Report on Economic Position

Macroeconomic and Sector-Specific Environment

In its latest World Economic Outlook published on January 19, 2026, the International Monetary Fund (IMF) projected stable global gross domestic product (GDP) growth at 3.3% for the year 2025. This economic stability was primarily attributable to declining global inflation rates, which were expected to decrease from an annual average of 5.8% in 2024 to 4.1% in 2025, with further declines anticipated in 2026. While inflation remained above target in the United States, it was subdued in many other regions, presenting both challenges and opportunities for monetary policy. Although U.S. tariff policy and trade tensions cast a shadow of uncertainty over the global economy, the private sector's agility in front-loading imports and swiftly reorganizing supply chains helped mitigate some impacts. Additionally, significant investments in artificial intelligence (AI) in emerging Asian markets contributed to additional economic growth.

The IMF highlighted general risks to the global outlook, including shifts in trade policy and rising protectionism, which disrupt supply chains and market access. Furthermore, tighter immigration policies also limit labor supply, impacting productivity. Despite these challenges, the IMF identifies key opportunities, such as breakthroughs in trade negotiations that ease tariffs, stronger multilateral cooperation and structural reforms that enhance labor mobility and digitalization. Additionally, sustained productivity gains from investments in AI and a modestly expansionary fiscal policy lead to economy-wide gains.

The development of GDP in selected countries and regions was as follows:

Annual change in %	**2025**[1]	2024
World	3.3	3.3
Advanced economies	1.7	1.8
USA	2.1	2.8
Euro area	1.4	0.9
Japan	1.1	-0.2
Emerging markets and developing economies	4.4	4.3
Emerging markets and developing economies Asia	5.4	5.3
India	7.3	6.5
China	5.0	5.0

[1] Figures for fiscal 2025 estimated.

The development of selected sector-specific environments was as follows:

	Change 2025[1]	Change 2024
Life Science		
Growth in market for laboratory products[2]	0.1%	-1.5%
Growth in global sales of biopharmaceutically manufactured drugs[3]	15.6%	13.9%
Share of biopharmaceutical sales in the global pharmaceutical market[3]	41.4%	39.4%
Early clinical monoclonal antibody (mAb) pipeline growth[4]	2.7%	6.5%
Healthcare		
Global pharmaceutical market	9.3%	9.1%
Market for multiple sclerosis therapies[5]	5.0%	-2.2%
Market for type 2 diabetes therapies[5]	23.3%	17.9%
Market for fertility treatment[5]	7.9%	8.7%
Market for the treatment of colorectal cancer[6]	-3.4%	10.3%
Electronics		
Growth of wafer area for semiconductor chips	5.4%	-2.5%
Growth of display surface area[7]	3.5%	6.3%

[1] Predicted development. Final development rates for 2025 were not available for all industries when this report was prepared.

[2] Global Market for Laboratory Products, October 2025, Frost & Sullivan.

[3] Global pharmaceutical spending at a constant exchange rate. IQVIA market data based on the past 12 months as of the third quarter 2025.

[4] Number of programs in Phase I or Phase II clinical trials, Cortellis (as of October 21, 2025).

[5] Growth rates based on market data in local currency, translated at a constant euro exchange rate. The IQVIA market data on the growth of indications are based on current figures, including the third quarter of 2025. Annual growth based on the values for the past 12 months. The type 2 diabetes market excludes the United States since this market is insignificant to the Group.

[6] Growth rates based on market data stated in U.S. dollars. Market data from EvaluatePharma on the growth of indications are based on published company reports and are subject to exchange rate fluctuations.

[7] Growth of display area is a pure volume indicator.

Life Science

Our Life Science business sector remains a global leader in providing innovative products, tools and services across research, pharmaceutical and biopharmaceutical production as well as industrial and testing laboratories. While the direct impacts of the Covid-19 pandemic are now behind us, the sector continues to undergo a normalization period as companies navigate a complex macroeconomic landscape. Geopolitical uncertainty, capital constraints and cautious spending have tempered growth for life science companies relative to pre-pandemic levels.

Markets served by the Our Life Science business sector are showing signs of recovery but have not yet fully returned to historical levels, especially in areas tied to early-stage innovation. According to the market research firm Frost & Sullivan, the market for laboratory products relevant to our Science & Lab Solutions business unit resumed slight growth in 2025 at 0.1% (2024: -1.5%), below historical average growth in the mid-single-digit range.

Macroeconomic challenges and subdued GDP growth have dampened venture capital investments and initial public offerings in the biotech space, resulting in lower demand for laboratory products. Many customers remain focused on operational efficiency. Once capital markets regain momentum, healthy laboratory spending is expected to follow.

In the pharma and biotech production market, where our Process Solutions and Life Science Services business units are active, demand is driven by the development and manufacture of therapeutics and vaccines. According to the market research firm IQVIA, the end market for biopharmaceuticals grew by 15.6% in 2025 (2024: 13.9%) to € 618 billion (or 41.4% of the global pharmaceutical market).

The biopharmaceutical market continued its expansion in 2025, supported by solid research and development investment and a rebound in clinical trial activity. Monoclonal antibodies (mAbs) remain the cornerstone of innovation with the number of mAbs in Phases I and II increasing by 2.7% (2024: 6.5%), driven by continued momentum in bispecific antibodies and antibody-drug conjugates.

Healthcare

In its latest study from September 2025, IQVIA forecasts growth of 9.3% in 2025 (2024: 9.1%) for the overall pharmaceutical market worldwide. Growth rates for the pharmaceutical market benefit from new product launches, demographic and epidemiological trends as well as improved access to care. This is balanced by generic and biosimilar product uptake together with stricter price policies.

EMEA (Europe, Middle East and Africa) grew by 8.2% in 2025 (2024: 10.1%) with the EU4 (Germany, France, Italy, and Spain) plus the United Kingdom growing by 6.3% (2024: 8.3%). North America grew by 12.3% (2024: 9.8%) with the United States growing at a rate of 12.6% (2024: 10.0%). The United States remains the biggest and most important pharmaceutical market by far. Latin America achieved double-digit growth of 11.7% (2024: 22.1%), impacted by decelerated but still high inflation. The Asia-Pacific region (excluding China and Japan) recorded 7.2% growth (2024: 7.0%). China has increased investment in healthcare infrastructure and access to innovative medicines while also extending price regulations (for example, through its National Volume-Based Procurement policy), decelerating growth to 0.3% in 2025 (2024: 1.8%).

Biotechnologically manufactured products account for 41.4% of pharmaceutical market value globally (2024: 39.4%). The United States remains the most important market with a 64.3% share.

Developments in the therapeutic areas of relevance to the Group saw differing trends in the reporting year. The global market for type 2 diabetes, excluding the United States, followed the high growth trend of previous years, growing 23.3% in 2025 (2024: 17.9%). The therapeutic area of infertility grew 7.9% in the reporting year (2024: 8.7%) with the Group as a global market leader. The market for colorectal cancer declined by 3.4% in 2025 (2024: +10.3%) with stronger usage of branded products despite biosimilar market penetration. The market for multiple sclerosis therapies returned to growth with 5.0% (2024: -2.2%) despite market entries of generics.

Electronics

The semiconductor industry is the most important market for our business with materials, solutions and services for integrated circuit production (Semiconductor Solutions). Demand for semiconductor materials primarily depends on the wafer area produced for semiconductors, with silicon wafers also serving as an indicator for overall semiconductor materials demand. According to the global industry association SEMI (October 2025 forecast), the delivered silicon wafer area recorded a 5.4% increase in 2025 (2024: -2.5%). The industry moved past the 2023 cyclical downturn, showed a recovery in 2024 and returned to growth in 2025.

The environment remained volatile, with macroeconomic challenges such as ongoing trade disputes and country- and sector-specific tariff discussions weighing on the global economy. Consumer demand for electronics and IT hardware remained subdued, as PC and smartphone shipments showed only slow, incremental growth and spending intentions remained muted. Despite these challenges, semiconductor manufacturers raised utilization rates and increased wafer shipments, mainly in advanced logic chips and selected memory segments driven by strong demand for AI and server end markets. We expect a positive outlook for the semiconductor market in 2026, primarily driven by surging demand for AI applications and chip producers’ strong price/mix gains.

In the Optronics business unit, we provide a wide range of key materials for the display industry while also contributing to metrology and inspection devices for the semiconductor industry. According to OMIDA, the display industry recovered in 2024, showing 6.3% growth. Despite the growing uncertainty in the global economy, the demand for large-screen televisions continues to rise. Additionally, the ongoing replacement of IT devices and steady growth in automotive displays contribute to a positive outlook. As a result, the display surface area is projected to increase by 3.5% in 2025. Liquid crystals will remain vital in the display industry, while OLED technology is gaining prominence in high-end applications. At the same time, augmented reality technologies are rapidly transitioning from experimental phases to mainstream applications, significantly impacting both consumer and enterprise sectors. Finally, metrology and inspection tools are becoming increasingly important as semiconductor architecture evolves toward complex 3D design and heterogeneous integration.

Review of Forecast against Actual Business Developments

The forecast of the Group for fiscal 2025 published in the Annual Report for fiscal 2024 comprised the forecast for the Group as well as the forecast for the three business sectors: Life Science, Healthcare and Electronics.

Net sales

We forecast slight to moderate organic net sales growth of between +3% and +6% for the Group in fiscal 2025. The strongest growth driver compared with the previous year was the Life Science business sector, particularly the Process Solutions business unit. This unit offers products and services for the entire pharmaceutical production value chain and saw a return to organic sales growth compared with the previous year. In the Healthcare business sector, we achieved strong growth over the course of fiscal 2025, driven mainly by products from the Cardiovascular, Metabolism & Endocrinology franchise. In addition, our products Mavenclad® from the neurology and immunology therapeutic area, Tepmetko® from the oncology therapeutic area and Pergoveris® from the fertility therapeutic area contributed significantly to organic sales growth in the Healthcare business sector. In the Electronics business sector, we were unable to achieve organic growth in fiscal 2025 despite a strong semiconductor market. This was due to declining project business in the Semiconductor Solutions business unit, where the dependence on major discontinued customer orders noticeably impaired annual performance. Overall, we recorded organic net sales growth of +3.1% in fiscal 2025, achieving our most recent forecast of around +3% organic growth, as specified in the third quarter. At the start of the year, we forecast overall foreign exchange effects of between -1% and +2%. These were based in particular on the expected development of the U.S. dollar and some Asian currencies. We had to specify this forecast in the first quarter to between -3% and 0%, in the second quarter to between -5% and -2% and in the third quarter to between -5% and -3%. At the end of fiscal 2025, the foreign exchange effect was -3.7%, thus falling within the most recently specified range. The slightly positive portfolio effect was negligible at +0.4%. All in all, net sales amounted to € 21,102 million (previous year: € 21,156 million), representing a year-on-year decrease of -0.3%. Sales were thus slightly above the midpoint of the forecast range of between € 20,800 million and € 21,400 million and thus in line with the forecast specified in the third quarter. However, they were below the originally forecast range of € 21,500 million to € 22,900 million, which was due to negative foreign exchange effects in particular.

Life Science

Our Life Science business sector generated organic sales growth of +4.0% in fiscal 2025. Growth in fiscal 2025 was mainly driven by our Process Solutions business unit, which achieved double-digit growth. At the beginning of the year, we forecast organic sales growth of between +2% and +7% for the Life Science business sector for fiscal 2025. This forecast was adjusted in the first quarter to between +2% and +6% and in the second quarter to between +3% and +6%, then confirmed in the third quarter with a range of between +4% and +5%. The Process Solutions and Science & Lab Solutions business units recorded organic sales growth. In contrast, the Life Science Services business unit recorded an organic decline in sales. All in all, net sales in the Life Science business sector grew by +0.7% to € 8,980 million (2024: € 8,916 million), including a negative foreign exchange effect of -3.4% and a positive portfolio effect of +0.1%. Net sales were thus slightly below the midpoint of the forecast range of between € 8,900 million and € 9,100 million and thus within the forecast specified in the third quarter. However, they were outside the originally forecast range of € 9,100 million to € 9,800 million, due to negative foreign exchange effects in particular.

Healthcare

We originally forecast organic sales growth of between +1% and +5% for our Healthcare business sector compared with the previous year. We then adjusted this organic sales growth forecast to between +2% and +6% with the publication of the quarterly statement for the first quarter. We then specified this forecast to between +3% and +5% with the publication of the half-yearly financial report for the second quarter and narrowed it further to around +3% with the third-quarter figures. The business sector achieved this forecast with organic growth of +3.7% in fiscal 2025. This development was driven in particular by products from the Cardiovascular, Metabolism, and Endocrinology franchise. The Neurology & Immunology, Fertility and Oncology therapeutic areas also contributed, especially through our product Mavenclad®. Taking into account a negative foreign exchange effect of -4.1% and a positive acquisition effect of +2.2% from the acquisition of SpringWorks Therapeutics, Inc., USA, net sales in the Healthcare business sector increased by +1.8% in fiscal 2025 to € 8,607 million (2024: € 8,455 million). This was slightly above the midpoint of the forecast range of between € 8,500 million and € 8,700 million; accordingly, it was in line with the more specific forecast issued together with the figures for the third quarter and within the originally forecast range of € 8,300 million to € 8,900 million.

Electronics

For our Electronics business sector, we expected our semiconductor materials operations to be a significant driver of organic growth, assuming that the recovery in the semiconductor market that began in the previous year would continue in fiscal 2025. The project business of the Semiconductor Solutions business unit, however, was expected to decline slightly, as it is heavily dependent on major individual orders and typically subject to stronger fluctuations. Stable development was anticipated for our Optronics business unit. Although we achieved strong growth in our semiconductor materials business in fiscal 2025, our Electronics business sector had to adjust its growth forecast downward in the first and second quarters due to delays in customer projects within the Semiconductor Solutions business unit. The originally forecast organic net sales growth rate of +2% to +6% was revised after the second quarter to a negative organic growth range of -5% to -1%. We increased our organic sales development forecast a little to between -3% and -1% when we published the figures for the third quarter. With organic sales development of -0.6%, net sales were slightly outside this forecast. Taking into account a negative foreign exchange effect of -3.3% and a negative divestment effect of -3.2% relating to the divestment of the Surface Solutions business unit, net sales in the Electronics business sector fell by -7.1% compared with the previous year to € 3,515 million (2024: € 3,785 million). This was above the midpoint of the forecast range of between € 3,400 million and € 3,600 million and in line with the more specific forecast issued in the third quarter. Due to the negative foreign exchange effect and the negative divestment effect in particular, the net sales of the Electronics business sector were outside the originally forecast range of € 3,800 million to € 4,200 million.

EBITDA pre

Our original forecast for the EBITDA pre for fiscal 2025 ranged from +3% to +8% organic growth compared with the previous year. This expectation was based primarily on organic sales growth across all business sectors. In the Life Science and Electronics business sectors, we also anticipated positive effects from strict cost discipline. In the Healthcare business sector, we focused on strictly prioritized investments, in particular in research and development as well as marketing and sales, such as in preparation for the market launch of pimicotinib. Originally, we expected foreign exchange effects to impact EBITDA pre by -2% to +1% compared with the previous year. Based on the figures for the first quarter, we adjusted our EBITDA pre forecast to organic growth of between +2% and +7%, under the assumption of increased negative foreign exchange effects that would impact EBITDA pre by between -5% and -2% compared with the previous year. Due to rising sales in the Life Science and Healthcare business sectors and, in particular, the expected positive development of EBITDA pre in the Healthcare business sector, we refined the EBITDA pre forecast to +4% to +8% with the publication of the interim report on the second quarter. This forecast was further specified based on the figures for the third quarter and adjusted to a range of +5% to +7%. Due to negative foreign exchange effects, we adjusted our forecast for the impact of foreign exchange effects to between -6% and -3% in the second quarter and narrowed this to -6% to -4% together with the figures for the third quarter. EBITDA pre amounted to € 6,109 million in fiscal 2025 (2024: € 6,072 million), representing a total increase of +0.6% compared with the previous year. EBITDA pre was thus within the range of between € 6,000 million and € 6,200 million adjusted most recently with the report on the third quarter and also within the originally published forecast range. At +5.6%, organic EBITDA pre growth also fell within our forecast range of between +5% and +7%, adjusted most recently with the report on the third quarter. Foreign exchange effects came in at the lower end of our forecast range at -5.0%.

Life Science

In line with the expected organic net sales development, we originally forecast organic growth in EBITDA pre of between +2% and +9% and EBITDA pre of € 2,600 million to € 2,900 million in the Life Science business sector. We narrowed our forecast for organic EBITDA pre to between +1% and +7% in the first quarter. In the second quarter, the lower limit was raised to +3%, limiting the forecast to between +3% and +7%. In the third quarter, the forecast was further narrowed to between +4% and +6%. We expected earnings to be positively affected by the positive sales development and cost-saving effects. Changes in U.S. tariff policy, however, had a negative impact during the year. Combined with the most recent forecast in the third quarter of a negative foreign exchange effect of between -5% and -3%, the forecast range for EBITDA pre was between € 2,550 million and € 2,650 million. EBITDA pre in fiscal 2025 fell within this range at € 2,585 million (2024: € 2,589 million), but was slightly outside the originally forecast range, which was due to foreign exchange effects overall. This corresponds to a decline of -0.2% compared with the previous year, of which +3.9% was organic, -4.3% was due to foreign exchange effects and +0.3% was from portfolio effects. Organic EBITDA pre growth was thus slightly outside the most recently published forecast range.

Healthcare

We originally forecast organic EBITDA pre growth of between +3% and +9% for our Healthcare business sector. This forecast was originally based on tightly prioritized growth investments, such as preparations for the market launch of pimicotinib. In addition, the sale of a right to priority review by the U.S. Food and Drug Administration had a positive impact on the Healthcare business sector's results in a mid-double-digit million euro amount. With the publication of the figures for the first quarter, we increased the forecast range to organic EBITDA pre growth of between +4% and +10%. We then raised it further to between +9% and +13% in the interim report on the second quarter in response to stronger operating performance and stricter prioritization of growth investments in research and development. We narrowed this range to between +9% and +11% upon publication of the figures for the third quarter. Combined with the most recent forecast in the third quarter of a foreign exchange effect of between -9% and -7%, this resulted in a forecast range for EBITDA pre in the Healthcare business sector of between € 3,000 million and € 3,100 million. At € 3,080 million in fiscal 2025

(2024: € 2,995 million), EBITDA pre fell within the upper half of this range; hence, it was in line with the more specific forecast issued in the report on the third quarter and within the originally forecast range of € 3,000 million to € 3,300 million. This corresponded to an increase of +2.8% compared with the previous year (+11.5% organic, -8.5% foreign exchange effects, -0.1% portfolio effects).

Electronics

For the Electronics business sector, we originally forecast organic growth in EBITDA pre of between +3% and +9% in fiscal 2025. In addition to the expected growth in net sales, we anticipated a favorable mix effect in net sales, as well as positive effects from active cost management. With the presentation of the figures for the first quarter, we adjusted our forecast range for the organic development of EBITDA pre to between -3% and +8%. We corrected this forecast to between -15% and -7% with the publication of the interim report for the second quarter. This adjustment resulted from delays in customer projects in the project business of the Semiconductor Solutions business unit as well as additional negative one-time effects. We narrowed this forecast to -11% to -7% with the figures for the third quarter. Combined with the forecast for a foreign exchange effect between -6% and -4%, this resulted in a forecast range for EBITDA pre in the Electronics business sector of between € 800 million and € 850 million. At € 833 million in fiscal 2025 (2024: € 970 million), EBITDA pre was in line with the expectations specified in the report for the third quarter. This corresponded to a decline of -14.1% compared with the previous year (-9.0% organic, -4.4% foreign exchange effects, -0.7% portfolio effects). The originally forecast range of € 1,000 million to € 1,100 million was missed, however.

Corporate and Other

The expenses for Corporate and Other in EBITDA pre amounted to € -388 million in fiscal 2025. At the beginning of the year, the forecast range was between € -550 million and € -600 million. In the report on the second quarter, the forecast range was specified to be between € -350 million and € -400 million, meaning that this year’s values for Corporate and Other were within this forecast range, which was confirmed in the third quarter. The original forecast for fiscal 2025 provided for a decline in earnings due to lower foreign currency hedging gains. Compared with the previous-year figure of € -482 million, expenses decreased by -19.4%.

Operating cash flow

We originally anticipated slight growth in the Group’s operating cash flow in fiscal 2025. We narrowed this forecast to between € 3,700 million and € 4,300 million with the publication of the figures for the first quarter. As we expected the development of the operating cash flow to be largely in line with the positive operating performance, we corrected the forecast range to between € 3,600 million and € 4,000 million in the interim report on the second quarter and confirmed this in the report for the third quarter. The operating cash flow amounted to € 3,932 million in fiscal 2025 (2024: € 4,586 million), thus falling within this range. The decline of -14.3% compared with the previous year was primarily due to the negative development of working capital and the change in other assets and liabilities.

Course of Business and Economic Position

Group

Group

Key figures

€ million	2025	2024	Change € million	Change %
Net sales	21,102	21,156	-54	-0.3%
Operating result (EBIT)[1]	3,601	3,645	-44	-1.2%
Margin (% of net sales)[1]	17.1%	17.2%		
EBITDA[2]	5,899	5,779	120	2.1%
Margin (% of net sales)[1]	28.0%	27.3%		
EBITDA pre[1]	6,109	6,072	37	0.6%
Margin (% of net sales)[1]	28.9%	28.7%		
Profit after tax	2,615	2,786	-171	-6.1%
Earnings per share (€)	6.00	6.39	-0.39	-6.1%
Earnings per share pre (€)[1]	8.34	8.63	-0.29	-3.4%
Operating cash flow	3,932	4,586	-654	-14.3%

[1] Not defined by IFRS Accounting Standards.

[2] Not defined by IFRS Accounting Standards; EBITDA corresponds to operating result (EBIT) adjusted by depreciation, amortization, impairment losses, and reversals of impairment losses.

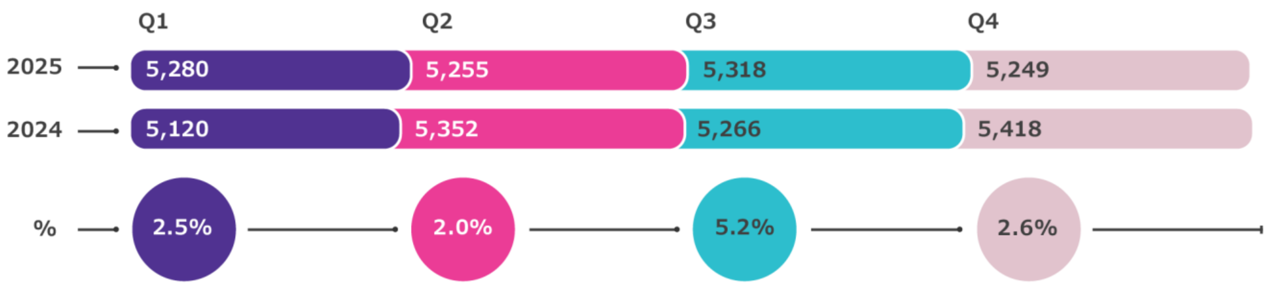
Development of net sales and results of operations

The net sales in the individual quarters and the respective organic growth rates in 2025 are presented in the following chart:

Group

Net sales and organic growth[1] by quarter[2]

€ million/organic growth in %



[1] Not defined by IFRS Accounting Standards.
[2] Quarterly breakdown unaudited.

In fiscal 2025, the net sales of the Group by business sector developed as follows:

Group

Net sales by business sector

€ million	2025	Share	Organic growth[1]	Exchange rate effects[1]	Acquisitions/ divestments[1]	Total change	2024	Share
Life Science	8,980	42%	4.0%	-3.4%	0.1%	0.7%	8,916	42%
Healthcare	8,607	41%	3.7%	-4.1%	2.2%	1.8%	8,455	40%
Electronics	3,515	17%	-0.6%	-3.3%	-3.2%	-7.1%	3,785	18%
Group	**21,102**	**100%**	**3.1%**	**-3.7%**	**0.4%**	**-0.3%**	**21,156**	**100%**

[1] Not defined by IFRS Accounting Standards.

In fiscal 2025, the Group recorded the following regional sales performance:

Group

Net sales by region

€ million	2025	Share	Organic growth[1]	Exchange rate effects[1]	Acquisitions/ divestments[1]	Total change	2024	Share
Europe	6,417	30%	5.0%	-0.4%	-0.6%	4.0%	6,171	29%
North America	5,517	26%	-2.2%	-4.1%	2.9%	-3.4%	5,710	27%
Asia-Pacific (APAC)	6,936	33%	3.6%	-4.4%	-0.4%	-1.2%	7,017	33%
Latin America	1,447	7%	11.6%	-12.7%	-0.9%	-2.0%	1,477	7%
Middle East and Africa (MEA)	785	4%	4.8%	-4.0%	-0.4%	0.4%	781	4%
Group	**21,102**	**100%**	**3.1%**	**-3.7%**	**0.4%**	**-0.3%**	**21,156**	**100%**

[1] Not defined by IFRS Accounting Standards.

- In fiscal 2025, the Group generated net sales of € 21,102 million (2024: € 21,156 million), representing a year-on-year decline of € 54 million or -0.3%. Net sales grew organically by € 649 million or 3.1%. Net sales of the Healthcare and Life Science business sectors increased while the Electronics business sector reported an organic sales decline. Negative foreign exchange effects led to a reduction of net sales by € 782 million or -3.7%. These effects largely resulted from the exchange rate development of several Asian currencies and the U.S. dollar. The acquisition of SpringWorks Therapeutics, Inc., USA, (SpringWorks), which was completed on July 1, 2025, led to a portfolio-related sales increase in the Healthcare business sector. By contrast, the divestment of the Surface Solutions business unit to Global New Material International Holding Ltd., Cayman Islands, which was completed on July 31, 2025, resulted in a negative portfolio effect in the Electronics business sector.
- Net sales of the Life Science business sector grew by € 64 million or 0.7% year on year, to € 8,980 million (2024: € 8,916 million). This development was mainly due to organic effects, which amounted to € 357 million or 4.0%. Conversely, foreign exchange effects of € 305 million or -3.4% led to a decline in sales. The effects of acquisitions on net sales were negligible overall at 0.1%. At 42% (2024: 42%), Life Science again accounted for the largest share of Group net sales in fiscal 2025, followed by Healthcare at 41% (2024: 40%). Net sales of the Healthcare business sector increased by € 153 million or 1.8% year on year to € 8,607 million (2024: € 8,455 million). The organic growth of € 315 million or 3.7% was diminished by negative foreign exchange effects amounting to € 350 million or -4.1%. Positive acquisition effects of € 188 million or 2.2% were attributable to the acquisition of SpringWorks in particular. The decline in net sales in the Electronics business sector of € 271 million or -7.1% to € 3,515 million (2024: € 3,785 million) resulted from an organic sales decline of € 23 million or -0.6%, negative foreign exchange effects of € 127 million or -3.3% and a divestment effect of € 121 million or -3.2% due to the divestment of the Surface Solutions business unit. The percentage contribution of Electronics to Group net sales was 17% (2024: 18%).
- Orders already received by the reporting date that will result in net sales in future periods amounted to around € 4 billion on December 31, 2025 (December 31, 2024: around € 4 billion), of which around € 3 billion related to the Life Science business sector (December 31, 2024: around € 3 billion). Around 8% of the order intake is not expected to lead to net sales until fiscal 2027 (December 31, 2024: around 9% not expected to lead to net sales until fiscal 2026).

The Consolidated Income Statement of the Group is as follows:

Group

Consolidated Income Statement

€ million	2025	%	2024	%	Change € million	Change %
Net sales	**21,102**	**100.0%**	**21,156**	**100.0%**	**-54**	**-0.3%**
Cost of sales	-8,756	-41.5%	-8,671	-41.0%	-85	1.0%
Gross profit	**12,346**	**58.5%**	**12,485**	**59.0%**	**-139**	**-1.1%**
Marketing and selling expenses	-4,562	-21.6%	-4,536	-21.4%	-26	0.6%
Administration expenses	-1,437	-6.8%	-1,370	-6.5%	-68	5.0%
Research and development costs	-2,415	-11.4%	-2,279	-10.8%	-135	5.9%
Impairment losses and reversals of impairment losses on financial assets (net)	15	0.1%	-8	–	24	>100.0%
Other operating income and expenses	-347	-1.6%	-646	-3.1%	299	-46.3%
Operating result (EBIT)[1]	**3,601**	**17.1%**	**3,645**	**17.2%**	**-44**	**-1.2%**
Financial income and expenses	-293	-1.4%	-108	-0.5%	-184	>100.0%
Profit before income tax	**3,308**	**15.7%**	**3,536**	**16.7%**	**-228**	**-6.5%**
Income tax	-693	-3.3%	-751	-3.5%	58	-7.7%
Profit after tax	**2,615**	**12.4%**	**2,786**	**13.2%**	**-171**	**-6.1%**
Non-controlling interests	-7	–	-9	–	2	-26.3%
Net income	**2,608**	**12.4%**	**2,777**	**13.1%**	**-168**	**-6.1%**

[1] Not defined by IFRS Accounting Standards.

The breakdown of research and development costs by business sector is as follows:

Group

Research and development costs by business sector[1] – 2025
€ million/%

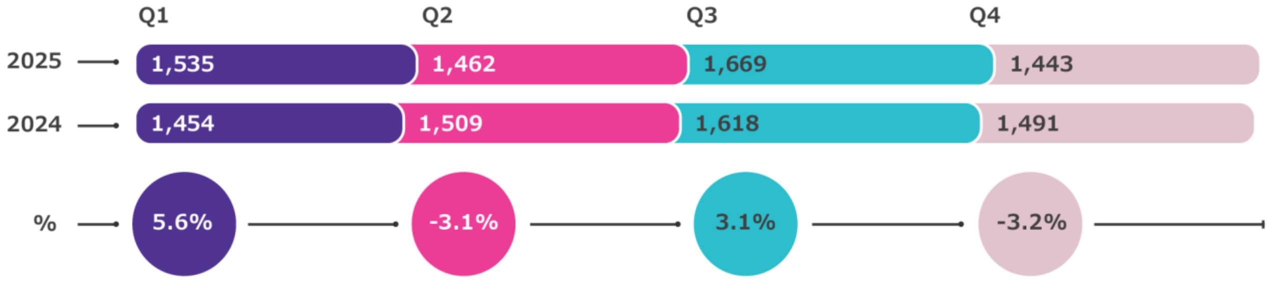
[1] Not presented: research and development costs of € 62 million allocated to Corporate and Other.

- The sales growth of the Life Science and Healthcare business sectors offset the decline in sales of the Electronics business sector; as such, net sales in fiscal 2025 remained around stable compared with the previous year. Gross profit also remained around stable compared with the year-earlier period.
- Marketing and selling expenses were around stable, while administration expenses were significantly above the level of the previous year, due in particular to the acquisition of SpringWorks.
- Accounting for 71% (2024: 69%) of Group research and development costs (excluding research and development costs allocated to Corporate and Other), Healthcare was once again the most research-intensive business sector of the Group. The increase in research and development costs was also mainly attributable to the acquisition of SpringWorks and the continuous intensification of research and development projects. Further information can be found under **Research and Development**.
- The negative net balance of other operating expenses and income declined significantly compared with the year-earlier period. This development was mainly a result of the disposal gain from the divestment of the Surface Solutions business unit to Global New Material International Holdings Ltd., Cayman Islands, which closed on July 31, 2025. The sale of a right to priority review by the U.S. Food and Drug Administration generated income of € 61 million and also had a positive effect on the net balance. Realized gains from currency translation arising from an absolute reduction in the share of a foreign business operation, with the corresponding reclassification of the pro rata accumulated currency translation difference, also had a positive effect on the net balance, as did an effect from non-income taxes due to changes in legislation in Latin America.
- All in all, the aforementioned developments resulted in an around stable operating result (EBIT) compared with the previous year and an EBIT margin of 17.1% (2024: 17.2%).
- Compared with the previous year, EBITDA pre, the key financial indicator used to steer operating business, increased by € 37 million or 0.6% to € 6,109 million (2024: € 6,072 million), remaining around stable overall.
- The negative net balance of financial income and expenses worsened to € -293 million (2024: € -108 million), due in particular to the negative development of interest income. Details about financial income and expenses can be found in Note (40) **Financial income and expenses/net gains and losses from financial instruments** in the Notes to the Consolidated Financial Statements.
- Income tax expenses amounted to € 693 million (2024: € 751 million) and resulted in a tax rate of 20.9% (2024: 21.2%).
- The net income attributable to shareholders of Merck KGaA, Darmstadt, Germany, declined by -6.1% to € 2,608 million (2024: € 2,777 million) and resulted in a reduction in earnings per share to € 6.00 (2024: € 6.39).

The development of EBITDA pre in the individual quarters in comparison with 2024 as well as the respective growth rates and its distribution by business sector are presented in the following overview:

Group

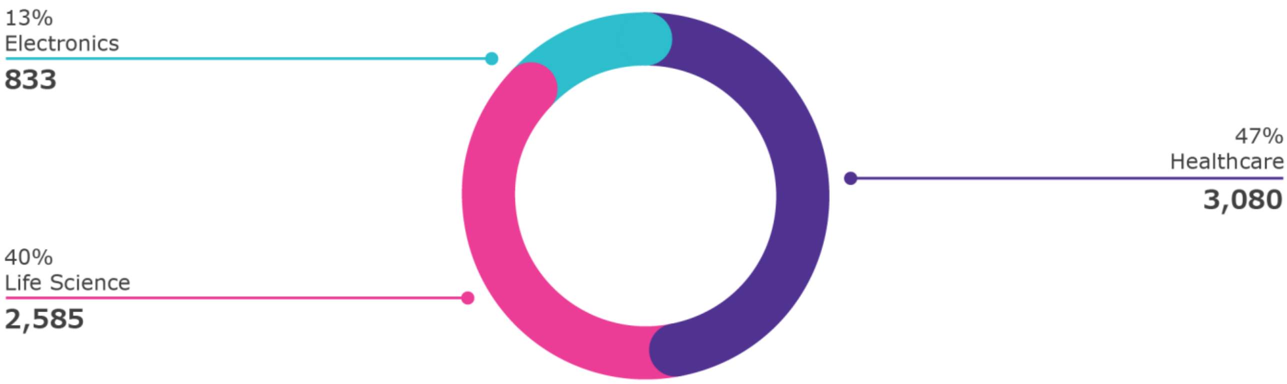
EBITDA pre[1] and change by quarter[2]
€ million/change in %



[1] Not defined by IFRS Accounting Standards.
[2] Quarterly breakdown unaudited.

Group

EBITDA pre[1] by business sector[2] – 2025
€ million/%



[1] Not defined by IFRS Accounting Standards.
[2] Not presented: decline in Group EBITDA pre by € -388 million due to Corporate and Other.

Net assets and financial position

Group

Balance sheet structure

	Dec. 31, 2025		Dec. 31, 2024[1]		Change	
	€ million	**%**	€ million	%	€ million	%
Non-current assets	**38,298**	**74.3%**	**38,146**	**73.9%**	**152**	**0.4%**
thereof:						
Goodwill	17,934		19,107		-1,172	
Other intangible assets	7,662		6,351		1,311	
Property, plant and equipment	9,940		10,025		-85	
Other non-current assets	2,762		2,663		99	
Current assets	**13,230**	**25.7%**	**13,450**	**26.1%**	**-221**	**-1.6%**
thereof:						
Inventories	4,562		4,484		78	
Trade and other current receivables	3,947		3,947		–	
Other current financial assets	688		642		46	
Other current assets	1,293		1,861		-568	
Cash and cash equivalents	2,740		2,517		223	
Total assets	**51,527**	**100.0%**	**51,596**	**100.0%**	**-68**	**-0.1%**
Equity	**28,660**	**55.6%**	**29,989**	**58.1%**	**-1,329**	**-4.4%**
Non-current liabilities	**13,826**	**26.8%**	**10,312**	**20.0%**	**3,514**	**34.1%**
thereof:						
Non-current provisions for employee benefits	1,553		1,956		-402	
Other non-current provisions	259		257		2	
Non-current financial debt	10,730		6,997		3,733	
Other non-current liabilities	1,283		1,102		181	
Current liabilities	**9,042**	**17.5%**	**11,295**	**21.9%**	**-2,254**	**-20.0%**
thereof:						
Current provisions	544		570		-26	
Current financial debt	1,238		3,304		-2,066	
Trade and other current payables/ refund liabilities	3,095		3,143		-48	
Other current liabilities	4,164		4,277		-114	
Total equity and liabilities	**51,527**	**100.0%**	**51,596**	**100.0%**	**-69**	**-0.1%**

[1] Previous-year figures have been adjusted owing to the finalization of the purchase price allocation in connection with the acquisitions of Mirus Bio LLC, USA, Unity-SC SAS, France, as well as Hub Organoids Holding B.V., Netherlands (see Note (6) **Acquisitions and divestments** in the Notes to the Consolidated Financial Statements).

- Goodwill decreased year-on-year. The decline of goodwill, which is primarily carried in U.S. dollars, was attributable to currency translation differences in particular and was only partially offset by the acquisition of SpringWorks (further information can be found in Note (6) **Acquisition and divestments** in the Notes to the Consolidated Financial Statements).
- The increase in other intangible assets in fiscal 2025 was mainly attributable to additions from business combinations within the scope of the acquisition of SpringWorks (further information can be found in Note (6) **Acquisition and divestments** in the Notes to the Consolidated Financial Statements). By contrast, depreciation, amortization and impairment losses increased year-on-year, which among other things was due to an impairment loss in connection with the premature termination of a Phase Ib trial in the Healthcare business sector performed in collaboration with Jiangsu Hengrui Pharmaceuticals Co. Ltd., China (see **Research and Development** for further details).
- Property, plant and equipment remained at the level of the previous year. Of the additions to property, plant and equipment in fiscal 2025, € 258 million (2024: € 387 million) related to strategic investments in Germany, including € 255 million (2024: € 372 million) for the expansion of the Darmstadt site. Significant projects include investments in the Healthcare business sector of € 55 million in a new multi-use research and development (R&D) facility and € 35 million in a production facility for transitioning R&D projects to commercial production and market launch. Moreover, Life Science invested € 50 million in a new research center. Outside Germany, large investments were made in strategic projects in the United States (€ 225 million), Taiwan (€ 143 million) and Ireland (€ 133 million) in particular. In the United States, Electronics invested € 52 million in a new R&D facility and € 24 million for expanding production capacity. Both investments were made in Sheboygan, Wisconsin, USA. In Ireland, Life Science invested € 120 million in the expansion of membrane production capacities and the construction of a new filtration plant in Cork. In Taiwan, Electronics invested € 80 million in a new production facility for semiconductor materials and specialty gases in Kaohsiung.
- In fiscal 2025, the equity of the Group declined by -4.4% to € 28,660 million (December 31, 2024: € 29,989 million). Profit after tax (€ 2,615 million) was offset by a negative currency translation difference (€ -3,331 million), which resulted primarily from the development of the U.S. dollar. Dividend payments and profit withdrawals in the reporting year also resulted in a decline (see **Consolidated Statement of Changes in Net Equity** in the Consolidated Financial Statements). The equity ratio decreased by more than two percentage points to 55.6% (December 31, 2024: 58.1%), partially as a result of the increase in financial debt.
- As in the previous year, the decrease in non-current provisions for employee benefits resulted mainly from actuarial gains in connection with the applied discount rate.
- Financial debt increased due primarily to the new issuance of bonds in connection with the acquisition of SpringWorks. In August 2025, the Group issued a U.S. dollar bond with a volume of US$ 4,000 million (€ 3,386 million). Current financial debt declined as a result of the repayment of a U.S. dollar bond with a nominal value of € 1,537 million that was issued in 2015 and due to mature in March 2025, as well as the repayment of a euro bond with a nominal value of € 750 million that was issued in 2020 and due to mature in July 2025. Higher financial liabilities to related parties, in particular to E. Merck Beteiligungen KG, Darmstadt, Germany, a related party of E. Merck KG, Darmstadt, Germany, also resulted in an increase in financial debt.

The composition and the development of net financial debt were as follows:

Group

Net financial debt[1]

€ million	Dec. 31, 2025	Dec. 31, 2024	Change	
			€ million	%
Bonds	9,073	7,693	1,380	17.9%
Bank loans	179	327	-149	-45.4%
Liabilities to related parties	1,988	1,429	560	39.2%
Loans from third parties and other financial debt	64	59	5	7.7%
Liabilities from derivatives (financial transactions)	17	31	-14	-44.4%
Lease liabilities	648	761	-114	-15.0%
Financial debt	**11,968**	**10,301**	**1,667**	**16.2%**
less:				
Cash and cash equivalents	2,740	2,517	223	8.8%
Other current financial assets[2]	610	629	-19	-3.0%
Net financial debt[1]	**8,619**	**7,155**	**1,463**	**20.5%**

[1] Not defined by IFRS Accounting Standards.

[2] Excluding current derivatives (operational) and contingent considerations, which are recognized in the context of business combinations according to IFRS 3.

For a description of the change in net financial debt, please refer to the foregoing explanation of the change in financial debt.

Group

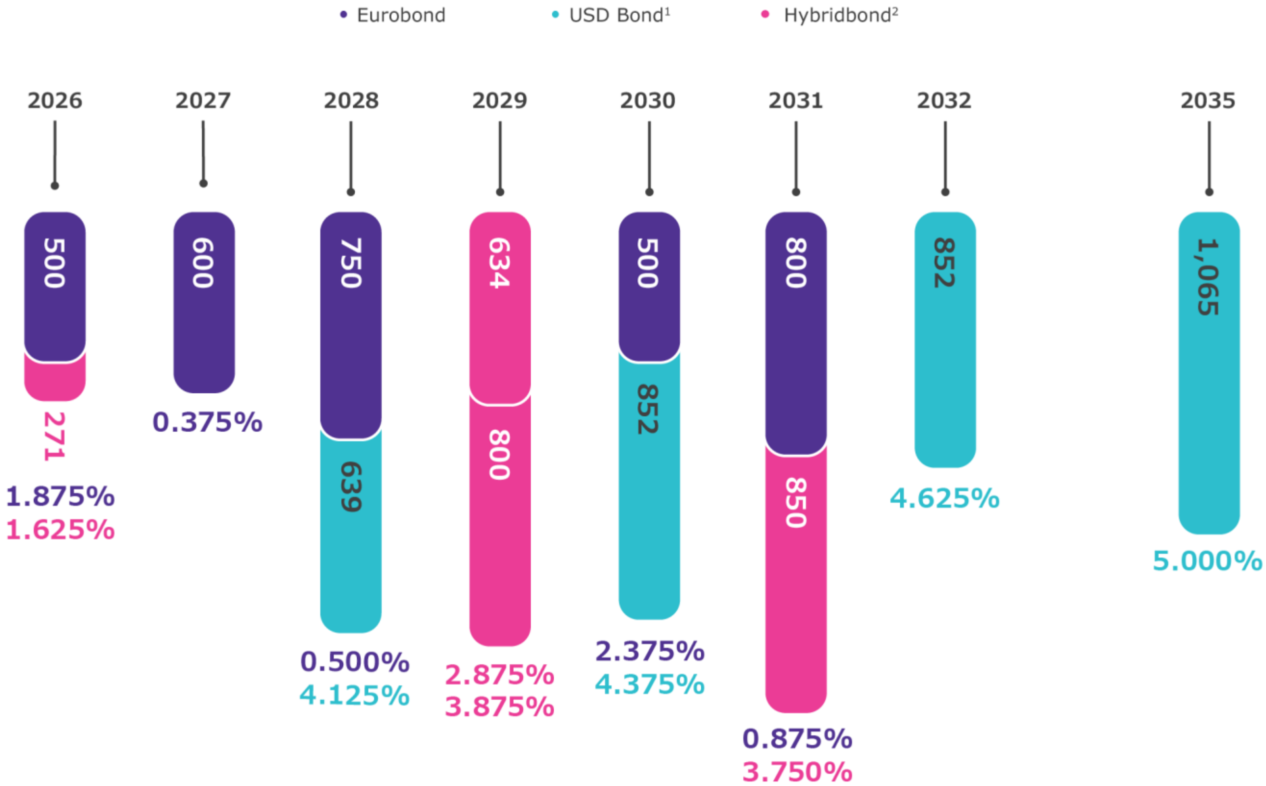
Reconciliation of net financial debt[1]

€ million	2025	2024
January 1	**7,155**	**7,500**
Operating cash flow	-3,932	-4,586
Payments for investments in intangible assets[2]	373	482
Payments from the disposal of intangible assets[2]	-171	-18
Payments for investments in property, plant and equipment[2]	1,585	1,702
Payments from the disposal of property, plant and equipment[2]	-25	-27
Acquisitions[2]	2,915	774
Payments from divestments[2]	-415	-7
Change in lease liabilities	120	383
Dividend payments/profit withdrawals[2]	1,049	1,040
Currency translation difference	-117	137
Other	82	-225
December 31	**8,619**	**7,155**

[1] Not defined by IFRS Accounting Standards.

[2] As reported in the Consolidated Cash Flow Statement.

- Traditionally, the capital market represents a major source of financing for the Group, for instance, via bond issues. As of December 31, 2025, there were liabilities with a nominal volume of € 3.15 billion from the debt issuance program, under which all euro bonds were issued (December 31, 2024: € 3.9 billion).
- Loan agreements represent a further significant source of financing for the Group. A € 2.5 billion syndicated loan facility is in place until 2029 to cover unexpected cash needs. This credit line is a backup facility that should only be used in exceptional situations. In addition, the Group also agreed upon several bilateral loan facilities.
- In addition, the Group has a commercial paper program with a volume of € 2.5 billion at its disposal. Within the scope of this program, the Group can issue short-term commercial papers with a maturity of up to one year. As in the previous year, the program was not made use of in fiscal 2025.
- Our financial liabilities are aligned with our planned free cash flow. The repayment profile of the issued bonds was as follows:



[1] The nominal amounts of bonds denominated in U.S. dollars were converted into euros at the closing rate on December 31, 2025.
[2] For the hybrid bonds, repayment is assumed at the earliest possible date.

- The capital market uses the assessments published by rating agencies to help lenders assess the risks of a financial instrument used by the Group. We are currently rated by the agencies Standard & Poor's and Moody's. While Standard & Poor's issued a long-term rating of A with a stable outlook, Moody's issued it an A3 rating with a stable outlook. An overview of the development of our rating in recent years is presented in the **Report on Risks and Opportunities**.
- The financial debt was not secured by liens or similar forms of collateral. The loan agreements do not contain any financial covenants. There were no indications that the availability of extended credit lines was restricted. Cash and cash equivalents included restricted cash amounting to € 412 million (December 31, 2024: € 368 million). We pursue a sustainable dividend policy and aim for a target corridor of 20% to 25% of earnings per share pre when determining the amount of the dividend. The average borrowing cost on December 31, 2025 was 3.1% (December 31, 2024: 2.2%).

The development of key balance sheet figures was as follows:

Group

Key balance sheet figures

%		**Dec. 31, 2025**	Dec. 31, 2024[2]	Dec. 31, 2023	Dec. 31, 2022	Dec. 31, 2021
Equity ratio[1]	Total equity / Total assets	55.6%	58.1%	55.2%	53.6%	47.2%
Asset ratio[1]	Non-current assets / Total assets	74.3%	73.9%	74.4%	74.9%	75.8%
Asset coverage[1]	Total equity / Non-current assets	74.8%	78.6%	74.1%	71.6%	62.3%
Finance structure[1]	Current liabilities / Liabilities (total)	39.5%	52.3%	40.0%	42.2%	43.6%

[1] Not defined by IFRS Accounting Standards.

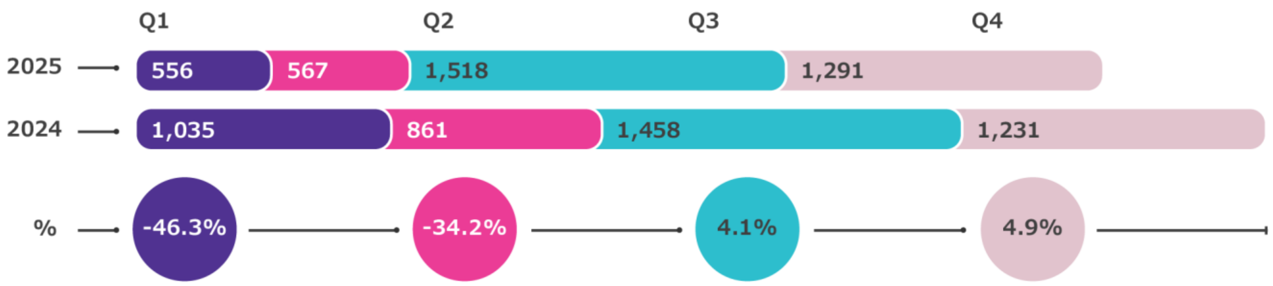
[2] Previous-year figures have been adjusted owing to the finalization of the purchase price allocation in connection with the acquisitions of Mirus Bio LLC, USA, Unity-SC SAS, France, as well as Hub Organoids Holding B.V., Netherlands (see Note (6) **Acquisitions and divestments** in the Notes to the Consolidated Financial Statements).

In the area of financial risks and opportunities, the Group uses an active management strategy to reduce the effects of fluctuations in exchange and interest rates. This also includes the use of derivative financial instruments. Further details on liquidity and counterparty market risks and opportunities are presented in the **Report on Risks and Opportunities** under **Financial risks and opportunities**.

In fiscal 2025, operating cash flow, which is one of the three most important key performance indicators alongside net sales and EBITDA pre, declined by € -654 million to € 3,932 million (2024: € 4,586 million). This was mainly due to the changes in net working capital, other assets and liabilities and financial income and expenses. Changes in provisions and the development of EBITDA pre had an opposing effect. Further information about the development of the operating cash flow can be found in the **Internal Management System** section in this Combined Management Report under **Consolidated Cash Flow Statement** in the Consolidated Financial Statements and in Note (16) **Operating cash flow** in the Notes to the Consolidated Financial Statements. The distribution of operating cash flow across the individual quarters and the percentage changes in comparison with 2024 were as follows:

Group

Operating cash flow[1] and change by quarter[2]
€ million/change in %



[1] Not defined by IFRS Accounting Standards.
[2] Quarterly breakdown unaudited.

Overall assessment of business performance and economic situation

- Despite continued challenging macroeconomic developments and headwinds in individual markets, the Group can look back on a largely positive fiscal 2025 thanks to the diversified nature of its business sectors. Higher demand resulting from new customer projects and a normalization of the market in the Process Solutions business unit led to an increase in net sales in the Life Science business sector. All areas of the Healthcare business sector recorded an organic increase in net sales in fiscal 2025; together with the positive portfolio effect from the acquisition of SpringWorks, this more than offset the negative foreign exchange effects. In the Electronics business sector, the decline in net sales was primarily due to the negative sales development in the Delivery Systems & Services business field, negative foreign exchange effects as well as the divestment of the Surface Solutions business unit.

- Overall, net sales of the Group decreased by € -54 million, or -0.3%, to € 21,102 million in fiscal 2025 and thus remained roughly stable. Our most important key performance indicator, EBITDA pre, rose by 0.6% to € 6,109 million. Organic growth through market opportunities (+5.6%) slightly outweighed the impact of negative foreign exchange effects on earnings (-5.0%). We will propose to the Annual General Meeting an unchanged dividend payment of € 2.20 per share for fiscal 2025.

- The continued solid financing policies of the Group were reflected in robust balance sheet figures. The equity ratio remained at a high level of 55.6% as of December 31, 2025 (December 31, 2024: 58.1%). Net financial debt increased, due primarily to the acquisition of SpringWorks, and amounted to € 8.6 billion at the end of the fiscal year (2024: € 7.2 billion).

- Based on our solid net assets and financial position as well as our diversified operations, we view the economic situation of the Group as positive overall. Thanks to our resilient business model and our clear positioning as a science and technology company, we are well positioned even in economically challenging times.

Life Science

Life Science

Key figures

€ million	**2025**	2024	Change € million	Change %
Net sales	8,980	8,916	64	0.7%
Operating result (EBIT)[1]	1,467	1,507	-39	-2.6%
Margin (% of net sales)[1]	16.3%	16.9%		
EBITDA[2]	2,423	2,455	-32	-1.3%
Margin (% of net sales)[1]	27.0%	27.5%		
EBITDA pre[1]	2,585	2,589	-4	-0.2%
Margin (% of net sales)[1]	28.8%	29.0%		

[1] Not defined by IFRS Accounting Standards.

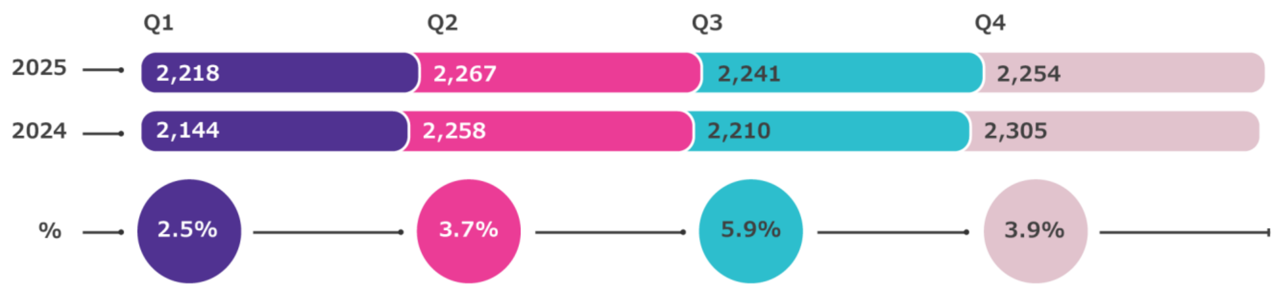
[2] Not defined by IFRS Accounting Standards; EBITDA corresponds to operating result (EBIT) adjusted by depreciation, amortization, impairment losses, and reversals of impairment losses.

Development of sales and results of operations

The development of net sales in the individual quarters in comparison with 2024 as well as the respective organic growth rates are presented in the following chart:

Life Science

Net sales and organic growth[1] by quarter[2]
€ million/organic growth in %



[1] Not defined by IFRS Accounting Standards.
[2] Quarterly breakdown unaudited.

Life Science

Net sales by business unit

€ million	**2025**	**Share**	**Organic growth[1]**	**Exchange rate effects[1]**	**Acquisitions/ divestments[1]**	**Total change**	2024[2]	Share
Science & Lab Solutions	4,536	51%	0.3%	-3.4%	0.2%	-2.9%	4,672	52%
Process Solutions	3,785	42%	10.7%	-3.5%	0.3%	7.5%	3,522	40%
Life Science Services	659	7%	-4.5%	-3.4%	-0.9%	-8.7%	722	8%
Life Science	**8,980**	**100%**	**4.0%**	**-3.4%**	**0.1%**	**0.7%**	**8,916**	**100%**

[1] Not defined by IFRS Accounting Standards.

[2] Previous-year figures have been adjusted owing to an internal realignment.

- Sales of the Science & Lab Solutions business unit, which provides products and services to support life science research for pharmaceutical, biotechnology and academic research laboratories and researchers as well as scientific and industrial laboratories, remained around stable organically in fiscal 2025. This development was mainly affected by two factors: policy changes in the United States negatively impacting spending by academic and government research labs, and an overall challenging market environment, especially in China. Additionally, early-stage biotech funding in the market remained flat. Unfavorable foreign exchange effects in particular contributed to an overall sales decrease to € 4,536 million (2024: € 4,672 million).

- The Process Solutions business unit, which markets products and services for the entire pharmaceutical production value chain, saw organic growth of 10.7% in fiscal 2025. Despite unfavorable foreign exchange effects, net sales increased across all core regions (Europe, North America, Asia-Pacific) in 2025, driven primarily by higher demand from new customer projects and a normalizing market.

- The Life Science Services business unit, which offers fully integrated contract testing, development and manufacturing services, recorded a significant organic sales decline in fiscal 2025. This was mainly driven by the organic decline from our contract testing activities, due mainly to non-repeat projects in the previous year. Including unfavorable foreign exchange effects, the decline in sales was mainly attributable to North America.

Net sales of the business sector by region developed as follows:

Life Science

Net sales by region

€ million	**2025**	**Share**	**Organic growth**[1]	**Exchange rate effects**[1]	**Acquisitions/ divestments**[1]	**Total change**	2024	Share
Europe	3,315	37%	5.8%	–	–	5.7%	3,136	35%
North America	3,065	34%	1.4%	-4.3%	0.4%	-2.6%	3,146	35%
Asia-Pacific (APAC)	2,125	24%	4.5%	-5.4%	–	-0.8%	2,143	24%
Latin America	362	4%	8.2%	-13.6%	–	-5.3%	382	4%
Middle East and Africa (MEA)	112	1%	3.1%	-0.1%	–	3.0%	109	1%
Life Science	**8,980**	**100%**	**4.0%**	**-3.4%**	**0.1%**	**0.7%**	**8,916**	**100%**

[1] Not defined by IFRS Accounting Standards.

The following table presents the composition of EBITDA pre for 2025 in comparison with 2024. The IFRS Accounting Standards figures have been modified to reflect the elimination of adjustments included in the respective functional costs.

Life Science

Reconciliation EBITDA pre[1]

	2025			2024			Change
€ million	IFRS	Elimination of adjustments	Pre[1]	IFRS	Elimination of adjustments	Pre[1]	Pre[1]
Net sales	**8,980**	**–**	**8,980**	**8,916**	**–**	**8,916**	**0.7%**
Cost of sales	-4,225	40	-4,185	-4,150	25	-4,125	1.4%
Gross profit	**4,755**	**40**	**4,795**	**4,766**	**25**	**4,791**	**0.1%**
Marketing and selling expenses	-2,199	6	-2,193	-2,238	25	-2,213	-0.9%
Administration expenses	-449	57	-393	-441	58	-382	2.7%
Research and development costs	-401	-1	-402	-388	1	-387	4.0%
Impairment losses and reversals of impairment losses on financial assets (net)	-5	–	-5	-7	–	-7	-23.9%
Other operating income and expenses	-233	160	-73	-186	111	-75	-2.9%
Operating result (EBIT)[1]	**1,467**			**1,507**			
Depreciation/amortization/ impairment losses/reversals of impairment losses	956	-99	857	948	-86	863	-0.7%
EBITDA[2]	**2,423**			**2,455**			
Restructuring expenses	64	-64	–	73	-73	–	
Integration expenses/IT expenses	54	-54	–	46	-46	–	
Gains (-)/losses (+) on the divestment of businesses	24	-24	–	1	-1	–	
Acquisition-related adjustments	5	-5	–	14	-14	–	
Other adjustments	14	-14	–	–	–	–	
EBITDA pre[2]	**2,585**	**–**	**2,585**	**2,589**	**–**	**2,589**	**-0.2%**
of which: organic growth[1]							3.9%
of which: exchange rate effects							-4.3%
of which: acquisitions/ divestments							0.3%

[1] Not defined by IFRS Accounting Standards.

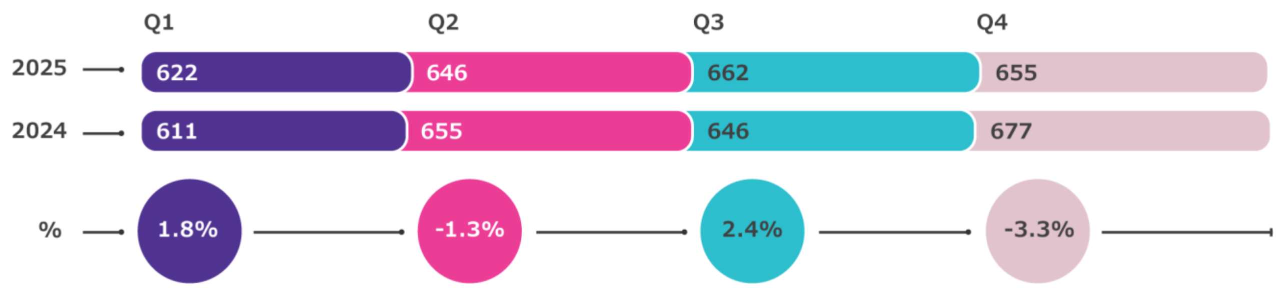
[2] Not defined by IFRS Accounting Standards; EBITDA corresponds to operating result (EBIT) adjusted by depreciation, amortization, impairment losses, and reversals of impairment losses.

- Adjusted gross profit for the Life Science business sector remained around stable in fiscal 2025 compared with the previous year. Positive impacts such as the organic sales growth of Process Solutions in the low-teens percentage range and strict management of production costs were offset by higher tariff charges following the U.S. administration’s introduction of increased tariffs as well as unfavorable foreign exchange effects. At 53.4%, the adjusted gross margin in fiscal 2025 was around stable compared with the previous year (2024: 53.7%).
- Marketing and selling expenses declined slightly in fiscal 2025 compared with fiscal 2024. Annual wage and salary increases were offset by saving measures and positive foreign exchange effects. The increase in research and development (R&D) costs was mainly driven by higher expenses for R&D projects to foster innovation and future growth and was also related to the acquisition of Mirus Bio LLC, USA, and Hub Organoids Holding B.V., Netherlands.
- While EBITDA pre saw a moderate organic increase in 2025 in line with the moderate organic sales growth, overall growth was impacted by unfavorable foreign exchange effects which offset the organic performance. Despite the unfavorable foreign exchange effects and the impact from increased tariffs, the EBITDA pre margin of 28.8% (2024: 29.0%) remained around stable overall in fiscal 2025.

The development of EBITDA pre in the individual quarters in comparison with 2024 is presented in the following overview:

Life Science

EBITDA pre[1] and change by quarter[2]
€ million/change in %



[1] Not defined by IFRS Accounting Standards.
[2] Quarterly breakdown unaudited.

Healthcare

Healthcare

Key figures

€ million	2025	2024	Change € million	Change %
Net sales	8,607	8,455	153	1.8%
Operating result (EBIT)[1]	2,165	2,481	-316	-12.7%
Margin (% of net sales)[1]	25.2%	29.3%		
EBITDA[2]	2,864	3,021	-156	-5.2%
Margin (% of net sales)[1]	33.3%	35.7%		
EBITDA pre[1]	3,080	2,995	85	2.8%
Margin (% of net sales)[1]	35.8%	35.4%		

[1] Not defined by IFRS Accounting Standards.

[2] Not defined by IFRS Accounting Standards; EBITDA corresponds to operating result (EBIT) adjusted by depreciation, amortization, impairment losses, and reversals of impairment losses.

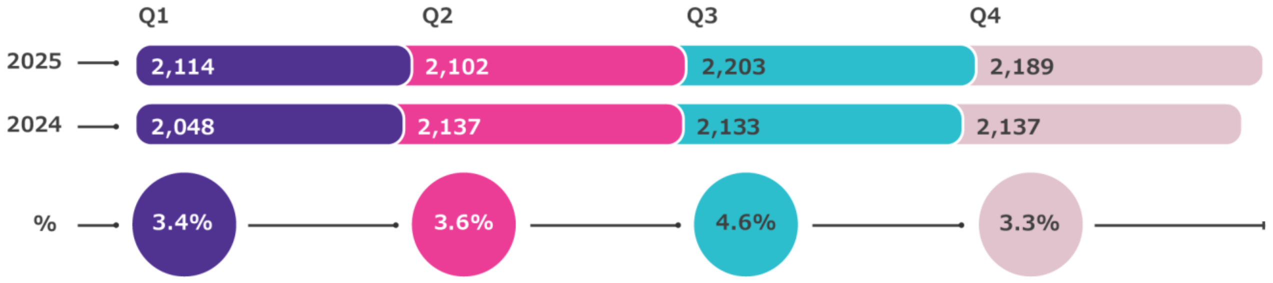
Development of sales and results of operations

The development of net sales in the individual quarters in comparison with 2024 as well as the respective organic growth rates are presented in the following chart:

Healthcare

Net sales and organic growth[1] by quarter[2]

€ million/organic growth in %



[1] Not defined by IFRS Accounting Standards.
[2] Quarterly breakdown unaudited.

Net sales of the key product lines and products developed as follows in 2025:

Healthcare

Net sales by major product lines/products

€ million	2025	Share	Organic growth[1]	Exchange rate effects[1]	Acquisitions/ divestments[1]	Total change[1]	2024	Share
Oncology	**1,926**	**22%**	**0.3%**	**-4.5%**	**–**	**-4.2%**	**2,009**	**24%**
thereof: Erbitux®	1,176	14%	6.6%	-5.5%	–	1.2%	1,162	14%
thereof: Bavencio®	612	7%	-13.8%	-2.9%	–	-16.7%	735	9%
Rare Diseases	**188**	**3%**						
thereof: Ogsiveo®	134	2%						
thereof: Gomekli®	55	1%						
Neurology & Immunology	**1,659**	**19%**	**1.9%**	**-3.6%**	**–**	**-1.7%**	**1,688**	**20%**
thereof: Mavenclad®	1,194	14%	16.6%	-4.1%	–	12.4%	1,062	13%
thereof: Rebif®	465	5%	-23.0%	-2.8%	–	-25.8%	626	7%
Fertility	**1,457**	**17%**	**0.4%**	**-5.1%**	**–**	**-4.6%**	**1,528**	**18%**
thereof: Gonal-f®	735	9%	-6.7%	-5.0%	–	-11.7%	833	10%
thereof: Pergoveris®	329	4%	22.6%	-5.2%	–	17.4%	280	3%
Cardiovascular, Metabolism & Endocrinology	**3,050**	**35%**	**7.3%**	**-3.8%**	**–**	**3.4%**	**2,949**	**35%**
thereof: Glucophage®	975	11%	5.9%	-3.7%	–	2.3%	954	11%
thereof: Concor®	625	7%	4.7%	-2.3%	–	2.4%	611	7%
thereof: Euthyrox®	653	8%	9.4%	-3.9%	–	5.4%	619	7%
thereof: Saizen®	388	5%	13.0%	-6.8%	–	6.2%	366	4%
Other	**328**	**4%**					**280**	**3%**
Healthcare	**8,607**	**100%**	**3.7%**	**-4.1%**	**2.2%**	**1.8%**	**8,455**	**100%**

[1] Not defined by IFRS Accounting Standards.

- The oncology drug Erbitux® (cetuximab) recorded strong organic sales growth in fiscal 2025, supported by the Latin America, Europe and Middle East and Africa regions in particular. Growth in these regions was driven by increased demand compared with the year-earlier period.
- In immuno-oncology, the oncology drug Bavencio® (avelumab) recorded a decline in the mid-teen percentage range in the reporting period. This sales decline was attributable to reduced demand in North America in particular, but also in Asia-Pacific and Europe, as alternative treatment methods for patients with locally advanced or metastatic urothelial carcinoma were increasingly preferred.
- The Rare Diseases franchise includes sales from the products Ogsiveo® (nirogacestat), which is used to treat progressing desmoid tumors, and Gomekli® (mirdametinib), which is the first and only medicine for both adults and children aged two years and older with NF1-associated plexiform neurofibromas (NF1-PN). Both products were gained as a result of the acquisition of SpringWorks Therapeutics, Inc., USA, (SpringWorks), on July 1, 2025, and have since contributed to our portfolio and overall growth. This is reflected in acquisition-related growth of 2.2% for Healthcare.
- Mavenclad®, for the oral short-course treatment of highly active relapsing forms of multiple sclerosis (MS), generated organic sales growth in the high-teen percentage range in fiscal 2025, maintaining its blockbuster status for the third year in a row with net sales of more than US$ 1 billion. This favorable growth was driven primarily by increasing demand in North America and Europe.
- Sales of the drug Rebif®, which is used to treat relapsing forms of MS, decreased organically in the low-twenties percentage range in fiscal 2025. This was attributable to the ongoing difficult competitive situation in the interferon market due to challenges from oral dosage forms and high-efficacy MS therapies.

- Sales of the Fertility franchise remained around stable organically in fiscal 2025 compared with the year-earlier period. Gonal-f®, the leading recombinant hormone used in the treatment of infertility, saw a strong organic sales decline. This development was primarily influenced by the North America region. In the same period, Pergoveris®, which combines recombinant human follicle-stimulating hormone (r-hFSH) and recombinant human luteinizing hormone (r-hLH), posted organic sales growth in the low-twenties percentage range, to which all regions contributed.

- The Cardiovascular, Metabolism & Endocrinology franchise, which commercializes drugs for the treatment of cardiovascular diseases, thyroid disorders, diabetes, and growth disorders, delivered strong organic sales growth in fiscal 2025 thanks to increased demand. The diabetes medicine Glucophage® posted solid sales growth, driven primarily by the Latin America and Asia-Pacific regions. The beta-blocker Concor® also saw solid organic sales growth, driven mainly by the Asia-Pacific region. The thyroid medicine Euthyrox® achieved strong organic sales growth compared with the year-earlier period, to which all regions except North America contributed. The product Saizen® for the treatment of various growth hormone disorders recorded organic sales growth in the low-teens percentage range compared with the year-earlier period. This was mainly influenced by the development in the Middle East and Africa, Latin America and Europe regions.

Healthcare

Product sales and organic growth[1] of Mavenclad®, Erbitux® and Glucophage® by region – 2025

		Total	Europe	North America	Asia-Pacific (APAC)	Latin America	Middle East and Africa (MEA)
Mavenclad®	€ million	1,194	423	635	19	69	48
	Organic growth[1]	16.6%	13.3%	18.1%	-3.3%	31.9%	14.6%
	Share	100%	35%	53%	2%	6%	4%
Erbitux®	€ million	1,176	483	–	476	138	79
	Organic growth[1]	6.6%	5.5%	–	-1.3%	31.3%	24.9%
	Share	100%	41%	–	40%	12%	7%
Glucophage®	€ million	975	142	–	509	229	95
	Organic growth[1]	5.9%	2.5%	–	5.3%	14.1%	-3.2%
	Share	100%	15%	–	52%	23%	10%

[1] Not defined by IFRS Accounting Standards.

Net sales in the Healthcare business sector by region in 2025 developed as follows:

Healthcare

Net sales by region

€ million	2025	Share	Organic growth[1]	Exchange rate effects[1]	Acquisitions/ divestments[1]	Total change	2024	Share
Europe	2,835	33%	4.6%	-0.7%	0.4%	4.3%	2,720	32%
North America	1,810	21%	-4.2%	-4.0%	10.0%	1.8%	1,778	21%
Asia-Pacific (APAC)	2,277	27%	3.0%	-4.3%	–	-1.2%	2,305	27%
Latin America	1,062	12%	13.1%	-12.5%	–	0.5%	1,056	12%
Middle East and Africa (MEA)	622	7%	9.4%	-4.8%	–	4.6%	595	7%
Healthcare	**8,607**	**100%**	**3.7%**	**-4.1%**	**2.2%**	**1.8%**	**8,455**	**100%**

[1] Not defined by IFRS Accounting Standards.

The following table presents the composition of EBITDA pre in fiscal 2025 in comparison with 2024. The IFRS Accounting Standards figures have been modified to reflect the elimination of adjustments included in the functional costs.

Healthcare

Reconciliation EBITDA pre[1]

	2025			2024			Change
€ million	IFRS	Elimination of adjustments	Pre[1]	IFRS	Elimination of adjustments	Pre[1]	Pre[1]
Net sales	**8,607**	**–**	**8,607**	**8,455**	**–**	**8,455**	**1.8%**
Cost of sales	-2,368	54	-2,314	-2,201	–	-2,201	5.2%
Gross profit	**6,239**	**54**	**6,293**	**6,254**	**–**	**6,254**	**0.6%**
Marketing and selling expenses	-1,832	62	-1,770	-1,713	3	-1,710	3.5%
Administration expenses	-355	32	-323	-313	12	-301	7.2%
Research and development costs	-1,661	34	-1,627	-1,503	9	-1,493	8.9%
Impairment losses and reversals of impairment losses on financial assets (net)	22	–	22	2	–	2	>100.0%
Other operating income and expenses	-248	229	-18	-247	110	-137	-86.6%
Operating result (EBIT)[1]	**2,165**			**2,481**			
Depreciation/amortization/ impairment losses/reversals of impairment losses	699	-197	502	540	-160	380	32.3%
EBITDA[2]	**2,864**			**3,021**			
Restructuring expenses	65	-65	–	8	-8	–	
Integration expenses/IT expenses	112	-112	–	11	-11	–	
Gains (-)/losses (+) on the divestment of businesses	1	-1	–	-45	45	–	
Acquisition-related adjustments	38	-38	–	–	–	–	
Other adjustments	–	–	–	–	–	–	
EBITDA pre[1]	**3,080**	**–**	**3,080**	**2,995**	**–**	**2,995**	**2.8%**
of which: organic growth[1]							11.5%
of which: exchange rate effects							-8.5%
of which: acquisitions/ divestments							-0.1%

[1] Not defined by IFRS Accounting Standards.

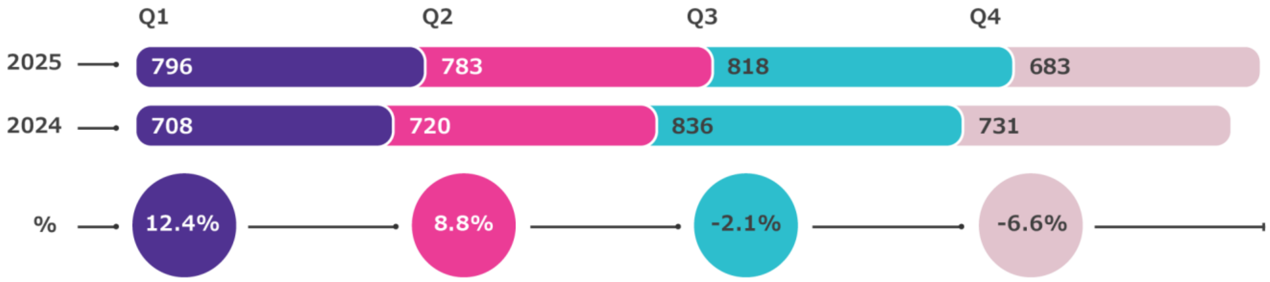
[2] Not defined by IFRS Accounting Standards; EBITDA corresponds to operating result (EBIT) adjusted by depreciation, amortization, impairment losses, and reversals of impairment losses.

- In fiscal 2025, gross profit after the elimination of adjustments remained around stable, whereas the gross margin, at 73.1% (2024: 74.0%), decreased slightly year-on-year.
- After the elimination of adjustments, marketing and selling expenses increased moderately in the reporting period. Moreover, after eliminating adjustments in both cases, research and development costs and administration expenses increased significantly in fiscal 2025. This development was driven primarily by the additional follow-on costs resulting from the acquisition of SpringWorks. The continuous intensification of research and development projects caused an additional increase in research and development costs.
- In fiscal 2025, the negative net balance of other operating expenses and income after eliminating adjustments declined considerably compared with the previous year. This was especially attributable to income of € 61 million from the sale of an intangible asset that entitles the holder to priority review by the U.S. Food and Drug Administration.
- In fiscal 2025, EBITDA pre recorded an organic increase in the low-teens percentage range. However, strong negative foreign exchange effects meant that EBITDA pre increased moderately overall. In fiscal 2025, the EBITDA pre margin was 35.8% (2024: 35.4%) and thus remained around stable.

The development of EBITDA pre in the individual quarters in comparison with 2024 is presented in the following overview:

Healthcare

EBITDA pre[1] and change by quarter[2]
€ million/change in %



[1] Not defined by IFRS Accounting Standards.
[2] Quarterly breakdown unaudited.

Electronics

Electronics

Key figures

€ million	2025	2024	Change € million	Change %
Net sales	3,515	3,785	-271	-7.1%
Operating result (EBIT)[1]	381	360	21	5.9%
Margin (% of net sales)[1]	10.8%	9.5%		
EBITDA[2]	903	887	16	1.8%
Margin (% of net sales)[1]	25.7%	23.4%		
EBITDA pre[1]	833	970	-137	-14.1%
Margin (% of net sales)[1]	23.7%	25.6%		

[1] Not defined by IFRS Accounting Standards.

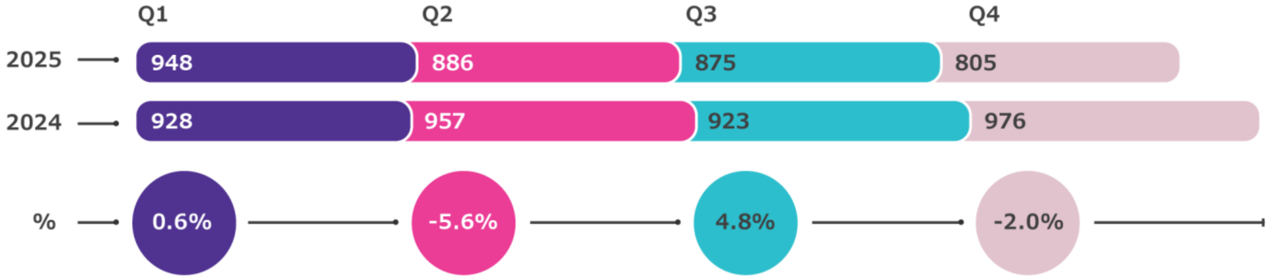
[2] Not defined by IFRS Accounting Standards; EBITDA corresponds to operating result (EBIT) adjusted by depreciation, amortization, impairment losses, and reversals of impairment losses.

Development of sales and results of operations

The development of net sales in the individual quarters in comparison with 2024 as well as the respective organic growth rates are presented in the following chart:

Electronics

Net sales and organic growth[1] by quarter[2]
€ million/organic growth in %



[1] Not defined by IFRS Accounting Standards.
[2] Quarterly breakdown unaudited.

Electronics

Net sales by business unit

€ million	2025	Share	Organic growth[1]	Exchange rate effects[1]	Acquisitions/ divestments[1]	Total change	2024	Share
Semiconductor Solutions	2,494	71%	-1.4%	-3.7%	-0.1%	-5.2%	2,631	69%
Optronics	772	22%	0.6%	-3.2%	5.8%	3.2%	748	20%
Surface Solutions	249	7%	1.9%	-1.3%	-39.5%	-38.8%	406	11%
Electronics	**3,515**	**100%**	**-0.6%**	**-3.3%**	**-3.2%**	**-7.1%**	**3,785**	**100%**

[1] Not defined by IFRS Accounting Standards.

- The Semiconductor Solutions business unit, which comprises the Semiconductor Materials and Delivery Systems & Services (DS&S) businesses, posted around stable organic sales development in fiscal 2025 compared with the previous year. Semiconductor Materials achieved strong organic sales growth, which was driven by demand for state-of-the-art microchips (advanced nodes) in the field of artificial intelligence as well as for mature microchips (mature nodes). By contrast, DS&S recorded a sales decline in the low double-digit percentage range, caused by ongoing delays to large projects on the part of our customers. Alongside negative foreign exchange effects, this led to a significant overall decline in sales in the Semiconductor Solutions business unit.

- Net sales of the Optronics business unit, consisting mainly of the business with liquid crystals, photoresists for display applications, OLED materials, and metrology and inspection equipment, delivered moderate growth in fiscal 2025. At the end of fiscal 2025, Unity-SC SAS, France, contributed to organic growth for the first time since the acquisition, which was completed October 31, 2024. The continuing price pressure in the field of liquid crystals was partially offset by increased volume.

- The Surface Solutions business unit achieved slight organic sales growth in fiscal 2025. The Coatings business field contributed to this with moderate organic growth, while the Cosmetics business field recorded around stable organic development. Due to the divestment of the business unit to Global New Material International Holdings Ltd., Cayman Islands, which closed on July 31, 2025, and the associated divestment effect, net sales were significantly below the level of the previous year overall.

Net sales of the Electronics business sector by region developed as follows:

Electronics

Net sales by region

€ million	**2025**	**Share**	**Organic growth**[1]	**Exchange rate effects**[1]	**Acquisitions/ divestments**[1]	**Total change**	2024	Share
Europe	266	8%	0.2%	-0.5%	-15.3%	-15.6%	316	8%
North America	642	18%	-11.8%	-3.1%	-3.4%	-18.2%	785	21%
Asia-Pacific (APAC)	2,533	72%	3.5%	-3.7%	-1.1%	-1.4%	2,569	68%
Latin America	23	1%	5.1%	-7.9%	-36.2%	-39.0%	38	1%
Middle East and Africa (MEA)	50	1%	-28.1%	-2.8%	-4.3%	-35.2%	77	2%
Electronics	**3,515**	**100%**	**-0.6%**	**-3.3%**	**-3.2%**	**-7.1%**	**3,785**	**100%**

[1] Not defined by IFRS Accounting Standards.

The following table presents the composition of EBITDA pre for 2025 in comparison with 2024. The IFRS Accounting Standards figures have been modified to reflect the elimination of adjustments included in the respective functional costs.

Electronics

Reconciliation EBITDA pre[1]

€ million	2025 IFRS	2025 Elimination of adjustments	2025 Pre[1]	2024 IFRS	2024 Elimination of adjustments	2024 Pre[1]	Change Pre[1]
Net sales	**3,515**	**–**	**3,515**	**3,785**	**–**	**3,785**	**-7.1%**
Cost of sales	-2,162	19	-2,143	-2,319	16	-2,303	-6.9%
Gross profit	**1,352**	**19**	**1,371**	**1,466**	**16**	**1,483**	**-7.5%**
Marketing and selling expenses	-519	2	-517	-568	2	-566	-8.7%
Administration expenses	-151	15	-136	-166	33	-133	2.6%
Research and development costs	-291	1	-290	-297	1	-296	-2.1%
Impairment losses and reversals of impairment losses on financial assets(net)	-2	–	-2	-2	2	–	>100.0%
Other operating income and expenses	-9	-34	-43	-75	58	-16	>100.0%
Operating result (EBIT)[1]	**381**			**360**			
Depreciation/amortization/ impairment losses/reversals of impairment losses	522	-73	448	527	-29	498	-9.9%
EBITDA[2]	**903**			**887**			
Restructuring expenses	29	-29	–	22	-22	–	
Integration expenses/IT expenses	15	-15	–	32	-32	–	
Gains (-)/losses (+) on the divestment of businesses	-113	113	–	17	-17	–	
Acquisition-related adjustments	–	–	–	12	-12	–	
Other adjustments	–	–	–	–	–	–	
EBITDA pre[1]	**833**	**–**	**833**	**970**	**–**	**970**	**-14.1%**
of which: organic growth[1]							-9.0%
of which: exchange rate effects							-4.4%
of which: acquisitions/ divestments							-0.7%

[1] Not defined by IFRS Accounting Standards.

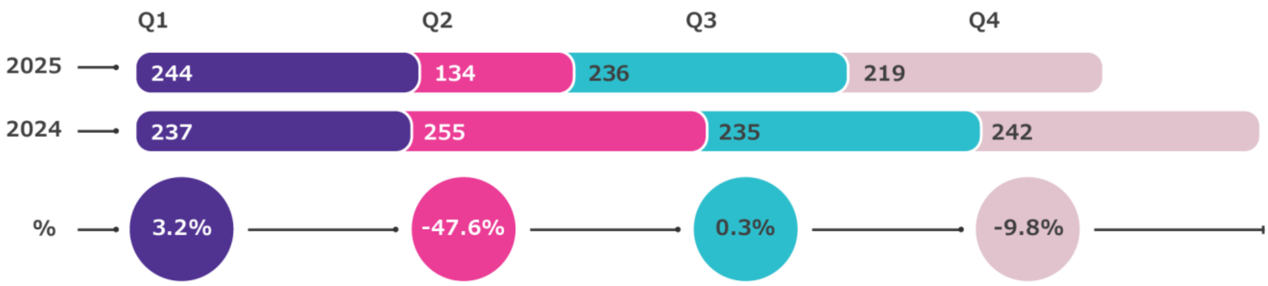
[2] Not defined by IFRS Accounting Standards; EBITDA corresponds to operating result (EBIT) adjusted by depreciation, amortization, impairment losses, and reversals of impairment losses.

- Due to the aforementioned decline in sales, gross profit of the Electronics business sector after eliminating adjustments declined significantly in fiscal 2025, primarily as a result of lower sales volumes and the poorer coverage of fixed costs associated with this. The gross margin after eliminating adjustments stood at 39.0% and was therefore around stable compared with the previous year (2024: 39.2%).
- Marketing and selling expenses decreased significantly compared with the previous year, which was attributable to the successful implementation of initiatives for lowering costs and raising efficiency. The divestment of the Surface Solutions business unit also had a positive effect. Conversely, administration expenses increased moderately, due primarily to higher project costs for cybersecurity and inflation.
- The negative net balance of other operating income and expenses before adjustments decreased considerably year-on-year. This resulted primarily from the proceeds from the divestment of the Surface Solutions business unit.
- Overall, EBITDA pre declined by € 137 million year-on-year in fiscal 2025. The EBITDA pre margin declined to 23.7% (2024: 25.6%).

The development of EBITDA pre in the individual quarters in comparison with 2024 is presented in the following overview:

Electronics

EBITDA pre[1] and change by quarter[2]
€ million/change in %



[1] Not defined by IFRS Accounting Standards.
[2] Quarterly breakdown unaudited.

Corporate and Other

Corporate and Other comprises administrative expenses for central Group functions that cannot be directly allocated to the business sectors.

Corporate and other

Key figures

			Change	
€ million	**2025**	2024	€ million	%
Operating result (EBIT)[1]	-413	-702	289	-41.2%
EBITDA[2]	-291	-584	293	-50.2%
EBITDA pre[1]	-388	-482	94	-19.4%

[1] Not defined by IFRS Accounting Standards.

[2] Not defined by IFRS Accounting Standards; EBITDA corresponds to operating result (EBIT) adjusted by depreciation, amortization, impairment losses, and reversals of impairment losses.

In particular, the improvement in the operating result and EBITDA in fiscal 2025 in comparison with the previous year was attributable to other operating income from realized gains from currency translation due to an absolute reduction of the share in a foreign business operation, with the corresponding reclassification of the pro rata accumulated currency translation difference. When adjusted for this income, EBITDA pre also improved compared with the previous year. Income from non-income taxes due to changes in legislation in Latin America also had a favorable impact on earnings in all three key performance indicators. These positive effects were partly offset by higher ongoing administrative expenses. Cross-business research and development costs amounting to € 62 million (2024: € 92 million) were allocated to Corporate and Other.