirement Plans, respectively, from our general assets, which include direct employer benefit payments.

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

The following presents the detailed calculation of *EPS*:

(MILLIONS)	Three Months Ended April 2, 2023	Three Months Ended April 3, 2022
EPS Numerator—Basic		
Income from continuing operations attributable to Pfizer Inc. common shareholders	$ 5,542	$ 7,872
Discontinued operations—net of tax	1	(9)
Net income attributable to Pfizer Inc. common shareholders	$ 5,543	$ 7,864
EPS Numerator—Diluted		
Income from continuing operations attributable to Pfizer Inc. common shareholders and assumed conversions	$ 5,542	$ 7,872
Discontinued operations—net of tax, attributable to Pfizer Inc. common shareholders and assumed conversions	1	(9)
Net income attributable to Pfizer Inc. common shareholders and assumed conversions	$ 5,543	$ 7,864
EPS Denominator		
Weighted-average number of common shares outstanding—Basic	5,634	5,617
Common-share equivalents	93	141
Weighted-average number of common shares outstanding—Diluted	5,727	5,758
Anti-dilutive common stock equivalents[(a)]	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*.

A. 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.

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. 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 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 action continues 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.

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. The generic companies challenged some or all of the following patents: (i) the composition of matter patent expiring in 2027; (ii) the composition of matter patent expiring in 2023; (iii) the method of use patent expiring in 2023; (iv) the crystalline form patent expiring in 2034; and (v) a tablet formulation patent expiring in 2036. We brought patent infringement actions against each of the generic filers in various U.S. federal courts, asserting the validity and infringement of the patents challenged by the generic companies. We have settled with one of these generic companies on terms not material to us, and we dismissed the patent infringement actions relating to the crystalline form of patent, the composition of matter patent expiring in 2023, the method of use patent, and the tablet formulation patent against the generic companies that had challenged these patents. The composition of matter patent expiring in 2027 remains in suit.

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.

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.

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 Co. LLC, our wholly owned subsidiary, alleging that Comirnaty infringes U.S. Patent No. 11,246,933, which was 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 Co. LLC, BioNTech and BioNTech Manufacturing GmbH, alleging that Comirnaty infringes U.S. Patent No. 11,382,979, which was issued in July 2022, 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.

In April 2023, Arbutus Biopharma Corp. (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.

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 U.S. Patent No. 11,358,953, which was issued in June 2022, and seeking unspecified monetary damages.

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 the following three patents relating to Comirnaty: U.S. Patent Nos. 11,135,312, 11,149,278, and 11,241,493. Outside of the U.S., 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 Ltd.; and 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 enzalutamide. 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 Limited (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.

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 Ltd. (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/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.

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.

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.

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.

- *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 Investigation* 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.

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.

B. Guarantees and Indemnifications

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 April 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.

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

C. Contingent Consideration for 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

A. 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.

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 $196 billion as of April 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			
	Revenues		Earnings[a]	
(MILLIONS)	April 2, 2023	April 3, 2022	April 2, 2023	April 3, 2022
Reportable Segment:				
Biopharma	$ 17,971	$ 25,323	$ 10,936	$ 13,391
Other business activities[b]	310	338	(2,734)	(2,429)
Reconciling Items:				
Amortization of intangible assets			(1,103)	(835)
Acquisition-related items			(163)	(187)
Certain significant items[c]			(665)	(891)
	$ 18,282	$ 25,661	$ 6,270	$ 9,050

[a] *Income from continuing operations before provision/(benefit) for taxes on income.* Biopharma's earnings include dividend income from our investment in ViiV of $92 million in the first quarter of 2023 and $56 million in the first quarter 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 $47 million of costs in the first quarter 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.

[c] Certain significant items are substantive and/or unusual, and in some cases recurring, items (as noted above). Earnings in the first quarter of 2023 and 2022 include, among other items, net losses on equity securities of $452 million and $698 million, respectively, recorded in *Other (income)/deductions—net*. See Note 4.

B. Geographic Information

The following summarizes revenues by geographic area:

	Three Months Ended		
(MILLIONS)	April 2, 2023	April 3, 2022	% Change
United States	$ 8,507	$ 8,918	(5)
Developed Europe	2,822	6,090	(54)
Developed Rest of World	2,473	3,286	(25)
Emerging Markets	4,480	7,367	(39)
Revenues	$ 18,282	$ 25,661	(29)

C. 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 15% and 19% of total revenues for the three months ended April 2, 2023 and April 3, 2022, respectively. Accounts receivable from the U.S. government represented 17% and 4% of total trade accounts receivable as of April 2, 2023 and December 31, 2022, respectively. Revenues and accounts receivable from the U.S. government primarily represent sales of Paxlovid and Comirnaty.

Significant Product Revenues

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

(MILLIONS)		Three Months Ended	
PRODUCT	**PRIMARY INDICATION OR CLASS**	April 2, 2023	April 3, 2022
TOTAL REVENUES		**$ 18,282**	**$ 25,661**
GLOBAL BIOPHARMACEUTICALS BUSINESS (BIOPHARMA)[a]		**$ 17,971**	**$ 25,323**
Primary Care		**$ 11,505**	**$ 18,851**
Paxlovid	COVID-19 in certain high-risk patients	4,069	1,470
Comirnaty direct sales and alliance revenues[b]	Active immunization to prevent COVID-19	3,064	13,227
Eliquis alliance revenues and direct sales	Nonvalvular atrial fibrillation, deep vein thrombosis, pulmonary embolism	1,874	1,793
Prevnar family	Active immunization to prevent pneumonia, invasive disease and otitis media caused by Streptococcus pneumoniae	1,593	1,565
Nurtec ODT/Vydura	Acute treatment of migraine and prevention of episodic migraine	167	1
Premarin family	Symptoms of menopause	112	102
BMP2	Development of bone and cartilage	86	67
FSME-IMMUN/TicoVac	Active immunization to prevent tick-borne encephalitis disease	45	42
Nimenrix	Active immunization against invasive meningococcal ACWY disease	40	77
All other Primary Care	Various	456	507
Specialty Care		**$ 3,612**	**$ 3,505**
Vyndaqel family	ATTR-CM and polyneuropathy	686	612
Sulperazon	Bacterial infections	320	210
Xeljanz	RA, PsA, UC, active polyarticular course juvenile idiopathic arthritis, ankylosing spondylitis	237	372
Enbrel (Outside the U.S. and Canada)	RA, juvenile idiopathic arthritis, PsA, plaque psoriasis, pediatric plaque psoriasis, ankylosing spondylitis and nonradiographic axial spondyloarthritis	199	280
Inflectra	Crohn's disease, pediatric Crohn's disease, UC, pediatric UC, RA in combination with methotrexate, ankylosing spondylitis, PsA and plaque psoriasis	178	135
Zithromax	Bacterial infections	150	125
Genotropin	Replacement of human growth hormone	147	80
Ig Portfolio[c]	Various	126	107
Zavicefta	Bacterial infections	116	104
BeneFIX	Hemophilia B	109	112
Medrol	Anti-inflammatory glucocorticoid	93	76
Oxbryta	Sickle cell disease	71	—
Somavert	Acromegaly	66	68
Refacto AF/Xyntha	Hemophilia A	60	66
Fragmin	Treatment/prevention of venous thromboembolism	58	70
Vfend	Fungal infections	51	65
All other Anti-infectives	Various	374	381
All other Specialty Care	Various	569	643
Oncology		**$ 2,855**	**$ 2,967**
Ibrance	HR-positive/HER2-negative metastatic breast cancer	1,144	1,237
Inlyta	Advanced RCC	259	234
Xtandi alliance revenues	mCRPC, nmCRPC, mCSPC	258	268
Bosulif	Philadelphia chromosome–positive chronic myelogenous leukemia	150	128
Zirabev	Treatment of mCRC; unresectable, locally advanced, recurrent or metastatic NSCLC; recurrent glioblastoma; metastatic RCC; and persistent, recurrent or metastatic cervical cancer	129	147
Ruxience	Non-hodgkin's lymphoma, chronic lymphocytic leukemia, granulomatosis with polyangiitis (Wegener's Granulomatosis) and microscopic polyangiitis	114	124
Lorbrena	ALK-positive metastatic NSCLC	112	72
Xalkori	ALK-positive and Proto-Oncogene 1, Receptor Tyrosine Kinase-positive advanced NSCLC	111	127

(MILLIONS)		Three Months Ended	
PRODUCT	**PRIMARY INDICATION OR CLASS**	April 2, 2023	April 3, 2022
Retacrit	Anemia	93	115
Bavencio alliance revenues	Locally advanced or metastatic urothelial carcinoma; metastatic Merkel cell carcinoma; immunotherapy and tyrosine kinase inhibitor combination for patients with advanced RCC	85	67
Aromasin	Post-menopausal early and advanced breast cancer	77	62
Besponsa	Relapsed or refractory B-cell acute lymphoblastic leukemia	58	51
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	50	114
Braftovi	In combination with Mektovi for metastatic melanoma in patients with a $BRAF^{V600E/K}$ mutation and, in combination with Erbitux® (cetuximab)[d], for the treatment of $BRAF^{V600E}$ -mutant mCRC after prior therapy	49	48
Mektovi	In combination with Braftovi for metastatic melanoma in patients with a $BRAF^{V600E/K}$ mutation	40	40
Trazimera	HER2-positive breast cancer and metastatic stomach cancers	34	52
All other Oncology	Various	92	81
BUSINESS INNOVATION[a]		**$ 310**	**$ 338**
Pfizer CentreOne[c]	Various	306	338
Pfizer Ignite	Various	4	—
Total Alliance revenues included above		**$ 2,060**	**$ 2,314**

[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 ($5 million and $47 million for the first quarters of 2023 and 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 $13 billion as of April 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 in 2023 and 2024, 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 first 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 $1.7 billion as of April 2, 2023, with $1.6 billion and $34 million recorded in current 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 three 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 first quarter of 2023, we recognized revenue of approximately $1.7 billion that was included in the balance of Comirnaty deferred revenues as of December 31, 2022. The Comirnaty deferred revenues as of April 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 April 2, 2023 or December 31, 2022.

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* 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*.

We expect to incur costs of approximately $700 million in connection with separating Upjohn, of which approximately 85% has been incurred since inception and through the first 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*. 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* section within MD&A.

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 *Note 2* and the following:

Research and Development Funding Arrangement—In April 2023, we entered into an arrangement with Blackstone Life Sciences (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. 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 a combination of approval-based fixed milestone payments of up to $468 million contingent upon the successful results of the clinical trials. 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.

Proposed Acquisition of Seagen—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 new, long-term debt, and the balance from a combination of short-term financing and existing cash. The transaction is expected to close in late 2023 or early 2024, subject to customary closing conditions, including approval of Seagen's stockholders and receipt of required regulatory approvals.

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 will take full control of the global commercialization of Bavencio. 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 First Quarter 2023 Performance

Revenues—*Revenues* decreased $7.4 billion, or 29%, in the first quarter of 2023 to $18.3 billion from $25.7 billion in the first quarter of 2022, reflecting an operational decrease of $6.6 billion, or 26%, as well as an unfavorable impact of foreign exchange of $730 million, or 3%. The operational decrease was primarily driven by a decline in Comirnaty, partially offset by growth from Paxlovid.

Excluding contributions from Comirnaty and Paxlovid, revenues increased 5% operationally, reflecting revenues from recently acquired products, Nurtec ODT/Vydura and Oxbryta, as well as increased Sulperazon revenues in China, and strong growth from Eliquis and the Vyndaqel family, partially offset by a decline in Xeljanz.

Revenue growth in the first quarter of 2023 was unfavorably impacted by approximately 1% as a result of the first quarter of 2023 having one fewer selling day in international markets compared to the first quarter of 2022. This unfavorable impact is expected to reverse in the fourth quarter of 2023.

As of May 2, 2023, on a total company basis, we forecasted revenues in 2023 of $67 billion to $71 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 Geography* and *Revenues—Selected Product Discussion* 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 for 2023. For information regarding the primary indications or class of certain products, see *Note 13C*.

Income from Continuing Operations Before Provision/(Benefit) for Taxes on Income—The decrease in *Income from continuing operations before provision/(benefit) for taxes on income* of $2.8 billion, to $6.3 billion in the first quarter of 2023 from $9.1 billion in the first quarter of 2022, was primarily due to lower revenues and an increase in *Selling, informational and administrative expenses,* partially offset by lower *Cost of sales* and lower *Acquired in-process research and development expenses.*

See the *Analysis of the Condensed Consolidated Statements of Income* within MD&A and *Note 4*. 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/(Benefit) for Taxes on Income* section within MD&A and *Note 5*.

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. Risk Factors* 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 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 on patent rights we consider most significant in relation to our business as a whole, see the *Item 1. Business—Patents and Other Intellectual Property Rights* section of our 2022 Form 10-K. For a discussion of recent developments with respect to patent litigation, see *Note 12A1*.

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, such as the IRA that was signed into law in August 2022. We continue to evaluate the impact of the IRA 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.

Product Supply—We periodically encounter supply delays, disruptions and shortages, including due to voluntary product recalls. 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.

Regarding our supply chain generally, in the first quarter of 2023 and to date, we have not seen a significant disruption, 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 booster doses of an Omicron-adapted bivalent vaccine. As part of our strategy for 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. For additional information, including our continuing late-stage development efforts for Paxlovid, see the *Product Developments* section within MD&A.

In the first quarter 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 vaccines purchased through them becoming either depleted or not usable against new variants. 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 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 May 2, 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, timing and terms for delivery of the contracted doses of Comirnaty to the EC, Paxlovid sales in China 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 *Note 12A1*.

Russia/Ukraine Conflict—Our global operations may be impacted by the armed conflict between Russia and Ukraine. For both the three months ended April 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. 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.

For a discussion of a recently adopted accounting standard, see *Note 1B*.

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
(MILLIONS)	April 2, 2023	April 3, 2022	April 2, 2023	April 3, 2022	April 2, 2023	April 3, 2022	% Change		
Operating segments:									
Biopharma	$ 17,971	$ 25,323	$ 8,396	$ 8,816	$ 9,575	$ 16,507	(29)	(5)	(42)
Business Innovation	310	338	110	102	200	236	(8)	8	(15)
Total revenues	$ 18,282	$ 25,661	$ 8,507	$ 8,918	$ 9,775	$ 16,743	(29)	(5)	(42)

First Quarter of 2023 vs. First Quarter of 2022

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

(MILLIONS)	Three Months Ended April 2, 2023		
	Worldwide	U.S.	International
Operational growth/(decline):			
Worldwide declines from Comirnaty[(a)]	$ (9,967)	$ (1,986)	$ (7,981)
Worldwide growth from Paxlovid[(a)]	2,754	945	1,809
Revenues from recently acquired products: Nurtec ODT/Vydura[(a)] and Oxbryta	237	234	3
Increased revenues from Sulperazon largely driven by demand in China	134	—	134
Worldwide growth from Eliquis, the Vyndaqel family, the Prevnar family and Inlyta, partially offset by declines from Xeljanz, Ibrance and Xtandi[(a)]	119	251	(132)
Other operational factors, net	73	144	(71)
Operational growth/(decline), net	(6,650)	(411)	(6,238)
Unfavorable impact of foreign exchange	(730)	—	(730)
Revenues increase/(decrease)	$ (7,379)	$ (411)	$ (6,968)

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

Emerging markets revenues decreased $2.9 billion, or 39%, in the first quarter of 2023 to $4.5 billion from $7.4 billion in the first quarter of 2022, reflecting an operational decrease of $2.6 billion, or 36%, and an unfavorable impact from foreign exchange of 4%. 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 largely driven by demand in China, which is not expected to be sustained.

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:

(MILLIONS)	Three Months Ended	
	April 2, 2023	April 3, 2022
Medicare rebates	$ 225	$ 201
Medicaid and related state program rebates	411	241
Performance-based contract rebates	1,192	806
Chargebacks	2,285	1,737
Sales allowances	1,516	1,204
Sales returns and cash discounts	513	270
Total	$ 6,141	$ 4,458

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*.

Revenues—Selected Product Discussion

Biopharma

(MILLIONS)			Revenue Three Months Ended		% Change		
Product	**Global Revenues**	**Region**	**April 2, 2023**	**April 3, 2022**	**Total**	**Oper.**	**Operational Results Commentary**
Paxlovid	**$4,069** *	U.S.	$ 1,960	$ 1,015	93		Growth primarily driven by: • favorable timing of final delivery associated with the U.S. government contract before anticipated transition to traditional commercial markets in the second half of 2023; • strong demand in China under the temporary National Reimbursement Drug List (which ended on April 1, 2023) due to surge in COVID-19 infections; and • launch in certain international markets.
		Int'l.	2,109	455	*	*	
		Worldwide	$ 4,069	$ 1,470	*	*	
Comirnaty[a]	**$3,064** **Down 75%** **(operationally)**	U.S.	$ 328	$ 2,314	(86)		Global declines largely driven by lower contracted deliveries and demand in international markets, as well as lower U.S. government contracted deliveries with anticipated transition to traditional commercial market sales in the second half of 2023.
		Int'l.	2,735	10,913	(75)	(73)	
		Worldwide	$ 3,064	$ 13,227	(77)	(75)	
Eliquis	**$1,874** **Up 7%** **(operationally)**	U.S.	$ 1,261	$ 1,080	17		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 markets in Europe, partially offset by declines due to LOE and generic competition in certain international markets.
		Int'l.	613	713	(14)	(8)	
		Worldwide	$ 1,874	$ 1,793	5	7	
Prevnar family	**$1,593** **Up 4%** **(operationally)**	U.S.	$ 1,075	$ 1,014	6		Growth primarily driven by the adult indications in the U.S. and certain markets in Europe due to strong patient demand following the launch of Prevnar 20/Apexxnar for the eligible adult population, partially offset by lower stocking and demand for Prevnar 13 pediatric indication in the U.S. due to competitor entry, as well as declines in certain emerging markets.
		Int'l.	518	551	(6)	—	
		Worldwide	$ 1,593	$ 1,565	2	4	
Ibrance	**$1,144** **Down 5%** **(operationally)**	U.S.	$ 750	$ 753	—		Declines primarily driven by lower clinical trial purchases internationally, and planned price decreases in certain international developed markets.
		Int'l.	394	484	(19)	(12)	
		Worldwide	$ 1,144	$ 1,237	(8)	(5)	
Vyndaqel family	**$686** **Up 16%** **(operationally)**	U.S.	$ 384	$ 265	45		Growth largely driven by continued strong uptake of the ATTR-CM indication, primarily in the U.S. and developed Europe, partially offset by a planned price decrease that went into effect in Japan in the second quarter of 2022.
		Int'l.	302	347	(13)	(7)	
		Worldwide	$ 686	$ 612	12	16	
Inlyta	**$259** **Up 14%** **(operationally)**	U.S.	$ 155	$ 140	11		Growth primarily reflects continued strong performance in the U.S. and emerging markets driven by the adoption of combinations of certain immune checkpoint inhibitors and Inlyta for the first-line treatment of patients with advanced RCC.
		Int'l.	104	94	11	18	
		Worldwide	$ 259	$ 234	11	14	
Xtandi	**$258** **Down 4%** **(operationally)**	U.S.	$ 258	$ 268	(4)		Decline driven by lower net price mainly due to unfavorable changes in channel mix, partially offset by demand growth.
		Int'l.	—	—	—	—	
		Worldwide	$ 258	$ 268	(4)	(4)	
Xeljanz	**$237** **Down 33%** **(operationally)**	U.S.	$ 90	$ 203	(55)		Declines driven primarily by lower net price in the U.S. due to unfavorable changes in channel mix, as well as decreased prescription volumes globally resulting from ongoing shifts in prescribing patterns related to label changes.
		Int'l.	147	169	(13)	(6)	
		Worldwide	$ 237	$ 372	(36)	(33)	
Nurtec ODT/Vydura	**$167** *	U.S.	$ 163	$ —	*		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 first quarter 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.
		Int'l.	4	1	*	*	
		Worldwide	$ 167	$ 1	*	*	

Business Innovation

(MILLIONS)			Revenue Three Months Ended		% Change		
Operating Segment	**Global Revenues**	**Region**	**April 2, 2023**	**April 3, 2022**	**Total**	**Oper.**	**Operational Results Commentary**
Business Innovation	**$310** **Down 5%** **(operationally)**	U.S.	$ 110	$ 102	8		Declines primarily driven by, among other things, the timing of Comirnaty supply to BioNTech, partially offset by higher manufacturing of divested products under manufacturing and supply agreements and higher COVID-19 manufacturing activities performed on behalf of customers.
		Int'l.	200	236	(15)	(11)	
		Worldwide	$ 310	$ 338	(8)	(5)	

[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 13C*.

* 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 for a discussion of recent developments concerning patent and product litigation relating to certain of the products discussed above and Note 13C 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		
(MILLIONS)	April 2, 2023	April 3, 2022	% Change
Cost of sales	$ 4,886	$ 9,984	(51)
Percentage of *Revenues*	26.7 %	38.9 %	
Selling, informational and administrative expenses	3,418	2,593	32
Research and development expenses	2,505	2,301	9
Acquired in-process research and development expenses	21	355	(94)
Amortization of intangible assets	1,103	835	32
Restructuring charges and certain acquisition-related costs	9	192	(96)
Other (income)/deductions—net	70	350	(80)

Cost of Sales

Cost of sales decreased $5.1 billion, primarily due to:

- a reduction of $5.4 billion due to lower sales of Comirnaty,

partially offset by:

- an increase of $400 million due to higher sales of Paxlovid.

The decrease in *Cost of sales* as a percentage of revenues was primarily driven by changes in sales mix, including lower sales of Comirnaty and higher sales of Paxlovid.

Selling, Informational and Administrative Expenses

Selling, informational and administrative expenses increased $824 million, primarily due to:

- a $500 million increase in marketing and promotional expenses ($280 million for Paxlovid and $220 million for recently acquired and launched products); and
- a $180 million increase in spending on products across multiple customer groups.

Research and Development Expenses

Research and development expenses increased $203 million, primarily due to:

- increased investments of $420 million to develop recently acquired assets and certain vaccine programs, as well as activities to support upcoming product launches,

partially offset by:

- lower spending of $250 million on programs to prevent and treat COVID-19 and certain other late-stage clinical programs.

Acquired In-Process Research and Development Expenses

Acquired in-process research and development expenses decreased $334 million, 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 $268 million, 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. 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 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* 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 change of $279 million 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 quarter of 2023 and (v) lower net periodic benefit credits associated with pension and postretirement plans. See *Note 4*.

Provision/(Benefit) for Taxes on Income

	Three Months Ended		
(MILLIONS)	April 2, 2023	April 3, 2022	% Change
Provision/(benefit) for taxes on income	$ 715	$ 1,172	(39)
Effective tax rate on continuing operations	11.4 %	12.9 %	

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*.

Discontinued Operations

For information about our discontinued operations, see *Note 2B*.

PRODUCT DEVELOPMENTS

A comprehensive update of Pfizer's development pipeline was published as of May 2, 2023 and is available at 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 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.

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.

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)					
			Individuals 6 months through 4 years of age previously vaccinated with the monovalent Pfizer-BioNTech COVID-19 Vaccine		
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 a monovalent COVID-19 Vaccine**[a]	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
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	Single dose, 0.2 mL ≥2 months after receipt of third dose of the Pfizer-BioNTech COVID-19 Vaccine
5-11 years	Single dose, 0.2 mL	Single dose, 0.2 mL ≥2 months after monovalent COVID-19 Vaccine			
12-64 years	Single dose, 0.3 mL	Single dose, 0.3 mL ≥2 months after 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 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] 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 four 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 five years of age and older.

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.

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				10-µg 2-dose primary		3-µg 3-dose primary	
		Approved December 2020	**Cond. J-NDA** February 2021	**Approved** May 2021	**Cond. J-NDA** May 2021	**Approved** November 2021	**Cond. J-NDA** January 2022	**CMA** October 2022	**Cond. J-NDA** October 2022
	Booster	30-µg booster dose				10-µg booster dose			
		Approved October 2021	**Cond. J-NDA** November 2021	**Approved** February 2022	**Cond. J-NDA** March 2022	**Approved** September 2022	**Cond. J-NDA** August 2022		
Comirnaty Original/Omicron BA.4/BA.5 Vaccine[b]	Primary	30-µg 2-dose primary				10-µg 2-dose primary		3-µg 3-dose primary	
			Filed April 2023		**Filed** April 2023		**Filed** April 2023		**Filed** April 2023
	Booster	30-µg booster dose				10-µg booster dose		3-µg booster dose	
		Approved September 2022	**Cond. J-NDA** October 2022	**Approved** September 2022	**Cond. J-NDA** October 2022	**Approved** September 2022	**Cond. J-NDA** February 2023		**Filed** April 2023
Comirnaty Original/Omicron BA.1 Vaccine	Booster	30-µg booster dose							
		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 Marketing Authorization 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.

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	**Filed** January 2021	**Approved** February 2022	**Approved** January 2022
Prevnar 20/Apexxnar (Vaccine)[c]	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[d] (nirmatrelvir [PF-07321332]; ritonavir)	COVID-19 in high-risk adults and children (12-18 years of age; >88lbs)	**EUA** December 2021	**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	
ritlecitinib (PF-06651600)	Alopecia areata	**Filed** September 2022	**Filed** September 2022	**Filed** September 2022
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		
PF-06928316 (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)	**Filed** December 2022	**Filed** January 2023	
etrasimod	Ulcerative colitis (moderately to severely active)	**Filed** December 2022	**Filed** November 2022	
Braftovi (encorafenib) and Mektovi (binimetinib)	$BRAF^{V600E}$-mutant metastatic non-small cell lung cancer	**Filed** April 2023		
elranatamab (PF-06863135)	Multiple myeloma triple-class refractory	**Filed** February 2023	**Filed** February 2023	
Talzenna (talazoparib)	Combination with Xtandi (enzalutamide) for first-line mCRPC	**Filed** February 2023	**Filed** February 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 Myovant.

[b] Being developed in collaboration with OPKO.

[c] In October 2022, the CDC's ACIP voted to recommend a single dose of Prevnar 20 to help protect adults previously vaccinated with Prevnar 13 or both Prevnar 13 and PPSV23 against invasive disease and pneumonia caused by the 20 Streptococcus pneumoniae serotypes in Prevnar 20.

[d] In June 2022, we announced the submission of an NDA to the FDA for approval of Paxlovid for the treatment of COVID-19 in both vaccinated and unvaccinated individuals who are at high risk for progression to severe illness from COVID-19. In December 2022, Pfizer announced the FDA has extended the review period for the NDA for Paxlovid. At the request of the FDA, Pfizer submitted additional analyses of efficacy and safety data from the pivotal Evaluation of Protease Inhibition for COVID-19 in High-Risk Patients and supportive Evaluation of Protease Inhibition for COVID-19 in Standard-Risk Patients trials to be considered as part of its NDA for Paxlovid. Results from these analyses are consistent with previously disclosed efficacy and safety data for the trials. In order to allow time for a full review of the application, including the additional data analyses submitted, the FDA has extended the Prescription Drug User Fee Act goal date by three months to May 2023.

In December 2021, in light of the results from the completed required postmarketing safety study of Xeljanz, ORAL Surveillance (A3921133), the U.S. label for Xeljanz was revised. In addition, in November 2022, the EMA concluded their assessment of JAK inhibitors authorized for inflammatory diseases in the EU, including Xeljanz and Cibinqo, and recommended that risk minimization measures, including special warnings and precautions for use, should be revised and harmonized for all such JAK inhibitors. The resulting EU label changes were finalized in April 2023. We continue to work with regulatory agencies worldwide to review the full results and analyses of ORAL Surveillance and their impact on product labeling. See the *Item 1A. Risk Factors—Post-Authorization/Approval Data* and the *Product Development* sections of our 2022 Form 10-K.

In China, the following products received regulatory approvals in the last twelve months: Cresemba (IV formulation) for the treatment of adult patients with invasive aspergillosis and invasive mucormycosis in June 2022; 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.

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

	PRODUCT/CANDIDATE	PROPOSED DISEASE AREA
LATE-STAGE CLINICAL PROGRAMS FOR ADDITIONAL USES AND DOSAGE FORMS FOR IN-LINE AND IN-REGISTRATION PRODUCTS	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® (cetuximab)[d]	First-line $BRAF^{V600E}$-mutant mCRC
	Braftovi (encorafenib) and Mektovi (binimetinib) and Keytruda® (pembrolizumab)[e]	$BRAF^{V600E/K}$-mutant metastatic or unresectable locally advanced melanoma
	Paxlovid (nirmatrelvir [PF-07321332]; ritonavir)	COVID-19 in high-risk children (6-11 years of age; >88lbs)
	zavegepant (oral)	Prevention of chronic migraine (adults)
	ritlecitinib (PF-06651600)	Vitiligo
	elranatamab (PF-06863135)	Multiple myeloma double-class exposed
		Newly diagnosed multiple myeloma post-transplant maintenance
		Newly diagnosed multiple myeloma transplant-ineligible
	Voxelotor	Sickle Cell Disease (pediatric)
	Eliquis (apixaban)	Venous thromboembolism (pediatric)
NEW DRUG CANDIDATES IN LATE-STAGE DEVELOPMENT	aztreonam-avibactam (PF-06947387)	Treatment of infections caused by Gram-negative bacteria with limited or no treatment options
	fidanacogene elaparvovec (PF-06838435)[f]	Hemophilia B
	giroctocogene fitelparvovec (PF-07055480)[g]	Hemophilia A
	PF-06425090 (Vaccine)	Immunization to prevent primary clostridioides difficile infection
	sasanlimab (PF-06801591)	Combination with Bacillus Calmette-Guerin for non-muscle-invasive bladder cancer
	fordadistrogene movaparvovec (PF-06939926)	Duchenne muscular dystrophy (ambulatory)
	marstacimab (PF-06741086)	Hemophilia
	Omicron-based mRNA vaccine[h]	Immunization to prevent COVID-19 (adults)
	VLA15 (PF-07307405) vaccine[i]	Immunization to prevent Lyme Disease
	PF-07252220 (quadrivalent mRNA-based vaccine)	Immunization to prevent influenza
	Vepdegestrant (PF-07850327)[j]	Breast Cancer Metastatic - 2nd line + ER+/HER2-
	inclacumab (PF-07940370)	Sickle Cell Disease

[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 Spark Therapeutics, Inc.
[g] Being developed in collaboration with Sangamo Therapeutics, Inc.
[h] Being developed in collaboration with BioNTech.
[i] Being developed in collaboration with Valneva SE.
[j] Being developed in collaboration with Arvinas, Inc.

For additional information about our R&D organization, see the *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:

Measure	Definition	Relevance of Metrics to Our Business Performance
Adjusted income	*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	• 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]
Adjusted cost of sales, Adjusted selling, informational and administrative expenses, Adjusted research and development expenses and Adjusted other (income)/deductions—net	*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	
Adjusted diluted EPS	*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	

[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.

Certain Significant 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

Data presented will not (in all cases) aggregate to totals. (MILLIONS, EXCEPT PER SHARE DATA)	Three Months Ended April 2, 2023				
	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	**$ 4,886**	**$ 3,418**	**$ 70**	**$ 5,543**	**$ 0.97**
Amortization of intangible assets	—	—	—	1,103	
Acquisition-related items	(97)	(2)	18	163	
Discontinued operations[c]	—	—	—	(1)	
Certain significant items:					
Restructuring charges/(credits) and implementation costs and additional depreciation—asset restructuring[d]	(32)	(59)	—	30	
Certain asset impairments[e]	—	—	(264)	264	
(Gains)/losses on equity securities[e]	—	—	(452)	452	
Actuarial valuation and other pension and postretirement plan (gains)/losses	—	—	(8)	8	
Other[f]	(10)	(6)	107	(88)	
Income tax provision—non-GAAP items				(437)	
Non-GAAP Adjusted	$ 4,746	$ 3,350	$ (528)	$ 7,036	$ 1.23

Data presented will not (in all cases) aggregate to totals. (MILLIONS, EXCEPT PER SHARE DATA)	Three Months Ended April 3, 2022				
	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	**$ 9,984**	**$ 2,593**	**$ 350**	**$ 7,864**	**$ 1.37**
Amortization of intangible assets	—	—	—	835	
Acquisition-related items	4	(1)	(26)	187	
Discontinued operations[c]	—	—	—	10	
Certain significant items:					
Restructuring charges/(credits) and implementation costs and additional depreciation—asset restructuring[d]	(20)	(74)	—	122	
(Gains)/losses on equity securities[e]	—	—	(698)	698	
Actuarial valuation and other pension and postretirement plan (gains)/losses	—	—	72	(72)	
Other[f]	(10)	(23)	(104)	143	
Income tax provision—non-GAAP items				(448)	
Non-GAAP Adjusted	$ 9,958	$ 2,496	$ (406)	$ 9,338	$ 1.62

[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: 11.4% in the three months ended April 2, 2023 and 12.9% in the three months ended April 3, 2022. See *Note 5*. Our effective tax rates for non-GAAP Adjusted income were 14.0% in the three months ended April 2, 2023 and 14.8% in the three months ended April 3, 2022.

[b] The amounts for the three months ended April 2, 2023 and April 3, 2022 include reconciling amounts for *Research and development expenses* that are not material.
[c] See *Note 2B*.
[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*.
[e] See *Note 4*.
[f] For the three months ended April 2, 2023, the total *Other (income)/deductions—net* adjustment of $107 million primarily includes 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, partially offset by charges of (i) $50 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, and (ii) $36 million for certain legal matters, primarily for certain product liability expenses related to products discontinued and/or divested by Pfizer. For the three months ended April 3, 2022, the total *Other (income)/deductions—net* adjustment of $104 million primarily included charges of $79 million for certain legal matters 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.

ANALYSIS OF THE CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Three Months Ended		
(MILLIONS)	April 2, 2023	April 3, 2022	Drivers of change
Cash provided by/(used in):			
Operating activities	$ 1,212	$ 6,541	The change was primarily driven by a decrease in net income adjusted for non-cash items, the timing of receipts and payments in the ordinary course of business, including timing of payments to BioNTech for the gross profit split for Comirnaty (see *Note 8B*), a decrease in advance payments for Comirnaty and Paxlovid, and a decrease in cash dividends received from equity method investments.
Investing activities	$ 3,315	$ 567	The change was driven mainly by $6.2 billion cash used to acquire Arena, net of cash acquired, in the first quarter of 2022, partially offset by $3.7 billion fewer net redemptions of short-term investments with original maturities less than and greater than three months in the first quarter of 2023.
Financing activities	$ (2,771)	$ (6,578)	The change was driven mainly by $2.0 billion of purchases of common stock in the first quarter of 2022, and a $1.3 billion decrease in payments of long-term debt.

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

Due to our significant operating cash flows, which is a key strength of our liquidity and capital resources and our primary funding source, as well as our financial assets, access to capital markets, revolving credit agreements, and available lines of credit, we believe that 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*, *Condensed Consolidated Balance Sheets*, *Condensed Consolidated Statements of Equity*, and the *Analysis of the Condensed Consolidated Statements of Cash Flows* within MD&A. For information on our money market funds, available-for sale-debt securities and long-term debt, see *Note 7*.

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*.

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.

The current 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	P-1	A1	Negative
S&P	A-1	A+	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 April 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 $316 million in lines of credit, of which $287 million expire within one year. Essentially all lines of credit were unused as of April 2, 2023.

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 new, long-term debt, and the balance from a combination of short-term financing and existing cash. See the *Overview of Our Performance, Operating Environment, Strategy and Outlook* section within MD&A and the *Item 1A. Risk Factors* section for additional information about our proposed acquisition of Seagen. In April 2023, our BOD declared a dividend of $0.41 per share, payable on June 9, 2023, to shareholders of record at the close of business on May 12, 2023. At April 2, 2023, our remaining share-purchase authorization was approximately $3.3 billion, with no repurchases in the first three 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 Standard

See *Note 1B*.

Recently Issued Accounting Standards, Not Adopted as of April 2, 2023

Standard/Description	Effective Date	Effect on the Financial Statements
Reference rate reform provides temporary optional expedients and exceptions to the guidance for contracts, hedging relationships, and other transactions that reference LIBOR or another reference rate expected to be discontinued after 2021 because of reference rate reform. The new guidance provides the following optional expedients: 1. Simplify accounting analyses under current U.S. GAAP for contract modifications. 2. Simplify the assessment of hedge effectiveness and allow hedging relationships affected by reference rate reform to continue. 3. Allow a one-time election to sell or transfer debt securities classified as held to maturity that reference a rate affected by reference rate reform.	Elections can be adopted prospectively at any time through December 31, 2024.	We will apply certain of the optional expedients on hedge accounting relationships and related contracts, if necessary. We do not expect this new guidance to have a material impact on our consolidated financial statements.
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, 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 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 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* 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* 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. Risk Factors* 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; the impact of, or uncertainties regarding the ability to obtain, recommendations by technical or advisory committees; and the timing of pricing approvals and product launches;
- 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 and failure to obtain the requisite vote by Seagen stockholders) in the anticipated timeframe or at all, including the possibility that the proposed acquisition does not close; the possibility that competing offers may be made; 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 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;
- risks related to our ability to achieve our revenue forecasts for Comirnaty and Paxlovid or any potential future COVID-19 vaccines or treatments, including, among other things, whether and when additional supply or purchase agreements will be reached and the risk that demand for any products may be reduced, no longer exist or not meet expectations, which may lead to excess inventory on-hand and/or in the channel or reduced revenues;
- 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;

- 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;
- 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;
- 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 and natural disasters or disruptions related to climate change;
- 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 recently enacted 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.

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*.

ITEM 1A. RISK FACTORS

We refer to the *Overview of Our Performance, Operating Environment, Strategy and Outlook—Our Operating Environment* and *—The Global Economic Environment* sections and the *Forward-Looking Information and Factors That May Affect Future Results* 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.

PENDING 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 companies currently expect to complete the transaction in late 2023 or early 2024, subject to customary closing conditions, including the adoption of the merger agreement by the holders of a majority of the outstanding Seagen shares entitled to vote on such matter at a meeting of Seagen stockholders, the receipt of certain required government consents and approvals, and other customary conditions. As a result of such conditions, 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. For additional information, see the *Overview of Our Performance, Operating Environment, Strategy and Outlook—Our Business Development Initiatives* and the *Forward-Looking Information and Factors That May Affect Future Results* sections within MD&A.

We have expended and will continue to expend significant time and resources in connection with the acquisition of Seagen and expect to incur 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 also expect to incur significant additional indebtedness to finance the acquisition, with approximately $31 billion of new, long-term debt 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.

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

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

Period	Total Number of Shares Purchased[a]	Average Price Paid per Share[a]	Total Number of Shares Purchased as Part of Publicly Announced Plan	Approximate Value of Shares That May Yet Be Purchased Under the Plan[b]
January 1 through January 29, 2023	100,047	$ 51.07	—	$ 3,292,882,444
January 30 through February 26, 2023	8,347,800	$ 42.32	—	$ 3,292,882,444
February 27 through April 2, 2023	3,406,317	$ 40.94	—	$ 3,292,882,444
Total	11,854,164	$ 42.00	—	

[a] Represents (i) 11,851,457 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 2,707 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* section within MD&A of this Form 10-Q and *Note 12* in our 2022 Form 10-K.

ITEM 6. EXHIBITS

Exhibit 2.1	-	Agreement and Plan of Merger, by and among Pfizer Inc., Aris Merger Sub, Inc. and Seagen Inc., dated as of March 12, 2023 is incorporated by reference from our Current Report on Form 8-K filed on March 13, 2023.
Exhibit 10.1	-	Form of Acknowledgment and Consent and Summary of Key Terms for Grants of RSUs, TSRUs, PPSs and PSAs
Exhibit 31.1	-	Certification by the Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
Exhibit 31.2	-	Certification by the Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
Exhibit 32.1	-	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	-	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		Inline XBRL Taxonomy Extension Schema
EX-101.CAL		Inline XBRL Taxonomy Extension Calculation Linkbase
EX-101.LAB		Inline XBRL Taxonomy Extension Label Linkbase
EX-101.PRE		Inline XBRL Taxonomy Extension Presentation Linkbase
EX-101.DEF		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.

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: May 10, 2023

/s/ Jennifer B. Damico
Jennifer B. Damico
Senior Vice President and Controller
(Principal Accounting Officer and
Duly Authorized Officer)

EXHIBIT 10.1

Form of Acknowledgment and Consent and Summary of Key Terms
for Grants of RSUs, TSRUs, PPSs and PSAs

[Acknowledgement and Consent excerpted from the Grant Agreement documents]

A. **Data Privacy.** ***For Participants outside the U.S., as applicable you acknowledge receipt of the Employee Personal Information Protection Notice, which was previously provided by your local HR. The Notice governs the collection, use and transfer of your personal information to Fidelity (or any other broker designated by Pfizer), or their respective agents, which is necessary for your participation in the Plan. A hard copy of the Notice may be obtained from Pfizer.***

B. **Nature of Grant.** By accepting the 2023 Award, you acknowledge, understand and agree that:

- **i.** The Plan is established voluntarily by Pfizer, it is discretionary in nature and it may be modified, amended, suspended or terminated by Pfizer at any time as set forth in the Plan.
- **ii.** The grant of the 2023 Award is exceptional, voluntary and occasional, and does not create any contractual or other right to receive future grants of Awards, or benefits in lieu of Awards, even if Awards have been granted in the past.
- **iii.** All decisions with respect to future Award grants, if any, will be at the sole discretion of Pfizer.
- **iv.** You voluntarily participate in the Plan.
- **v.** The future value of the underlying shares is unknown, indeterminable and cannot be predicted with certainty.
- **vi.** The 2023 Award and the shares subject to the 2023 Award, and the income from and value of same, are not intended to replace any pension rights or compensation.
- **vii.** If the underlying shares do not increase in value, the 2023 Award may have no value or may decrease in value, as applicable.
- **viii.** The 2023 Award and the shares subject to the 2023 Award, and the income from and value of same, are not part of normal or expected compensation for purposes of calculating any severance, resignation, termination, redundancy, dismissal, end-of-service payments, holiday pay, bonuses, long-service awards, pension or retirement or welfare benefits or similar mandatory payments.
- **ix.** For purposes of the 2023 Award, your employment or other services will be considered terminated as of the date you are no longer actively providing services to Pfizer or your Employer (regardless of the reason for such termination and whether or not later found to be invalid or in breach of employment laws in the jurisdiction where you are employed, any applicable collective agreement or the terms of your employment agreement, if any) and subject to the terms and conditions set forth in the Points of Interest document and unless otherwise determined by the Committee, your right to vest in Awards under the Plan, if any, will terminate as of such date and will not be extended by any notice period (*e.g.*, your period of service would not include any contractual notice period or any period of "garden leave" or similar period mandated under local law, any applicable collective agreement or the terms of your employment agreement, if any); the Committee shall have the exclusive discretion to determine when you are no longer actively providing services for purposes of your 2023 Award (including whether you may still be considered to be providing services while on an approved leave of absence).
- **x.** Unless otherwise provided in the Plan or by Pfizer in its discretion, the 2023 Award and the benefits evidenced by this Agreement do not create any entitlement to have the 2023 Award or any such benefits transferred to, or assumed by, another company nor to be exchanged, cashed out or substituted for, in connection with any corporate transaction affecting Pfizer's shares.
- **xi.** Unless otherwise agreed with Pfizer, the 2023 Award and the shares subject to the 2023 Award, and the income and value of same, are not granted as consideration for, or in connection with, the service you may provide as a director of an Affiliate of Pfizer.
- **xii.** In no event should the Award be considered as compensation for, or relating in any way to, past services for the Company.
- **xiii.** Pfizer is not providing any tax, legal or financial advice, nor is Pfizer making any recommendations regarding your participation in the Plan, or your acquisition or sale of the underlying shares.

xiv. You are hereby advised to consult with your own personal tax, legal and financial advisors regarding your participation in the Plan before taking any action related to the Plan.

xv. The following provisions apply only if you provide services outside the United States:

a. The 2023 Award and the shares subject to the 2023 Award are not part of normal or expected compensation for any purpose.

b. No claim or entitlement to compensation or damages, including pro-rated compensation or damages, shall arise from forfeiture of the 2023 Award resulting from your ceasing to provide employment or other services to Pfizer or your Employer (for any reason whatsoever, whether or not later found to be invalid or in breach of employment laws in the jurisdiction where you are employed, any applicable collective agreement or the terms of your employment agreement, if any).

c. Pfizer and/or your Employer and any other Affiliate shall not be liable for any foreign exchange rate fluctuation between your local currency and the United States Dollar that may affect the value of the 2023 Award or of any amounts due to you pursuant to the settlement/distribution of the 2023 Award or the subsequent sale of any shares acquired under the 2023 Award.

C. **No Contract of Employment.** The 2023 Award does not constitute a contract of employment between the Company and you. You retain the right to terminate your employment with Pfizer or one of its Affiliates as applicable, and Pfizer and its Affiliates as applicable, retain the right to terminate or modify the terms of your employment, subject to any rights retained by either party under your employment agreement, if you have an employment agreement, and no loss of rights, contingent or otherwise, under this 2023 Award upon termination of employment shall be claimed by you as an element of damages in any dispute over such termination of employment.

D. **Non-transferability.** The 2023 Award is not transferable by you other than by will or the laws of descent and distribution.

E. **Rights as a Stockholder.** Neither the Participant nor any person claiming under or through the Participant shall have any rights or privileges as a stockholder of Pfizer in respect of any shares of Pfizer common stock deliverable pursuant to the 2023 Award, unless and until such shares have been issued upon settlement/distribution of the 2023 Award.

F. **Compliance with Laws and Regulations.** The 2023 Award and the obligation of Pfizer to issue or deliver shares hereunder shall be subject in all respects to (i) all applicable federal, state and local laws, rules and regulations and (ii) any registration, qualification, approvals or other requirements imposed by any government or regulatory agency or body which the Committee shall, in its discretion, determine to be necessary or applicable. Moreover, the 2023 Award may not be settled/distributed if its settlement/distribution, or the receipt of shares pursuant thereto, would be contrary to applicable law. If at any time Pfizer determines, in its discretion, that the listing, registration or qualification of shares upon any national securities exchange or under any state, federal or local law, or the consent or approval of any governmental regulatory body, is necessary or desirable, Pfizer shall not be required to deliver any certificates for shares to the Participant or any other person pursuant to this Agreement, unless and until such listing, registration, qualification, consent or approval has been effected or obtained, or otherwise provided for, free of any conditions not acceptable to the Company.

G. **Electronic Delivery and Acceptance.** Pfizer may, in its sole discretion, decide to deliver any documents related to participation in the Plan by electronic means. You hereby consent to receive such documents by electronic delivery and agree to participate in the Plan through an on-line or electronic system established and maintained by Pfizer, Fidelity or another third party designated by Pfizer.

H. **Severability.** The provisions of this Agreement are severable and if any one or more provisions are determined to be illegal or otherwise unenforceable, in whole or in part, the remaining provisions shall nevertheless be binding and enforceable.

I. **Termination of Employment Due to Retirement.** Notwithstanding the definition of Retirement as provided in the Grant Agreements, if Pfizer receives an opinion of counsel that there has been a legal judgment and/or legal development in your jurisdiction that would likely result in the favorable Retirement treatment that applies to

the 2023 Award being deemed unlawful and/or discriminatory, then the Committee will not apply the favorable Retirement treatment at the time of your separation from your Employer or Pfizer and your 2023 Award will be treated as it would under the rules that apply if your employment with your Employer or Pfizer ends for the reasons set forth in the Not Retirement Eligible section of the Grant Agreement(s).

J. **Governing Law and Venue.** The 2023 Award and the provisions of this Agreement are governed by, and subject to, United States federal and New York State law, except for the body of law pertaining to conflict of laws, as provided in the Plan, and the requirements of the New York Stock Exchange. For purposes of litigating any dispute that arises under the 2023 Award or this Agreement, the parties hereby submit to and consent to the jurisdiction of the State of New York, agree that such litigation shall be conducted in the courts of New York County, New York, or the federal courts for the United States for the Southern District of New York, where this grant is made and/or to be performed.

K. **Insider Trading Restrictions/Market Abuse Laws.** You acknowledge that you may be subject to insider trading restrictions and/or market abuse laws based on the exchange on which shares are listed in applicable jurisdictions, including the United States, your country, Fidelity's country or the country of any other broker designated by Pfizer, which may affect your ability directly or indirectly, for yourself or a third party, accept, acquire, sell, attempt to sell or otherwise dispose of shares, rights to shares (*e.g.*, the 2023 Award) or rights linked to the value of shares (*e.g.*, DEUs) during such times as you are considered to have "inside information" regarding Pfizer (as defined by the laws or regulations in applicable jurisdictions). Local insider trading laws and regulations may prohibit the cancellation or amendment of orders you placed before you possessed inside information. Furthermore, you could be prohibited from (i) disclosing the inside information to any third party, including fellow employees (other than on a "need to know" basis) and (ii) "tipping" third parties or causing them otherwise to buy or sell securities. Any restrictions under these laws or regulations are separate from and in addition to any restrictions that may be imposed under any applicable insider trading policy of Pfizer. You acknowledge that it is your responsibility to comply with any applicable restrictions, and you are advised to speak to your personal legal advisor on this matter.

L. **Foreign Asset/Account Reporting Requirements, Exchange Controls and Tax Requirements.** Your country may have certain foreign asset and/or account reporting requirements and exchange controls, which may affect your ability to acquire or hold shares under the Plan or cash received from participating in the Plan (including from any dividends received or sale proceeds arising from the sale of shares) in a brokerage or bank account outside your country. You may be required to report such accounts, assets or transactions to the tax or other authorities in your country. You also may be required to repatriate sale proceeds or other funds received as a result of your participation in the Plan to your country through a designated bank or broker and/or within a certain time after receipt. In addition, you may be subject to tax payment and/or reporting obligations in connection with any income realized under the Plan and/or from the sale of shares. You acknowledge that it is your responsibility to be compliant with all such requirements, and that you should consult your personal legal and tax advisors, as applicable, to ensure compliance.

M. **Language.** You acknowledge that you are proficient in the English language, or have consulted with an advisor who is sufficiently proficient in English, so as to enable you to understand the provisions of this Agreement, the Points of Interest document and the Plan. If you have received this Agreement or any other document related to the Plan translated into a language other than English and if the meaning of the translated version is different than the English version, the English version will control unless otherwise required by local law.

N. **Additional Terms and Conditions that Apply to Grants in Certain Countries & Imposition of Other Requirements.** Any Awards granted to you under the Plan are also subject to the additional terms and conditions for your country, if any, as set forth in the part **"Additional Terms and Conditions That Apply to Grants to Employees in Certain Countries" of the Points of Interest** document available on the HR site. Moreover, if you relocate to one of the countries subject to additional terms and conditions, the additional terms and conditions for such country will apply to you to the extent that Pfizer determines that the application of such terms and conditions is necessary or advisable for legal or administrative reasons. Pfizer reserves the right to impose any additional country-specific and/or other requirements on your participation in the Plan, on the 2023 Award, including requiring the immediate forced sale of shares issuable upon settlement/distribution, and on any shares acquired under the Plan to the extent Pfizer determines it is necessary or advisable for legal or

administrative reasons, and to require you to accept any additional agreements or undertakings that may be necessary to accomplish the foregoing.

O. **Waiver.** You acknowledge that a waiver by Pfizer of breach of any provision of this Agreement shall not operate or be construed as a waiver of any other provision of this Agreement, or of any subsequent breach by yourself or any other participant.

[Summary of Key Terms (excerpted from Points of Interest document) for Employee Grants, RSUs, TSRUs, PPSs and PSAs]

Employment Change Due To:	Unvested RSUs	Vested TSRUs	Unvested TSRUs	Unvested PPSs	Unvested PSAs
Termination of Employment					
… for reasons other than death, total and permanent disability, retirement, restructuring, without cause within 24 months following a change in control, or Cause	… are forfeited on the date of termination.	… are settled on the Settlement Date.	… are forfeited on the date of termination.	… are forfeited on the date of termination.	… are forfeited on the date of termination.
…for performance related terminations and not Retirement Eligible	… are forfeited on the date of termination.	… are settled on the Settlement Date.	… are forfeited on the date of termination.	… are forfeited on the date of termination.	… are forfeited on the date of termination.
… for Cause	… are forfeited on the date of termination and previously paid amounts may be subject to repayment.	… are forfeited on the date of termination and previously paid amounts may be subject to repayment.	… are forfeited on the date of termination and previously paid amounts may be subject to repayment.	… are forfeited on the date of termination and previously paid amounts may be subject to repayment.	… are forfeited on the date of termination and previously paid amounts may be subject to repayment.
Retirement	… are forfeited if retirement is **prior to first anniversary of date of grant.** …. if retirement is **on or after the first anniversary of the date of grant,** will continue to vest and be paid according to the schedule in this POI document.	… are settled on the Settlement Date.	… are forfeited if retirement is **prior to first anniversary of date of grant.** … if retirement is **on or after the first anniversary of date of grant**, will continue to vest according to the schedule in this POI document and will be settled on the Settlement Date**.**	... are forfeited if retirement is **prior to the first anniversary of the date of grant.** … if retirement is **on or after the first anniversary of the date of grant**, will continue to vest according to the schedule in this POI document and may be paid after the end of the performance period**.**	... are forfeited if retirement is **prior to the first anniversary of the date of grant.** …if retirement is **on or after the first anniversary of the date of grant**, will continue to vest according to the schedule in this POI document and may be paid after the end of the performance period.
While on approved Leave of Absence	... will continue to vest and be paid according to the schedule in this POI document.	… are settled on the Settlement Date.	… will continue to vest according to the schedule in this POI document and will be settled on the Settlement Date.	**…** will continue to vest according to the schedule in this POI document and may be paid after the end of the performance period**.**	... will continue to vest according to the schedule in this POI document and may be paid after the end of the performance period.

Employment Change Due To:	Unvested RSUs	Vested TSRUs	Unvested TSRUs	Unvested PPSs	Unvested PSAs
Total and Permanent Disability and Approved for Long-Term Disability by Termination	… will continue to vest and be paid according to the schedule in this POI document.	… are settled on the Settlement Date.	… will continue to vest according to the schedule in this POI document and will be settled on the Settlement Date.	. . . will continue to vest according to the schedule in this POI document and may be paid after the end of the performance period.	. . . will continue to vest according to the schedule in this POI document and may be paid after the end of the performance period.
Termination of Employment Sale of Business/Plant Closing/Restructuring and					
… not eligible for retirement	… a prorated portion of each of the vesting periods will be paid.	… are settled on the Settlement Date.	… a prorated portion will continue to vest according to the schedule in this POI document and are settled on the Settlement Date.	… a prorated portion will continue to vest according to the schedule in this POI document and may be paid after the end of the performance period.	… a prorated portion will continue to vest according to the schedule in this POI document and may be paid after the end of the performance period.
… eligible for retirement and terminated prior to the first anniversary of the grant date.	… a prorated portion of each of the vesting periods will be paid.	… are settled on the Settlement Date.	… a prorated portion will continue to vest according to the schedule in this POI document and are settled on the Settlement Date.	… a prorated portion will continue to vest according to the schedule in this POI document and may be paid after the end of the performance period.	… a prorated portion will continue to vest according to the schedule in this POI document and may be paid after the end of the performance period.
… eligible for retirement and terminated on or after the first anniversary of the grant date.	… will continue to vest and be paid according to the schedule in this POI document.	… are settled on the Settlement Date.	… will continue to vest according to the schedule in this POI document and are settled on the Settlement Date.	… will continue to vest according to the schedule in this POI document and may be paid after the end of the performance period.	… will continue to vest according to the schedule in this POI document and may be paid after the end of the performance period.
Involuntary Termination of Employment without cause within 24 months following a change in control	… will continue to vest and be paid according to the schedule in this POI document.	… are settled on the Settlement Date.	… will continue to vest according to the schedule in this POI document and will be settled on the Settlement Date.	… will continue to vest according to the schedule in this POI document and may be paid after the end of the performance period**.**	… will continue to vest according to the schedule in this POI document and may be paid after the end of the performance period.
Death while still employed with the Company	… regardless of retirement eligibility, vest as of the date of death and are immediately paid to your estate or the person you name in your will, as the case may be.	… regardless of retirement eligibility, immediately settled. Payment is made to your estate or the person you name in your will, as the case may be.	… regardless of retirement eligibility, vest as of the date of death and immediately settled. Payment is made to your estate or the person you name in your will, as the case may be.	… regardless of retirement eligibility, vest immediately and paid at target to your estate or the person you name in your will, as the case may be.	… regardless of retirement eligibility, vest immediately and paid at target to your estate or the person you name in your will, as the case may be.
Death after Retirement	… vest as of the date of death and are immediately paid to your estate or the person you name in your will, as the case may be.	… immediately settled. Payment is made to your estate or the person you name in your will, as the case may be.	… vest as of the date of death and immediately settled. Payment is made to your estate or the person you name in your will, as the case may be.	… vest immediately and paid at target to your estate or the person you name in your will, as the case may be.	… vest immediately and paid at target to your estate or the person you name in your will, as the case may be.

EXHIBIT 31.1

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

I, Albert Bourla, certify that:

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:

(a) 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;

(b) 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;

(c) 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

(d) 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):

(a) 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

(b) 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: May 10, 2023

/s/ ALBERT BOURLA
Albert Bourla
Chairman and Chief Executive Officer

EXHIBIT 31.2

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

I, David M. Denton, certify that:

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:

(a) 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;

(b) 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;

(c) 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

(d) 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):

(a) 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

(b) 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: May 10, 2023

/s/ DAVID M. DENTON
David M. Denton
Chief Financial Officer, Executive Vice President

EXHIBIT 32.1

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 April 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
May 10, 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.

EXHIBIT 32.2

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

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 April 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

May 10, 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.