

Course of Business and Economic Position

Group

Group

Key figures

€ million	2025	2024	Change	
			€ million	%
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.

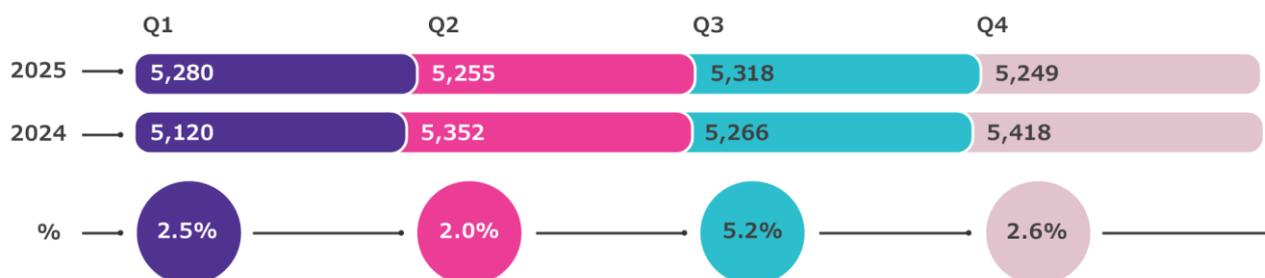
Development of net sales and results of operations

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 growth¹ by quarter²

€ 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	%	€ million	%	€ million	%
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 sector¹ – 2025

€ million/%



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

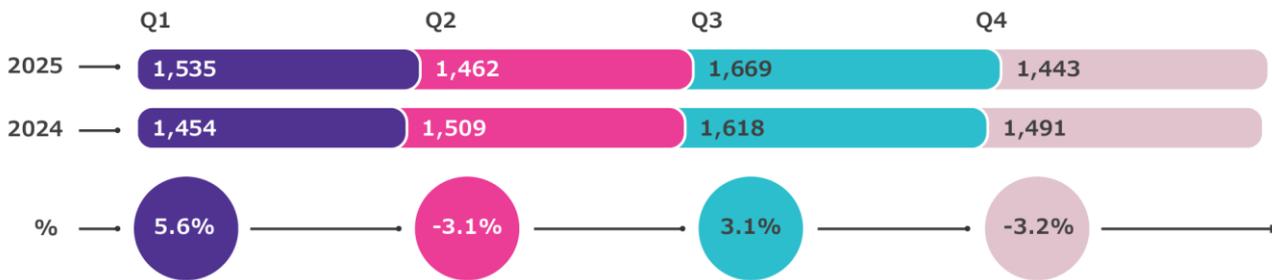
- The sales growth of the Life Science and Healthcare business sectors offset the decline in sales of the Electronics business sector; as such, net sales in fiscal 2025 remained around stable compared with the previous year. Gross profit also remained around stable compared with the year-earlier period.
- 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 pre¹ and change by quarter²

€ million/change in %



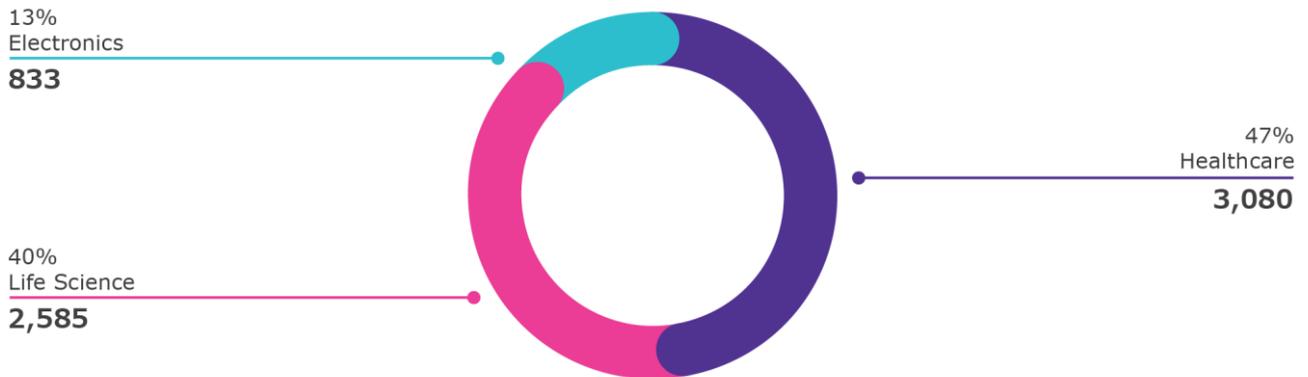
¹ Not defined by IFRS Accounting Standards.

² Quarterly breakdown unaudited.

Group

EBITDA pre¹ by business sector² – 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 debt¹

€ 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 debt¹	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

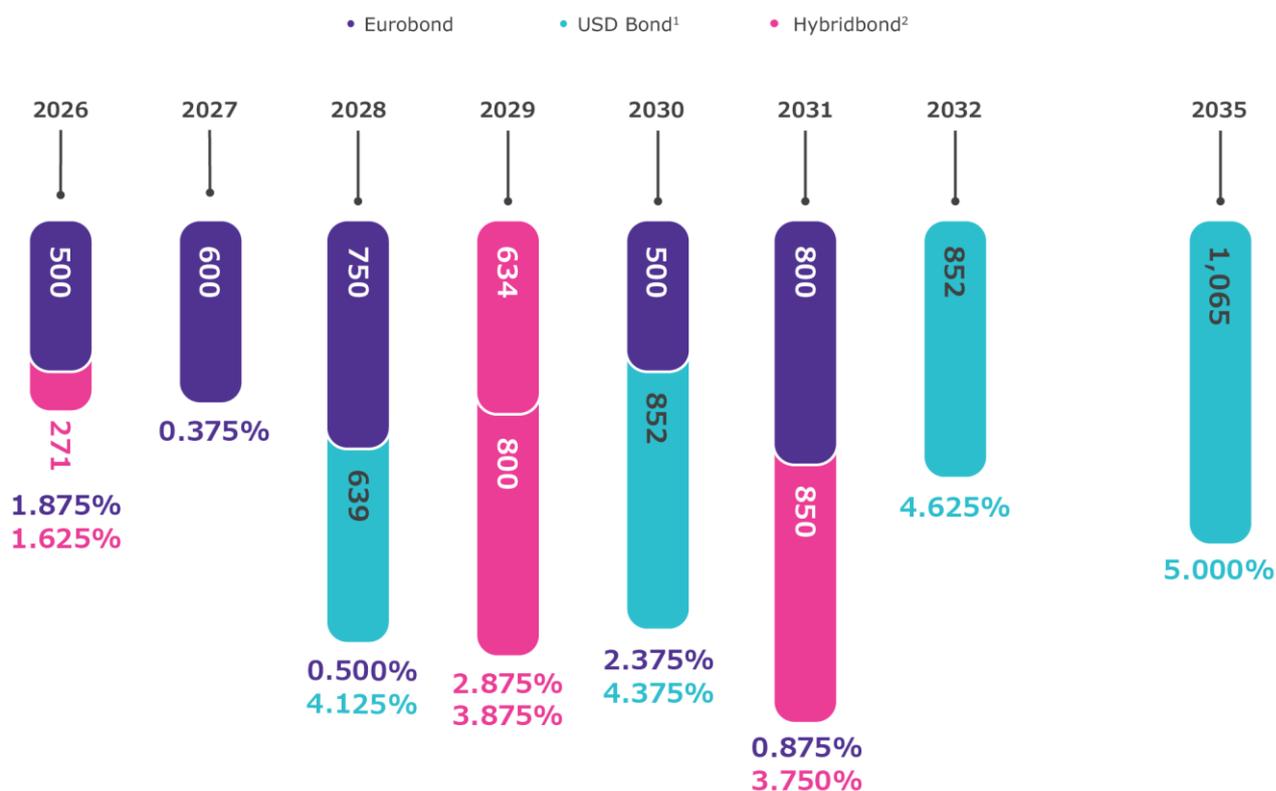
Reconciliation of net financial debt¹

€ 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	55.6%	58.1%	55.2%	53.6%	47.2%
	Total assets					
Asset ratio ¹	Non-current assets	74.3%	73.9%	74.4%	74.9%	75.8%
	Total assets					
Asset coverage ¹	Total equity	74.8%	78.6%	74.1%	71.6%	62.3%
	Non-current assets					
Finance structure ¹	Current liabilities	39.5%	52.3%	40.0%	42.2%	43.6%
	Liabilities (total)					

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).

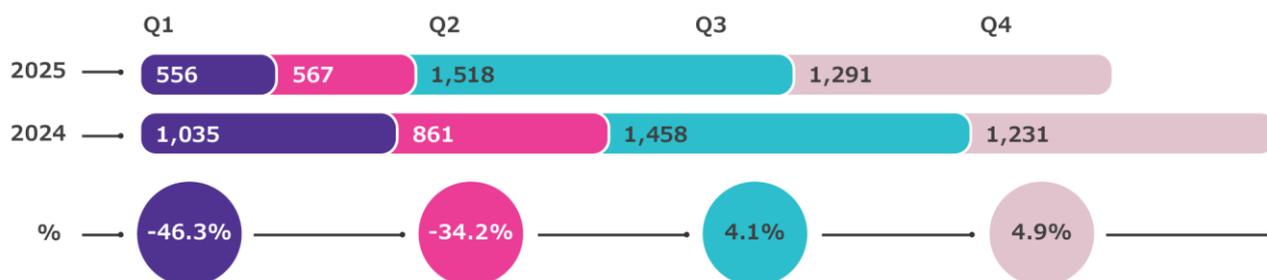
In the area of financial risks and opportunities, the Group uses an active management strategy to reduce the effects of fluctuations in exchange and interest rates. This also includes the use of derivative financial instruments. Further details on liquidity and counterparty market risks and opportunities 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 flow¹ and change by quarter²

€ 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.