Fundamental information about the Group

Company Profile and Structure

We are a science and technology company dedicated to our vision “Sparking Discovery, Elevating Humanity”. In our three business sectors Life Science, Healthcare and Electronics, we work together to create value on behalf of customers and patients.

Ever since we were established in 1668, we have continuously reinvented ourselves and adopted a long-term mindset. This approach is rooted in responsibility, care and respect: for our work, our employees, our customers, patients, society, and our planet. We are committed to working toward a better future and delivering sustainable progress for humankind.

The founding family, now in its 13th generation, is still the majority owner. This is made possible by the structure of our company as a corporation with general partners (Kommanditgesellschaft auf Aktien – KGaA). In a KGaA, the total capital is divided between general partners and limited partners; the general partners are personally liable with their assets, while the limited partners are liable with their contributions. The founding family holds a 70.274% stake in the listed MERCK Kommanditgesellschaft auf Aktien, Darmstadt, Germany (Merck KGaA, Darmstadt, Germany), as a general partner via the Group’s ultimate parent company, E. Merck Kommanditgesellschaft, Darmstadt, Germany. The remaining 29.726% of the share capital of Merck KGaA, Darmstadt, Germany, is traded on the regulated market of the Frankfurt Stock Exchange and other stock exchanges.

The assessment of business development and the allocation of financial resources are carried out by the entire management of the company for the Life Science, Healthcare and Electronics business sectors as well as the supporting Group functions. In addition to the Chair of the Executive Board and CEO Belén Garijo, the Members of the Executive Board are Kai Beckmann, Deputy Chair of the Executive Board and CEO Electronics, Dan Pinhas Bar Zohar, CEO Healthcare, Khadija Ben Hammada, Chief People Officer (CPO), Helene von Roeder, Chief Financial Officer, and Jean-Charles Wirth, CEO Life Science. Khadija Ben Hammada was named CPO and appointed to the Executive Board of the Group on March 1, 2025. Jean-Charles Wirth and Dan Pinhas Bar Zohar were appointed as CEO Life Science and CEO Healthcare respectively on June 1, 2025, succeeding Matthias Heinzel and Peter Guenter on the Executive Board of the Group. On September 25, 2025, we announced that Kai Beckmann will take over the role of Belén Garijo as Chair of the Executive Board and CEO effective May 1, 2026; Belén Garijo will retain her role until the planned end of her term of office at the end of April 2026.

We hold the global rights to the company name and brand. The only exceptions are Canada and the United States. In these countries, we operate as MilliporeSigma in the Life Science business, as EMD Serono in the Healthcare business and as EMD Electronics in the Electronics business.

Apart from our three business sectors, our financial reporting presents five regions: Europe, North America, Asia-Pacific, Latin America, and the Middle East and Africa. As of December 31, 2025, we had 62,461 employees[1] worldwide. The figure on December 31, 2024, was 62,557 employees[1].

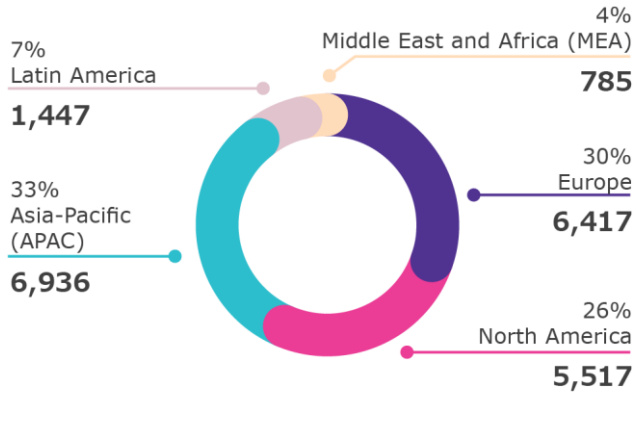
[1] Our company also employs people at sites of subsidiaries that are not fully consolidated. These numbers refer to people employed in fully consolidated subsidiaries.

We have summarized further details on our employees and important sustainability topics, as well as the key indicators used to monitor sustainability and the degree to which we have achieved our strategic goals, in the **(Group) Sustainability Statement**. The description of our business model and the value chain according to the requirements of the European Sustainability Reporting Standards (ESRS 2 SBM-1) can be found here in the "Company Profile and Structure" chapter.

For fiscal 2025, we exercise the option of publishing the Statement on Corporate Governance on the Group's **website** in accordance with section 315d of the German Commercial Code (HGB) in conjunction with section 289f (1) sentence 2 HGB.

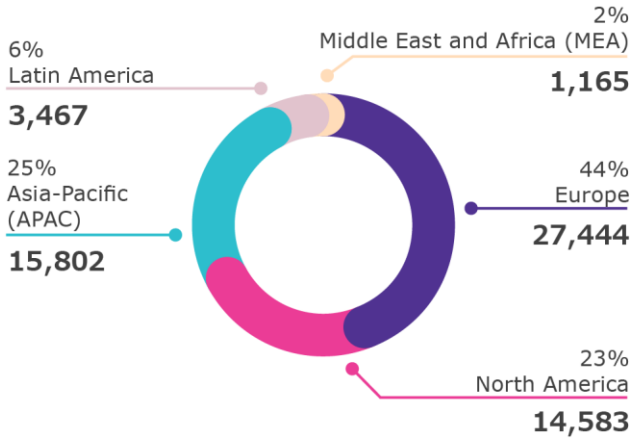
Group

Net sales by region
€ million/in % of net sales



Group

Employees by region as of December 31, 2025[1]
Number/in %



[1] Our company also employs people at sites of subsidiaries that are not fully consolidated. These numbers refer to people employed in fully consolidated subsidiaries.

Life Science

We are a leading provider of products, solutions and services for a wide range of customers, including academic, research and diagnostic labs, biotech and pharmaceutical companies, as well as the industrial sector. Together with our customers, our purpose is to impact life and health with science.

Across our Life Science business sector, we collaborate with the global scientific community to drive innovation. We remain focused on executing our strategy and reinforcing our position as a diversified life science company through our three business units. Our strategy is based on three focus areas – expanding portfolio leadership, enhancing customer experience and driving operational excellence – positioning us to be more agile in a dynamic market environment.

To strengthen customer experience, we announced an updated go-to-market strategy in October 2025, aimed at transforming our three business units to accelerate growth and better align our approach with specific customer needs. The updated model came into effect on January 1, 2026. Process Solutions continues to provide pharma and biotech manufacturers with embedded solutions that support critical biopharmaceutical processes. Our newly established Advanced Solutions business unit offers specialized products and services delivered through high-touch commercial models, such as contract testing services as well as diagnostic and

regulated materials. Our new Discovery Solutions business unit has a digital-first focus for fast, convenient access to high-quality biology and chemistry catalog products.

Our previous business unit structure – with Science & Lab Solutions, Process Solutions and Life Science Services – will continue to be reflected in this Combined Management Report.

Our progress is driven by close collaboration with customers to advance scientific discovery and get new therapies off the ground faster. From novel modalities such as antibody-drug conjugates (ADCs) and gene therapies to cutting-edge research tools and next-generation bioprocessing technologies, we enable breakthroughs through our deep technical expertise and broad capabilities. By continuously innovating across materials, tools and digital solutions, we help scientists accelerate progress from early research to large-scale manufacturing.

To accomplish this, more than 1,700 scientists in research and development within Life Science across twelve sites worldwide focus on strengthening our core portfolio and developing innovations. Their work fuels a steady new product development and innovation pipeline that supports our customers' work from early discovery to manufacturing.

We are strategically expanding partnerships with industry and academia to accelerate scientific discoveries and support the global scientific community. Building on our 90-year collaboration with Washington University in St. Louis, USA, in July 2025 we signed a memorandum of understanding to support joint research initiatives, technology scouting and research enablement, with an emphasis on sustainable and socially responsible scientific progress.

In September 2025, we deepened our strategic partnership with Siemens AG, Germany, (Siemens), through which we aim to deliver end-to-end digital workflows from drug discovery to manufacturing, combining our Life Science product portfolio and Siemens' digital ecosystem.

In fiscal 2025, Life Science generated 42% of Group sales and 40% of EBITDA pre (excluding Corporate and Other). Europe and North America generated 71% of Life Science's sales in 2025; Asia-Pacific and Latin America accounted for 28% of sales.

Science & Lab Solutions

The Science & Lab Solutions business unit serves customers across the biotechnology and pharmaceutical industries, public authorities, scientific institutions and other industrial markets. Customers can access a broad portfolio including reagents, consumables, devices, instruments, software, and services for research, production and testing in addition to lab water instruments, microbiology and biomonitoring products, test assays, analytical reagents, and flow cytometry kits and instruments.

In January 2025, we announced the closing of the acquisition of Hub Organoids Holding B.V., Netherlands, (Hub Organoids), enhancing our position in next-generation biology. Hub Organoids' proprietary technology enables physiologically relevant 3D human models that can improve drug discovery and disease modeling as well as reducing the reliance on animal testing.

Early in 2025, we entered into a multi-year partnership with Opentrons Labworks Inc., USA, (Opentrons), to bring automation to the lab bench. Together, we aim to improve reproducibility and scalability of laboratory experiments by offering validated robotic protocols across our assay portfolio. Several months after signing the agreement, we launched the first product in July 2025. The AAW™ Workstation, powered by Opentrons, automates routine laboratory experiments previously performed manually and expands our offering in lab automation.

In May 2025, we announced a strategic partnership with Interuniversity Microelectronics Centre, Belgium, (imec), a leading research and innovation hub in nanoelectronics and digital technologies, to develop an advanced microphysiological systems platform. This collaboration aims to make drug discovery and development more efficient by increasing the predictive validity of next-generation preclinical models and progressively reducing the reliance on animal testing.

To further strengthen our leadership in next-generation biology, we also announced a strategic partnership with global life science manufacturer Promega Corporation, USA, in October 2025 to co-develop novel technologies that advance drug screening and discovery.

Process Solutions

The Process Solutions business unit supports biotech and pharma customers that focus on developing and manufacturing traditional and novel therapies with its comprehensive portfolio of products and services, including filtration devices, chromatography resins, single-use systems, process chemicals, and excipients for bioprocessing.

In 2025, we received notable industry recognition for our Process Solutions products. The Mobius® ADC Reactor secured the “Best in Show Award” at INTERPHEX for its innovative design as the first scalable single-use mixer for manufacturing ADCs, a growing class of targeted cancer therapies. We also received the “Innovation Award” from The Medicine Maker for our mPredict™ Co-Crystal Prediction Service, a platform that uses predictive modeling to support faster, data-driven decisions in bioprocessing.

Within our Process Solutions business, we inaugurated our manufacturing facility in Blarney Business Park, Cork, Ireland, in September 2025. With this investment of around € 150 million, we expanded our filter manufacturing capacities. The site is part of Life Science’s larger € 440 million investment in Ireland and strengthens the company’s in-region-for-region supply resilience. It is also our first manufacturing facility designed to be Scope 1 and 2 climate neutral, marking a key milestone in our ambition to achieve climate neutrality by 2040.

In October 2025, we announced the signing of a definitive agreement to acquire the chromatography business of JSR Corporation, Japan, a leader in contract development and manufacturing alongside bioprocessing solutions. Once completed, the acquisition will expand our downstream processing portfolio with advanced protein A chromatography capabilities, supporting more efficient and scalable production of biopharmaceutical therapies, including monoclonal antibodies. The transaction is expected to close in the first half of 2026, subject to regulatory approval and the fulfillment of other customary closing conditions.

Life Science Services

The Life Science Services business unit supports customers in drug development and manufactures novel modalities for biotech and pharmaceutical customers, including high-potency active pharmaceutical ingredients, ADCs and viral and gene therapy products. With our fully integrated offering of contract development, manufacturing and testing services, we support customers from preclinical phases to commercialization. In 2025, we advanced the use of next-generation sequencing testing technologies to support viral clearance for adeno-associated gene therapy development.

Healthcare

Our Healthcare business sector helps to create, improve and prolong lives across the therapeutic areas of oncology, rare diseases, neurology & immunology, and fertility as well as cardiovascular, metabolic and endocrinological disorders. As a global specialty innovator with a strong established business, we deliver a diversified portfolio of therapies to millions of patients around the world every day.

In 2025, Healthcare generated 41% of Group sales and 47% of EBITDA pre (excluding Corporate and Other). Together, Europe and North America made up 54% of Healthcare's net sales in fiscal 2025, while Asia-Pacific and Latin America together accounted for 39%.

We strive to ensure the supply of our high-quality medicines to patients around the world, regardless of circumstances and challenges, while always observing the highest health and safety standards for our people and partners. Throughout 2025, we ensured the supply of our medicines in full alignment with anticipated market demand despite ongoing geopolitical crises.

Oncology

Erbitux® (cetuximab) remains our best-selling oncology drug and maintained its blockbuster status with € 1,176 million in sales in 2025. Erbitux® is a standard of care for patients with epidermal growth factor receptor (EGFR)-expressing, RAS wild-type metastatic colorectal cancer as well as both recurrent and/or metastatic and locally advanced squamous cell carcinoma of the head and neck. We hold the marketing authorization rights to Erbitux® outside of the United States and Canada. With more than 270 active external clinical trials involving Erbitux®, including more than 40 Phase III trials, we are committed to continuously advancing our broad-based lifecycle management strategy (see **Research and Development** for further details).

We have continued to make progress for patients with locally advanced or metastatic urothelial carcinoma (UC) without disease progression on first-line platinum-containing chemotherapy as we continue to obtain additional regulatory approvals and reimbursement decisions for Bavencio® (avelumab), our anti-PD-L1 antibody. Bavencio® is approved as a first-line maintenance treatment for locally advanced/metastatic UC in more than 75 countries. It has become a treatment of choice for this disease in certain markets based on the results of the JAVELIN Bladder 100 trial, the only Phase III trial of an immunotherapy to demonstrate a significant overall survival benefit versus best supportive care alone in the first-line maintenance setting (see **Research and Development** for further details).

Bavencio® is also a standard of care as a monotherapy for the treatment of metastatic Merkel cell carcinoma, a rare form of skin cancer, in more than 65 countries. Additionally, Bavencio® is approved for the first-line treatment of advanced renal cell carcinoma in combination with axitinib in more than 65 countries.

We are also continuing to expand the availability of Tepmetko® (tepotinib), our oral MET inhibitor designed to inhibit the oncogenic MET receptor signaling caused by MET (gene) alterations. Tepmetko® is authorized in approximately 50 markets globally, with regulatory submissions under review in additional markets (see **Research and Development** for further details).

Rare Diseases

On July 1, 2025, we successfully completed the acquisition of SpringWorks Therapeutics, Inc., USA, (SpringWorks), a commercial-stage biopharmaceutical company dedicated to improving the lives of patients with rare diseases. SpringWorks is the largest acquisition by the Healthcare business sector in nearly 20 years and marks the formation of our rare diseases business. By combining our global reach and SpringWorks' expertise in rare diseases, we are paving the way for further expansion in this area.

SpringWorks' portfolio includes two highly transformative therapies for the treatment of rare diseases in areas of high unmet need. Ogsiveo® (nirogacestat) is the first and only therapy approved by the U.S. Food and Drug Administration (FDA) and the European Commission for adults with progressing desmoid tumors who require systemic therapy. These are rare, locally aggressive soft tissue tumors, which can cause patients significant pain, functional impairment and emotional distress due to their unpredictable growth. Following its FDA approval in November 2023, Ogsiveo® rapidly became the standard of care for the systemic therapy of adults with desmoid tumors in the United States. In August 2025, Ogsiveo® became the first approved therapy for patients with desmoid tumors in the European Union, and in October 2025 we started serving patients with desmoid tumors in Germany.

We are committed to bringing the benefits of Ogsiveo® to more patients globally and are planning phased launches on a country-by-country basis across Europe. In addition, we are actively evaluating the regulatory strategy, commercial opportunity and timelines across additional markets, including key locations in Asia. We have initiated a bridging study of Ogsiveo® in Japanese patients with desmoid tumors, which we expect will support a new drug application filing in Japan, where the Ministry of Health, Labour and Welfare has previously granted orphan drug designation of nirogacestat for the treatment of desmoid tumors.

The second approved medicine in SpringWorks' portfolio is Gomekli® (mirdametinib), which was approved by the FDA in February 2025 and is the first and only medicine for both adults and children aged two years and older with NF1-associated plexiform neurofibromas (NF1-PN). These are rare tumors that grow in an infiltrative pattern along the peripheral nerve sheath and can cause severe disfigurement, pain and functional impairment. Gomekli® represents a significant advance for these patients, and we were pleased that SpringWorks received a rare pediatric disease priority review voucher from the FDA with this approval; we will be able to redeem this for a priority review of a different product by the FDA. In July 2025, the European Commission granted conditional approval of Ezmekly® (mirdametinib) for the treatment of adults and children aged two years and above with NF1-PN, making it the first approved therapy for this indication and these patient groups in Europe. In October 2025, we launched Ezmekly® in Germany and we expect to launch on a country-by-country basis across Europe in 2026, while also evaluating opportunities in additional rest-of-world markets to maximize patient access globally.

We are convinced that the differentiated product profile of Gomekli®/Ezmekly® and our established global infrastructure position us well for continued growth and, importantly, for making a meaningful impact on the lives of patients with NF1-PN.

The SpringWorks acquisition immediately adds revenue and accelerates medium-term growth for the Healthcare business sector. Net product sales for Ogsiveo® and Gomekli®/Ezmekly® between the closing of the acquisition and December 31, 2025, were € 134 million and € 55 million respectively.

Neurology & Immunology

We develop therapies for people living with neurological and immune-mediated conditions and aim to help significantly improve quality of life for them and their caregivers. Our portfolio is the result of over two decades of experience in multiple sclerosis (MS) research and currently includes two approved products for the treatment of relapsing MS (RMS): Rebif® (interferon beta-1a) and Mavenclad® (cladribine tablets).

Rebif®, a disease-modifying drug, has been a standard treatment for RMS for over 20 years with almost two million patient-years of therapy since approval.

Mavenclad®, the only short-course, oral disease-modifying therapy for the treatment of adults with various forms of highly active RMS, achieved blockbuster status in 2025 for the third consecutive year with total net sales of € 1,194 million. More than 130,000 patients have now benefited from Mavenclad® across more than 90 countries, including those of the European Union, Switzerland, Australia, Canada, and the United States. On October 30, 2025, the U.S. Court of Appeals for the Federal Circuit affirmed an earlier decision by the U.S. Patent Trial and Appeal Board finding two of our U.S. Mavenclad® dosing regimen patents invalid. On November 28, 2025, we filed a petition for rehearing which was denied on January 22, 2026. In some of the parallel District Court suits, the Court has entered judgement of invalidity of the two patents. With this, there is the potential for further generic competitors to enter the market.

Beyond MS, we are continuing to expand the disease focus of our Neurology & Immunology therapeutic area by developing potential first-in-class treatments for conditions with high unmet medical needs. We currently have an ongoing Phase III global clinical trial to evaluate the efficacy and safety of cladribine capsules as a potential treatment for patients with generalized myasthenia gravis (gMG), a rare neuromuscular disorder. In November, our cladribine capsules program for the treatment of gMG received fast-track designation by the FDA. The fast-track designation in the United States is granted for drugs that are intended, whether alone or in combination with one or multiple other drugs, for the treatment of a serious or life-threatening disease or condition; it demonstrates the potential to address unmet medical needs for such a disease or condition.

Fertility

We are a global market leader in fertility drugs and treatments. Infertility is an increasing challenge globally due to demographic change and lifestyle adjustments. Based on the latest data from the World Health Organization, one in six people worldwide is affected by infertility.

According to the latest data, more than six million babies have been born worldwide with the help of Gonal-f®, a therapeutic within our fertility portfolio. It contains the active ingredient follitropin alfa (r-hFSH alfa), which is a recombinant form of the natural follicle-stimulating hormone (FSH) and is available in a convenient and ready-to-use pre-filled injection pen.

In addition to Gonal-f®, we offer another key product called Pergoveris® to support and meet the needs of today's patients, many of whom are above 35 years of age. This product combines recombinant human follicle-stimulating hormone (r-hFSH) and recombinant human luteinizing hormone (r-hLH) and represents another treatment option for women with severe FSH and LH deficiency. Pergoveris® is also available as a ready-to-use pre-filled injection pen, eliminating the need for mixing. To complement Pergoveris® and Gonal-f®, we offer Ovidrel® rhCG, Cetrotide® GnrRH antagonist and Crinone® progesterone.

On October 16, 2025, we announced an agreement with the U.S. government to expand access to our in vitro fertilization (IVF) therapies in the country, aligning with the White House's executive order aimed at lowering costs and reducing barriers to IVF access. Starting in the first quarter of 2026, we plan to offer our complete portfolio of IVF therapies to eligible patients with prescriptions at significantly reduced prices. Additionally, to further expand therapeutic options for people with fertility issues in the United States, we will file for FDA review of Pergoveris® under the FDA Commissioner's National Priority Voucher program, which aims to expedite the drug review process for products that align with critical national health priorities in the United States.

Cardiovascular, Metabolism & Endocrinology

The Cardiovascular, Metabolism & Endocrinology (CM&E) franchise, which includes the medicines Glucophage®, Euthyrox®, Concor®, and Saizen®, is the largest franchise of the Healthcare business sector in terms of sales.

Glucophage®, containing the active ingredient metformin, is a drug for the first-line treatment of type 2 diabetes and is available in more than 100 countries. In recent years, Glucophage® has been approved by additional health authorities for use in prediabetes in cases where lifestyle changes failed to produce the desired outcome. In early 2025, Glucophage® extended release received a label extension in the United Kingdom for women with polycystic ovary syndrome, one of the most common hormonal conditions and the largest cause of anovulatory infertility affecting women of reproductive age; similar label extension in other countries is ongoing.

Euthyrox®, with the active ingredient levothyroxine, is a leading medicine for the treatment of hypothyroidism, a disease with high prevalence but still low diagnosis rates in most emerging markets. The new formulation of Euthyrox® obtained further regulatory approvals in 2025 and is available in more than 100 countries where this incremental innovation is registered. With its characteristics of delivering precise, fine-tuned and stable levothyroxine doses as a result of the tightened specification, Euthyrox® may help optimize disease management.

Concor®/Concor Cor®, containing bisoprolol, is a beta-blocker for treating hypertension and cardiovascular diseases such as coronary heart disease and chronic heart failure. In addition to Concor®/Concor Cor®, the Concor® family includes fixed-dose combinations such as Concor® Plus/Lodoz® (bisoprolol with hydrochlorothiazide) and Concor® AM (bisoprolol with amlodipine).

Saizen®, which contains the active ingredient somatropin, is our primary endocrinology product and is indicated for the treatment of various growth hormone disorders in both children and adults. Saizen® can be administered using the Easypod® auto-injector, the only growth hormone injection device capable of remotely transferring data such as injection times, dates and doses to the web-based software system Growzen® Connect, which healthcare professionals, patients and caregivers can access. Alternatively, Saizen® can be delivered using Aluetta®, a simple reusable pen injection device.

Electronics

We are an integral part of the semiconductor ecosystem. We enable high yields, reliability and scaling in semiconductor manufacturing by combining advanced materials with precision delivery systems and process control technologies, including metrology and inspection, that directly influence defectivity, uniformity and process stability across increasingly complex manufacturing environments. Our broad and innovative product portfolio helps solve key industry challenges. As such, we place a special focus on high-performance chips and chip systems needed for applications including artificial intelligence (AI). We provide our materials, systems and services to all major industry players. To this end, we work closely with our customers in the key regions of North America, Europe and Asia-Pacific and are a reliable and stable partner with our global network of research and development, production and distribution sites.

The Electronics business sector has been a pure-play electronics business since the divestment of the Surface Solutions business unit which was completed on July 31, 2025. It consists of the Semiconductor Solutions and Optronics business units.

Electronics accounted for 17% of Group sales in 2025 and its share of EBITDA pre (excluding Corporate and Other) was 13%. The majority of semiconductors and displays are manufactured in Asia. In 2025, Asia-Pacific generated 72% of Electronics' net sales, with Europe and North America accounting for 26% of sales.

Semiconductor Solutions

As the largest business unit in terms of sales within our Electronics business sector, Semiconductor Solutions offers products and services for the semiconductor industry. We are developing materials and solutions for the next generation of semiconductor components – helping to make microchips smaller, faster, more powerful, and more sustainable.

A microchip undergoes a large number of process steps during fabrication, and each of these steps is enabled by specialized materials that are subject to tough requirements. We supply a strong portfolio of materials for every key process step, focusing on the high-value wafer processing and advanced packaging segments. Our expertise not only covers the materials themselves, but also how they are integrated during fabrication to make the final components.

We serve manufacturers of logic, memory and analog microchips. The evolution of AI and the unabated growth of data volumes in our digital world are setting ever tougher computing requirements for microchip systems. They need to be able to process (logic chips) and retrieve (memory chips) more data faster. To increase functional density, the industry is moving from planar scaling to stacking components vertically – from transistors to full systems. Front-end advances shrink features while adopting 3D-device and memory structures to drive higher performance and lower power consumption. The same principle now applies to packaging, where heterogeneous 2.5D/3D integration combines processing and memory components vertically, resulting in higher bandwidth and improved energy efficiency throughout the system. Heterogeneous integration requires precise measurements of interconnects and components, leading to growing demand for innovative metrology and inspection tools alongside materials for front-end manufacturing. As miniaturization and vertical stacking accelerate, process flows expand and require new unit steps and material systems to sustain further 3D densification.

We continuously strengthen our comprehensive portfolio in order to play a leading role in developing ever more sophisticated technologies to meet the surging demand for AI and high-performance computing chips. Growing complexity and interdependency require systems thinking – using our broad portfolio and in-depth expertise to identify, sequence and integrate innovations that compound across the stack. To this end, we leverage our Materials Intelligence™ platform – the convergence of materials science and AI – to co-design with customers, accelerate discovery and systematically reduce complexity. As such, we are among the trailblazers when it comes to the next generation of logic and memory chips.

The global semiconductor market is projected to exceed US$ 1 trillion annually by 2030 as AI adoption accelerates, more and more autonomous systems become mainstream and AI applications move further toward the edge. This expected growth is not just driven by scale but requires the aforementioned progress in chip technologies. To meet future demand, major semiconductor manufacturers are investing in ramping up their advanced production capacities. Accordingly, we are expanding capacities at our sites all over the world in lockstep with our customers' plans. In December 2025, we inaugurated our largest Semiconductor Solutions megasite in Kaohsiung, Taiwan, strengthening our global semiconductor supply chain resilience and supporting the next generation of AI and high-performance chips.

Our Semiconductor Solutions business unit consists of the Thin Films, Formulations, Specialty Gases, and Delivery Systems & Services business fields.

- The Thin Films business field delivers advanced dielectric (organosilanes, spin-on dielectrics) and metallic (organometallic precursors, co-reactants) materials. Our technology enables the precise deposition of materials from multi-micron to ångström-level thicknesses – the latter, the uses of which include highly conformal coatings essential to 3D architectures and high-aspect-ratio features, is achieved through atomic layer deposition. With the complementary inverse process (atomic layer etching), we remove material in true atomic-layer increments. Together, these capabilities enable advanced 3D chips with higher performance and improved energy efficiency for next-generation AI chip manufacturing.
- The portfolio of the Formulations business field is divided into the areas of Patterning and Planarization. It includes lithography products such as photoresists, anti-reflective coatings and materials for directed self-assembly. Additionally, we offer a range of cleans and selective etch chemistries that help improve the patterning process. The Planarization business encompasses materials for chemical-mechanical planarization, which are essential for achieving the desired surface flatness and precision in semiconductor manufacturing.
- The Specialty Gases business field provides high-purity gases for semiconductor manufacturing. These gases are crucial for precise deposition, doping, etching, and cleaning during wafer processing. With a strong commitment to meeting the semiconductor industry's stringent requirements, our Specialty Gases business supports the industry in the development of advanced electronic devices.
- The Delivery Systems & Services (DS&S) business field, with its systems business, develops and installs reliable delivery equipment to ensure the safe and responsible handling of specialty chemicals and gases for semiconductor manufacturing. At many of the industry's sites, production facilities and delivery systems are operated and maintained by our MEGASYS® Total Gas and Chemical Services employees.

Optronics

Our Optronics business unit materializes light and delivers solutions for the optoelectronic industry through display materials and optical technologies as well as metrology and inspection. We have developed expertise in modulating, creating, engineering, and guiding light. We support our customers in developing novel technologies beyond TV monitors for IT, mobile devices, the automotive industry, gaming, and other applications. In collaboration with partners, we are advancing augmented reality, expanding the application of display materials and enhancing user experiences for future immersive devices. Furthermore, we collaborate very closely with leading panel makers to develop next-generation products with liquid crystal display technology for the electronics market. Optical components are now central to meeting computational demands: By using light for data transfer – from on-chip photonics to optical interconnects – they unlock higher bandwidth, lower latency and better energy efficiency.

With our comprehensive portfolio within Display Materials, we advance display technologies by offering long-standing expertise and a wide range of solutions. We provide high-tech material solutions in liquid crystals, OLED materials (Organic Light-Emitting Diodes) and photoresists to address the demand for high-end displays in smartphones, the automotive industry and IT, among other areas. In Optical Technologies, our expertise in reactive mesogens (RM), which precisely guide light, enables the production of ultra-thin optical films. These materials can improve color accuracy, reduce reflections and enhance contrast in optical devices. We use RMs to create ultra-thin films for wave guides with increased efficiency, reduced light leakage and reduced rainbow artifacts – meeting the need for high-performance, lightweight and robust augmented reality glasses. Metrology and inspection tools enable precise semiconductor manufacturing by helping to reduce production costs and optimize yields. We enhanced our expertise in this area by acquiring Unity-SC SAS, France, in 2024 and subsequently integrating optical metrology and inspection equipment into our portfolio. As such, we can deliver process control solutions in advanced packaging and heterogeneous integration for microchips, which is essential for AI chip systems. Our metrology and inspection tools measure key parameters during wafer processing and packaging steps to obtain further insights into how our materials can increase added value for our customers.

Surface Solutions

The Surface Solutions business unit was divested to Global New Material International Holdings Ltd., Cayman Islands. The transaction closed on July 31, 2025, for a purchase price of € 669 million after purchase price adjustments for transferred cash and financial liabilities.

Strategy*

Vision and strategy fundamentals

In an ever more complex world increasingly characterized by macroeconomic and geopolitical tensions, we once again demonstrated our resilience and continued growing in fiscal 2025. Driven by factors such as an aging population, new technologies and climate change, we believe that the demand for scientific breakthroughs has never been greater.

We embrace change as a catalyst for innovation and growth. United behind our vision of “Sparking Discovery, Elevating Humanity”, we are committed to creating a brighter, healthier and more sustainable world by empowering science to achieve breakthroughs. Our history spanning 357 years, coupled with our diversified business model, puts us in an excellent position to continue to tap into attractive global markets with long-term growth potential.

By implementing our innovation-centric strategy, we will continue to strengthen our position as a leading science and technology company. Our Life Science business sector targets academic, biotechnology and pharmaceutical as well as industrial and diagnostic customers, addressing their unique needs with a broad portfolio of products, services and solutions that meet high scientific and technical standards. In Healthcare, we are committed to continuing our advancement as a global specialty innovator by driving continued profitable growth in our legacy business, leveraging our newly established Rare Diseases franchise and strategically investing in a risk-balanced pipeline portfolio. In the Electronics business sector, we have become a pure-play electronics business and are strongly positioned to benefit from AI-led semiconductor demand.

The ongoing development and integration of digital and data-based technologies will considerably increase our value creation and our capacity for innovation in all three business sectors. Our data, digital & IT strategy is anchored in a clearly defined roadmap designed to continuously enhance our digital infrastructure and elevate our digital differentiation from competitors across our businesses. A recent example of this is our expanded strategic partnership with Siemens AG, Germany, for which we signed another memorandum of understanding in fiscal 2025. Together, we have set the goal of delivering end-to-end digital workflows from drug discovery to manufacturing.

At the same time, we are committed to maintaining our positive impact on society and the planet by incorporating environmental, social and corporate governance considerations into our growth ambitions. By 2030, we will deliver more sustainable solutions through our portfolio and fully integrate sustainability into our value chains. In addition, we will achieve climate neutrality and reduce our consumption of resources by 2040.

Our strategic investments are intended to further expand our position in high-growth areas, enabling strong long-term profitable growth and attractive cash generation. In this context, active management of our business portfolio will remain a crucial element. A key recent example is our acquisition of SpringWorks Therapeutics, Inc., USA, (SpringWorks), which not only accelerated our medium-term growth in the Healthcare sector but also marked the formation of a rare diseases business. In addition, we completed the divestment of our Surface Solutions business unit to sharpen our focus on high-tech applications in Electronics. Merger and acquisition (M&A) measures will continue to play an essential role in optimizing our positioning for decades to come.

* The contents of this chapter or section are voluntary and therefore not audited. However, our auditor has read the text critically.

Business strategies

Life Science

Our Life Science business sector is maintaining its position as a global leader in the approximately € 220 billion life science market. Although it is navigating market headwinds, such as funding constraints, geopolitical shifts and evolving customer needs, the long-term fundamentals of the industry remain strong. Alongside these fundamentals, we anticipate a 4%–6% annual market growth rate, thereby presenting numerous opportunities for our Life Science business to deliver value to customers while enabling tomorrow's medical breakthroughs with best-in-class science, technologies and expertise.

Our strategic plan focuses on driving sustainable growth in sales and EBITDA pre through a continued focus on academic, biotech and pharmaceutical as well as industrial and diagnostic customers, and by further elevating customer experience and expanding portfolio leadership. We will continue to address the unique needs of our diverse customer base and drive continuous improvement through efficient processes and systems. This will strengthen customer relationships while accelerating innovation with empowered teams, streamlined processes and greater agility to support both organic and inorganic growth.

Recognized for our broad portfolio of products, services and solutions that meet the highest scientific and technical standards, we are aligning our offerings with the emerging needs of target customers. We will further advance our development of new products by continuing to increase our research and development (R&D) allocation, pursuing bigger and bolder innovation projects and continuing to drive partnerships in high-growth areas. This approach will strengthen our portfolio with new technology anchors and enhance our R&D returns through new products. We will continue to explore complementary inorganic opportunities through targeted partnerships as well as M&A to expand our offerings in high-potential segments.

By combining scientific expertise with cutting-edge technologies, we will remain a critical enabler of tomorrow's medical breakthroughs by offering the best products, services and solutions along the molecule and therapeutic modality journey.

Through continuous improvement initiatives, we are making business processes and integrated supply chain operations more agile, resilient and customer-centric by continuing to streamline our operating model, reinforcing our operational backbone and enhancing our global footprint through regionalization and localization.

To further drive medium-term growth, we announced a refined go-to-market approach to further enhance customer experience in October 2025. The new business unit structure, which went live in January 2026, strengthens our Life Science strategy by expanding portfolio leadership, amplifying customer experience and driving operational excellence, positioning us to be more agile in a dynamic market environment.

Process Solutions continues to provide embedded solutions for pharma and biotech manufacturers, supporting critical biopharmaceutical processes. Our newly established Advanced Solutions business unit, which combines the Life Science Services business and parts of the Science and Lab Solutions business, offers specialized products and services delivered through high-touch commercial models, such as contract testing services as well as diagnostic and regulated materials. Discovery Solutions, which comprises parts of our Science and Lab Solutions business, is our digital-first platform for fast, convenient access to high-quality biology and chemistry catalog products.

Our continued focus on the needs of our customers will unite our teams globally around our purpose to impact life and health with science.

Healthcare

The global pharmaceutical industry continues to deliver robust growth with attractive margins. While the macroeconomic and geopolitical environment has become increasingly volatile over the last few years, the impact of cyclical and crisis-related market fluctuations on the industry's underlying growth drivers – such as demographic and epidemiological shifts, increasing access to medicines and the emergence of innovative new therapeutic approaches – remains comparatively modest. This has resulted in relatively consistent demand for pharmaceutical products. At the same time, cost containment measures introduced worldwide continue to exert pressure on the growth of the global pharmaceutical market. Likewise, uncertainty surrounding tariffs and special agreements adds complexity to the market environment. Our diversified portfolio and geographical footprint have proven resilient when it comes to responding to the dynamic development of our markets and represent a solid foundation for the future success of our Healthcare business sector.

In developed and, increasingly, in emerging markets, the majority of pharmaceutical market growth and long-term profitability stems from innovation. In the same vein, we aim to secure the medium- and long-term growth of our Healthcare business sector by launching innovative products, while our mature portfolio provides us with a strong footing that enables us to continue investing in innovation. We remain steadfast in our ambition to continue growing as a global specialty innovator and aim to progress through three strategic imperatives:

The first strategic imperative is to continue optimizing profitability in our legacy business. Building on our solid foundation, we strive to achieve sustainable and profitable growth by making targeted investments in life cycle management and geographical expansion of our established brands. Together, these efforts will strike the balance between delivering innovative new medicines in developed markets and leveraging our strengths in further markets.

The second strategic imperative is to deliver on product launches within our newly established Rare Diseases franchise. In July 2025, we completed the acquisition of SpringWorks. Moving forward, our priority is to successfully maximize the impact of the global launches of Ogsiveo® (nirogacestat) and Gomekli®/Ezmekly® (mirdametinib), leveraging the global presence of the company to reach more people living with rare and often debilitating tumors. These capabilities and synergies will further support the successful launch of pimicotinib, our late-stage registrational pipeline asset. As we prioritize further expansion into rare tumors and adjacent disease areas, we will continue to build a pipeline through both organic additions and external innovation.

The third strategic imperative is to continue investing to build a diversified and risk-balanced pipeline portfolio with more opportunities being pursued, thereby enabling a sustainable growth outlook. We will achieve this by focusing on the execution of key organic pipeline programs and by continuing to pursue external innovation, concentrating on areas where we have the best chance of success thanks to our scale and capabilities. Our investment decisions are informed by the diligent trade-off of clinical versus commercial risks in our pipeline portfolio, while we drive disciplined diversification across therapeutic areas.

We continue to focus on specialty medicines. Our approach involves developing deep internal expertise and insights, from internal research to commercialization, and augmenting this by recruiting external talent. In addition, we intend to engage in strategic collaborations. To optimize the holistic value and focus of our pipeline, we continuously monitor and assess the potential of our pipeline candidates based on clinical data, strategic fit and financial criteria to determine the best way forward. To maximize the results of our R&D investments and ensure their long-term sustainability, we are continuously adjusting our R&D model to expand our innovation capabilities. Furthermore, we aim to increase our intake of external innovation in line with industry practice to bolster our pipeline with further attractive business opportunities.

Electronics

Our ambition is to be a leading partner in materials, material-related solutions and services for the electronics industry by maximizing added value for our customers with our Materials Intelligence™. We have successfully taken on a leading role in the semiconductor ecosystem and already serve the world's most important industry players with one of the broadest portfolios in our Semiconductor Solutions business unit. The semiconductor ecosystem is one of the most innovative, fast-paced and scientifically advanced industries. Our portfolio and holistic innovation mindset are ideally suited to helping the industry overcome technological challenges and enabling next-generation semiconductors. Our increasingly data-driven solutions are designed to address all areas of 3D densification, including miniaturization, performance optimization, vertical stacking, and heterogeneous integration.

We are investing in innovations and sustainable alternatives to help the industry overcome its sustainability challenges. Recognizing the increased demand for sustainable solutions, we see an opportunity to offer products that are unique in the market and lead the industry toward more resource-efficient production of end products.

The medium- and long-term growth prospects of the industry remain very attractive. The most important end-market growth drivers are the demand for next-generation chips and the end-device replacement cycle accelerated by this, accompanied by an increasing semiconductor content per device. Both growth drivers will have a positive impact on Electronics' business in wafer processing and microchip packaging.

To produce ever more powerful and energy-efficient microchips, innovation in novel materials will be even more essential, as they are a key driver of all areas of 3D densification. Aligning our activities with our customer roadmaps enables us to embed portfolio innovations early in the design cycle, strengthening both customer intimacy and recurring revenue visibility.

We are following a horizontal and vertical integration strategy, building end-to-end capabilities spanning the innovation-to-production value chain.

Additionally, we expect that expertise in optoelectronics, managed by our Optronics business unit, will become even more important. Semiconductor and optical technologies will increasingly converge. To address this growing field of convergence, we will utilizie Materials Intelligence™ to leverage our deep technological expertise in optics and chemistry throughout crucial production processes in the electronics industry. Through our acquisition of Unity-SC SAS, France, in 2024, we have significantly expanded our optical technology portfolio with metrology and inspection capabilities. We are now uniting materials innovation and process control expertise under one roof. Our strengths – ranging from organic synthesis to our wealth of knowledge in device optics and physics – are essential to utilizing new business opportunities in the field of optoelectronic technologies, such as in augmented reality, virtual reality and mixed reality, as well as metrology and inspection. Furthermore, the strongly rising performance demands in AI chips are driving heterogeneous integration with optical interconnects (co-packaged optics), delivering efficiency and high-bandwidth data transfer beyond the limits of traditional electrical wiring. Additionally, the further development of our businesses with liquid crystals and materials for organic light-emitting diodes remains an important part of our Optronics portfolio and will open up new opportunities.

In our view, we are well prepared for very long-term trends in the industry. One example is the fusion of semiconductor technology and biotechnology emerging in areas such as neuromorphic chips and lab-on-a-chip and organ-on-a-chip devices, with biological computing, utilizing living organisms as a biological computer, as a significant objective. We believe that a multidisciplinary approach to science will drive the next wave of human progress; this is often termed "bioconvergence" because it leverages synergies across digital and material science as well as biotechnology and healthcare.

With the divestment of our Surface Solutions business unit, which was completed in 2025, we have sharpened our focus on the electronics industry in order to play an even more important role within the semiconductor ecosystem – we are now a pure-play electronics business.

Data, digital & IT strategy

Our data, digital & IT strategy blends technology with processes and outcomes. Our ambition, “Tomorrow’s Technology Today”, aims to harness the transformative power of data, technology and AI within a secure and resilient infrastructure to create successful business outcomes for the benefit of customers and patients.

We intend to execute this through multiple AI layers for different forms of value creation. The first layer is everyday AI, which provides all colleagues with safe, compliant access to knowledge and tools in connection with AI through myGPT Suite, our internal platform for generative AI, and targeted upskilling. With more than 32,000 active users every month, i.e. over half of our workforce, and more than 90% cost savings compared with off-the-shelf options, we are establishing common ways of working and productivity gains.

The second layer, operational AI, embeds intelligence into manufacturing, labs, quality, supply, and commerce. Our smartfacturing playbook, including modular manufacturing, AI energy optimization and predictive maintenance, cuts time to market by up to 50% and uses around 20% less energy at reference sites. This strengthens margins and sustainability.

The third and final layer, advanced AI, differentiates our offerings from our competitors. A closed-loop lab-to-fab approach powered by Materials Intelligence™ shortens materials development by about half and simplifies atomic-layer sequences by reducing the number from roughly 10^{38} to about 50 in a dielectric, enabling faster ramps for next-generation nodes and increasing the pull of our materials portfolio.

Scale is derived from platforms and partnerships. UPTIMIZE is our integrated data and AI ecosystem. Digital twins and discovery accelerators improve design speed and first-time-right outcomes. Data collaboratives such as Syntropy® and Athinia® with Palantir Technologies Inc., USA, enhance health and semiconductor resilience, while M-Trust strengthens authenticity in regulated value chains. Trust in digital technology is incorporated in design through the Code of Digital Ethics as well as the Digital Ethics Advisory Panel and aligned with evolving frameworks, including the European Union Artificial Intelligence Act and the National Institute of Standard and Technology Artificial Intelligence Risk Management Framework.

We build capability at scale through data literacy, AI fluency, reusable assets, and disciplined delivery, moving from proof of value to proof at scale. This converts ambition into cash flow, quality and innovation as “One Group, thinking globally and acting locally”.

To institutionalize our strategy, we formed Digital Enterprise Solutions (DES), a single Group function that unites Information Technology, the Group Data & AI Organization and Global Enterprise Solutions. DES provides one fit-for-purpose operating backbone, built on robust platforms and disciplined process excellence, and has the agility to adopt new AI capabilities. It delivers secure, scalable solutions embedded in day-to-day work so that teams operate in a smarter and more connected manner. The result is higher efficiency, faster value creation as well as stronger collaboration and innovation across One Group.

Sustainability strategy

In our view, sustainable entrepreneurship and profitable growth go hand in hand; we can remain competitive only by delivering added value for society. By creating innovative and high-quality products, we want to help meet global challenges while also strengthening long-term resilience and securing our financial strength. Responsible action is an integral part of our company culture: This also includes respecting the interests of our employees, customers, investors, and society.

Safety and ethics matter just as much to us as business success. We mitigate ethical, economic, environmental, and social risks as far as possible. From the early stages of development through to disposal, we keep an eye on the entire life cycle of a product, including disposal, and integrate circular economy aspects. We apply strict sustainability standards to our procurement activities. When manufacturing products, we believe it is important to keep the environmental impact as low as possible, which is why safe production, high environmental standards and strict quality management are of course so crucial to us. By supplying products that meet extensive sustainability criteria, we also help other companies to achieve their sustainability goals.

Sustainability is a key element of our corporate strategy. We pursue three strategic sustainability goals: By 2030, we will deliver more sustainable solutions through our portfolio. Moreover, we will fully integrate sustainability into our value chains by the same year. In addition, we will achieve climate neutrality and reduce our resource consumption by 2040. With these goals, we are helping to achieve the United Nations Sustainable Development Goals. Overall, our sustainability strategy is centered on **seven focus areas**, within which we are realizing numerous initiatives and projects today and tomorrow, measuring our progress as we go.

We use different key indicators to record and assess our progress toward achieving our sustainability goals. Our annual Long-Term Incentive Plan (LTIP) for Executive Board members and selected managers contains a sustainability factor. We use it to measure performance over a period of three years based on selected key indicators for each of our three sustainability goals. Details on how this sustainability factor is calculated for the management can be found in the **Compensation Report**. In the reporting year, the company tied 15% of variable employee compensation to sustainability parameters. The LTIP of our Executive Board can increase or decrease by up to 20% based on a sustainability factor.

As such, we are in the process of transforming our portfolio with the aim of balancing environmental, social and governance aspects – for the benefit of our company, our stakeholders and society at large. We are integrating sustainability into the innovation process and all parts of the value chain, in doing so positioning ourselves as a responsible company, and we expect a lasting competitive advantage. Our aim is to decouple the growth of our businesses from negative environmental impacts.

More information about sustainability topics, as well as the key indicators used to monitor sustainability and the degree to which we have achieved our strategic goals, can be found in the **(Group) Sustainability Statement**.

Strategic finance and dividend policy

We pursue a conservative financial policy characterized by the following aspects:

Financial flexibility and a conservative funding strategy

We ensure that we meet our obligations at all times and adhere to a conservative and proactive funding strategy that involves the use of various financial instruments. Our diversified and profitable business activities form the basis for our strong and sustainable cash flow generation capacity. Moreover, we have several funding resources in place. 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 is intended to be used in exceptional circumstances only.

We also agreed upon several bilateral loan facilities. In addition, we have a commercial paper program with a volume of € 2.5 billion at our disposal. Within the scope of this program, we can issue short-term commercial papers with a maturity of up to one year.

The bond market also represents an important source of financing. The most recent bond issuances took place in August 2025 (US$ 4 billion senior bond issuance across four tranches) and in November 2025 (€ 850 million hybrid bond issuance). The use of various instruments provides a broad financing basis and addresses different investor groups.

Maintaining reliable and long-term business relations with a core group of banks

We work mainly with a diversified, financially stable and reliable group of banks. Thanks to our long-term business approach, bank relationships typically last for many years and are characterized by professionalism and trust. The group of banks consists of financial institutions with strong capabilities and expertise in various products and geographical regions. We regard these banks as strategic partners and therefore involve them in important financing transactions.

Strong investment-grade rating

The rating of our creditworthiness by external rating agencies is an important indicator of financial stability. A strong investment-grade rating is a cornerstone of our financial policy as it safeguards access to attractive financial conditions on the capital markets.

In November 2025, our ratings were confirmed by Moody’s (A3, stable outlook) and Standard & Poor’s (A, stable outlook).

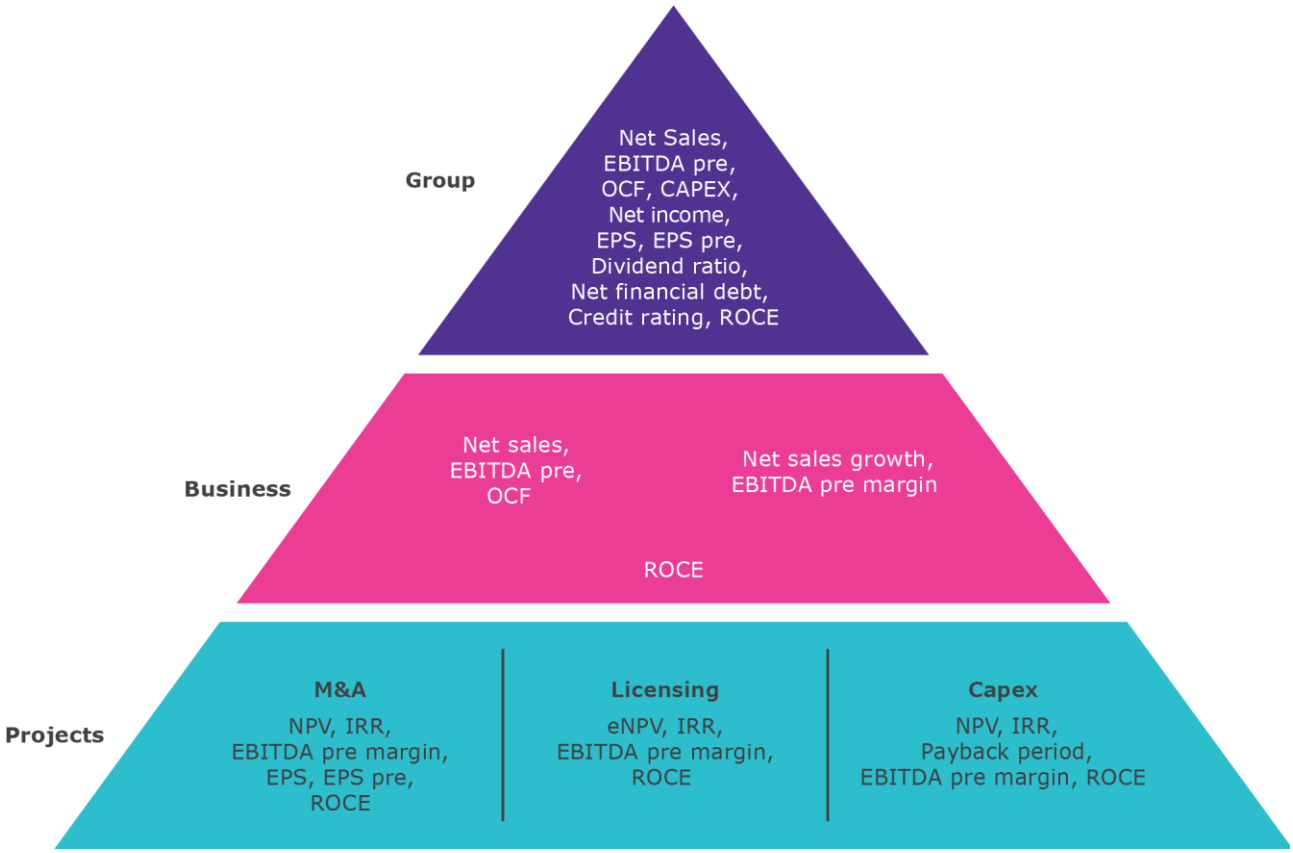
Sustainable dividend policy

We are pursuing a sustainable dividend policy. Provided the economic environment develops in a stable manner, the current dividend represents the minimum level for future dividend proposals. Our dividend policy will follow business development and earnings increases over the coming years. However, dividend growth could deviate, for example, within the scope of restructuring or in the event of significant global economic developments. We aim for a target corridor of 20% to 25% of earnings per share pre.

Internal Management System

As a global company with a diverse portfolio of products and services, we use a comprehensive framework of indicators to manage performance. The most important key performance indicator (KPI) for measuring performance is EBITDA pre[1].

The Value Creation and Financial KPI Pyramid, which summarizes our important financial performance measures, reflects the comprehensive framework of financial KPIs used to steer the businesses and prioritize the allocation of cash resources. It consists of three managerial dimensions: Group, Business and Projects, each of which requires the use of different indicators.



Abbreviations
EBITDA pre[1] = Earnings before interest, income tax, depreciation, and amortization as well as adjustments.
EBITDA pre margin[1] = Earnings before interest, income tax, depreciation, and amortization as well as adjustments as a percentage of net sales.
EPS = Earnings per share.
EPS pre[1] = Earnings per share pre (earnings per share before adjustments).
OCF[1] = Operating cash flow.
CAPEX = Capital expenditure.
ROCE[1] = Return on capital employed.
NPV[1] = Net present value.
IRR[1] = Internal rate of return.
eNPV[1] = Expected net present value.
M&A = Mergers and acquisitions.

[1] Not defined by IFRS Accounting Standards.

Key performance indicators of the Group and its businesses

The three key performance indicators of net sales, EBITDA pre and operating cash flow (OCF) are the most important financial indicators for assessing our operational performance. Accordingly, we refer to these KPIs in the **Report on Economic Position**, the **Report on Risks and Opportunities** and the **Report on Expected Developments**. As the most important indicators of financial business performance, the KPIs are key elements of our performance management system.

Net sales

Net sales are defined as the revenues from the sale of goods, services rendered to external customers and commission income and profit sharing from collaborations, net of value-added tax and after-sales deductions such as rebates or discounts. Net sales are the main indicator of our business growth and are therefore an important parameter of both external and internal performance measurement. In addition, organic sales growth compared with the annual target is used for internal performance management. Organic sales growth shows the percentage change in net sales versus a comparative period, adjusted for foreign exchange and portfolio effects. Foreign exchange effects may arise as a result of foreign exchange fluctuations between the functional non-euro currency of a consolidated company and the reporting currency (euro). By contrast, portfolio effects reflect sales changes due to acquisitions and divestments of consolidated companies or businesses.

Group

Net sales

			Change	
€ million	**2025**	2024	€ million	%
Net sales	**21,102**	**21,156**	**-54**	**-0.3%**

EBITDA pre

EBITDA pre is the main performance indicator measuring ongoing operational profitability and is used internally and externally. To permit a better understanding of the underlying operational performance, the operating result is adjusted to exclude depreciation and amortization, impairment losses and reversals of impairment losses, as well as adjustments. These adjustments are restricted to the following categories: integration expenses, IT expenses for certain projects, restructuring expenses, gains/losses on the divestment of businesses, acquisition expenses, and other adjustments. The classification of specific income and expenses as adjustments follows clear rules and is subject to strict governance at the Group level. Within the scope of internal performance management, EBITDA pre allows for efficiency improvements to be implemented in processes without the performance of the operating business being affected by exceptional items or restructuring expenses. In addition, organic EBITDA pre growth compared with the annual target is used for internal performance management. The following table shows the composition of EBITDA pre in fiscal 2025 compared with the previous year. The IFRS Accounting Standards figures have been modified to reflect the elimination of adjustments included in the respective functional costs.

Group

Reconciliation EBITDA pre[1]

	2025			2024			Change
€ million	IFRS	Elimination of adjustments	pre[1]	IFRS	Elimination of adjustments	pre[1]	pre[1]
Net sales	**21,102**	**–**	**21,102**	**21,156**	**–**	**21,156**	**-0.3%**
Cost of sales	-8,756	113	-8,643	-8,671	41	-8,630	0.1%
Gross profit	**12,346**	**113**	**12,459**	**12,485**	**41**	**12,526**	**-0.5%**
Marketing and selling expenses	-4,562	71	-4,491	-4,536	30	-4,506	-0.3%
Administration expenses	-1,437	132	-1,305	-1,370	154	-1,216	7.4%
Research and development costs	-2,415	33	-2,381	-2,279	11	-2,269	5.0%
Impairment losses and reversal of impairment losses on financial assets (net)	15	–	15	-8	2	-7	>100.0%
Other operating income and expenses	-347	230	-117	-646	333	-313	-62.7%
Operating result (EBIT)[1]	**3,601**			**3,645**			
Depreciation/amortization/impairment losses/reversals of impairment losses	2,298	-369	1,929	2,134	-277	1,856	3.9%
EBITDA[2]	**5,899**			**5,779**			
Restructuring expenses	174	-174	–	144	-144	–	
Integration expenses/IT expenses	193	-193	–	103	-103	–	
Gains (-)/losses (+) on the divestment of businesses	-88	88	–	-46	46	–	
Acquisition-related adjustments	44	-44	–	26	-26	–	
Other adjustments	-113	113	–	68	-68	–	
EBITDA pre[1]	**6,109**	**–**	**6,109**	**6,072**	**–**	**6,072**	**0.6%**
thereof: organic growth[1]							5.6%
thereof: exchange rate effects							-5.0%
thereof: acquisitions/divestments							-

[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.

Operating cash flow (OCF)/free cash flow as of 2026

Operating cash flow results from the company's current business activities and describes the cash generated from operating activities. It is influenced mainly by EBITDA pre, income tax, financial income and expenses, and changes in net working capital.

As of fiscal 2026, free cash flow will replace operating cash flow as the key performance indicator. The more comprehensive free cash flow indicator aims to achieve holistic, sustainable cash governance and further strengthens capital discipline. Free cash flow is defined as operating cash flow less payments for investments in intangible assets and property, plant and equipment and plus proceeds from the disposal of intangible assets and property, plant and equipment and less lease payments. In order to provide the best possible understanding of the underlying actual cash performance, certain payments and proceeds in connection with the purchase and divestment of intangible assets and property, plant and equipment, especially those relating to collaboration and licensing agreements, are not included in free cash flow. This is because these are irregular payments that can significantly distort the performance indicator due to their potential magnitude and timing.

Group

Free cash flow

			Change	
€ million	**2025**	2024	€ million	%
EBITDA pre[1]	**6,109**	**6,072**	**37**	**0.6%**
Adjustments[1]	-210	-293	83	-28.4%
Financial income and expenses[2]	-293	-108	-184	>100.0%
Income tax[2]	-693	-751	58	-7.7%
Changes in working capital[1]	-349	-63	-286	>100.0%
thereof: Changes in inventories[3]	-257	36	-293	>100.0%
thereof: Changes in trade accounts receivable[3]	-166	79	-245	>100.0%
thereof: Changes in trade accounts payable/refund liabilities[3]	73	-178	251	>100.0%
Changes in provisions[3]	124	62	61	98.4%
Changes in other assets and liabilities[3]	-588	-309	-279	90.4%
Neutralization of gains/losses on disposal of fixed assets and other disposals[3]	-164	-2	-162	>100.0%
Other non-cash income and expenses[3]	-4	-22	18	-84.0%
Operating cash flow	**3,932**	**4,586**	**-654**	**-14.3%**
Adjusted payments for investments in intangible and tangible assets[4]	-1,758	-1,854	96	-5.2%
Adjusted proceeds from the disposal of intangible and tangible assets[4]	30	31	–	-0.8%
Payments for leasing	-153	-139	-14	10.1%
Free cash flow	**2,052**	**2,624**	**-573**	**-21.8%**

[1] Not defined by IFRS Accounting Standards. Adjustments according to the definition above.

[2] According to the Consolidated Income Statement.

[3] According to the Consolidated Cash Flow Statement.

[4] Please refer to the following table for the components of the adjustments.

	Payments for investments in intangible assets and tangible assets		Proceeds from the disposal of intangible assets and tangible assets	
€ million	**2025**	2024	**2025**	2024
Investment payments[1]	-1,958	-2,183	196	44
Adjustments proceeds (-)/payments (+)				
Collaboration and licensing agreements	200	330	-14	-14
Sale of a U.S. Food and Drug Administration Priority Review Voucher			-151	–
Adjusted investment payments	**-1,758**	**-1,854**	**30**	**31**

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

Investments and value management

Sustainable value creation is essential to secure the long-term success of the company. To optimize the allocation of financial resources, we use a defined set of parameters as criteria for prioritizing investment opportunities and portfolio decisions, which will be further explained below.

Capital expenditure (CapEx)

In particular, capital expenditure relates to the acquisition of property, plant and equipment, such as machinery and plants, buildings or vehicles, excluding leased assets. Intangible assets are also acquired on a regular basis.

Net present value (NPV)

The main criterion for prioritizing investment opportunities is net present value. It is based on the discounted cash flow method and is calculated as the sum of the discounted free cash flows over the duration of a project. The weighted average cost of capital (WACC), representing the weighted average of the cost of equity and cost of debt, is used as the discount rate. Different markups are applied to the WACC depending on the nature and location of the respective project.

Internal rate of return (IRR)

The internal rate of return is a further important criterion for the assessment of acquisition projects and investments in property, plant and equipment, as well as intangible assets. It is the discount rate that makes the present value of all future free cash flows equal to the initial investment or the purchase price of an acquisition. A project adds value if the internal rate of return is higher than the weighted cost of capital including markups.

Return on capital employed (ROCE)

In addition to NPV and IRR, return on capital employed is an important metric for the assessment of investment projects when looking at individual accounting periods. It is calculated as the adjusted operating result pre (EBIT pre) divided by the sum of property, plant and equipment, intangible assets, trade accounts receivable, trade accounts payable, and inventories.

Payback period

An additional parameter to prioritize investments in intangible assets and property, plant and equipment is the payback period, which indicates the time in years after which an investment will generate positive net cash flow.

Capital market-related parameters

Net income, earnings per share (EPS) and earnings per share pre (EPS pre)

Earnings per share are calculated by dividing profit after tax attributable to the shareholders of Merck KGaA, Darmstadt, Germany (net income) by the weighted average number of theoretical shares outstanding. The use of a theoretical number of shares takes account of the fact that the general partner's capital is not represented by shares. To provide an alternative view, we also report earnings per share pre, in which the effects of integration expenses, IT expenses for selected projects, restructuring expenses, gains/losses on the divestment of businesses, acquisition expenses, and other adjustments are eliminated. Furthermore, amortization of acquired intangible assets is adjusted. The adjustment excludes impairment losses on intangible assets for acquired research and development (R&D) projects below a threshold value of € 50 million. Income tax is calculated on the basis of the Group's underlying tax rate. The following table presents the reconciliation of net income to net income pre for the calculation of EPS pre.

Reconciliation net income to net income pre[1]

			Change	
€ million	**2025**	2024	€ million	in %
Net income	**2,608**	**2,777**	**-168**	**-6.1%**
Non-controlling interest	7	9	-2	-26.3%
Income tax	693	751	-58	-7.7%
Amortization of acquired intangible assets	771	714	57	7.9%
Adjustments[1]	579	570	9	1.5%
Income tax on the basis of the underlying tax rate[1]	-1,025	-1,061	36	-3.4%
Non-controlling interests to be adjusted	-7	-9	2	-26.3%
Net income pre[1]	**3,627**	**3,751**	**-125**	**-3.3%**
Earnings per share pre[1] in €	**8.34**	**8.63**	**-0.29**	**-3.4%**

[1] Not defined by IFRS Accounting Standards.

Dividend ratio

We pursue a reliable dividend policy with a target payout ratio based on EPS pre (see definition above) with the aim of ensuring an attractive return for our shareholders.

Credit rating

The rating of our creditworthiness by external agencies is an important indicator of our ability to raise debt capital at attractive market conditions. The capital market makes use of the assessments published by independent rating agencies in order to assist debt providers in estimating the risks associated with a financial instrument. We are currently assessed by Moody's and Standard & Poor's. The key indicators for the credit rating are EBITDA, cash flow and net/gross financial debt.

Relevant non-financial performance measures

Along with the indicators of the financial performance of the businesses, non-financial measures also play an important role in furthering the success of the company.

High-Impact Culture

Our culture should embody what unites us, as well as the way in which we collaborate, lead and work as a team to achieve human progress and drive our company forward. In making our High-Impact Culture a lived reality, we measure our ability to attract, develop and retain the right people.

Sustainability

With our sustainability strategy, we aim to achieve human progress through sustainable innovations and technologies, to comprehensively integrate sustainability within our value chains and to reduce our resource consumption. We pursue these goals across **seven focus areas** in which we realize numerous initiatives as well as projects and measure our progress.

Belonging and inclusion

Our aim is to strengthen the sense of belonging among all employees. We promote and measure belonging and inclusion among our workforce with a clear goal in mind: We want to create an environment where every person in our company feels valued, respected and empowered to contribute their unique perspectives. This bolsters our innovative strength and contributes to our collective success.

Research and Development

We are a diversified science and technology company with a leading position in the life science, healthcare and electronics industries. In line with our vision “Sparking Discovery, Elevating Humanity”, we are striving for innovation in all three business sectors in order to make our growth plans a reality. We conduct research and development (R&D) worldwide to develop new products, services and solutions to improve the quality of life of patients and meet the needs of our customers. Further optimizing the relevance and efficiency of our R&D activities – either on our own or in collaboration with third parties – is one of our top priorities. In addition, we are continuously improving the fulfilment of our sustainability criteria and integrating them into our R&D processes as early as the product development stage (see **(Group-) Sustainability Statement**).

Around 6,500 employees (2024: approximately 6,400) worked in R&D and related support functions in 2025. They dealt with innovations to address long-term health and technology trends in both established and growth markets.

Expenditure for R&D amounted to € 2.4 billion in 2025 (2024: € 2.3 billion).

In the Life Science business sector, we drive scientific breakthroughs with innovative technologies for applications in natural sciences and pharmaceutical research that enable life-saving novel therapies and treatments for diseases such as cancer and diabetes. In the Healthcare business sector, we develop innovative therapies, leveraging internal discoveries and external partnerships. In the Electronics business sector, we are accelerating the development of the next generation of microchips to enable innovations in the semiconductor and display industries that are needed for artificial intelligence (AI) applications and the digital world of the future.

At Group level, we want to create synergies both within and between our business sectors and continuously develop new areas of innovation. One of our key objectives is to further expand the scope of our innovation by looking into new technologies, markets and digital business models as well as by leveraging existing assets and capabilities, combining them with data and digital technologies. Our efforts in this area include Syntropy® and Athinia®, which are partnerships with Palantir Technologies, Inc., USA, that enable secure AI data flows and data-sharing ecosystems. These platforms help increase efficiencies while ensuring that stakeholders maintain control of their intellectual property.

We launched M-Trust™, a secure cyber-physical trust platform, to strengthen product safety, traceability and authenticity. Unveiled at the Consumer Electronics Show 2025 and released in beta for global business-to-business users, it immutably links physical products to digital identities using multi-patented crypto anchors, thus enabling digital twins and machine-to-machine quality control. Delivered as a Platform-as-a-Service, M-Trust™ integrates software, adaptable anchors and reader hardware, while supporting smart contracts to automate assurances across supply chains. Built in-house, it is designed to align with evolving standards and regulations, including the European Union Digital Product Passport. We further enhanced M-Trust™ through a collaboration with Zebra Technologies Corporation, USA, (Zebra), creating the first cyber-physical digital trust platform with mobile computer scanning capabilities. The partnership combines Zebra’s TC58 mobile computer with our patented authentication technologies to deliver a handheld reader prototype, enabling frontline workers to verify products and share high-quality data for AI model training.

Furthermore, we completed the spin-out of EdiMembre, Inc., USA, in collaboration with mantro GmbH, Munich, thus creating an independent deep-tech company in the alternative protein sector to commercialize our edible membrane technology for sustainable, scalable structured cultured meat. Building on our patent portfolio, the platform enables complex tissue structures and has also been explored for high-protein, plant-based pasta. We contributed intellectual property and expertise and continue to support the market with cell culture media and co-creation in structured meat production.

In addition, we are continuing to develop opportunities at the intersection of our business sectors and converging technologies to develop solutions that enable our three business sectors to bring value to the industries they serve:

- We are continuing to build our automated design-make-test-analyze platform powered by lab automation and AIDDISON™, our generative AI-powered active ingredient discovery platform. In addition to external commercialization, we also use it internally in our Healthcare business sector in early stages of drug discovery. Our AI in drug discovery program will accelerate the discovery of new and better drug candidates, making new therapies available to patients faster.
- We are using our capabilities across our business sectors in messenger ribonucleic acid (mRNA) synthesis, lipid nanoparticle (LNP) synthesis and formulation, targeted delivery, and AI to enable the development of "smart" LNPs that can more effectively target different tissue types, including hard-to-reach biological targets, to treat various diseases.
- We formed a strategic partnership with Interuniversity Microelectronics Centre, Belgium, (imec), a leading research and innovation center in nanoelectronics and digital technologies, to develop a disruptive microphysiological systems platform that integrates our induced pluripotent stem cells and patient-derived organoids with advanced semiconductor hardware featuring unprecedented biosensor capabilities. This modular, scalable platform generates high-quality biological training data for AI-driven drug discovery while enabling real-time, label-free measurements from single to multi-organ configurations. The collaboration aims to enhance predictive validity of preclinical models, accelerate drug candidate development and progressively reduce animal testing.

In fiscal 2025, we made progress in advancing our "Smartfacturing" program, expanding deployment of our highly adaptable, modular smart factories and scaling the Good Manufacturing Practice (GMP) automation technology that enables equipment connectivity through module type packages. Building on the successful pilot projects completed in 2024, we are now applying this technology across broader pharmaceutical and chemical production while exploring applications in additional manufacturing industries. We continued our strategic partnership with Siemens AG, Germany, (Siemens) in fiscal 2025, with transformative projects across our three business sectors, integrating our expertise in Life Science, Healthcare and Electronics with Siemens' advanced hardware and software capabilities to deliver measurably faster, more cost-effective and more sustainable manufacturing processes.

The following table depicts R&D costs of the business sectors in fiscal 2025 and 2024:

			Change	
€ million	**2025**	2024	€ million	%
Life Science	401	388	13	3.4%
Healthcare	1,661	1,503	158	10.5%
Electronics	291	297	-6	-2.1%
Corporate and Other	62	92	-30	-32.5%
Total	**2,415**	**2,279**	**135**	**5.9%**

The ratio of research expenditure to Group sales was 11.4% (2024: 10.8%). It has increased due to additional R&D costs resulting from the acquisition of SpringWorks Therapeutics, Inc., USA, as well as the decline in sales.

Life Science

Innovation is at the core of our Life Science business sector. Across our three business units, our research and development (R&D) teams apply deep expertise to deliver a diversified and relevant portfolio of products and services to customers around the world.

We are increasing our R&D investment to pursue bolder innovation projects and build partnerships in high-growth areas, strengthening our portfolio with new technology anchors. More than 1,700 engineers, chemists and biologists across 12 global R&D hubs are advancing six strategic innovation vectors: our core portfolio, factories and labs of the future, novel modalities, next-generation biology, artificial intelligence (AI) and digital as well as sustainability. In fiscal 2025, our teams continued to advance new technologies and expand our portfolio with a steady pipeline of innovations emerging across our six strategic vectors.

Beyond our own research, we are deepening collaboration with academia and industry to accelerate innovation and advance the global scientific community. Building on our 90-year partnership with Washington University in St. Louis, USA, we signed a memorandum of understanding in July 2025 to support joint research initiatives, technology scouting and research enablement. In September 2025, we also expanded our strategic partnership with Siemens AG, Germany, (Siemens), to combine our Life Science portfolio with Siemens' digital ecosystem, creating end-to-end digital workflows from discovery to manufacturing.

Science & Lab Solutions

A key driver of innovation in Science & Lab Solutions is the digitalization of the lab of the future, using AI, machine learning, automation, and other solutions to drive workflows, thus increasing efficiency, safety and success rates in drug discovery and development. By combining expertise in small molecules, biologics and new modalities with AI and other digital tools, we are redefining how drugs are discovered, developed and manufactured.

From foundational biological research and animal model generation to crop yield improvements and immunology, researchers rely on simplified, integrated gene-editing tools. Our PURedit® Cas9 Cytosine Base Editors launched in July 2025 offer precision and flexibility for difficult-to-edit regions and are suitable for use with primary and sensitive cell lines. The CRISPR Cas9 RNP base editing technology avoids double-stranded DNA breaks, minimizing off-target effects and ensuring reliable edits for even the most challenging samples.

In September 2025, we expanded ChemisTwin™, an online digital reference materials platform launched in 2023. The expanded platform, featuring over 1,500 calibrated algorithm-based digital references, now includes improved nuclear magnetic resonance workflows and enhanced infrared spectroscopy with custom baseline correction and therefore delivers greater efficiency, precision and speed. Reference materials ensure the quality and safety of medicines and other products (such as food and beverages) from the earliest stages of research and development through quality control and quality assurance testing.

In addition, Science & Lab Solutions earned several industry recognitions. Lab Water Solutions received two major industry honors: Best New General Lab Product of 2024 (Scientists' Choice Award from SelectScience®) and the Pittcon Excellence Award for The Milli-Q® SQ 2 Series water purification systems. BioMonitoring received the International Society of Pharmaceutical Engineering's Robotics Application of the Year award for its BioBurden Automation solution.

Process Solutions

In March, we integrated three new analytical systems into our MAST® autosampling solution, an automated aseptic sampling technology ensuring source sterility and hands-free sample handling.

In May, we introduced an update of the mConfig™ cell culture media and chemicals configurator, a digital tool that provides customers with a self-service request portal for their custom cell culture media and process chemicals, performs real-time feasibility checks and gives feedback on manufacturability, including suggestions

for alternative components to improve consistency, performance and process control. These features support smarter manufacturing and more intelligent design with our existing product portfolio.

The Pellicon® Capsule for viral gene therapy was also launched in May. This single-use tangential flow filtration device is designed to advance flexible manufacturing. The capsule enables fast and efficient processing of cell and gene therapies with linear scalability across all sizes. It reduces the risk of cross-contamination, minimizes operator exposure to highly potent compounds and enables faster time to market.

In June, we launched the Express® SPG vent filter, a gamma-compatible sterilizing vent filter for single-use applications at a large scale. Its compact design enables high flow rates under challenging bioreactor and mixer conditions, making it ideal for monoclonal antibodies (mAbs) and vaccines as well as cell and gene therapy applications.

The Natrix® CH chromatography membrane device family, launched in September, provides an efficient and scalable purification solution for traditional and novel modalities. By enabling intensified bioprocessing via frontal chromatography, it significantly increases manufacturing productivity and fully eliminates the requirement for column packing.

We also launched Non-Animal Origin Squalene EMPROVE® EXPERT for use in high-risk applications such as vaccine adjuvants. This product is derived from yeast fermentation and offers a high-quality alternative to shark-derived squalene. Its scalable manufacturing process ensures batch-to-batch consistency and reliable supply security.

Also in September, the CHOZN® Elite cell line introduced a next-generation CHO (Chinese hamster ovarian) mammalian cell expression system that grows in suspension culture using chemically defined, animal component-free media. It enables high-producing clones with higher titers, resulting in more efficient production of mAbs or other recombinant proteins.

In autumn 2025, we launched the AAViator™ production platform, an integrated solution for improving manufacturing timelines of adeno-associated virus (AAV) gene therapies. This product launch follows the 2024 acquisition of Mirus Bio LLC, USA, a company specializing in innovative transfection reagents.

In October, we introduced VirusGen® stabilizer – the industry-first stabilizer for cell and gene therapy upstream AAV manufacturing. It simplifies AAV scale-up by extending transfection complex formation time, reducing complex volume and maintaining high titers and full capsids. The result is a simplified transfection process that enables the industry to scale to larger bioreactor sizes.

Life Science Services

In June 2025, we launched the AAV Express Platform, providing biopharmaceutical companies with a streamlined path toward commercial good manufacturing practice (GMP) production for cell and gene therapies. By addressing critical manufacturing needs in the rapidly growing cell and gene therapy market, where approximately 70% of innovators outsource production, the platform aims to significantly reduce costs and development timelines for cell and gene therapies.

In October 2025, we entered into a marketing collaboration with Catalent, Inc., USA, (Catalent), to accelerate and de-risk antibody-drug conjugate (ADC) manufacturing. The collaboration offers a seamless end-to-end path from discovery to GMP-compliant manufacturing, leveraging Catalent's SMARTag® ADC technology and both companies' complementary expertise in the ADC field.

In 2025, we advanced the use of next-generation sequencing (NGS) testing technologies to support viral clearance in AAV gene therapy development. As manufacturing methods and regulatory expectations evolve, robust quality control strategies are increasingly critical to ensure product quality, safety and compliance. Our combined NGS solutions enable a broad characterization of targeted and non-targeted sequences in AAV particles, helping to optimize development timelines.

Healthcare

Patients are at the center of all our research and development efforts. We are committed to innovation in science to bring more medicines to more patients, faster. We plan to balance and expand our research and development (R&D) pipeline by acquiring programs through external innovation as well as accelerating internally developed assets that are currently in-house. This approach will enable us to build a sustainable pipeline for long-term growth.

Following an investment of € 160 million, we inaugurated the Launch and Technology Center at our campus in Darmstadt, Germany, in September 2025. The Launch and Technology Center aims to ensure that our next generations of innovative small molecule-based medicines (including high-potency compounds) are available for clinical trials, global launches and commercial supply with accelerated timeframes compared to the past. It is anticipated to be fully operational in 2026 following validation by the health authorities.

Oncology

In Oncology, we are guided by our vision to help cancer patients become cancer survivors. As a key focus area within our R&D portfolio, we are dedicated to delivering transformative treatments. Translational research is integrated throughout the entire R&D process with several projects addressing unmet needs in difficult-to-treat cancers through innovative treatment approaches and novel combinations.

Marketed therapies

We are committed to setting new standards of care for multiple tumor types and expanding access to the corresponding therapies. In 2025, we therefore continued to explore the impact of our marketed therapies by continuously analyzing data from our pivotal trials and generating real-world evidence. Additionally, we are evaluating these treatments in new clinical settings to allow more patients with cancer to experience their potential benefits.

External research continues to reinforce Erbitux® (cetuximab) as the backbone of treatment in metastatic colorectal cancer (CRC). At multiple congresses, data were presented from the Phase III BREAKWATER trial conducted by Pfizer Inc., USA, evaluating the clinical efficacy of the combination of mFOLFOX6, encorafenib and Erbitux® in metastatic BRAF V600E-mutant metastatic CRC. Results from the trial showed a 51% reduction in the risk of death for patients treated with this regimen compared with standard-of-care treatment. The final analysis of the investigator-sponsored FIRE-4 trial evaluating the efficacy of Erbitux® re-challenge in patients with RAS wild-type metastatic CRC was presented at the 2025 American Society of Clinical Oncology (ASCO®) Annual Meeting. The trial demonstrated a significantly higher overall response rate and safety in the Erbitux® plus FOLFIRI-containing experimental arm versus physicians' choice of treatment. Furthermore, it demonstrated statistically similar but numerically higher overall survival, primary endpoint, and progression-free survival.

We remain committed to fostering innovation in this disease to help address unmet needs for patients with metastatic CRC as well as helping to ensure that Erbitux®, an important backbone therapy in metastatic CRC, is made available to all patients around the world who could benefit.

Bavencio® (avelumab), an anti-PD-L1 antibody, is a first-line maintenance treatment for locally advanced or metastatic urothelial carcinoma (UC) in adult patients whose disease has not progressed following platinum-based chemotherapy. New analyses presented at congresses throughout 2025 continued to strengthen the robust evidence supporting its use in this setting. At multiple scientific congresses, including the ASCO® Genitourinary Cancers Symposium, the ASCO® Annual Meeting and the European Society for Medical Oncology (ESMO) Congress, new data were shared from the pivotal Phase III JAVELIN Bladder 100 trial alongside real-world evidence that reinforced the clinical trial findings of Bavencio® as a first-line maintenance therapy in patients with locally advanced or metastatic UC. The data highlight the effectiveness and safety of Bavencio® in routine clinical practice and heterogenous populations as well as the importance of personalized treatment decision-making. These data further add to the growing body of evidence supporting the use of Bavencio® in a rapidly evolving therapy landscape.

For Tepmetko® (tepotinib), data from the VISION trial presented at the 2025 European Lung Cancer Congress highlighted the continued robust and durable efficacy and the manageable safety profile of this medicine in patients with treatment-naive and previously treated METex14-skipping non-small-cell lung cancer (NSCLC) after three years or more of follow-up. These findings reinforce Tepmetko® as a meaningful treatment option in this setting. Additional analyses of VISION presented at the 2025 World Conference on Lung Cancer held by the International Association for the Study of Lung Cancer found that with three or more years of follow-up, Tepmetko® demonstrated a continued manageable safety profile in patients with METex14-skipping NSCLC with no new safety signals and stability in health-related quality of life and patient-reported outcomes as measured by the symptom scores in the Quality of Life Questionnaire of the European Organisation for Research and Treatment of Cancer.

At the ESMO Congress 2025, further data from the VISION trial presented at ASCO® confirmed that Tepmetko® continues to show robust and sustained efficacy in patients with at least three years of follow-up, irrespective of age, smoking status, the presence of brain metastases at baseline, or whether the MET (gene) alteration was detected by tissue or liquid biopsy. Treatment sequencing with Tepmetko® was also investigated and results demonstrate that after three years or more of follow-up, Tepmetko® delivers robust and lasting efficacy across treatment lines and particularly in the first-line setting, supporting its early use in the treatment sequence.

Novel medicines

In 2025, we made significant progress in advancing our antibody-drug conjugates (ADC) from our own research.

We presented data from the dose optimization section of the Phase I PROCEADE-CRC 01 trial of our anti-CEACAM5 ADC precemtabart tocentecan (M9140) in advanced CRC at the 2025 ASCO® Annual Meeting, with additional data from this trial presented at the ESMO Congress 2025. These data, which showed a higher objective response rate and overall survival along with a similar safety profile for the higher of the two doses studied, support the rationale for selecting the recommended dose for further development in CRC and other solid tumors, including cancer types being investigated in the ongoing Phase Ib/II PROCEADE-PanTumor trial. Based on the encouraging findings in patients with heavily pretreated advanced CRC, we plan to initiate a Phase III trial of precemtabart tocentecan in this setting in 2026.

Clinical development of M3554, our anti-GD2 ADC, is also underway, with recruitment ongoing in a first-in-human Phase I, multicenter open-label trial in patients with advanced solid tumors.

Within our DDR portfolio (DNS Damage Response), we refined our focus in 2025 based on the data generated to date.

For our ataxia telangiectasia and Rad3-related (ATR) inhibitor tuvusertib, we discontinued investigation of combination approaches with other DDR inhibitors, such as PARP (poly(ADP-ribose) polymerase) (niraparib and M9466) or ataxia telangiectasia mutated kinase (ATM) (lartesertib) in 2025, based on an underwhelming efficacy signal observed in an in-house Phase II trial in patients with ovarian cancer with prior exposure to PARP inhibitors. No new safety signals have been observed in combinations. The termination resulted in an impairment of an intangible asset amounting to € 12 million. Tuvusertib continues to be investigated through external collaboration, with an emphasis on monotherapy in biomarker-defined populations and in combinations with immuno-oncology in different tumor types.

For M9466 (also known as HRS-1167), the selective PARP1 (poly(ADP-ribose) polymerase 1) inhibitor licensed from Jiangsu Hengrui Pharmaceuticals Co. Ltd., China, in 2023, we have investigated opportunities with the intention of leveraging its increased potency and selectivity in combinations with tuvusertib, with cytotoxic chemotherapy, and with hormone treatments across several solid tumor types, including the traditional PARP inhibitor spaces. Based on the emerging efficacy and safety data in combination with other compounds and the rapidly evolving competitive landscape in the established PARP inhibitor space, we have made the strategic decision not to pursue further development. The termination of this trial in Phase Ib resulted in an impairment of an intangible asset amounting to € 174 million as well as the recognition of a provision for follow-up costs in the low double-digit million euro range.

Following the acquisition of SpringWorks Therapeutics, Inc., USA, we are dedicating ourselves to the targeted treatment of patients with additional rare diseases and hematological cancers. In addition to our work in desmoid tumors, we continue to support industry and academic collaborator studies evaluating nirogacestat as part of B-cell maturation antigen combination therapy regimens across treatment lines in patients with multiple myeloma.

With mirdametinib, beyond our work in NF1-PN, a Phase I/II clinical trial evaluating mirdametinib as a monotherapy in pediatric and young adult patients with low-grade gliomas is being conducted by St. Jude Children's Research Hospital, Memphis, Tennessee, USA. The Phase II portion of the trial is ongoing, and patient enrollment is in progress.

In March 2025, we announced that we had exercised our option with Abbisko Therapeutics Co. Ltd., China, to commercialize pimicotinib in the United States and the rest of the world. We now hold worldwide commercialization rights for pimicotinib. The randomized double-blind treatment phase of the Abbisko-led global Phase III MANEUVER trial of pimicotinib for the treatment of tenosynovial giant cell tumor (TGCT) met its primary endpoint and all key secondary endpoints. Once-daily pimicotinib demonstrated a statistically significant improvement in the primary endpoint of objective response rate. The results were presented for the first time at the 2025 ASCO® Annual Meeting, with a longer-term analysis – conducted after the last patient completed the open-label treatment phase – presented at the ESMO Congress 2025.

Based on the positive findings from MANEUVER, we submitted applications to regulatory authorities in several regions in 2025. In China, the Center for Drug Evaluation (CDE) of the National Medical Products Administration (NMPA) granted priority review to pimicotinib in May for the treatment of patients with TGCT who require systemic therapy. In June, the CDE accepted our new drug application for marketing authorization of pimicotinib as a Class 1 innovative drug for adult patients with TGCT requiring systemic treatment. Pimicotinib has been granted breakthrough therapy designation by China's NMPA and the FDA, as well as fast track designation from the FDA and priority medicine designation from the European Medicines Agency. In December 2025, the NMPA approved pimicotinib for the treatment of adult patients with symptomatic TGCT for which surgical resection would potentially cause functional limitation or relatively severe morbidity.

Neurology & Immunology

We are continuing to expand the therapeutic focus areas of our Neurology & Immunology franchise by developing potential first-in-class treatments for conditions with high unmet medical needs. We have a pipeline focusing on discovering new therapies with potential in other neuroinflammatory and immune-mediated diseases, including systemic lupus erythematosus (SLE), cutaneous lupus erythematosus (CLE) and generalized myasthenia gravis (gMG).

Enpatoran, an investigational highly specific potential first-in-class immune modulator, is being developed as a new investigational oral therapy for lupus. It aims to overcome the limitations of currently available lupus therapies by providing selective inhibition of toll-like-receptors (TLR) 7 and 8, which are known as key lupus-relevant disease drivers.

The global Phase II WILLOW trial was uniquely designed to study enpatoran across two lupus cohorts including patients with both active SLE and CLE. In 2025, we shared encouraging results from the WILLOW trial, which indicate that enpatoran demonstrated a meaningful reduction in disease activity among patients with active lupus rash. These findings supported the potential of enpatoran as a viable treatment option for lupus patients. We have held discussions with key health authorities to determine the most effective Phase III pathway for bringing enpatoran to patients in need.

We are also exploring the potential of cladribine capsules for the treatment of gMG, a rare, serious and chronic neuromuscular autoimmune disease affecting an estimated 700,000 people worldwide that leads to progressive and significant muscle weakness, where a high unmet need remains, particularly with regard to oral treatment options. Cladribine capsules are expected to selectively target B and T lymphocytes, which are thought to be the root cause of gMG. We currently have a global Phase III clinical trial ongoing for cladribine capsules for the treatment of gMG.

In February 2025, we also presented new Mavenclad® (cladribine) tablets data at the 2025 Americas Committee for Treatment and Research in Multiple Sclerosis (ACTRIMS) Forum. The data reinforce Mavenclad® as being a differentiated disease-modifying therapy for adults with highly active relapsing multiple sclerosis (RMS) by showing consistent safety and high efficacy across a range of disability outcomes, combined with a suggested low treatment burden for both physicians and people living with MS.

Data presented from the CLARIFY-MS extension trial showed the continued effect of Mavenclad® on non-traditional and patient-centric efficacy measures of disease activity, including health-related quality of life and cognitive function through four years of treatment. These data demonstrated that the mental and physical health improvements as well as cognitive benefits were seen with Mavenclad® throughout the treatment-free period.

Additionally, two abstracts reporting four-year data from the MAGNIFY-MS extension trial suggest a positive effect of Mavenclad® on a range of biomarkers for MS in the periphery, including immune cell dynamics, serum neurofilament light chain (sNfL) and immunoglobulins, as well as in cerebrospinal fluid NfL levels and oligoclonal bands.

Results of the two-year MAGNIFY-MS trial suggested the ability of Mavenclad® to effectively reconstitute the immune system toward a more homeostatic and less pathogenic state without the need for continuous immunosuppression.

At the 2025 congress of the European Committee for Treatment and Research in Multiple Sclerosis (ECTRIMS), we showcased a strong scientific narrative with 37 abstracts in RMS, including four-year data indicating that nearly nine in ten RMS patients treated with Mavenclad® remained free from progression independent of relapse activity and that Mavenclad® effectively reduced biomarkers of chronic neuroinflammation, neuroaxonal damage and disease progression while preserving brain volume loss. These results reinforced the potential of the drug to reduce neurodegeneration and neuroinflammation beyond established clinical efficacy outcomes in RMS.

Our pipeline

As of December 31, 2025

Therapeutic area / Compound	Indication	Status
Oncology		
Pimicotinib (CSF-1R inhibitor)	Tenosynovial giant cell tumor (TGCT)[1,2]	Registration
Nirogacestat (Gamma secretase inhibitor)	Ovarian granulosa cell tumors	Phase II
Precemtabart tocentecan (M9140, anti-CEACAM5 antibody drug conjugate)	Colorectal cancer	Phase Ib
Precemtabart tocentecan (M9140, anti-CEACAM5 antibody drug conjugate)	Pan tumor (Locally advanced or metastatic gastric cancer, non-small cell lung cancer, pancreatic ductal adenocarcinoma)	Phase Ib
M3554 (anti-GD2 antibody drug conjugate)	Advanced solid tumors[3]	Phase I
M0324 (Anti-MUC-1 x CD40 bispecific antibody)	Advanced solid tumors	Phase I
Neurology & Immunology		
Cladribine capsules (Immune reconstitution[4])	Generalized myasthenia gravis	Phase III
Enpatoran (TLR7/8 antagonist)	Systemic lupus erythematosus	Phase II
Enpatoran (TLR7/8 antagonist)	Cutaneous lupus erythematosus	Phase II
M5542 (CTLA4Ig/anti-OX40L fusion protein)	T cell-mediated autoimmune diseases[5]	Phase I
Global Health		
Cabamiquine (PeEF2 inhibitor)	Malaria[6]	Phase II

Pipeline products are under clinical investigation and have not been proven to be safe and effective. There is no guarantee any product will be approved in the sought-after indication.

[1] The Group entered a license agreement with Abbisko Therapeutics Co. Ltd., Shanghai, China, holding worldwide commercialization rights for pimicotinib.

[2] On 16 December 2025, the China National Medical Products Administration (NMPA) has approved pimicotinib for the treatment of adult patients with symptomatic tenosynovial giant cell tumor (TGCT) for which surgical resection will potentially cause functional limitation or relatively severe morbidity.

[3] Patients with soft tissue sarcoma (STS) and glioblastoma.

[4] Putative mechanism.

[5] Study in healthy volunteers.

[6] In combination with pyronaridine in two studies, either in participants with acute uncomplicated malaria, or as chemoprevention in participants with asymptomatic malaria infection.

CD40: Cluster of differentiation 40

CEACAM5: Carcinoembryonic antigen-related cell adhesion molecule 5

CSF-1R: Colony stimulating factor 1 receptor

CTLA-4: Cytotoxic T-lymphocyte associated protein 4

GD2: Disialoganglioside expressed on tumors

MUC-1: Mucin 1

OX40L: Ligand for OX40 receptor

Phase I: Dose finding

Phase Ib: Dose escalation/expansion and signal seeking

PeEF2: Plasmodium eukaryotic elongation factor 2

TEAD: Transcriptional Enhanced Associate Domain

TLR7/8: Toll-like receptors 7 and 8

Electronics

Our research and development (R&D) strategy follows our overall Electronics strategy, which aims to enhance and expand our capabilities, drive organic growth and enable new technology platforms. Our Chief Technology Office (CTO) identifies trends and vets technologies that are beyond the time horizon or scope of our business units. As a dedicated technology organization, the CTO manages research partnerships, shapes our technology roadmaps and manages our long-term R&D portfolio.

We are focusing our R&D capabilities on next-generation semiconductor and optical materials to further strengthen our position as one of the leading suppliers to the electronics industry. Powered by our Materials Intelligence™ platform, our core R&D domains – materials discovery and process integration – address the industry's priorities: delivering more powerful, more energy-efficient chips while reducing environmental impact. Consequently, sustainability and the use of artificial intelligence (AI) and machine learning are both key focus areas of our R&D.

Our sustainability approach is based on three core pillars that drive our activities: collaboration, innovation and operation.

- Collaboration: In the interconnected electronics supply chain, collaboration is crucial for developing and scaling sustainable solutions. Joint action benefits the entire value chain, enabling participants to achieve defined sustainability objectives together. One notable example of collaboration is the ongoing academic research program with Intel Corporation, USA, in Europe. This initiative comprises six projects with currently eleven universities and institutes across six countries. It aims to develop sustainable semiconductor manufacturing solutions through AI and machine learning, focusing on new materials, efficient processes and waste reduction.

- Innovation: Our R&D efforts push the boundaries of innovation to create a safer, smarter and more connected world while protecting the environment. One example of our commitment is the development of materials that do not use PFAS (per- and polyfluoroalkyl substances) in Patterning. These materials are intended to replace PFAS surfactants in photoresists, solvent-based antireflective coatings and rinse solutions in semiconductor photolithography. For instance, we completed the development of the PFAS-free i-Line (365 nm range) and KrF (krypton fluoride, 248 nm range) photoresists and have begun sampling these materials with several customers, advancing to more mature stages of qualification. We already offer alternative products for some applications.

- Operation: We recognize that real change begins with us, starting from our own production processes. We are committed to reducing our environmental footprint to meet our sustainability goals. Our efforts to reduce emissions of NF_3 (nitrogen trifluoride) and N_2O (nitrous oxide) from our own processes are one such example of our ambition in this area.

Process integration is about fit and scale – proving compatibility of new materials with key industry process modules and moving from lab to fab at volume. Working closely with customers and original equipment manufacturers (OEMs), we fast-track this process at our Intermolecular site in San José, USA – a highly configurable mini-fab that allows the addition of customer toolsets and process conditions, especially for thin film development. Intermolecular enables on-wafer, data-driven co-optimization, reducing development time for the customer by up to 63%. At the same time, contracted "fab-to-lab" programs to develop new technologies with tier 1 partners and start-ups give us early access to the next wave of innovations.

Semiconductor Solutions

Our R&D team works to ensure that we can supply the materials needed for the high-value steps in wafer processing. To this end, we collaborate with OEMs and device makers to shape the future of digital living, providing material solutions for advanced microchips with complex architectures, improved performance, enhanced thermal control, and greater energy efficiency.

The main R&D programs for our Semiconductor Solutions business units include the following:

Thin Films

In Thin Films, we are continuously expanding our product portfolio for both memory and logic chip customers, placing a key focus on unlocking new R&D opportunities with increasing 3D densification, including gate-all-around transistors and heterogeneous integration.

We are committed to enhancing our offerings by developing cutting-edge material solutions, including molybdenum, ruthenium and cobalt precursors for selective metallization, highly conformal silicon-containing films on complex 3D structures with precise thickness control and enhanced performance, gap-filling materials with low dielectric constants, metal oxide precursors, spin-on dielectric films, and more.

In 2025, to address increasing demand for gap-filling solutions in logic, memory and packaging, we expanded our chemical vapor deposition (CVD) R&D capabilities by investing in the installation of a state-of-the-art fab-like flowable CVD tool at our site in Tempe, USA. As a materials supplier, we now possess the full spectrum of process technologies for gap-filling capabilities.

Additionally, we leverage AI technology to significantly accelerate the development of novel materials development to meet the stringent timelines of our customers. We also collaborate with our OEM partners and customers on area-selective deposition and atomic layer etching to enable innovative, cost-effective and simplified integration schemes for logic and memory technologies.

Formulations (Patterning and Planarization)

The portfolio of the Formulations business field is divided into the areas of Patterning and Planarization.

In Patterning, adding to our aforementioned PFAS-free portfolio, progress on our fluorine-free extreme ultraviolet rinse materials is ongoing, with our second-generation formulation demonstrating comparable performance to legacy products. Notable advances in our fluorine-free top anti-reflective coating are being developed with customer sampling having been initiated and a commercial launch targeted for early 2027.

High numerical aperture extreme ultraviolet lithography requires even flatter substrates due to its reduced depth of focus. Our team developed the inkjettable material used by Canon Nanotechnologies, Inc., USA, in its new inkjet-enabled adaptive planarization technology, introduced to selected customers and innovators in February 2025, thus providing an innovative solution to further decrease waver planarity.

In Planarization, several of our back-end-of-line products have entered advanced stages of qualification for deployment in heterogeneous integration and advanced packaging platforms, reinforcing their critical role in enabling next-generation AI chip systems. This progress is complemented by our continued innovation in high-rate copper processes, which are increasingly vital for the high-performance interconnects in complex chip systems. Additionally, the proliferation of our tungsten solution for dynamic random access memory is accelerating, with notable growth recorded in 2025 compared with 2024. This sustained expansion underscores its importance in supporting advanced memory applications across emerging compute workloads.

Specialty Gases

We have one of the broadest specialty gases portfolios in the market, covering etching, cleaning, deposition, and dopant gases.

We are actively advancing new, climate-conscious, low-emission etching and cleaning gases, including innovative low-GWP (global warming potential) materials, and are broadening the range of applications for these sustainable solutions. Additionally, we are participating in the GENESIS project (GENErate a Sustainable Industry for Semiconductors), a new initiative of the European Union dedicated to fostering a more sustainable semiconductor industry in Europe. Through this project, launched under the European Chips Joint Undertaking, our sustainable specialty gases portfolio will support industry-wide environmental goals and research advancements in electronic systems.

We are also expanding our development efforts into advanced, high-performance etching gases required for the latest semiconductor device structures. Covering a range of different etch applications, we seek to further improve speed and precision, leveraging our expertise in organic and inorganic etch chemistry.

Delivery Systems & Services (DS&S)

To keep pace with the evolving industry, DS&S engages in the development of new equipment and delivery system offerings. These efforts are aligned with chemical materials recently introduced to semiconductor manufacturing and longer-term product evolution roadmaps to enhance competitiveness in the market.

One of the chemical compounds playing a major role for advanced memory and logic chips is molybdenum dichloride dioxide, a corrosive, high-melting solid that requires advanced delivery. We have built a custom bulk delivery system that enables our customers to achieve high precursor flow and utilization of the chemical in the container.

Optronics

Optronics supports customers in developing advanced display technologies for various applications, including TV, IT and mobile devices, automotive displays, and gaming. In collaboration with partners, we are advancing augmented reality and virtual reality, expanding the application of display materials and enhancing user experiences for future immersive devices.

We maintain and expand partnerships with leading panel manufacturers to develop next-generation display products and technologies, focusing on innovative barrier materials that offer superior flexibility, higher reliability and extended lifespans for flexible OLED devices, such as in IT applications.

In addition, we are continuing to work on advancing LCD technology as well as future optical technologies, including LC-on-silicon and material applications for reactive mesogens, such as for Pancharatnam-Berry lenses and head-up displays for use in new virtual and augmented reality devices.

Optical components are becoming increasingly important when it comes to meeting requirements for higher bandwidth and faster data transmission. Optronics is advancing newly required 3D metrology and inspection platforms to enable high-yield heterogeneous integration and advanced packaging.