

# Report on Expected Developments

The following report provides a forecast for the development of net sales and EBITDA pre for the Group and the individual business sectors Life Science, Healthcare and Electronics as well as a forecast of Group free cash flow for fiscal 2026.

€ million	Net Sales	EBITDA pre <sup>1</sup>	Free cash flow
Group	<ul style="list-style-type: none"> <li>• ~20,000 to 21,100</li> <li>• Organic -1% to +2%</li> <li>• Foreign exchange effect -4% to -2%</li> <li>• Portfolio ~0%</li> </ul>	<ul style="list-style-type: none"> <li>• ~5,500 to 6,000</li> <li>• Organic -4% to +1%</li> <li>• Foreign exchange effect -7% to -3%</li> <li>• Portfolio ~0%</li> </ul>	<ul style="list-style-type: none"> <li>• ~1,500 to 2,000</li> </ul>
Life Science	<ul style="list-style-type: none"> <li>• ~8,900 to 9,300</li> <li>• Organic +3% to +6%</li> <li>• Foreign exchange effect -4% to -1%</li> <li>• Portfolio ~0%</li> </ul>	<ul style="list-style-type: none"> <li>• ~2,500 to 2,700</li> <li>• Organic +2% to +6%</li> <li>• Foreign exchange effect -4% to -1%</li> <li>• Portfolio ~+1%</li> </ul>	
Healthcare	<ul style="list-style-type: none"> <li>• ~7,900 to 8,300</li> <li>• Organic -7% to -4%</li> <li>• Foreign exchange effect -4% to -1%</li> <li>• Portfolio ~+2%</li> </ul>	<ul style="list-style-type: none"> <li>• ~2,500 to 2,700</li> <li>• Organic -14% to -10%</li> <li>• Foreign exchange effect -6% to -3%</li> <li>• Portfolio ~0%</li> </ul>	
Electronics	<ul style="list-style-type: none"> <li>• ~3,200 to 3,400</li> <li>• Organic +3% to +7%</li> <li>• Foreign exchange effect -5% to -2%</li> <li>• Portfolio ~-7%</li> </ul>	<ul style="list-style-type: none"> <li>• ~900 to 1,000</li> <li>• Organic +21% to +27%</li> <li>• Foreign exchange effect -7% to -4%</li> <li>• Portfolio ~-4%</li> </ul>	
Corporate and Other		<ul style="list-style-type: none"> <li>• ~ -450</li> </ul>	

<sup>1</sup> Not defined by IFRS Accounting Standards; EBITDA corresponds to operating result (EBIT) adjusted by depreciation, amortization, impairment losses, and reversals of impairment losses.

EPS pre € 7.10 to € 8.00, based on an underlying tax rate of 22%.

## Fundamental assumptions

Against the backdrop of the ongoing highly dynamic development of macroeconomic, geopolitical and industry-specific conditions, the forecast is again subject to high uncertainty in fiscal 2026.

As of March 2026, the forecast no longer takes into account sales of Mavenclad® in the United States and furthermore excludes the potential commercialization of Pergoveris® in the United States.

The acquisition of SpringWorks Therapeutics, Inc., USA, (SpringWorks) on July 1, 2025 and the divestment of our Surface Solutions business unit on July 31, 2025 are both reflected as a portfolio effect in this forecast in the first half of 2026 in particular, contributing to organic performance in the second half of 2026. Both of these transactions will lead to material portfolio effects in the Healthcare and Electronics business sectors. The effects virtually cancel each other out at Group level.

We expect a more volatile environment as regards the development of foreign exchange rates. For 2026, we assume negative foreign exchange effects compared with the previous year. The main driver compared with 2025 is the development of the U.S. dollar. Moreover, numerous Asian currencies and foreign exchange developments in various emerging and developing economies will contribute to the foreign exchange effects. With respect to the average euro–U.S. dollar exchange rate for fiscal 2026, we assume increased volatility and an exchange rate in a range of 1.16 to 1.20.

## Net sales

For fiscal 2026, we expect an organic net sales development of between -1% and +2%. We forecast organic growth in the Life Science and Electronics business sectors; by contrast, we expect a decline in Healthcare. In fiscal 2026, organic growth within Life Science will once again be mainly attributable to the Process Solutions business unit as a result of a solid demand trend. We also expect organic growth for the Advanced Solutions business unit and a roughly stable development in Discovery Solutions. The Advanced Solutions and Discovery Solutions business units result from the further development of our business units within the Life Science business sector. Further information can be found in the chapter Company Profile and Structure under the section Life Science. The organic sales decline in the Healthcare business sector will be driven largely by the significant decline of Mavenclad®. This is as a result of a court decision on October 30, 2025, which declared two of our patents for Mavenclad® dosing regimens invalid in the United States. This now enables further competitors and generics to enter the market. Furthermore, we forecast an organic sales decline in the Oncology franchise. This will be partly offset by expected organic growth in the Cardiovascular, Metabolism and Endocrinology franchise and the Rare Diseases franchise, the latter of which will report organic growth from the second half of 2026. We expect the Electronics business sector to return to organic growth, attributable mainly to the sustained growth dynamics in our semiconductor business within the Semiconductor Solutions business unit. This development will mainly be driven by demand for state-of-the-art microchips (advanced nodes) in the field of artificial intelligence. For the project business within Semiconductor Solutions, we assume a roughly stable development. Taking into account foreign exchange effects between -4% and -2%, we forecast net sales for the Group within the range of € 20.0 billion and € 21.1 billion (2025: € 21.1 billion).

## EBITDA pre<sup>1</sup>

For EBITDA pre, we forecast an organic development within a range of -4% and +1%. Expected organic growth in the Life Science and Electronics business sectors will partly offset the organic decline in Healthcare. Organic growth in Life Science will follow organic sales growth, supported by continuing cost discipline. The organic decline in Healthcare will result primarily from the loss of patent protection for Mavenclad® in the United States and the associated organic sales decline and negative mix effects. The development also reflects growth investments; these are especially visible in research and development costs and marketing and selling expenses, for example in connection with the market launches of pimicotinib, Ogsiveo® and Gomekli® (the latter two of which will be represented in organic growth from the second half of the year). In addition, a higher starting basis from the sale of a right to priority review by the U.S. Food and Drug Administration in fiscal 2025 will have a mid-double-digit million euro impact on the organic development. Strict cost discipline and prioritization of resource allocation will have a mitigating effect. Double-digit organic growth rates in Electronics will result from expected organic sales growth and the sale of a patent in a mid-double-digit million euro amount. Moreover, negative one-time effects in the previous year will result in positive growth effects. Efficiency measures and active cost management will also contribute to this development. The year-on-year decrease in earnings under Corporate and Other (2025: € -388 million) will be primarily attributable to one-time income in fiscal 2025 due to changes in legislation in Latin America. We expect positive effects from currency hedging transactions to mitigate this. Including forecast foreign exchange effects of between -7% and -3%, we expect EBITDA pre for the Group of € 5.5 billion to € 6.0 billion (2025: € 6.1 billion).

## Free cash flow

As of fiscal 2026, free cash flow will be our key performance indicator at the level of the Group, replacing operating cash flow. Free cash flow is defined as operating cash flow less payments made for investments in intangible assets and property, plant and equipment, and plus payments received for the sale of intangible assets, property, plant and equipment and leases. To obtain the best possible understanding of the underlying actual performance of liquid assets, certain payments made and received in connection with the purchase and sale of intangible assets and property, plant and equipment, especially in connection with collaboration and licensing agreements, are not included in free cash flow. The forecast for free cash flow is generally subject to a higher fluctuation corridor than the forecast for EBITDA pre. We provide an estimate of the development of free cash flow only for the Group as a whole.

The development of free cash flow essentially follows the decline in EBITDA pre due to both a potential organic decline and foreign exchange effects. Moreover, higher payments made for previously announced efficiency programs and the consideration of financing-related payments as part of the SpringWorks acquisition are a burden on free cash flow throughout the fiscal year. For fiscal 2026, we forecast free cash flow within a corridor of € 1.5 billion to € 2.0 billion (2025: € 2.1 billion).

As regards the composition of free cash flow and the transition, we refer to the Internal Management System section in this report.

<sup>1</sup> Not defined by IFRS Accounting Standards; EBITDA corresponds to operating result (EBIT) adjusted by depreciation, amortization, impairment losses, and reversals of impairment losses.