

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## General Disclosures

### (1) Company information

These Consolidated Financial Statements for the year ended December 31, 2025, were prepared for Merck Kommanditgesellschaft auf Aktien, Darmstadt, Germany (Merck KGaA, Darmstadt, Germany), Frankfurter Strasse 250, 64293 Darmstadt, Germany, entered in the commercial register of the Darmstadt Local Court under HRB 6164. The ultimate parent company of the Group is the parent company of Merck KGaA, Darmstadt, Germany, E. Merck Kommanditgesellschaft, Darmstadt, Germany (E. Merck KG, Darmstadt, Germany). The Consolidated Financial Statements of E. Merck KG, Darmstadt, Germany, can be accessed at <https://www.unternehmensregister.de>. Shares in Merck KGaA, Darmstadt, Germany, are traded on the regulated market of the Frankfurt Stock Exchange and on other exchanges.

The German Corporate Governance Code declaration (declaration of conformity) in accordance with section 161 of the German Stock Corporation Act (AktG) was issued and can be viewed at <https://www.emdgroup.com/en/investors/corporate-governance/reports.html>.

### (2) Reporting principles

These Consolidated Financial Statements have been prepared in accordance with the international accounting rules based on the IFRS<sup>®</sup> Accounting Standards (IFRS Accounting Standards) effective at the end of the reporting period and adopted by the European Union and the additional provisions of section 315e (1) of the German Commercial Code (HGB). The fiscal year is the calendar year. These Consolidated Financial Statements have been prepared in euro, the reporting currency. The values presented in the Consolidated Financial Statements have been rounded. This may lead to individual values not adding up to the totals presented.

The Executive Board of Merck KGaA, Darmstadt, Germany, prepared these Consolidated Financial Statements on February 17, 2026, and forwarded them to the Supervisory Board for approval. The Supervisory Board is responsible for examining the Consolidated Financial Statements and declaring whether it approves them.

The accounting and measurement policies used in the Consolidated Financial Statements are presented in the respective Notes and are indicated there.

### Amendments to standards effective for the first time in fiscal 2025

Standard/Interpretation	Title	Date of publication	Date of endorsement by EU law	Impact on the Consolidated Financial Statements
Amendments to IAS 21	Lack of Exchangeability	August 15, 2023	November 12, 2024	No material impact

## Amendments to standards effective for the first time from fiscal 2026

Standard/Interpretation	Title	Date of publication	Date of endorsement by EU law	Required date of first-time application <sup>1</sup>	Expected impact on the Consolidated Financial Statements
Amendments to IFRS 7	Amendments to the Classification and Measurement of Financial Instruments	May 30, 2024	May 27, 2025	January 1, 2026	No material impact
Amendments to IFRS 7	Contracts Referencing Nature-dependent Electricity	December 18, 2024	June 30, 2025	January 1, 2026	No material impact
Amendments to IFRS 9	Amendments to the Classification and Measurement of Financial Instruments	May 30, 2024	May 27, 2025	January 1, 2026	No material impact
Amendments to IFRS 9	Contracts Referencing Nature-dependent Electricity	December 18, 2024	June 30, 2025	January 1, 2026	No material impact
Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7	Annual Improvements to IFRS Accounting Standards – Volume 11	July 18, 2024	July 9, 2025	January 1, 2026	No material impact

<sup>1</sup> These regulations were not applied early.

## Standards and amendments to standards published but not yet endorsed by the European Union

Standard/Interpretation	Title	Date of publication	Expected to be effective for the first time for financial years beginning on or after	Expected impact on the Consolidated Financial Statements
IFRS 18	Presentation and Disclosure in Financial Statements	April 9, 2024	January 1, 2027	See below
IFRS 19	Subsidiaries without Public Accountability: Disclosures	May 9, 2024	January 1, 2027	No impact
Amendments to IFRS 19	Subsidiaries without Public Accountability: Disclosures	August 21, 2025	January 1, 2027	No impact
Amendments to IAS 21	Translation to a Hyperinflationary Presentation Currency	November 13, 2025	January 1, 2027	No impact

## Expected impact of the first-time application of IFRS 18 on the Consolidated Financial Statements from fiscal 2027 onwards

The Group expects the introduction of IFRS 18 to have a significant impact on the Consolidated Financial Statements. The exact quantitative effects of IFRS 18 are still being analyzed and cannot yet be conclusively assessed as of the balance sheet date.

### Consolidated Income Statement

IFRS 18 is introducing a new mandatory structure with five categories: operating, investing, financing, income taxes, and discontinued operations. In addition, two new mandatory subtotals will be introduced: “operating result” and “profit before financing and income tax”. The new requirements lead to a change in the structure of the Consolidated Income Statement due to the introduction of mandatory subtotals and categories. In addition, significant issues that are currently recognized under other operating expenses will be presented under functional costs in the future.

## Consolidated Cash Flow Statement

The abolition of disclosure options, particularly with regard to interest payments received and paid, is expected to have a significant impact on the Group's Consolidated Cash Flow Statement. The Group currently reports these under operating cash flow (see Note (16) [Operating cash flow](#)). The starting point for determining the operating cash flow will be the operating result.

## Management-defined performance measures (MPMs)

IFRS 18 prescribes mandatory disclosures on performance measures that are publicly communicated by management and are not specified by the IFRS Accounting Standards. Currently, an investigation is underway to determine which MPMs in accordance with IFRS 18 are to be reported in the Notes to the Consolidated Financial Statements.

## Accounting and measurement policies

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### Currency translation

#### Functional currency

The subsidiaries of Merck KGaA, Darmstadt, Germany, conduct their business largely in the respective local currency, which they use as their functional currency.

Some subsidiaries, particularly in the Healthcare and Electronics business sectors, use the euro or the U.S. dollar as their functional currency rather than the local currency.

#### Transactions in non-functional currency

When the financial statements of consolidated companies are prepared, business transactions that are conducted in currencies other than the functional currency are translated using the exchange rate on the date of the transaction.

#### Translation of financial statements into the reporting currency (euro)

The financial statements of consolidated companies not using the euro as their functional currency are translated into the reporting currency, the euro. Assets and liabilities are measured at the closing rate while income and expenses are translated at average monthly rates. Any currency translation differences arising during consolidation of Group companies are recognized in equity.

#### Hyperinflation

Argentina (since 2018) and Türkiye (since 2022) are classified as hyperinflationary economies in accordance with the guidelines of IAS 29 "Financial Reporting in Hyperinflationary Economies". Accordingly, non-monetary assets and liabilities and the corresponding expenses and income in these countries are not reported at historical cost but are presented adjusted for inflation. In Argentina, the Group uses a combination of the wholesale index IPIM (Índice de precios internos al por mayor) and the consumer price index IPC (Índice de precios al consumidor). The index applied stood at 129,613.4 as of the balance sheet date (December 31, 2024: 98,664.2/January 1, 2024: 37,078.3). In Turkey, the Consumer Price Index (CPI) published by the Turkish Statistical Institute is applied. The index applied stood at 3,513.87 as of the balance sheet date (December 31, 2024: 2,684.55/January 1, 2024: 1,859.4). In accordance with the provisions of IAS 21 "The Effects of Changes in Foreign Exchange Rates" for financial statements in non-hyperinflationary reporting currencies, the previous-year amounts have not been restated.

The respective loss from the net position of the monetary items is recognized within other operating expenses and reported separately as a loss from hyperinflation accounting (see Note (14) [Other operating expenses](#)).

After adjusting the amounts for inflation, the balance sheet items and income and expenses are translated into the reporting currency, the euro, at the closing rate.

### Exchange rates of most significant currencies

The exchange rates of the most significant currencies in these Consolidated Financial Statements were as follows:

€ 1 =	Average rate		Closing rate	
	2025	2024	Dec. 31, 2025	Dec. 31, 2024
Chinese renminbi (CNY)	8.121	7.798	8.205	7.622
Japanese yen (JPY)	168.947	163.746	183.762	162.599
Swiss franc (CHF)	0.937	0.952	0.931	0.941
South Korean won (KRW)	1,605.595	1,474.959	1,699.044	1,533.769
Taiwan dollar (TWD)	35.171	34.740	36.866	34.141
U.S. dollar (USD)	1.130	1.082	1.174	1.041

## (3) Discretionary decisions and sources of estimation uncertainty

### Dealing with discretionary decisions and sources of estimation uncertainty

The preparation of the Consolidated Financial Statements requires the Group to make discretionary decisions on the applicable accounting and measurement policies as well as estimates to a certain extent. Discretion describes the need to make assumptions concerning recognition or measurement when applying accounting policies. Sources of estimation uncertainty affecting the selection of the valuation techniques to be applied relate in particular to the parameters used therein. The discretionary scope and estimation uncertainty are assessed on a company-specific basis. In particular, the uncertainties described below are taken into account for each specific case. The degree of estimation uncertainty may vary considerably depending on the availability and reliability of the input factors.

### Increased uncertainty due to the current macroeconomic and geopolitical environment

Due to the weak macroeconomic development in many European nations and in China compared with previous growth rates, as well as political changes and the resulting potential macroeconomic and trade policy decisions, there is a significant degree of uncertainty in the preparation of the Consolidated Financial Statements. Despite interest rate cuts by central banks, price and interest rate levels remained significantly higher than previous levels. This led to uncertainty regarding consumer behavior. The changing political conditions in key economies, the ongoing war in Ukraine as well as the conflict in the Middle East further increased the level of uncertainty. Existing and potential trade restrictions and conflicts also played a significant role in this assessment.

This could have an impact on the recoverability of non-financial assets in particular. Based on the information currently available, however, no significant impairment losses have been identified to date. Above and beyond this, as in previous years, there are no material effects on the Group's net assets, financial position or results of operations and no grounds to suggest that the going concern assumption should not have been applied in preparing the Consolidated Financial Statements. The potential impact of changing conditions is continuously analyzed.

### **Impact of prices and interest rates**

Inflation continued to slow in fiscal 2025 but remained at a high level. Additionally, wage and salary demands and settlements were higher in spite of the weak macroeconomic performance. Combined with weak economic development, this also impacted the financial scope available to key countries.

Current interest rates also meant the discount rates applied in performing impairment testing and determining the fair values of financial and non-financial assets remained higher than in previous years (see Note (18) **Goodwill** and Note (43) **Information on fair value measurement**, in particular).

### **Direct impact of armed conflicts**

The war in Ukraine has not had any material effects on the Group's net assets, financial position or results of operations owing to its limited business volume in Russia, Ukraine, Belarus, and the Republic of Moldova. In fiscal 2025 and 2024 alike, the total share of Group net sales generated in the aforementioned countries amounted to less than 1.5%. Furthermore, the conflict in the Middle East did not have a material impact on the Group's net assets, financial position and results of operations in the reporting period. In fiscal 2025 and 2024 alike, the share of Group net sales generated with customers in Israel and Lebanon was less than 1%.

### **Impact of trade restrictions, conflicts and sanctions**

In the past, inventories were increased in order to limit the impact of supply chain disruption. This fundamentally entails a heightened risk of subsequent write-downs if it is not possible to process or sell these inventories. There remains considerable uncertainty with regard to future developments, including potential conflict-related sanctions and the future trade policy of countries such as the United States in particular.

Trade policy developments could impact goods movements and the Group's competitiveness in the short term and affect investment decisions in the medium term. The tension between Western countries and China remains a significant risk, particularly for specific technologies such as semiconductors and biotech. The impact of the trade restrictions between the United States and China – in the area of semiconductor materials, in particular – has been examined since fiscal 2022. No impairment losses have been recognized to date. Unexpected political decisions are having a greater impact on general conditions than in the past, resulting in considerable uncertainty with regard to further developments.

### **Increased uncertainty due to climate risks**

As a global science and technology company, the Group is subject to transition-related and physical climate risks that could have a potentially negative impact on its net assets, financial position, and results of operations and lead to increased estimation uncertainty in its accounting. To determine the potential impact of climate risks, a structured climate risk analysis was conducted in the past as part of a project aimed at implementing the recommendations of the Task Force on Climate-Related Financial Disclosures with the support of an external consulting firm and an insurance company. This analysis was expanded in the fiscal year to include an assessment of climate risks and opportunities, in which three scenarios based on the Representative Concentration Pathways of the United Nations Intergovernmental Panel on Climate Change were analyzed.

### **Reduction targets for greenhouse gas emissions**

The Group has set itself the goal of reducing both its direct (Scope 1) and indirect (Scope 2) greenhouse gas emissions by 50% in the period from the 2020 base year to 2030. By 2030, 80% of its purchased electricity will come from renewable sources. The Group also plans to reduce the indirect emissions along the entire value chain (Scope 3) in terms of metric kilotons of CO<sub>2</sub> equivalents per euro of gross profit by 52% by 2030 and to achieve climate-neutral business operations along the entire value chain (Scope 1-3) by 2040. These goals are aimed at ensuring that the Group's activities are aligned with the global efforts to limit global warming to 1.5°C as set out in the Paris Agreement.

The goals described above are to be achieved through measures including:

- Reduction in process emissions,
- Increased purchase of electricity from renewable sources,
- Energy and material efficiency measures,
- Reduced emissions in the supply chain, and
- Recognition of a shadow price for the CO<sub>2</sub> emissions of major projects.

### **Transition-related climate risks**

Transition-related climate risks describe the consequences for companies as a result of the transition to a sustainable economic system.

The most significant transition-related climate risks to the net assets, financial position and results of operations are in the Electronics business sector, which is responsible for well in excess of half of the Group's direct (Scope 1) and indirect (Scope 2) greenhouse gas emissions. The majority of these greenhouse gas emissions take the form of process-related emissions resulting from the production of specialty gases for the semiconductor and electronics industries. In order to achieve the climate goals it has adopted, the Group intends to reduce the emissions in its business with these specialty gases by making technological improvements to the production process in particular. The recoverability of the assets recognized in connection with these products depends on the successful implementation of the technological improvements in production, as they could largely prevent the risk of long-term price increases due to the increased pricing of greenhouse gas emissions. Based on the information currently available, the implementation of the reduction targets described above is not expected to result in any significant decline in net sales in this business. There have been no indications of impairment of the assets concerned to date, nor has it been necessary to adjust their remaining useful lives. There is significant estimation uncertainty due to the long-term nature of the underlying analyses and the high degree of uncertainty concerning future development.

The Group has concluded several virtual purchase agreements for the purchase of electricity from renewable energy sources as an additional measure to reduce climate risks, and it also intends to increasingly purchase such electricity physically. With the signing of two virtual power purchase agreements for the United States and three virtual power purchase agreements in Spain, significant contributions were made to the achievement of the climate targets (see the disclosures in Note (42) **Management of financial risks** on the existing virtual power purchase agreements with wind and solar farm project developers in the United States and Spain).

The Group participates in EU emissions trading and purchases emission certificates where the certificates allocated free of charge by the public authorities are not sufficient to cover the Group's greenhouse gas emissions. The impact of this EU emissions trading is currently immaterial to the Group's net assets, financial position and results of operations.

### **Physical climate risks**

Physical climate risks describe the risks that could result from longer-term changes in the general climatic conditions. For example, physical climate risks can have an accounting impact in the form of the necessary shortening of the economic life of items of property, plant and equipment ("stranded assets"), the risk of operational disruption or increased future expenses due to necessary adaptations to safeguard sites. In determining physical climate risks, the long-term impact of climate change on the Group was simulated using global warming scenarios that took account of risks due to flooding, wind, extreme heat, precipitation, and drought. All in all, the identified physical climate risks have not led to any material direct accounting impact to date. However, there is significant estimation uncertainty due to the long-term nature of the underlying analyses and the high degree of uncertainty concerning future development.

## Overview of significant discretionary decisions and sources of estimation uncertainty

The accounting matters involving the most significant discretionary decisions as well as the most comprehensive assumptions relating to the future and sources of estimation uncertainty in accordance with IAS 1.125 are described below:

Accounting matter	Carrying amount as of Dec. 31, 2025, in € million	IFRS	Discretionary scope/ estimation uncertainty	Sensitivity analysis	Note
<b>Goodwill</b>	17,934			yes	18
Determination of recoverable amount		IAS 36	high		
<b>Other intangible assets</b>	7,662			yes	6,19
Identification and measurement of intangible assets within the scope of business combinations		IFRS 3	high		
In-licensing of intangible assets		IAS 38	medium		
Determination of amortization		IAS 38	medium		
Identification of impairments or reversal of impairments		IAS 36	high		
<b>Property, plant and equipment</b>	9,940			no	20
Determination of depreciation		IAS 16	medium		
Identification of impairments or reversal of impairments		IAS 36	medium		
<b>Leases</b>	563			yes	21
Recognition and measurement of lease arrangements		IFRS 16	medium		
<b>Inventories</b>	4,562			no	24
Identification of impairments or reversal of impairments		IAS 2	medium		
<b>Trade and other receivables</b>	3,979			no	25,42
Determination of loss allowance		IFRS 9	medium		
<b>Other financial assets</b>				yes	36,42,43
Determination of fair values of contingent consideration	162	IFRS 13	medium		
Determination of fair values of equity instruments	622	IFRS 9, IFRS 13	medium		
<b>Provisions for employee benefits</b>				yes	33
Determination of present value of defined-benefit obligations	4,240	IAS 19	medium		
<b>Other provisions and contingent liabilities</b>	740			no	27,28
Recognition and measurement of other provisions and contingent liabilities		IAS 37	high		
<b>Revenue recognition</b>				yes	9
Measurement of sales deductions and refund liabilities	985	IFRS 15	high		
<b>Income tax</b>				no	15
Recognition and measurement of income tax liabilities	1,614	IAS 12	high		
Recognition and measurement of deferred taxes from temporary differences		IAS 12	medium		
Recognition of deferred tax assets from tax loss carryforwards	214	IAS 12	high		

#### **(4) Subsequent events**

Following the previous announcement in October 2025, in February 2026 Merck KGaA, Darmstadt, Germany, committed to the U.S. government to provide certain prescription drug products at Most Favored Nation pricing for the government healthcare program Medicaid, offer fertility medications to patients at substantially discounted prices through direct-to-patient access, onshore for U.S. production the products sold in the United States by its Fertility and Rare Diseases business units by the end of 2028, and invest US\$ 300 million in new or expanded manufacturing facilities in the United States by the end of 2028. In return, the Group receives tariff exemptions for its existing marketed and investigational product portfolio in the Healthcare business sector as well as associated pharmaceutical ingredients until January 1, 2029.

The Group does not expect any material impact on its financial position, cash flows or results of operations, with the exception of the investment-related cash outflows. The expected effects are included in the current forecast.

Subsequent to the balance sheet date, no other events of special importance occurred that are expected to have a material impact on the net assets, financial position or results of operations.

# Group Structure

## (5) Scope of Consolidation

### Accounting and measurement policies

#### Scope of Consolidation

Subsidiaries that are immaterial to the assessment of the net assets, financial position and results of operations of the Group are not included in consolidation but are instead reported in non-current financial assets (see Note (36) [Other financial assets](#)).

The scope of consolidation changed as follows in the reporting period:

<b>Fully consolidated companies as of Dec. 31, 2024</b>		<b>312</b>
	Companies established	-
Additions	Acquisitions	11
	Materiality	8
	Liquidations/mergers	-4
Retirements	Divestments	-5
	Immateriality	-1
<b>Fully consolidated companies as of Dec. 31, 2025</b>		<b>321</b>
Companies rated at-equity as of Dec. 31, 2024		2
Companies rated at-equity as of Dec. 31, 2025		2
Non-consolidated subsidiaries as of Dec. 31, 2024		40
Non-consolidated subsidiaries as of Dec. 31, 2025		22

The two companies accounted for using the equity method are Syntropy Technologies LLC, United States, and MM Domain Holdco Limited, United Kingdom. As in 2024, there is also one joint operation within the meaning of IFRS 11 (Resonac Versum Materials Co. LTD, Japan). This joint operation is immaterial to the presentation of the net assets, financial position and results of operations. The effects of the existing contractual arrangements also have no potentially significant effect in these contexts.

The list of non-consolidated subsidiaries mainly comprises non-operating shelf companies as well as entities subject to liquidation procedures, which were subsequently measured at fair value through other comprehensive income. Overall, the impact of subsidiaries not consolidated due to immateriality on net sales, profit after tax, assets, and equity was less than 1% relative to the entire Group.

The list of shareholdings presents all of the companies included in the Consolidated Financial Statements as well as all of the shareholdings of Merck KGaA, Darmstadt, Germany (see Note (48) [List of shareholdings](#)).

## (6) Acquisitions and divestments

### Accounting and measurement policies

#### Business combinations

The balance sheet items goodwill, other intangible assets and deferred tax liabilities are significantly influenced by purchase price allocations conducted within the scope of business combinations. As observable market prices are mostly not available for the acquired other intangible assets, the Group regularly relies on the expertise of external professionals when it comes to business combinations. The following overview shows the methods typically used to measure intangible assets within the scope of purchase price allocations:

	Measurement method for determining fair value
Customer relationships	Multi-period excess earnings method
Technology	Relief from royalty method
Trademark	Relief from royalty method

With the exception of the tax effect, results from foreign currency hedging of expected business combinations that meet the requirements for hedge accounting are offset against the carrying amount of the net assets acquired.

Where management considers it to be appropriate, the optional concentration test set out in IFRS 3.B7B is applied in individual transactions in order to determine the accounting presentation of the transaction in the Consolidated Financial Statements.

### Significant discretionary decisions and sources of estimation uncertainty

#### Business combinations

In particular, estimation uncertainty and discretionary decisions in conjunction with purchase price allocation relate to:

- The planning of future cash flows
- The customer churn rate, which indicates how existing customer relationships will change in the future
- The license rate for technologies, which estimates royalty savings on the basis of comparable transactions of similar technologies
- The discount factor, which is applied for maturity and risk-based discounting of expected cash inflows
- The useful life and the degree of technical obsolescence, which depend on assumptions about technological developments, among other things

#### Divestments

The assessment as to when a non-current asset, disposal group or discontinued operation meets the prerequisites of IFRS 5 for classification as "held for sale" is subject to discretionary judgment. Even in the case of an existing management decision to review a disposal, an uncertain assessment has to be made as to the probability of whether and at what time a corresponding disposal will occur.

## Acquisitions in the fiscal year

### Acquisition of SpringWorks Therapeutics, Inc., United States

On July 1, 2025, the Group successfully completed the acquisition of SpringWorks Therapeutics, Inc., United States (SpringWorks), after obtaining the necessary regulatory clearances and satisfying the closing conditions; the agreement had been announced on April 28, 2025. SpringWorks specializes in developing and commercializing therapies for rare tumors. The acquisition strengthens the activities of the Healthcare business sector in this field. SpringWorks' portfolio features two approved products: Ogsiveo® (nirogacestat), the first systemic therapy for desmoid tumors in adults, and Gomekli®/Ezmekly® (mirdametinib), the first and only medicine for both adults and children aged two years and older with NF1-associated plexiform neurofibromas (NF1-PN). Moreover, the acquisition strengthens our presence in the U.S. market and supports the growth of the Healthcare business sector.

The total purchase price in accordance with IFRS 3 for 100% of the voting rights amounted to US\$ 3,778 million (€ 3,207 million) in cash. No contingent consideration was agreed. In the Consolidated Cash Flow Statement, € 2,898 million has been reported as net cash outflows from acquisitions for this acquisition. The difference in relation to the total purchase price resulted from the deduction of acquired cash and cash equivalents as well as from exchange rate effects, since part of the purchase price was paid after July 1, 2025, and translated at the transaction-day exchange rate.

Transactions relating to the acquisition, but not part of the IFRS 3 purchase price, arose from former share-based compensation and former stock options of SpringWorks employees, which were converted at the acquisition date into the right to receive a fixed amount in cash. In addition, for certain employees, there were individual loyalty bonus arrangements and severance agreements. With the exception of the severance agreements, all the payments are contingent upon contractually agreed continued employment. The resulting obligations are accrued over the remaining employment period and recognized in profit or loss in the Consolidated Income Statement. The allocation in the Consolidated Income Statement is based on the functional assignment of the respective employees. In the balance sheet, they are recognized within the items for other non-financial liabilities. From the transactions described above, the Group recognized an expense of € 78 million through profit or loss in the Consolidated Income Statement for fiscal 2025, which was allocated to functional areas as follows:

€ million	2025
Marketing and selling expenses	-26
Administration expenses	-19
Research and development costs	-33

In addition, consulting services related to the acquisition of SpringWorks amounting to € 41 million were recorded under other operating expenses.

The accounting for the business combination was not yet complete as of the balance sheet date. This related to the valuation of acquired intangible assets for therapies involving the ingredients nirogacestat and mirdametinib that have been approved or are undergoing approval, and the development activities that have been taken over, due to the fact that the analysis of the parameters influencing the valuation had not yet been completed, as well as the tax loss carried forward in the USA with regard to usability and valuation due to the transfer of control.

The preliminary difference of € 580 million was recognized as goodwill. It includes expected synergies resulting from the integration of SpringWorks into the Group and unrecognized intangible assets such as the expertise of the workforce.

The goodwill is denominated in U.S. dollars and was allocated to the Healthcare business sector in full. As a result of foreign exchange developments, it increased from € 580 million on first-time recognition to € 582 million as of December 31, 2025. As expected, it is not tax deductible.

Material contingent liabilities were not identified as part of purchase price allocation.

For the period between the acquisition and December 31, 2025, the legacy SpringWorks business contributed € 188 million to Group net sales as well as € -148 million to net income after taxes. This result also includes higher cost of sales due to the step-up of the acquired inventories to fair values as well as the amortization of assets identified and remeasured during purchase price allocation.

Assuming the first-time consolidation of SpringWorks as of January 1, 2025, sales of the Group for the period would have been € 21,222 million (compared with reported net sales of € 21,102 million), and net income after taxes would have been € 2,246 million (compared with reported net income after taxes of € 2,615 million). The amounts stated take into account additional expenses that would have been recognized if the adjustments to inventories and intangible assets had been made as of January 1, 2025.

### Preliminary fair values and carrying amounts acquired in the acquisition

€ million	SpringWorks
<b>Non-current assets</b>	
Other intangible assets	2,696
Property, plant and equipment	13
Other non-current assets	1
Deferred tax assets	282
	<b>2,992</b>
<b>Current assets</b>	
Inventories	65
Trade and other current receivables	48
Cash and cash equivalents	308
Other current assets	11
	<b>432</b>
<b>Total assets</b>	<b>3,423</b>
<b>Non-current liabilities</b>	
Other non-current provisions and liabilities	6
Deferred tax liabilities	613
	<b>619</b>
<b>Current liabilities</b>	
Trade payables and other liabilities	19
Other current liabilities and provisions	158
	<b>177</b>
<b>Total liabilities</b>	<b>796</b>
<b>Net assets acquired</b>	<b>2,627</b>
<b>Purchase price for the acquisition of shares in accordance with IFRS 3</b>	<b>3,207</b>
<b>Positive difference (goodwill)</b>	<b>580</b>

## Acquisitions in the previous year

### Acquisition of Mirus Bio LLC, United States

On July 31, 2024, the Group completed the acquisition of the life science company Mirus Bio LLC, United States (Mirus Bio). With the acquisition of Mirus Bio, the Group is pursuing the strategic goal of offering solutions for every stage in the production of viral vectors.

As of the preparation of the Consolidated Financial Statements 2025, a final purchase price allocation was in place, taking into account a valuation report from an external expert. The purchase price in accordance with IFRS 3 for 100% of the voting rights amounted to US\$ 617 million (€ 570 million) in cash. No contingent consideration was agreed.

As part of the purchase price allocation, primarily intangible assets and deferred tax liabilities were remeasured. The final difference of € 366 million was recognized as goodwill and allocated in full to the Life Science business sector. It includes expected synergies resulting from the integration of Mirus Bio into the Group, expected revenues from technical innovations and developments that go beyond the current product, development and customer portfolios, and unrecognized intangible assets such as the expertise of the workforce. As expected, the goodwill is not tax deductible. The goodwill, denominated in U.S. dollars, changed due to foreign exchange development from € 366 million at initial recognition to € 380 million as of December 31, 2024, and to € 337 million as of December 31, 2025.

### Acquisition of Unity-SC SAS, France

The Group acquired Unity-SC SAS, France (Unity-SC), effective October 31, 2024. Unity-SC is a provider of metrology and inspection instrumentation for the semiconductor industry. Its acquisition complements and rounds off the expertise and the portfolio of the Optronics business unit in the Electronics business sector.

As of the preparation of the Consolidated Financial Statements 2025, a final purchase price allocation was in place. Potential payments of identified contingent consideration amounting to a maximum of € 46 million were valued at € 10 million within the scope of the purchase price allocation, and as of December 31, 2025, the contingent consideration was valued at €7 million. Together with the agreed cash payments of € 142 million, the purchase price in accordance with IFRS 3 for 100% of the voting rights amounted to € 153 million. The contingent consideration essentially depends on the achievement of the agreed sales milestones.

As part of the purchase price allocation, primarily intangible assets and deferred tax liabilities were remeasured. The final difference of € 105 million was recognized as goodwill and allocated in full to the Electronics business sector. It includes expected synergies resulting from the integration of Unity-SC into the Group, expected revenues from technical innovations and developments that go beyond the current product, development and customer portfolios, and unrecognized intangible assets such as the expertise of the workforce. As expected, the goodwill is not tax deductible.

### Acquisition of Hub Organoids Holding B.V., Netherlands

The Group acquired all of the shares in Hub Organoids Holding B.V., Netherlands (Hub Organoids), effective December 23, 2024. Hub Organoids possesses a foundational patent portfolio for organoids.

As of the preparation of the Consolidated Financial Statements 2025, a final purchase price allocation was in place. Potential payments of identified contingent consideration amounting to a maximum of € 40 million were recognized with a value of € 18 million within the scope of the purchase price allocation. Together with the agreed cash payments of € 85 million, the purchase price in accordance with IFRS 3 for 100% of the voting rights amounted to € 104 million. The contingent consideration essentially depends on the achievement of the agreed product development and sales milestones. In fiscal 2025, contingent consideration of € 15 million was paid due to the achievement of certain product development-related milestone conditions. The remaining contingent consideration was valued at € 2 million as of December 31, 2025.

Part of the purchase price was assigned to intangible assets and deferred tax liabilities within the scope of the purchase price allocation. The final difference of € 74 million was recognized as goodwill and allocated in full to the Life Science business sector. It includes expected synergies resulting from the integration of Hub Organoids into the Group, expected revenues from technical innovations and developments that go beyond the current product, development and customer portfolios, and unrecognized intangible assets such as the expertise of the workforce. As expected, the goodwill is not tax deductible.

### Fair values and carrying amounts acquired in the acquisitions

€ million	Mirus Bio	Other acquisitions
<b>Non-current assets</b>		
Other intangible assets	249	69
Property, plant and equipment	3	7
Other non-current assets	-	2
Deferred tax assets	-	6
	<b>252</b>	<b>84</b>
<b>Current assets</b>		
Inventories	5	28
Trade and other current receivables	2	13
Cash and cash equivalents	16	7
Other current assets	2	8
	<b>25</b>	<b>56</b>
<b>Total assets</b>	<b>276</b>	<b>140</b>
<b>Non-current liabilities</b>		
Other non-current provisions and liabilities	1	3
Deferred tax liabilities	68	18
	<b>69</b>	<b>21</b>
<b>Current liabilities</b>		
Trade payables and other liabilities	3	27
Other current liabilities and provisions	-	15
	<b>3</b>	<b>42</b>
<b>Total liabilities</b>	<b>72</b>	<b>63</b>
<b>Net assets acquired</b>	<b>204</b>	<b>78</b>
<b>Purchase price for the acquisition of shares in accordance with IFRS 3</b>	<b>570</b>	<b>256</b>
<b>Positive difference (goodwill)</b>	<b>366</b>	<b>179</b>

## Completed adjustments to the previous-year Consolidated Balance Sheet to reflect the purchase price allocations

€ million	Dec. 31, 2024 as reported	Adjustments from purchase price allocation	Dec. 31, 2024 adjusted
<b>Non-current assets</b>			
Goodwill	19,152	-45	19,107
Other intangible assets	6,282	69	6,351
Property, plant and equipment	10,025	-	10,025
Other non-current assets	1,345	-	1,345
Deferred tax assets	1,312	6	1,318
	<b>38,116</b>	<b>30</b>	<b>38,146</b>
<b>Current assets</b>			
Current assets	13,450	-	13,450
	<b>13,450</b>	<b>-</b>	<b>13,450</b>
<b>Total assets</b>	<b>51,567</b>	<b>29</b>	<b>51,596</b>
<b>Equity</b>			
Equity	29,988	2	29,989
	<b>29,988</b>	<b>2</b>	<b>29,989</b>
<b>Non-current liabilities</b>			
Other non-current provisions and liabilities	9,393	9	9,402
Deferred tax liabilities	892	18	909
	<b>10,285</b>	<b>27</b>	<b>10,312</b>
<b>Current liabilities</b>			
Trade payables and other liabilities	2,275	-	2,275
Other current liabilities	9,020	1	9,021
	<b>11,294</b>	<b>1</b>	<b>11,295</b>
<b>Total equity and liabilities</b>	<b>51,567</b>	<b>29</b>	<b>51,596</b>

## Divestments

### Divestment of the Surface Solutions business unit

On July 25, 2024, the Group announced that it had signed an agreement to divest the Surface Solutions business unit of the Electronics business sector to Global New Material International Holdings Ltd. (GNMI), Cayman Islands. The agreement comprises the majority of the global production, sales and development activities of the Surface Solutions business unit. The transaction was completed on July 31, 2025, following approval from all relevant regulatory authorities and the establishment of independent Surface Solutions legal entities in certain jurisdictions. The purchase price recognized after purchase price adjustments for transferred cash and financial liabilities amounted to € 669 million, of which €651 million became cash effective as of the balance sheet date. The net gain of € 114 million was recognized under other operating income.

The reconciliation from the sale proceeds to the preliminary gain on disposal before tax was as follows:

€ million	2025
Sale proceeds	669
Less net assets divested	-597
Subtotal	72
Transaction costs related to the disposal	-74
Realized currency translation effects from currency translation	116
<b>Disposal gain before tax</b>	<b>114</b>

The following assets and liabilities of the disposal group were sold:

€ million	July 31, 2025
Goodwill	162
Property, plant and equipment	121
Inventories	219
Trade receivables	13
Cash and cash equivalents	142
Plan assets	57
Other current assets	20
<b>Assets</b>	<b>735</b>
Provisions for employee benefits	100
Trade payables	13
Other non-financial liabilities	14
Other liabilities	11
<b>Liabilities</b>	<b>138</b>
<b>Net assets</b>	<b>597</b>

The assets and liabilities of the disposal group had previously been presented as assets held for sale and liabilities related to assets held for sale. The final determination of the net assets disposed of as of closing is subject to a review by GNMI, which is expected to be completed in the first half of 2026. This may result in adjustments to the purchase price.

### **Divestiture of the site in Martillac, France**

On August 1, 2025, the Martillac operations site in France was sold to AbbVie Inc., United States, for a mid-double-digit million euro amount. The gain on disposal, in the low-single-digit million euro range, was recognized under other operating income.

### **Divestiture of shares in Celestial AI, Inc., United States**

On December 2, 2025, the owners of the M Ventures portfolio company Celestial AI Inc., United States, approved a takeover offer by Marvell Technology Inc., United States (Marvell). The closing of the transaction took place on February 2, 2026. The Group is therefore entitled to a cash payment in the mid-double-digit million US dollar range, a Marvell share package in the mid-double-digit million U.S. dollar range and revenue-based contingent considerations, which is also to be paid by Marvell in its own shares. As of December 31, 2025, the shares, that were allocated Corporate and Other, had a fair value of € 94 million, which was reclassified to assets held for sale.

In the previous year, the valuation was based on the most recently available prices from refinancing rounds. Due to the assumed takeover offer, the valuation methodology was changed to market-based valuation according to the takeover terms, as this represented a more objective and current market value. The key input parameters were Marvell's share price as well as expected probabilities of occurrence of the revenue-dependent milestone events. Due to the consideration of unobservable input parameters in the valuation of the contingent consideration component, this fair value was classified as Level 3 in accordance with the hierarchy of IFRS 13.

### **Divestiture of shares in MoonLake Immunotherapeutics Ltd., Cayman Islands**

Following the publication of new study data, the Group decided to divest all shares in the publicly listed MoonLake Immunotherapeutics Ltd., Cayman Islands (MoonLake). The divestment began in December 2025. As of December 31, 2025, the remaining shares, which were allocated to the business sector Healthcare, had a fair value of € 23 million, which was reclassified to assets held for sale. The fair value included cumulative gains of € 21 million, which were recognized in other comprehensive income under equity. Prior to the reclassification, cumulative gains in the fiscal year were reduced by € 113 million as a result of the revaluation of the shares. On January 8, 2026, the shares were divested in full.

### **Divestiture of shares in Calypso Biotech B.V., Netherlands, in 2024**

The M Ventures portfolio company Calypso Biotech B.V., Netherlands, was fully acquired by Novartis AG, Switzerland, on January 8, 2024. As a result of the disposal, the cumulative gains previously recognized in other comprehensive income were reclassified to retained earnings in the amount of € 48 million.

## (7) Licensing agreements

### Accounting and measurement policies

#### Out-licensing agreements

The Group primarily enters into material out-licensing agreements for intellectual property in the Healthcare business sector. The granting of a license typically constitutes a distinct performance obligation that must usually be recognized at a point in time. Due to the uncertainty of development results and regulatory events, contingent consideration is typically recognized when the event in question has occurred. Sales-based and usage-based royalties are recognized when the contract partner makes the corresponding sales or uses the intellectual property. As out-licensing transactions in the Healthcare business sector do not form part of ordinary activities and the licensees do not constitute customers within the meaning of IFRS 15, the corresponding income from upfront payments, milestone payments and royalties is reported in other operating income (see Note (13) **Other operating income**).

#### In-licensing agreements

The accounting and measurement policies for the in-licensing of intellectual property are presented in Note (19) **Other intangible assets**.

### Significant discretionary decisions and sources of estimation uncertainty

#### Licensing agreements

As part of the accounting treatment of licensing agreements, significant discretionary decisions have to be made in the following areas:

- Identification of an appropriate income recognition method and
- Determination of the appropriate timing of income recognition.

Estimates are to be made when it comes to determining the transaction price and progress on the performance obligation in particular.

The following describes the main licensing agreements.

#### Acquired licensing agreement from the acquisition of SpringWorks Therapeutics Inc., United States

With the acquisition of SpringWorks Therapeutics Inc., United States (SpringWorks), the Group became part of a collaboration previously established between SpringWorks and Pfizer Inc., United States (Pfizer) (see Note (6) **Acquisitions and divestments**).

Pfizer funded a Phase Ib/II study in which SpringWorks' gamma secretase inhibitor nirogacestat was tested in combination with Pfizer's anti-BCMA×CD3 bispecific antibody PF 06863135 in patients with relapsed or refractory multiple myeloma. As for nirogacestat, the development and marketing rights for mirdametinib, an oral MEK 1/2 inhibitor, were also licensed from Pfizer in 2017 and further developed by SpringWorks.

Nirogacestat (trade name Ogsiveo®) received approval from the U.S. Food and Drug Administration (FDA) in the United States on November 27, 2023, for the treatment of adult patients with progressive desmoid tumors requiring systemic therapy. Mirdametinib (trade name Gomekli®) was approved by the FDA on February 11, 2025, for the treatment of adults and children from two years of age with symptomatic, not fully resectable plexiform neurofibromas (NF1 PN).

Depending on the achievement of certain sales milestones, Pfizer is entitled to future milestone payments as well as license payments on future sales amounting to a mid-triple-digit million euro sum.

### **Termination of the in-licensing agreement with Debiopharm International SA, Switzerland, on drug candidates for the treatment of head and neck cancer**

On June 24, 2024, the Group announced the discontinuation of the clinical trials of the drug candidate xevinapant, which had been in-licensed from Debiopharm International SA, Switzerland, in fiscal 2021.

The termination of the program led to an impairment loss of € 140 million on an intangible asset, which was reported in other operating expenses, as well as the initial recognition of a provision in a high double-digit million euro amount for follow-on obligations, the addition of which was reported in research and development costs. In fiscal 2025, the provision for follow-up costs was reduced to a single-digit million euro amount (see Note (27) [Other Provisions](#)).

### **Termination of the in-licensing agreement with Jiangsu Hengrui Pharmaceuticals Co. Ltd., China, on drug candidates for the treatment of metastatic colorectal cancer**

On October 30, 2023, the Group announced the conclusion of an in-licensing agreement with Jiangsu Hengrui Pharmaceuticals Co. Ltd., China (Hengrui), including an exclusive worldwide license (excluding China) to develop, manufacture and commercialize the PARP1 inhibitor HRS-1167 and a corresponding option for SHR-A1904, an antibody-drug conjugate.

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, the Group 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.

### **In-licensing agreement with Abbisko Therapeutics Co. Ltd., China, on drug candidates for the treatment of tenosynovial giant cell tumor**

On December 4, 2023, the Group announced the conclusion of an in-licensing agreement with Abbisko Therapeutics Co. Ltd., China (Abbisko), including an exclusive license to commercialize pamicotinib in China, Hong Kong, Macau, and Taiwan as well as an exclusive commercialization option for the rest of the world. Pamicotinib is an investigational, orally administered, highly selective, and potent small-molecule antagonist of colony-stimulating factor-1 receptors.

On November 12, 2024, the Group announced that the pivotal Phase III MANEUVER study had met its primary endpoint. The study demonstrated a significant improvement in the objective response rate in patients with tenosynovial giant cell tumor (TGCT). It also provided statistically significant and clinically meaningful improvements in secondary endpoints, including stiffness and pain.

The Group agreed to make an upfront cash payment of US\$ 70 million (€ 64 million) for acquired rights and future development activities to be performed by the seller. Abbisko will receive additional payments for the achievement of certain regulatory and commercial milestones as well as tiered royalties on net sales by the Group. The acquisition of the rights resulted in the recognition of an intangible asset not yet available for use in the amount of € 45 million.

On March 28, 2025, the Group announced that it had exercised the agreed option to commercialize pimicotinib in the rest of the world. The Group has paid US\$ 85 million (€ 74 million) to exercise the option to acquire the global commercialization rights for pimicotinib. The acquisition of the rights resulted in the recognition of an intangible asset not yet available for use in the amount of € 79 million.

On December 22, 2025, the Chinese regulatory authority granted the world's first approval for pimicotinib for the treatment of TGCT. On January 12, 2026, the Group announced that the FDA had accepted its application for marketing authorization for pimicotinib for the treatment of TGCT, based on results from the MANEUVER study.

# Operating Activities

## (8) Segment Reporting

### Accounting and measurement policies

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#### Segment reporting

The Group's business activities are broken down into the three operational business sectors of Life Science, Healthcare and Electronics, as well as the central Group functions. This segment structure reflects the internal organizational and reporting structure. The Life Science business sector encompasses business with tools, chemicals and equipment for academic labs, biotech and pharmaceutical manufacturers, as well as the industrial sector. The Healthcare business sector discovers, develops, manufactures, and markets prescription drugs and biopharmaceuticals. The Electronics business sector supplies materials for the semiconductor and display industries and, until July 31, 2025, for surface design (see Note (6) [Acquisitions and divestments](#)). The three business sectors differ in terms of their products and services, their customers, their sales structures and processes, and the regulatory environment in which they operate. The activities that are bundled in each individual business sector are extremely similar in terms of these criteria. The central Group functions also encompass service activities and other Group functions that are not allocated to any of the business sectors. Resource allocation and the assessment of business development are performed at the level of the business sectors by the Executive Board of Merck KGaA, Darmstadt, Germany, as the chief operating decision-maker.

In addition to the direct activities of the central Group functions, "Corporate and Other" includes income and expenses, assets and liabilities, as well as cash flows that cannot be allocated to the reportable segments as they are managed at Group level in central Group functions. This relates in particular to expenses and income for the foreign currency hedging of transactions in operating business, financial expenses and financial income, which include interest expenses and interest income as well as income tax expenses and income. Financial liabilities, pension provisions as well as income tax assets and liabilities are also allocated to "Corporate and Other". Moreover, the column serves as the reconciliation to the Group figures.

Apart from net sales, the success of a segment is mainly determined by EBITDA pre (segment result). EBITDA pre is a key figure that is not defined by IFRS Accounting Standards. However, it represents the most important variable used to steer the Group. To permit a better understanding of operational performance, EBITDA pre excludes depreciation and amortization, impairment losses and reversals of impairment losses in addition to specific adjustments presented below.

The segment data is derived from the financial information, which is based on the IFRS Accounting Standards applied in the Consolidated Financial Statements. Transfer prices for intragroup net sales were determined on an arm's-length basis for all of the business sectors. Fixed assets are allocated to the segments based on the degree of utilization. Depreciation expenses are allocated on the same basis. Fixed assets are always recognized by the buyer at the amortized Group cost following intragroup transactions. Services performed by the Group functions are allocated on the basis of planning data. Any deviations in the actual costs incurred are not allocated to the reportable operating segments but continue to be recognized in the "Corporate and Other" column.

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## Information by business sector – 2025

€ million	Life Science	Healthcare	Electronics	Total of reportable operating segments	Corporate and Other	Group
<b>Net sales<sup>1</sup></b>	<b>8,980</b>	<b>8,607</b>	<b>3,515</b>	<b>21,102</b>	-	<b>21,102</b>
Intersegment sales	111	-	-	111	-111	-
Cost of sales	-4,225	-2,368	-2,162	-8,755	-	-8,756
Marketing and selling expenses	-2,199	-1,832	-519	-4,550	-12	-4,562
Administration expenses	-449	-355	-151	-956	-482	-1,437
Research and development costs	-401	-1,661	-291	-2,353	-62	-2,415
<b>Operating result (EBIT)<sup>2</sup></b>	<b>1,467</b>	<b>2,165</b>	<b>381</b>	<b>4,013</b>	<b>-413</b>	<b>3,601</b>
Depreciation	857	453	448	1,758	122	1,880
Impairment losses <sup>3</sup>	99	246	73	418	-	418
Reversals of impairment losses	-	-	-	-	-	-
<b>EBITDA<sup>4</sup></b>	<b>2,423</b>	<b>2,864</b>	<b>903</b>	<b>6,190</b>	<b>-291</b>	<b>5,899</b>
Adjustments <sup>2</sup>	162	216	-70	307	-97	210
<b>EBITDA pre (segment result)<sup>2</sup></b>	<b>2,585</b>	<b>3,080</b>	<b>833</b>	<b>6,497</b>	<b>-388</b>	<b>6,109</b>
EBITDA pre margin (in % of net sales) <sup>2</sup>	28.8%	35.8%	23.7%	-	-	28.9%
Assets by business sector	23,207	11,722	9,117	44,046	7,482	51,527
Liabilities by business sector	-1,809	-2,876	-592	-5,277	-17,591	-22,867
Investments in property, plant and equipment <sup>5</sup>	745	276	450	1,472	113	1,585
Investments in intangible assets <sup>5</sup>	54	229	53	336	37	373
Non-cash changes in provisions <sup>5,6</sup>	117	124	133	374	43	417

<sup>1</sup> Excluding intersegment sales.

<sup>2</sup> Not defined by IFRS Accounting Standards.

<sup>3</sup> Without impairments on financial assets and inventories.

<sup>4</sup> Not defined by IFRS Accounting Standards; EBITDA corresponds to operating result (EBIT) adjusted by depreciation, amortization, impairment losses, and reversals of impairment losses.

<sup>5</sup> According to the Consolidated Cash Flow Statement.

<sup>6</sup> Excluding provisions for pensions and other post-employment benefits.

**Information by business sector – 2024**

€ million	Life Science	Healthcare	Electronics	Total of reportable operating segments	Corporate and Other	Group
<b>Net sales<sup>1</sup></b>	<b>8,916</b>	<b>8,455</b>	<b>3,785</b>	<b>21,156</b>	<b>-</b>	<b>21,156</b>
Intersegment sales	91	-	-	91	-91	-
Cost of sales	-4,150	-2,201	-2,319	-8,670	-1	-8,671
Marketing and selling expenses	-2,238	-1,713	-568	-4,519	-18	-4,536
Administration expenses	-441	-313	-166	-919	-450	-1,370
Research and development costs	-388	-1,503	-297	-2,187	-92	-2,279
<b>Operating result (EBIT)<sup>2</sup></b>	<b>1,507</b>	<b>2,481</b>	<b>360</b>	<b>4,347</b>	<b>-702</b>	<b>3,645</b>
Depreciation	862	331	498	1,690	116	1,806
Impairment losses <sup>3</sup>	87	209	29	325	3	328
Reversals of impairment losses	-	-	-	-	-	-
<b>EBITDA<sup>4</sup></b>	<b>2,455</b>	<b>3,021</b>	<b>887</b>	<b>6,362</b>	<b>-584</b>	<b>5,779</b>
Adjustments <sup>2</sup>	134	-26	83	191	102	293
<b>EBITDA pre (segment result)<sup>2</sup></b>	<b>2,589</b>	<b>2,995</b>	<b>970</b>	<b>6,553</b>	<b>-482</b>	<b>6,072</b>
EBITDA pre margin (in % of net sales) <sup>2</sup>	29.0%	35.4%	25.6%	-	-	28.7%
Assets by business sector <sup>5</sup>	25,220	8,620	10,764	44,604	6,992	51,596
Liabilities by business sector <sup>5</sup>	-1,912	-2,858	-670	-5,439	-16,168	-21,607
Investments in property, plant and equipment <sup>6</sup>	858	302	396	1,556	146	1,702
Investments in intangible assets <sup>6</sup>	44	348	43	435	47	482
Non-cash changes in provisions <sup>6,7</sup>	95	150	95	339	42	381

<sup>1</sup> Excluding intersegment sales.

<sup>2</sup> Not defined by IFRS Accounting Standards.

<sup>3</sup> Without impairments on financial assets and inventories.

<sup>4</sup> Not defined by IFRS Accounting Standards; EBITDA corresponds to operating result (EBIT) adjusted by depreciation, amortization, impairment losses, and reversals of impairment losses.

<sup>5</sup> Previous-year figures have been adjusted owing to the finalization of the purchase price allocation in connection with the acquisitions of Mirus Bio LLC, USA, Unity-SC SAS, France, as well as Hub Organoids Holding B.V., Netherlands (see Note (6) [Acquisitions and divestments](#)).

<sup>6</sup> According to the Consolidated Cash Flow Statement.

<sup>7</sup> Excluding provisions for pensions and other post-employment benefits.

**Information by country and region – 2025**

€ million	Europe	thereof: Germany	thereof: Switzerland	North America	thereof: USA	Asia- Pacific	thereof: China	Latin America	Middle East and Africa	Group
Net sales by customer location <sup>1</sup>	6,417	1,011	401	5,517	5,238	6,936	2,888	1,447	785	21,102
Net sales by company location <sup>1</sup>	6,758	1,459	611	5,693	5,433	6,605	2,734	1,397	650	21,102
Goodwill and other intangible assets <sup>2</sup>	4,903	1,488	1,684	20,404	20,395	288	35	1	-	25,596
Property, plant and equipment	5,340	2,533	1,035	2,811	2,808	1,521	387	197	71	9,940
Research and development costs	-1,901	-1,167	-561	-426	-426	-57	-27	-20	-10	-2,415
Number of employees	27,444	12,540	2,678	14,583	14,383	15,802	4,359	3,467	1,165	62,461

<sup>1</sup> Excluding intersegment sales.

<sup>2</sup> Goodwill and other intangible assets are allocated by currency area.

**Information by country and region – 2024**

€ million	Europe	thereof: Germany	thereof: Switzerland	North America	thereof: USA	Asia- Pacific	thereof: China <sup>4</sup>	Latin America	Middle East and Africa	Group
Net sales by customer location <sup>1</sup>	6,171	1,002	389	5,710	5,426	7,017	2,900	1,477	781	21,156
Net sales by company location <sup>1</sup>	6,506	1,411	594	5,915	5,652	6,719	2,781	1,427	590	21,156
Goodwill and other intangible assets <sup>2,3</sup>	5,079	1,539	1,772	19,998	19,987	380	45	1	-	25,458
Property, plant and equipment	5,182	2,439	1,070	3,083	3,078	1,489	478	201	71	10,025
Research and development costs	-1,835	-1,062	-619	-355	-353	-58	-27	-21	-10	-2,279
Number of employees	28,138	13,236	2,632	14,187	13,976	15,593	4,421	3,502	1,137	62,557

<sup>1</sup> Excluding intersegment sales.

<sup>2</sup> Goodwill and other intangible assets are allocated by currency area.

<sup>3</sup> Previous-year figures have been adjusted owing to the finalization of the purchase price allocation in connection with the acquisitions of Mirus Bio LLC, USA, Unity-SC SAS, France, as well as Hub Organoids Holding B.V., Netherlands (see Note (6) **Acquisitions and divestments**).

<sup>4</sup> Previous-year figures have been adjusted because, starting with fiscal 2025, the values attributable to Hong Kong will be presented as part of China.

No single customer accounted for more than 10% of the Group's total net sales in fiscal 2025 or 2024.

The following table presents the reconciliation of segment results of all operating businesses to the profit before income tax of the Group:

€ million	2025	2024
<b>EBITDA pre of the operating businesses<sup>1</sup></b>	<b>6,497</b>	<b>6,553</b>
Corporate and Other	-388	-482
<b>EBITDA pre of the Group<sup>1</sup></b>	<b>6,109</b>	<b>6,072</b>
Depreciation/amortization/impairment losses/reversals of impairment losses	-2,298	-2,134
Adjustments <sup>1</sup>	-210	-293
<b>Operating result (EBIT)<sup>1</sup></b>	<b>3,601</b>	<b>3,645</b>
Financial income and expenses	-293	-108
<b>Profit before income tax</b>	<b>3,308</b>	<b>3,536</b>

<sup>1</sup> Not defined by IFRS Accounting Standards. Please refer to the following table for the components of the adjustments.

The adjustments comprised the following:

€ million	2025	2024
Restructuring expenses	-174	-144
Integration expenses/IT expenses	-193	-103
Gains (+)/losses (-) on the divestment of businesses	88	46
Acquisition-related adjustments	-44	-26
Other adjustments	113	-68
<b>Adjustments before impairment losses/reversals of impairment losses<sup>1</sup></b>	<b>-210</b>	<b>-293</b>
Impairment losses <sup>2</sup>	-369	-277
Reversals of impairment losses	-	-
<b>Adjustments (total)<sup>1</sup></b>	<b>-579</b>	<b>-570</b>

<sup>1</sup> Not defined by IFRS Accounting Standards.

<sup>2</sup> Without impairments on financial assets and inventories.

In fiscal 2025, restructuring expenses primarily related to various programs for improving efficiency in the three business sectors. The largest share was attributable to the Healthcare business sector with € 65 million and Life Science with € 64 million. In the previous year, the largest restructuring expenses were in connection with an efficiency program in the Life Science business sector amounting to € 46 million and a program for further improving processes and aligning the enabling functions more closely with the businesses at € 41 million (2025: € 15 million) (see Note (27) [Other provisions](#)).

Integration and IT expenses in fiscal 2025 mainly related to the integration of SpringWorks Therapeutics, Inc., United States, acquired on July 1, 2025 (€ 99 million) (see Note (6) [Acquisitions and divestments](#)), as well as to costs for the further development of ERP systems.

Gains on the divestment of businesses were due in particular to the divestiture of the Surface Solutions business unit to Global New Material International Holdings Ltd., Cayman Islands, on July 31, 2025; see Note (6) [Acquisitions and divestments](#). Furthermore, as in the previous year, income was generated in connection with the biosimilars business that was sold to a subsidiary of Fresenius SE & Co. KGaA, Bad Homburg vor der Höhe, Germany, in fiscal 2017; see Note (43) [Information on fair value measurement](#).

Other adjustments include the losses on the net position of monetary assets and liabilities resulting from hyperinflationary accounting in Argentina and Turkey, which are reported in other operating expenses (see Note (2) [Reporting principles](#) and Note (14) [Other operating expenses](#)). Furthermore, currency translation differences realized here are included due to an absolute reduction in the share in a foreign operation with the corresponding reclassification of the pro rata cumulative currency translation difference (see Note (13) [Other operating income](#)).

Impairment losses considered as adjustments amounted to € 174 million (2024: € 142 million) related to intangible assets in the Healthcare business sector (see Note (19) [Other intangible assets](#)) and € 166 million (2024: € 83 million) to property, plant and equipment, primarily in the Life Science business sector.

The adjustments are reported in the Consolidated Income Statement as part of the respective functional costs and allocated to them as follows:

€ million	thereof: cost of sales	thereof: marketing and selling expenses	thereof: administration expenses	thereof: research and development expenses	thereof: others	Total
Restructuring expenses	-83	-39	-28	3	-28	-174
Integration expenses/IT expenses	-1	-32	-104	-36	-20	-193
Gains (+)/losses (-) on the divestment of businesses	-30	-	-	-	118	88
Acquisition-related adjustments	-	-	-1	-	-43	-44
Other adjustments	-	-	-	-	113	113
<b>Adjustments before impairment losses/reversals of impairment losses<sup>1</sup></b>	<b>-113</b>	<b>-71</b>	<b>-132</b>	<b>-33</b>	<b>140</b>	<b>-210</b>
Impairment losses <sup>2</sup>	-	-	-	-	-369	-369
Reversals of impairment losses	-	-	-	-	-	-
<b>Adjustments in the operating result (total)<sup>1</sup></b>	<b>-113</b>	<b>-71</b>	<b>-132</b>	<b>-33</b>	<b>-230</b>	<b>-579</b>

€ million	thereof: cost of sales	thereof: marketing and selling expenses	thereof: administration expenses	thereof: research and development expenses	thereof: others	Total
Restructuring expenses	-39	-27	-58	-10	-10	-144
Integration expenses/IT expenses	-2	-	-90	-1	-10	-103
Gains (+)/losses (-) on the divestment of businesses	-	-3	-6	-	55	46
Acquisition-related adjustments	-	-	-	-	-25	-26
Other adjustments	-	-	-	-	-68	-68
<b>Adjustments before impairment losses/reversals of impairment losses<sup>1</sup></b>	<b>-41</b>	<b>-30</b>	<b>-154</b>	<b>-11</b>	<b>-57</b>	<b>-293</b>
Impairment losses <sup>2</sup>	-	-	-	-	-277	-277
Reversals of impairment losses	-	-	-	-	-	-
<b>Adjustments in the operating result (total)<sup>1</sup></b>	<b>-41</b>	<b>-30</b>	<b>-154</b>	<b>-11</b>	<b>-335</b>	<b>-570</b>

## (9) Net sales

### Accounting and measurement policies

#### Nature and timing of revenue recognition

Net sales are recognized when (or as) the customer obtains control of the asset. For sales of goods, the customer typically obtains control as soon as delivery is made, given that the customer is generally not able to obtain any benefits from the asset before that point in time. In the case of equipment sales, the criteria for revenue recognition are only met after installation has been successfully completed – to the extent that the installation requires specialized knowledge, is not a clear ancillary service and the relevant equipment can only be used by the customer once successfully set up.

For service contracts and customer-specific contract manufacturing of goods and equipment, the Group recognizes revenue over time, based on the progress towards complete satisfaction of the performance obligation, if there is a contractual claim for payment against the customer for the services already performed and there is no alternative use. Input- and output-oriented methods are used to determine progress on a contract-specific basis. Although progress is ideally measured using input-oriented methods, output-oriented methods are always applied when the input cannot be reliably determined, for example. Specifically, the degree of progress is mainly calculated on the basis of milestones reached, time elapsed, units delivered, or costs incurred in proportion to the anticipated total costs.

Licenses for intellectual property are granted to a limited extent. Unlike in the Life Science and Electronics business sectors, these transactions do not usually form part of ordinary activities in the Healthcare business sector, meaning that the corresponding income is reported in other operating income (see Note (7) [Licensing agreements](#), and Note (13) [Other operating income](#)).

Net sales from contracts comprising several separate performance obligations are recognized on a pro rata basis when the respective performance obligation has been fulfilled. Multiple-element arrangements of this nature only exist to a very limited extent in the Life Science business sector.

#### Determining the transaction price

The Group grants customers various kinds of rebates and discounts. These, as well as anticipated customer refund claims, state compulsory charges and rebates from health plans and programs, are deducted from sales. The most significant portion of these deductions from sales is attributable to the Healthcare business sector and, in particular, sales in the United States.

Sales deductions provided on the invoice as price-reducing items, which will likely be applied by customers when making the respective payments, are recognized as reductions of trade accounts receivable. Expected refunds, such as bonus payments, reimbursements for rights of return or rebates from health plans and programs, are reported in the Consolidated Balance Sheet under refund liabilities.

The measurement of sales deductions and refund liabilities arising from expected rebates and discounts takes into account of past experience, knowledge of specific contractual conditions, pricing information, expected sales volume growth rates, and external information from distributors and industry services.

The measurement of sales deductions and refund liabilities resulting from rights of return takes into account historical rates of return for individual product groups and information from distributors on inventory levels, as well as information on product sales (in the Healthcare business sector).

#### Contractual payment terms

Given that the Group generates the large majority of its net sales through transactions with simple structures, the company usually has an enforceable right to payment after the performance obligation has been fulfilled. The payment targets contractually agreed with customers usually range from 30 to 60 days.

## Practical expedients

The Group uses the practical expedient of IFRS 15 in which the promised amount of consideration is not adjusted for the effects of a significant financing component if the period between the fulfillment of a performance obligation and the payment by the customer only amounts to up to one year.

## Significant discretionary decisions and sources of estimation uncertainty

### Sales deductions

The measurement of sales deductions and the corresponding refund liabilities requires extensive estimates. Uncertainties exist in particular concerning the extent to which past experience serves as a reliable basis for estimating the future development of expected refunds, such as bonus payments, reimbursements for rights of return or rebates from health plans and programs. External information from distributors and industry services outside of the Group's control, which are also subject to uncertainty, are used to determine sales deductions.

The estimation uncertainty referenced above is particularly relevant in the Healthcare business sector.

Any changes in estimates of the parameters listed above have a cumulative impact on the net sales for the respective adjustment period.

If the carrying amount of refund liabilities had been 10% higher as of the reporting date, this would have resulted in a € 99 million (2024: € 87 million) reduction in profit before tax.

The following tables present a breakdown of net sales by key business units/products:

### Life Science

€ million	2025		2024 <sup>1</sup>	
Science & Lab Solutions	4,536	51%	4,672	52%
Process Solutions	3,785	42%	3,522	40%
Life Science Services	659	7%	722	8%
<b>Total</b>	<b>8,980</b>	<b>100%</b>	<b>8,916</b>	<b>100%</b>

<sup>1</sup> Prior-year figures have been adjusted owing to an internal realignment.

## Healthcare

€ million	2025		2024	
<b>Oncology</b>	<b>1,926</b>	<b>22%</b>	<b>2,009</b>	<b>24%</b>
thereof: Erbitux®	1,176	14%	1,162	14%
thereof: Bavencio®	612	7%	735	9%
<b>Rare Diseases</b>	<b>188</b>	<b>3%</b>		
thereof: Ogsiveo®	134	2%		
thereof: Gomekli®	55	1%		
<b>Neurology &amp; Immunology</b>	<b>1,659</b>	<b>19%</b>	<b>1,688</b>	<b>20%</b>
thereof: Mavenclad®	1,194	14%	1,062	13%
thereof: Rebif®	465	5%	626	7%
<b>Fertility</b>	<b>1,457</b>	<b>17%</b>	<b>1,528</b>	<b>18%</b>
thereof: Gonal-f®	735	9%	833	10%
thereof: Pergoveris®	329	4%	280	3%
<b>Cardiovascular, Metabolism &amp; Endocrinology</b>	<b>3,050</b>	<b>35%</b>	<b>2,949</b>	<b>35%</b>
thereof: Glucophage®	975	11%	954	11%
thereof: Euthyrox®	653	8%	619	7%
thereof: Concor®	625	7%	611	7%
thereof: Saizen®	388	5%	366	4%
<b>Other</b>	<b>328</b>	<b>4%</b>	<b>280</b>	<b>3%</b>
<b>Total</b>	<b>8,607</b>	<b>100%</b>	<b>8,455</b>	<b>100%</b>

## Electronics

€ million	2025		2024	
Semiconductor Solutions	2,494	71%	2,631	69%
Optronics	772	22%	748	20%
Surface Solutions	249	7%	406	11%
<b>Total</b>	<b>3,515</b>	<b>100%</b>	<b>3,785</b>	<b>100%</b>

In fiscal 2025, the business unit previously known as Display Solutions was renamed Optronics. The Surface Solutions business unit was included only until the completion of the sale on July 31, 2025 (see Note (6) **Acquisitions and divestments**).

The following tables present a more detailed breakdown of net sales from contracts with customers in the individual business sectors by product type and region:

## 2025

€ million

Net sales by nature of the products	Life Science		Healthcare		Electronics		Group	
	€ million	%	€ million	%	€ million	%	€ million	%
Goods	7,833	88%	8,593	100%	3,017	86%	19,444	92%
Equipment	385	4%	-	-	385	11%	770	4%
Services	744	8%	8	-	110	3%	861	4%
License income	18	-	-	-	3	-	21	-
Commission income	-	-	7	-	-	-	7	-
<b>Total</b>	<b>8,980</b>	<b>100%</b>	<b>8,607</b>	<b>100%</b>	<b>3,515</b>	<b>100%</b>	<b>21,102</b>	<b>100%</b>

  

Net sales by region (customer location)	Life Science		Healthcare		Electronics		Group	
	€ million	%	€ million	%	€ million	%	€ million	%
Europe	3,315	37%	2,835	33%	266	8%	6,417	30%
North America	3,065	34%	1,810	21%	642	18%	5,517	26%
Asia-Pacific	2,125	24%	2,277	27%	2,533	72%	6,936	33%
Latin America	362	4%	1,062	12%	23	1%	1,447	7%
Middle East and Africa	112	1%	622	7%	50	1%	785	4%
<b>Total</b>	<b>8,980</b>	<b>100%</b>	<b>8,607</b>	<b>100%</b>	<b>3,515</b>	<b>100%</b>	<b>21,102</b>	<b>100%</b>

## 2024

€ million

Net sales by nature of the products	Life Science		Healthcare		Electronics		Group	
	€ million	%	€ million	%	€ million	%	€ million	%
Goods	7,732	87%	8,431	100%	3,106	82%	19,270	91%
Equipment	390	4%	-	-	554	15%	944	5%
Services	770	9%	15	-	121	3%	906	4%
License income	22	-	-	-	5	-	27	-
Commission income	1	-	8	-	-	-	9	-
<b>Total</b>	<b>8,916</b>	<b>100%</b>	<b>8,455</b>	<b>100%</b>	<b>3,785</b>	<b>100%</b>	<b>21,156</b>	<b>100%</b>

  

Net sales by region (customer location)	Life Science		Healthcare		Electronics		Group	
	€ million	%	€ million	%	€ million	%	€ million	%
Europe	3,136	35%	2,720	32%	316	8%	6,171	29%
North America	3,146	35%	1,778	21%	785	21%	5,710	27%
Asia-Pacific	2,143	24%	2,305	27%	2,569	68%	7,017	33%
Latin America	382	5%	1,056	13%	38	1%	1,477	7%
Middle East and Africa	109	1%	595	7%	77	2%	781	4%
<b>Total</b>	<b>8,916</b>	<b>100%</b>	<b>8,455</b>	<b>100%</b>	<b>3,785</b>	<b>100%</b>	<b>21,156</b>	<b>100%</b>

Group net sales amounted to € 21,102 million in fiscal 2025 (2024: € 21,156 million). Around 4% of this figure was recognized over time (2025: € 901 million; 2024: € 1,086 million). This mainly related to net sales from services in the Life Science business sector and net sales from the project business of the Semiconductor Solutions business unit in the Electronics business sector.

Orders already received by the reporting date to result in net sales in future periods amounted to around € 4 billion on December 31, 2025 (December 31, 2024: around € 4 billion), of which around € 3 billion related to the Life Science business sector (December 31, 2024: around € 3 billion). Based on past experience, around 8% of orders received are not expected to result in net sales until fiscal 2027 (December 31, 2024: around 9% only from fiscal 2026 onwards).

The following table shows the change in refund liabilities:

## 2024

€ million	Rebates/Bonus payments		Rights of return		Total
	Total	thereof: United States	Total	thereof: United States	
<b>Jan. 1, 2024</b>	<b>816</b>	<b>443</b>	<b>60</b>	<b>44</b>	<b>877</b>
Additions due to business combinations	-	-	-	-	-
Other additions	2,384	1,706	40	28	2,423
Disposals due to divestments/Reclassification to assets held for sale	-	-	-	-	-
Utilizations	-2,284	-1,668	-39	-27	-2,323
Cumulative increase (-)/decrease (+) in net sales	-125	-121	-11	-6	-136
thereof: attributable to performance obligations satisfied in prior periods	-90	-89	-10	-5	-100
Currency translation	25	24	2	2	27
Other	-	-	-	-	-
<b>Dec. 31, 2024</b>	<b>817</b>	<b>385</b>	<b>52</b>	<b>41</b>	<b>869</b>

## 2025

€ million	Rebates/Bonus payments		Rights of return		Total
	Total	thereof: United States	Total	thereof: United States	
<b>Jan. 1, 2025</b>	<b>817</b>	<b>385</b>	<b>52</b>	<b>41</b>	<b>869</b>
Additions due to business combinations	12	11	-	-	12
Other additions	2,635	1,954	40	27	2,675
Disposals due to divestments/Reclassification to assets held for sale	-	-	-	-	-
Utilizations	-2,382	-1,756	-32	-22	-2,414
Cumulative increase (-)/decrease (+) in net sales	-77	-79	-7	-6	-84
thereof: attributable to performance obligations satisfied in prior periods	-55	-58	-5	-4	-60
Currency translation	-67	-53	-5	-5	-72
Other	-	-	-	-	-
<b>Dec. 31, 2025</b>	<b>937</b>	<b>461</b>	<b>48</b>	<b>36</b>	<b>985</b>

The development in contract assets and contract liabilities is shown in Note (26) [Contract assets](#) and Note (29) [Other non-financial liabilities](#).

## (10) Cost of sales

### Accounting and measurement policies

#### Cost of sales

The cost of sales primarily includes the cost of sales of manufactured products sold and the amortized cost of merchandise sold.

Cost comprises the following items: directly attributable costs, such as cost of materials, personnel and energy costs, depreciation and amortization, overheads attributable to the production process, and inventory impairment losses and their reversals.

The cost of sales included amortization of intangible assets (excluding amortization of internally generated intangible assets or separately acquired software) in the amount of € 224 million (2024: € 131 million). The increase was mainly attributable to the addition of intangible assets in connection with the acquisition of SpringWorks Therapeutics, Inc., United States (see Note (6) [Acquisitions and divestments](#)). Material costs amounted to € 3,545 million in fiscal 2025 (2024: € 3,753 million) and were reported under cost of sales. The cost of sales also included royalties for Bavencio® of € 91 million (2024: € 111 million).

Impairment losses on inventories amounted to € 271 million in the reporting period (2024: € 329 million). Reversals of impairment losses amounted to € 216 million (2024: € 278 million).

## (11) Marketing and selling expenses

### Accounting and measurement policies

#### Marketing and selling expenses

Marketing and selling expenses within logistics costs also include expenses for transportation services performed on behalf of customers. The corresponding income from these services is reported under net sales.

Amortization of the intangible assets under marketing and selling expenses is mainly attributable to customer relationships, licenses and similar rights, brands and trademarks.

Marketing and selling expenses comprised the following items:

€ million	2025	2024
Logistics	-1,022	-1,047
Sales force	-1,020	-963
Internal sales services	-1,000	-989
Sales promotion	-556	-526
Amortization of intangible assets <sup>1</sup>	-531	-568
Other marketing and selling expenses	-342	-341
Royalty and license expenses	-92	-102
<b>Marketing and selling expenses</b>	<b>-4,562</b>	<b>-4,536</b>

<sup>1</sup> Excluding amortization of internally generated intangible assets or separately acquired software.

Higher expenses, especially in the field, resulted in part from the integration of SpringWorks Therapeutics, Inc., United States, which was acquired on July 1, 2025, as well as from restructuring programs in the Healthcare business sector. Of the royalty and license expenses, € 52 million (2024: € 52 million) related to the commercialization of Erbitux®.

## (12) Research and development costs

### Accounting and measurement policies

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#### Research and development costs

The item comprises the costs of the Group's own research and development departments, the expenses incurred as a result of research and development collaborations as well as study costs in the Healthcare business sector.

For information on the capitalization of development costs and their separation from research and development services agreed in conjunction with in-licensing, see Note (19) [Other intangible assets](#).

Cost reimbursements for research and development are offset against research and development costs.

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In 2024, the discontinuation of the xevinapant program led to the recognition of a provision in a high double-digit million euro amount for follow-on obligations, the addition of which was reported in research and development costs in the Healthcare business sector (see Note (7) [Licensing agreements](#)). In fiscal 2025, a mid-double-digit million euro amount from the provision for follow-on obligations related to discontinued development projects in the Healthcare business sector was reversed (see Note (27) [Other provisions](#)).

## (13) Other operating income

### Accounting and measurement policies

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#### Other operating income

Other operating income comprises all income that cannot be allocated to net sales or financial income on account of its character.

#### Currency translation difference

Cumulative currency translation differences recognized in equity are reclassified to profit or loss in the event of a complete disposal or a loss of control of a foreign operation. Such differences are recognized in other operating expenses or income. In the event of a pro rata or absolute reduction in the share of foreign operations, the pro rata, cumulative currency translation difference is also reclassified accordingly.

#### Income from upfront payments, milestone payments and royalties

Income from upfront payments, milestone payments and royalties comprises consideration received by the Group from contract partners that are not customers. This relates in particular to out-licensing agreements in the Healthcare business sector (see Note (7) [Licensing agreements](#)).

#### Income from the revaluation of contingent considerations

The accounting treatment of contingent consideration agreed at the sale of a business as defined in IFRS 3 is shown in Note (36) [Other financial assets](#).

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Other operating income was broken down as follows:

€ million	2025	2024
Income from the disposal of businesses and assets	191	11
Realized gains from currency translation	123	19
Currency effects from operating activities	86	5
Income from upfront payments, milestone payments and royalties	58	56
Income from the revaluation of contingent considerations	48	48
Income from service contracts with divested companies	29	7
Income from the reversal of provisions for litigation	18	8
Income from fair value measurement of assets	15	23
Income from miscellaneous services and rental income	13	17
Income from the reversal of risk provision for tax audits	-	25
Remaining other operating income	153	49
<b>Other operating income</b>	<b>734</b>	<b>269</b>

Income from disposals of businesses and assets included € 114 million from the sale of the Surface Solutions business unit to Global New Material International Holdings Ltd., Cayman Islands (see Note (6) [Acquisitions and divestments](#)). In addition, an income of € 61 million was recognized from the sale of a right to an accelerated approval review by the U.S. Food and Drug Administration.

The income from realized currency translation differences amounting to € 123 million resulted almost exclusively from an absolute reduction in the share in a foreign operation with a corresponding reclassification of the pro rata cumulative currency translation difference.

Income from upfront payments, milestone payments and royalties primarily comprised license income for interferon beta products (Biogen Inc., United States).

Other operating income included a mid-double-digit million euro amount from non-income taxes due to changes in jurisdiction in Latin America.

## (14) Other operating expenses

### Accounting and measurement policies

#### Other operating expenses

Other operating expenses comprise all expenses that cannot be reasonably allocated to a functional cost type or to financial expenses.

The breakdown of other operating expenses was as follows:

€ million	2025	2024
Impairment losses on non-financial assets	-418	-328
Project expenses (including integration and IT projects)	-118	-75
Expenses from litigation	-72	-56
Non-income related taxes and expenses from tax audits	-69	-68
Premiums, fees and contributions	-52	-48
Infrastructure expenses	-50	-44
Non-allocable personnel expenses	-47	-57
Expenses from disposal of businesses and assets	-34	-14
Loss from hyperinflation accounting	-26	-59
Expenses for claims and reinsurances	-25	-21
Expenses from fair value measurement of assets and liabilities at fair value	-19	-18
Expenses from a donation to the World Health Organization	-13	-19
Expenses from service contracts with divested companies	-13	-3
Profit share agreements	-8	-13
Remaining other operating expenses	-115	-93
<b>Other operating expenses</b>	<b>-1,081</b>	<b>-915</b>

Impairments of non-financial assets were attributable to intangible assets in the amount of € 253 million (2024: € 243 million) (see Note (19) [Other intangible assets](#)). In 2024, € 140 million was related to the termination of the xevinapant program (see Note (7) [Licensing agreements](#)). A further € 166 million was related to impairments of property, plant and equipment (2024: € 85 million) (see Note (20) [Property, plant and equipment](#)).

## (15) Income tax

### Accounting and measurement policies

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#### Current income taxes

Current income taxes for the reporting period and, where applicable, for prior periods are calculated in the amounts that the tax authorities are expected to demand or reimburse. The calculation is based on the company-specific tax rate applicable in the relevant tax year.

#### Uncertain income tax assets and liabilities

Factual assessments are made to calculate uncertain income tax assets and liabilities. Uncertain income tax matters are recognized depending on the likelihood that the responsible tax authorities will accept the respective income tax treatment. If there is uncertainty about recognition by the tax authorities, the respective uncertain tax asset or uncertain tax liability is measured at the most likely amount. Uncertain income tax liabilities are reported within income tax liabilities. Expected income tax-related penalties and interest that do not fall within the scope of IAS 12 are treated as provisions in line with IAS 37 (see Note (27) [Other provisions](#)).

#### Deferred taxes

Deferred tax assets resulting from deductible temporary differences that exceed deferred tax liabilities relating to the same taxation authority and the same taxable entity are recognized if it is considered probable that taxable profit will be available against which they can be utilized. This corresponds to the procedure for recognizing deferred tax assets on unused tax credits as well as tax loss and interest carryforwards.

The recognition of deferred tax assets requires an estimate of the probability of future use. The influencing factors considered as part of this assessment include the following:

- Temporary differences relating to the same taxation authority and the same taxable entity that will be subject to taxation in the future,
- Results history,
- Results planning, and
- Existing tax planning of the respective Group company.

Deferred tax liabilities are recognized for planned dividend payments of profits already generated by subsidiaries within the next 12 months.

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### Significant discretionary decisions and sources of estimation uncertainty

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#### Income tax

The calculation of the reported assets and liabilities from current and deferred income taxes requires extensive discretionary judgments, assumptions and estimates.

When assessing income tax assets and liabilities, the interpretation of tax provisions may be subject to particular uncertainty. The possibility that the relevant tax authorities will take a differing view concerning the application and interpretation of tax standards cannot be ruled out. Changes to the assumptions underlying the interpretation of tax standards, for example as a result of changes in legislation, are recognized in the balance sheet when the change comes into force.

With regard to deferred tax items, there is uncertainty as to when an asset will be realized or a liability settled. This applies in particular to deferred taxes recognized in the course of company acquisitions. Assessing the recoverability, particularly of tax credits and tax loss and interest carryforwards, requires assumptions and estimates concerning the future taxable income of the respective Group company. Furthermore, the amount and timing of planned dividend distributions by subsidiaries are discretionary.

Income taxes in the Consolidated Income Statement were broken down as follows:

€ million	2025	2024
Current income taxes in the period	-1,131	-1,146
Income taxes for previous periods	1	138
Deferred taxes in the period	437	257
thereof: from temporary differences	492	229
thereof: from changes in tax rates	-4	17
thereof: from tax loss carryforwards	-51	11
<b>Income taxes</b>	<b>-693</b>	<b>-751</b>

## Tax reconciliation

The following table presents the reconciliation from the theoretical income tax expense to the income tax expense according to the Consolidated Income Statement. The theoretical income tax expense is determined by applying the statutory tax rate of a corporation headquartered in Darmstadt of 31.9% (2024: 31.9%).

€ million	2025	2024
Profit before income tax	3,308	3,536
Tax rate	31.9%	31.9%
Theoretical income tax expense	-1,055	-1,128
Tax rate differences	673	454
Tax effect of global minimum taxation (Pillar II)	-40	-28
Tax effect of companies with a negative contribution to consolidated profit	-51	-36
Income tax for previous periods	1	138
Tax credits	42	69
Tax effect on tax loss carryforwards	5	10
Tax effect for expected unrecoverable temporary differences and other interest carryforwards	-74	-209
Tax effect of non-deductible expenses/Tax-free income/Other tax effects	-194	-20
<b>Income tax expense according to the Consolidated Income Statement</b>	<b>-693</b>	<b>-751</b>
<b>Tax ratio according to the Consolidated Income Statement</b>	<b>20.9%</b>	<b>21.2%</b>

Income taxes consisted of corporation and trade taxes for the German companies and comparable income taxes for non-German companies. Income taxes relating to previous periods recognized in fiscal 2024 resulted in particular from completed tax audits, changes in income tax liabilities for risks from tax audits and tax assessments for previous years. The increase in the item "Tax effect of non-deductible expenses/Tax-free income/Other tax effects" mainly resulted from non-deductible interest expenses and other non-deductible operating expenditures, as well as the change in permanent balance sheet differences.

## Global minimum taxation (Pillar II)

The legislation on global minimum taxation was published in the German Federal Law Gazette on December 27, 2023, and came into force on January 1, 2024. Under the rules for the global minimum taxation, it is not Merck KGaA, Darmstadt, Germany, that is required to file the tax return, but the ultimate parent company of the group, E. Merck KG, Darmstadt, Germany. Nevertheless, supplementary taxes could be payable in a number of jurisdictions, which could have an impact on the Group.

Under the regulations on global minimum taxation, the Group is obliged to determine the effective tax rate for each country in which its business units operate within the meaning of the legislation and, where the effective tax rate is lower than the minimum tax rate of 15%, to pay a supplementary tax in the amount of the difference.

As in the previous year, the Group applied the exception provided by IAS 12.88A for the recognition and disclosure of information about deferred tax assets and liabilities in connection with income taxes relating to global minimum taxation. Income taxes of € 40 million (2024: € 28 million) were recognized under the global minimum taxation rules in fiscal 2025, primarily in connection with operating activities in Ireland and Switzerland.

## Deferred taxes

The allocation of deferred tax assets and liabilities to the balance sheet items and the reconciliation of deferred taxes in the Consolidated Income Statement and the Consolidated Balance Sheet are presented in the following table:

€ million	Jan. 1, 2024				Dec. 31, 2024		
	Deferred tax assets/liabilities (net)	Deferred taxes (Consolidated Income Statement)	Deferred taxes credited/debited to equity	Changes in scope of consolidation/Currency translation/Other changes <sup>1</sup>	Deferred tax assets/liabilities (net) <sup>1</sup>	Assets <sup>1</sup>	Liabilities <sup>1</sup>
Intangible assets	-979	258	-	-132	-853	86	939
Property, plant and equipment	-119	-15	-	-8	-142	64	207
Current and non-current financial assets	-36	10	5	-	-21	3	24
Inventories	821	6	-	-8	819	835	16
Current and non-current receivables/Other assets	59	-20	-	-	38	55	18
Current and non-current provisions	510	-62	-88	-7	353	404	50
Current and non-current liabilities	119	-23	-2	10	103	184	81
Tax loss carryforwards	67	11	-	1	80	80	-
Tax refund claims/Other	-57	92	-	-4	31	133	102
<b>Deferred taxes (before offsetting)</b>	<b>385</b>	<b>257</b>	<b>-85</b>	<b>-149</b>	<b>408</b>	<b>1,845</b>	<b>1,436</b>
Offset deferred tax assets and liabilities	-				-	-527	-527
<b>Deferred taxes (Consolidated Balance Sheet)</b>	<b>385</b>				<b>408</b>	<b>1,318</b>	<b>909</b>
thereof: Reclassification to assets held for sale	-	-	-	-25			

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

€ million	Jan. 1, 2025				Dec. 31, 2025		
	Deferred tax assets/liabilities (net)	Deferred taxes (Consolidated Income Statement)	Deferred taxes credited/debited to equity	Changes in scope of consolidation/Currency translation/Other changes	Deferred tax assets/liabilities (net)	Assets	Liabilities
Intangible assets	-853	227	-	-441	-1,067	151	1,218
Property, plant and equipment	-142	21	-	17	-105	78	182
Current and non-current financial assets	-21	2	-16	-	-34	5	39
Inventories	819	183	-	-68	935	958	23
Current and non-current receivables/Other assets	38	21	-	-	58	77	19
Current and non-current provisions	353	6	-58	-14	287	341	54
Current and non-current liabilities	103	54	16	-18	156	228	73
Tax loss carryforwards	80	-51	-	185	214	214	-
Tax refund claims/Other	31	-26	-	35	40	138	99
<b>Deferred taxes (before offsetting)</b>	<b>408</b>	<b>437</b>	<b>-57</b>	<b>-304</b>	<b>484</b>	<b>2,191</b>	<b>1,707</b>
Offset deferred tax assets and liabilities	-				-	-573	-573
<b>Deferred taxes (Consolidated Balance Sheet)</b>	<b>408</b>				<b>484</b>	<b>1,618</b>	<b>1,134</b>

The item "Changes in scope of consolidation/Currency translation/Other changes" mainly comprised deferred tax effects resulting from the acquisition of SpringWorks Therapeutics, Inc., United States (see Note (6) [Acquisitions and divestments](#)). As in the previous year, there were also exchange rate effects, mainly resulting from items translated from U.S. dollars to the reporting currency (euro).

Deferred taxes for "Tax refund claims/Other" in the Consolidated Income Statement primarily resulted from adjustments for deferred tax liabilities for planned dividend payouts (outside basis differences).

Given the positive earnings forecasts, it was assumed that it will be possible to realize recognized deferred tax assets of € 357 million (December 31, 2024: € 381 million), which exceeded deferred tax liabilities relating to the same taxation authority and the same taxable entity, even though there was a loss in the current or previous period.

No deferred tax assets were recognized in the balance sheet for deductible temporary differences and other interest carryforwards in the amount of € 10,060 million (December 31, 2024: € 11,915 million). The majority of these differences can only be utilized until 2029. Their utilization for tax purposes is not expected during this period.

Deferred tax liabilities from outside basis differences for planned dividend payouts were recognized in the amount of € 83 million (December 31, 2024: € 88 million). Retained earnings of subsidiaries for which no deferred taxes were recognized amounted to € 9,816 million as of December 31, 2025 (December 31, 2024: € 12,124 million). The resulting temporary differences that will be taxable in future periods in the event of dividend payments would amount to € 492 million as of December 31, 2025 (December 31, 2024: € 659 million).

## Changes in tax loss carryforwards

Tax loss carryforwards were structured as follows:

€ million	Dec. 31, 2025			Dec. 31, 2024		
	Germany	Outside Germany	Total	Germany	Outside Germany	Total
<b>Tax loss carryforwards</b>	<b>440</b>	<b>1,138</b>	<b>1,578</b>	<b>355</b>	<b>499</b>	<b>854</b>
Tax loss carryforwards for which a deferred tax asset is recognized	124	688	812	155	133	288
Tax loss carryforwards for which no deferred tax asset is recognized	316	450	766	200	366	566
<b>Potential deferred tax assets for tax loss carryforwards</b>	<b>135</b>	<b>280</b>	<b>415</b>	<b>108</b>	<b>124</b>	<b>232</b>
Recognized deferred tax assets on tax loss carryforwards	38	176	214	48	32	80
Not recognized deferred tax assets on tax loss carryforwards	97	104	201	60	92	152

The increase in tax loss carryforwards for which deferred tax assets were recognized was mainly attributable to the acquisition of SpringWorks Therapeutics, Inc., United States (see Note (6) [Acquisitions and divestments](#)).

The majority of the tax loss carryforwards either had no expiration date or can be utilized for up to 20 years. This also applies to losses for which no deferred taxes were recognized.

Deferred tax assets resulting from tax loss carryforwards that exceed deferred tax liabilities relating to the same taxation authority and the same taxable entity are not recognized if it is not considered probable that taxable profit will be available against which they can be utilized.

## Income tax receivables and income tax liabilities

Income tax receivables amounted to € 359 million as of December 31, 2025 (December 31, 2024: € 520 million) and mainly resulted from tax prepayments that exceeded the actual amount of tax payable for the past fiscal year and earlier fiscal years from refund claims for previous years and from withholding tax claims. As of December 31, 2025, income tax liabilities including liabilities for uncertain tax obligations totaled € 1,614 million (December 31, 2024: € 1,564 million).

## Allocation of taxing rights (Pillar I)

Based on the information currently available, the Group expects the continued efforts to achieve international convergence on tax rules as part of the OECD's Inclusive Framework to also have an impact on the Group's taxation.

The criteria provided under the OECD regulations for a new allocation of taxing rights between jurisdictions have largely been negotiated and would affect the Group due to its sales and profitability. However, due to uncertainty over the participation of key jurisdictions, no reliable statement can currently be made regarding its implementation.

## (16) Operating cash flow

### Accounting and measurement policies

#### Operating cash flow

The operating cash flow is calculated and presented based on the following principles:

- The operating cash flow is presented using the indirect method based on profit after taxes.
- The option to recognize interest received and interest payments made is exercised to the extent that such transactions are recognized in the operating cash flow.
- Income tax payments are reported in the operating cash flow. Only significant transactions where the associated tax payments can be practically calculated are recognized in the relevant item of the Consolidated Cash Flow Statement.

The following table shows the interest and income tax payments included in operating cash flow:

€ million	2025	2024
Interest received	65	124
Interest paid	-296	-240
Income taxes paid less refunds	-939	-957

The changes in provisions in fiscal 2024 included a mid-double-digit million euro amount for the recognition of provisions for follow-on obligations in connection with the discontinuation of the xevinapant program (see Note (7) [Licensing agreements](#)).

Changes in other assets and liabilities in fiscal 2025 included a low triple-digit million euro amount in connection with the neutralization of non-cash effects from realized currency translation differences from an absolute reduction in an interest in a foreign operation. They also included a mid-double-digit million euro amount relating to changes in jurisdiction in Latin America, which are expected to impact cash flow in fiscal 2026, as well as payments amounting to a mid-double-digit million euro sum for transaction costs incurred by SpringWorks Therapeutics, Inc., United States, following its acquisition by the Group.

The item "Neutralization of gains/losses on disposal of fixed assets and other disposals" included the net gain from the sale of the Surface Solutions business unit (see Note (6) [Acquisitions and divestments](#)), as well as the reclassification of the net gain from the sale of a right to an accelerated review by the U.S. Food and Drug Administration to the cash flow from investing activities.

## (17) Earnings per share

### Accounting and measurement policies

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#### Earnings per share

Basic earnings per share is calculated by dividing the profit after taxes attributable to the shareholders of Merck KGaA, Darmstadt, Germany (net income) by the weighted average number of theoretical shares outstanding. The calculation of the theoretical number of shares is based on the fact that the general partner's equity is not represented by shares. Corresponding to the division of the subscribed capital of € 168 million into 129,242,252 shares (see Note (34) **Equity**), the general partner's equity of € 397 million equates to 305,535,626 theoretical shares. Overall, equity capital thus amounted to € 565 million, or to 434,777,878 theoretical shares outstanding.

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As in the previous year, equity capital remained unchanged in fiscal 2025. The weighted average (basic) number of shares was 434,777,878 and thus corresponded to the number of theoretical shares outstanding. In fiscal 2025 and 2024, there were no shares with a potential diluting effect; as a result, the diluted earnings per share were equivalent to basic earnings per share.

# Operating Assets, Liabilities and Contingent Liabilities

## (18) Goodwill

### Accounting and measurement policies

#### Goodwill

In the course of business combinations, goodwill is recognized on the acquisition date. The option to measure non-controlling interests at fair value on the date of their acquisition (full goodwill method) is not utilized.

The purpose of impairment testing in accordance with IAS 36 is to ensure that the carrying amount of assets in the balance sheet is not higher than their recoverable amount. The recoverable amount is the higher of the fair value less costs of disposal and the value in use.

#### Method for impairment testing

Impairment testing for goodwill takes place at the level of the Life Science, Healthcare and Electronics business sectors. These groups of cash-generating units (CGUs) are the lowest level at which goodwill at the Group is monitored for internal management purposes.

Impairment testing is performed on a scheduled basis in the third quarter of every year and on an ad hoc basis where there are indications of impairment. The existence of indications of impairment is monitored using various factors such as changes in medium-term planning, analyst forecasts, validation multiples, and the Group's average market capitalization compared to its balance sheet equity.

As in the previous year, the recoverable amount for all CGUs in the 2025 reporting year was determined on the basis of the fair value less costs of disposal, which was calculated using the discounted cash flow method (Level 3 in the IFRS 13 fair value hierarchy).

In calculating the fair value, the expected post-tax cash flows are derived until 2030 from the medium-term plans prepared by the business sectors (as in the previous year). In the Healthcare CGU, the transition to the terminal value takes place after that (as in the previous year). Due to extensive investments in the Life Science and Electronics CGUs, an additional two years (2024: two years) are planned for these CGUs after the medium-term planning period in line with business-specific assumptions before the transition to the terminal value takes place by applying a long-term growth rate.

Sales planning is based on internal past experience and largely non-observable input factors in the market, such as new products from the development pipeline, expected future market shares, selling prices and volumes and expansion investments. The profit margins used in planning are based on past experiences adjusted for expected profitability developments.

The discount factors after taxes are derived on the basis of the following input parameters:

<b>Risk-free interest rate</b>	Derived from the returns of long-term government bonds based on the Svensson method
<b>Beta factor</b>	Derived from the respective business sector-specific peer group
<b>Market risk premium</b>	Based on a combination of different estimating methods; e.g. historical and implied stock yields
<b>Cost of debt and capital structure</b>	Derived from the market data of the respective peer group companies

The long-term growth rate after the detailed planning period is determined taking into account expected long-term growth and long-term inflation expectations.

### Significant measurement assumptions

In the Life Science CGU, the expected average sales growth in the period until the transition to the terminal value was a higher single-digit percentage, as in the previous year. The sales expectation for the Life Science CGU is supported primarily by the anticipated long-term positive development in the Process Solutions business unit, based on ongoing high market growth. Taking into account Group costs allocated on a pro rata basis, the EBITDA pre margin applied in the period until the transition to the terminal value was around 29% (2024: around 30%).

The expected sales growth in the Healthcare CGU in connection with the calculation of fair value less costs of disposal was on average in the mid-single-digit percentage range in the detailed planning period (2024: largely stable average net sales). The stronger growth is primarily attributable to the increase in sales expected from the acquisition of SpringWorks Therapeutics, Inc., United States. Additionally, the sales performance reflects the probability of regulatory approval of drug candidates in the existing research and development programs. Taking into account Group costs allocated on a pro rata basis, the EBITDA pre margin applied in the period until the transition to the terminal value was around 32% (2024: around 31%).

The calculation of the recoverable amount of the Electronics CGU included the expected average sales growth in the period until the transition to the terminal value at a higher single-digit percentage, as in the previous year. The sales expectation for the Electronics CGU is primarily based on the long-term growth trend in the market for semiconductor materials and positive sales contributions as a result of extensive investments. Taking into account Group costs allocated on a pro rata basis, the EBITDA pre margin applied in the period until the transition to the terminal value was around 28% (2024: around 27%).

The additional significant value-relevant assumptions underlying the goodwill impairment tests are quantified below.

in %	Long-term growth rate		Weighted cost of capital after tax	
	2025	2024	2025	2024
Life Science	2.00%	2.00%	8.4%	8.3%
Healthcare	1.00%	1.00%	6.6%	6.3%
Electronics	2.00%	2.00%	8.7%	7.6%

Net cash flows were discounted using the cost of capital after taxes.

## Significant discretionary decisions and sources of estimation uncertainty

### Goodwill

The determination of the recoverable amount is subject to discretion and significant estimation uncertainty. Assumptions regarding the amount of net cash flows, long-term growth rates and discount factors are considered a material source of estimation uncertainty due to their inherent uncertainty. Although the Group assumes that the assumptions applied in calculating the recoverable amount are appropriate, changes to these assumptions could result in goodwill impairment with an adverse impact on the net assets, financial position and results of operations. In the Electronics CGU in particular, there is a high degree of dependence on the assumptions concerning the long-term growth trend in the market for semiconductor materials.

As in the previous year, the recoverable amount in impairment testing in fiscal 2025 was well above the carrying amount of the respective CGU at more than 15% higher. Regardless of this, the results of the valuation were checked for plausibility against externally available “sum of the parts” calculations and validated using multiples based on peer group information.

In addition, sensitivity analyses of the key assumptions were performed as part of the scheduled impairment tests. The following table presents the minimum amount by which individual key assumptions could have changed when viewed in isolation before the impairment test triggered the recognition of an impairment loss.

	Decrease in net cash flows		Decrease in long-term growth rate		Increase in cost of capital after tax	
	%		percentage points		percentage points	
	2025	2024	2025	2024	2025	2024
Life Science	>10	>10	>2	>2	>2	>2
Healthcare	>10	>10	>2	>2	>2	>2
Electronics	>10	>10	>2	>2	>2	>2

The goodwill shown below mainly resulted from the following acquisitions: Versum Materials Inc., United States; Sigma-Aldrich Corporation, United States; AZ Electronic Materials S.A., Luxembourg; Millipore Corporation, United States; and Serono SA, Switzerland.

€ million	Goodwill			Total
	Life Science	Healthcare	Electronics	
<b>Net carrying amounts, Jan. 1, 2024<sup>1</sup></b>	<b>11,787</b>	<b>1,525</b>	<b>4,532</b>	<b>17,845</b>
Additions due to business combinations <sup>2</sup>	439	-	106	546
Disposals due to divestments/Reclassification to assets held for sale	-	-	-162	-162
Transfers	-	-	-	-
Impairment losses	-	-	-	-
Currency translation difference	665	-	215	880
<b>Net carrying amounts as of Dec. 31, 2024<sup>1, 2</sup></b>	<b>12,891</b>	<b>1,525</b>	<b>4,692</b>	<b>19,107</b>
<b>Net carrying amounts, Jan. 1, 2025<sup>1</sup></b>	<b>12,891</b>	<b>1,525</b>	<b>4,692</b>	<b>19,107</b>
Additions due to business combinations	-	580	-	580
Disposals due to divestments/Reclassification to assets held for sale	-	-	-	-
Transfers	-	-	-	-
Impairment losses	-	-	-	-
Currency translation difference	-1,285	1	-469	-1,753
<b>Net carrying amounts as of Dec. 31, 2025<sup>1</sup></b>	<b>11,605</b>	<b>2,107</b>	<b>4,223</b>	<b>17,934</b>

<sup>1</sup> Net carrying amounts equal the gross amount.

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

The changes in goodwill caused by foreign exchange rates resulted almost exclusively from translating the goodwill from the acquisitions of Versum Materials, Inc., United States; the Sigma-Aldrich Corporation, United States; AZ Electronic Materials S.A., Luxembourg; and the Millipore Corporation, United States, which were mostly denominated in U.S. dollars.

As in the previous year, goodwill impairment testing did not give rise to the need to recognize any impairment losses in fiscal 2025. Net carrying amounts equal the gross amount.

The changes in the scope of consolidation in fiscal 2025 mainly resulted from the acquisition of SpringWorks Therapeutics, Inc., United States (see Note (6) [Acquisitions and divestments](#)).

## **(19) Other intangible assets**

### **Accounting and measurement policies**

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#### **Recognition and initial measurement of purchased intangible assets**

In in-licensing, the portion of the consideration paid by the Group to acquire intellectual property is recognized as an intangible asset. If research and development services to be performed by the seller are also agreed in conjunction with the transaction, the related share of consideration is separated and recognized in research and development costs in line with the service performance.

Contingent consideration linked to milestone payments in connection with the purchase of intangible assets is recognized as an intangible asset and as a financial liability once the milestone is reached. Contingent consideration in the form of sales-based royalties is expensed when incurred.

Intangible assets acquired in business combinations are recognized at fair value on the acquisition date.

#### **Recognition and initial measurement of internally generated intangible assets**

Owing to the high level of uncertainty until pharmaceutical products are approved, the criteria for the capitalization of development costs in accordance with IAS 38 are not met in the Healthcare business sector for the development of drug candidates. Costs incurred after regulatory approval are insignificant and are therefore not recognized as intangible assets. In the Life Science and Electronics business sectors, development expenses are capitalized as soon as all the recognition criteria are met and can be verified accordingly. This also includes expenses that are required for REACH registration. Furthermore, development expenses for internal software projects and the enhancement of purchased ERP programs are capitalized providing that the relevant criteria have been fulfilled.

#### **Subsequent measurement**

Subsequent measurement is at amortized cost.

Purchased and internally generated intangible assets with finite useful lives are amortized using the straight-line method over their useful lives. The useful lives of customer relationships, brand names and trademarks, as well as marketing authorizations, patents, licenses, and similar rights and software are usually between three and 24 years. In determining these useful lives, the Group considers factors including the typical product life cycles for each asset and publicly available information about the estimated useful lives of similar assets. The amortization expense is allocated to the respective functional costs or, if this is not possible, recognized under other operating expenses.

Indications of impairment are identified with the involvement of the responsible departments, taking external and internal information sources into consideration. The Group examines the existence of indications of impairment using various factors, particularly deviations from sales forecasts and the analysis of changes in medium-term planning. An impairment test is performed if there are indications of impairment. In the event of impairment, an impairment loss is recognized under other operating expenses. Impairment losses are reversed up to amortized cost and reported in other operating income if the original reasons for impairment no longer apply.

Intangible assets with indefinite useful lives and purchased, as well as internally generated intangible assets not yet available for use, are not amortized, but instead are tested for impairment when a triggering event arises or at least once a year.

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## **Significant discretionary decisions and sources of estimation uncertainty**

### **Purchased intangible assets**

The identification and measurement of intangible assets acquired in the course of business combinations are subject to significant discretion and estimation uncertainty.

In connection with in-licensing agreements in the Healthcare business sector, a discretionary estimate is made of the extent to which upfront and milestone payments are remuneration for development services yet to be performed or whether such payments are acquisition costs of an intangible asset to be capitalized.

### **Government grants**

The Group receives monetary and non-monetary government grants. It does not exercise the option of recognizing non-monetary grants, such as allocated emission certificates, at fair value.

In fiscal 2025, the Group was selected by the U.S. Food and Drug Administration (FDA) as a member of the Commissioner's National Priority Voucher (CNPV) program for the product Pergoveris®. This grants the Group the right to a fast-tracked review of its approval application for Pergoveris®. In addition, the Group will have increased opportunities to communicate with FDA reviewers throughout the review process. This selection for the program is a significant regulatory advantage geared toward accelerating access to important medications that are of high national interest for U.S. health policy. Pergoveris® meets the criteria of the CNPV program as an innovative treatment option for women with complex fertility disorders.

The Group recognized the grants issued as part of the program at the nominal amount.

The fair value of the CNPV rights cannot be reliably determined for the following reasons:

- These rights are non-transferable
- These rights can only be exercised in connection with the specific rights to Pergoveris®
- There is no active market for them, and
- The valuation would be highly uncertain due to the unique nature of the program

The exercise of CNPV rights is contingent upon the submission of a full application for approval of Pergoveris® to the FDA in accordance with the terms of the CNPV program. Submission of data in support of the application is already underway.

### **Determination of amortization**

Significant assumptions and estimates are required to determine the appropriate amount of amortization of other intangible assets. This relates in particular to the determination of the underlying useful life.

If the amortization of intangible assets from customer relationships, brands, trademarks, marketing authorizations, patents, licenses and similar rights, and other had been 10% higher, for example, due to shortened useful lives, profit before income tax would have been € 77 million lower in fiscal 2025 (2024: € 71 million).

### **Identification of a need to recognize impairment loss and reverse impairment loss**

Discretionary decisions are required in assessing substantial evidence of impairment as well as in identifying the need to reverse the impairment of other intangible assets. Significant valuation-related assumptions and estimates are also required to calculate the appropriate write-down amount in impairment testing.

€ million	Customer relationships, brands and trademarks	Marketing authorizations, patents, licenses, similar rights, and other items		Software and software in development	Advance payments	Total
		Finite useful life	Not yet available for use			
<b>Cost as of Jan. 1, 2024</b>	<b>10,043</b>	<b>11,200</b>	<b>1,637</b>	<b>1,165</b>	<b>-</b>	<b>24,044</b>
Additions due to business combinations <sup>1</sup>	12	268	37	-	-	318
Other additions	-	4	141	103	3	251
Disposals due to divestments/ Reclassification to assets held for sale	-2	-35	-	-5	-	-41
Other disposals	-	-3	-1	-11	-	-16
Transfers	3	38	-37	9	-1	12
Currency translation <sup>1</sup>	506	84	11	28	-	629
<b>Cost as of Dec. 31, 2024<sup>1</sup></b>	<b>10,563</b>	<b>11,556</b>	<b>1,788</b>	<b>1,288</b>	<b>2</b>	<b>25,198</b>
<b>Accumulated amortization and impairment losses as of Jan. 1, 2024</b>	<b>-5,196</b>	<b>-10,619</b>	<b>-908</b>	<b>-770</b>	<b>-</b>	<b>-17,493</b>
Depreciation, amortization, and write-downs <sup>1</sup>	-553	-161	-	-110	-	-824
Impairment losses	-3	-34	-192	-15	-	-243
Reversals of impairment losses	-	-	-	-	-	-
Disposals due to divestments/ Reclassification to assets held for sale	2	33	-	3	-	38
Other disposals	-	1	-	10	-	12
Transfers	-2	1	-	12	-	10
Currency translation <sup>1</sup>	-263	-63	-3	-16	-	-345
<b>Accumulated amortization and impairment losses as of Dec. 31, 2024<sup>1</sup></b>	<b>-6,015</b>	<b>-10,843</b>	<b>-1,103</b>	<b>-885</b>	<b>-</b>	<b>-18,846</b>
<b>Net carrying amounts as of Dec. 31, 2024<sup>1</sup></b>	<b>4,548</b>	<b>713</b>	<b>685</b>	<b>404</b>	<b>2</b>	<b>6,351</b>
<b>Cost as of Jan. 1, 2025</b>	<b>10,563</b>	<b>11,556</b>	<b>1,788</b>	<b>1,288</b>	<b>2</b>	<b>25,198</b>
Additions due to business combinations	-	2,687	-	9	-	2,696
Other additions	-	24	261	104	3	393
Disposals due to divestments/ Reclassification to/from assets held for sale	-	29	-	-	-	28
Other disposals	-	-106	-1	-100	-	-208
Transfers	-	69	-69	1	-1	-1
Currency translation	-1,054	-281	-24	-61	-	-1,421
<b>Cost as of Dec. 31, 2025</b>	<b>9,508</b>	<b>13,979</b>	<b>1,955</b>	<b>1,240</b>	<b>3</b>	<b>26,686</b>
<b>Accumulated depreciation and impairment losses as of Jan. 1, 2025</b>	<b>-6,015</b>	<b>-10,843</b>	<b>-1,103</b>	<b>-885</b>	<b>-</b>	<b>-18,846</b>
Depreciation, amortization, and write-downs	-518	-252	-	-109	-	-879
Impairment losses	-	-6	-247	-	-	-253
Reversals of impairment losses	-	-	-	-	-	-
Disposals due to divestments/ Reclassification to/from assets held for sale	-	-29	-	-1	-	-30
Other disposals	-	15	-	98	-	113
Transfers	-	-	-	1	-	1
Currency translation	580	243	8	40	-	871
<b>Accumulated depreciation and impairment losses as of Dec. 31, 2025</b>	<b>-5,954</b>	<b>-10,873</b>	<b>-1,342</b>	<b>-855</b>	<b>-</b>	<b>-19,024</b>
<b>Net carrying amounts as of Dec. 31, 2025</b>	<b>3,555</b>	<b>3,105</b>	<b>614</b>	<b>385</b>	<b>3</b>	<b>7,662</b>

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

## Additions and disposals

The additions from business combinations primarily resulted from the acquisition of SpringWorks Therapeutics, Inc., United States (see Note (6) [Acquisitions and divestments](#)).

As in the previous year, additions for intangible assets not yet available for use essentially related to the in-licensing of intellectual property in the Healthcare business sector. The acquisition of the global marketing rights for pimicotinib resulted in the recognition of an intangible asset not yet available for use in the amount of € 79 million in fiscal 2025 (see Note (7) [Licensing agreements](#)).

Additions to software and software in development mainly related to the internal development of IT applications. The gross carrying amounts and accumulated amortization for the capitalized software primarily related to purchased software as well as internally generated applications and enhancements of purchased ERP programs that were already available for use. These were mainly included in administrative expenses.

Due to the refinement in the scope of the assets to be divested in connection with the sale of the Surface Solutions business unit, intangible assets classified as assets held for sale in 2024 were reclassified in fiscal 2025. The corresponding intangible assets were already fully amortized.

## Loss allowances

Impairment losses were mainly attributable to discontinued development projects in the Healthcare and Electronics business sectors, of which € 174 million related to the termination of the in-licensing agreement with Jiangsu Hengrui Pharmaceuticals Co., Ltd., China, on drug candidates for the treatment of metastatic colorectal cancer (see Note (7) [Licensing agreements](#)). In 2024, € 140 million was attributable to the termination of the xevinapant program (see Note (7) [Licensing agreements](#)).

## Other significant information

As in the previous year, the currency translation effects essentially resulted from the translation of other intangible assets denominated in U.S. dollars.

Marketing authorizations, patents, licenses, similar rights and other items not yet available for use were attributable to ongoing development projects that were not yet in the commercialization phase and thus did not yet have a defined useful life. These primarily related to the Healthcare business sector and to internally generated intangible assets under development in the Electronics business sector.

Transfers of market authorizations, patents, licenses, similar rights, and other items not yet available for use to assets with a finite useful life were primarily attributable to the intangible asset that was capitalized under the in-licensing agreement with Abbisko Therapeutics Co. Ltd., China. This agreement includes an exclusive license to commercialize pimicotinib in China, Hong Kong, Macau, and Taiwan as well as an exclusive commercialization option for the rest of the world. The reclassification was prompted by the granting of the world's first approval for pimicotinib for the treatment of tenosynovial giant cell tumor by the Chinese regulatory authority (see Note (7) [Licensing agreements](#)).

## Overview of material other intangible assets

The carrying amounts of customer relationships, brands and trademarks as well as marketing authorizations, patents, licenses, similar rights and other items were attributable to the business sectors as follows:

€ million	Remaining useful life in years	Life Science	Healthcare	Electronics	Total Dec. 31, 2025	Total Dec. 31, 2024 <sup>1</sup>
<b>Customer relationships, brands and trademarks</b>		<b>2,328</b>	<b>-</b>	<b>1,226</b>	<b>3,555</b>	<b>4,548</b>
Customer relationships		2,191	-	1,220	3,411	4,307
thereof from the following acquisitions:						
Sigma-Aldrich Corporation	10.8-11.8	2,081	-	95	2,176	2,669
Versum Materials, Inc.	0.8-12.8	-	-	1,124	1,124	1,434
Millipore Corporation	0.5-1.5	41	-	-	41	109
Brands and trademarks		138	-	6	144	241
thereof from the following acquisition:						
Sigma-Aldrich Corporation	1.9	130	-	-	130	222
<b>Marketing authorizations, patents, licenses and similar rights and other</b>						
<b>Finite useful life</b>		<b>357</b>	<b>2,646</b>	<b>101</b>	<b>3,105</b>	<b>713</b>
Marketing authorizations		-	2,514	-	2,514	20
thereof from the following acquisitions:						
SpringWorks Therapeutics, Inc.	8.5-10	-	2,440	-	2,440	-
Others		357	132	101	591	693
thereof from the following acquisitions:						
AZ Electronic Materials S.A.	0.3-7.3	-	-	10	10	35
Versum Materials, Inc.	0.8	-	-	31	31	67
SpringWorks Therapeutics, Inc.		-	128	-	128	-
<b>Not yet available for use</b>		<b>29</b>	<b>432</b>	<b>154</b>	<b>614</b>	<b>685</b>
thereof from the following acquisitions:						
Versum Materials, Inc.	-	-	-	93	93	106

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

## (20) Property, plant and equipment

### Accounting and measurement policies

#### Recognition and initial measurement

Monetary grants related to assets are deducted from the respective carrying amount.

Advance payments are disclosed together with the assets under construction.

#### Subsequent measurement

Subsequent measurement is at amortized cost.

Property, plant and equipment is depreciated using the straight-line method over the useful life of the asset concerned, and the corresponding expenses are allocated to the respective functional costs. Depreciation of property, plant and equipment is primarily based on the following useful lives:

	Useful life
Production buildings	No more than 40 years
Administration buildings	No more than 40 years
Plant and machinery	6 to 25 years
Operating and office equipment, other facilities	3 to 20 years

The useful lives of the assets are reviewed regularly and adjusted if necessary.

An impairment test is performed if there are indications of impairment. External and internal information is used in this context. In the event of impairment, an impairment loss is recognized under other operating expenses. Impairment losses are reversed up to amortized cost and reported in other operating income if the original reasons for impairment no longer apply.

### Significant discretionary decisions and sources of estimation uncertainty

#### Determination of depreciation

Assumptions and estimates are required in determining the appropriate useful life and the expected residual value in order to calculate the amount of depreciation on property, plant and equipment. This applies in particular to the determination of the underlying remaining useful life. In making these estimates, the Group considers the useful lives of the property, plant and equipment derived from past experience, among other things.

#### Identification of a need to recognize impairment loss and reverse impairment loss

Discretionary decisions are required in the identification of objective evidence of impairment as well as in identifying the need to reverse impairment of property, plant and equipment.

€ million	Land, land rights and buildings	Plant and machinery	Other facilities, operating and office equipment	Construction in progress	Total
<b>Cost as of Jan. 1, 2024</b>	<b>6,326</b>	<b>6,625</b>	<b>1,946</b>	<b>3,045</b>	<b>17,943</b>
Additions due to business combinations	3	3	2	2	10
Other additions	325	36	52	1,677	2,091
Disposals due to divestments/Reclassification to assets held for sale	-185	-449	-61	-36	-731
Other disposals	-126	-179	-122	-15	-442
Transfers	1,008	958	226	-2,211	-20
Currency translation difference	128	83	12	38	261
<b>Cost as of Dec. 31, 2024</b>	<b>7,480</b>	<b>7,077</b>	<b>2,054</b>	<b>2,500</b>	<b>19,112</b>
<b>Accumulated depreciation and impairment losses as of Jan. 1, 2024</b>	<b>-2,820</b>	<b>-4,584</b>	<b>-1,454</b>	<b>-29</b>	<b>-8,887</b>
Depreciation	-365	-433	-184	-	-982
Impairment losses	-34	-21	-2	-28	-85
Reversals of impairment losses	-	-	-	-	-
Disposals due to divestments/Reclassification to assets held for sale	132	387	49	12	580
Other disposals	95	169	119	6	389
Transfers	3	17	-16	-4	-
Currency translation difference	-47	-46	-10	-	-103
<b>Accumulated depreciation and impairment losses as of Dec. 31, 2024</b>	<b>-3,036</b>	<b>-4,510</b>	<b>-1,499</b>	<b>-42</b>	<b>-9,087</b>
<b>Net carrying amounts as of Dec. 31, 2024</b>	<b>4,445</b>	<b>2,567</b>	<b>556</b>	<b>2,457</b>	<b>10,025</b>
<b>Cost as of Jan. 1, 2025</b>	<b>7,480</b>	<b>7,077</b>	<b>2,054</b>	<b>2,500</b>	<b>19,112</b>
Additions due to business combinations	6	3	3	1	13
Other additions	83	42	57	1,470	1,651
Disposals due to divestments/Reclassification to/from assets held for sale	28	44	9	7	88
Other disposals	-192	-192	-93	-10	-488
Transfers	328	719	149	-1,199	-3
Currency translation difference	-376	-297	-63	-99	-835
<b>Cost as of Dec. 31, 2025</b>	<b>7,357</b>	<b>7,397</b>	<b>2,116</b>	<b>2,668</b>	<b>19,537</b>
<b>Accumulated depreciation and impairment losses as of Jan. 1, 2025</b>	<b>-3,036</b>	<b>-4,510</b>	<b>-1,499</b>	<b>-42</b>	<b>-9,087</b>
Depreciation	-355	-458	-188	-	-1,001
Impairment losses	-37	-83	-5	-41	-166
Reversals of impairment losses	-	-	-	-	-
Disposals due to divestments/Reclassification to/from assets held for sale	-28	-41	-7	-5	-82
Other disposals	139	175	87	7	407
Transfers	-1	-10	1	12	3
Currency translation difference	129	153	45	-	327
<b>Accumulated depreciation and impairment losses as of Dec. 31, 2025</b>	<b>-3,189</b>	<b>-4,773</b>	<b>-1,566</b>	<b>-70</b>	<b>-9,598</b>
<b>Net carrying amounts as of Dec. 31, 2025</b>	<b>4,168</b>	<b>2,623</b>	<b>550</b>	<b>2,598</b>	<b>9,940</b>

In the previous year, disposals due to divestments/Reclassification to assets held for sale were related to the divestment of the Surface Solutions business unit and the Martillac operations site, France (see Note (6) [Acquisitions and divestments](#)). Due to the refinement in the scope of the assets to be divested in connection with the sale of the Surface Solutions business unit, property, plant and equipment classified as assets held for sale in 2024 were reclassified in fiscal 2025. The affected assets were, for the most part, fully depreciated.

The individual additions to construction in progress in fiscal 2025 with an investment volume of more than € 50 million are presented below:

<b>Business sector</b>	<b>Investment project</b>	<b>Country</b>
Life Science	Membrane Factory	Ireland
Electronics	Capacity expansion for Semiconductor Solutions	Taiwan
Life Science	Bioprocessing Production Center	Korea
Healthcare	Research Center	Germany
Electronics	Expansion of a research lab	USA
Life Science	Research Center	Germany

Monetary government grants amounted to € 35 million in fiscal 2025 (2024: € 78 million) and, as in the previous year, they related to a variety of different items. They comprised grants related to assets as well as grants related to income. Some of the aforementioned grants are tied to the recruitment of an agreed number of employees at the respective sites. The Group expects to satisfy the conditions for receiving the grants.

Impairment losses of € 166 million (2024: € 85 million) resulted from a variety of different items and were predominantly related to the termination of production activities and projects. Of this amount, € 93 million was attributable to the Life Science business sector, € 49 million to the Electronics business sector and € 23 million to the Healthcare business sector. In the previous year, the impairment losses included a mid-double-digit million euro amount attributable to the Martillac operations site in France.

## (21) Leasing

### Accounting and measurement policies

#### Leasing

##### Scope of IFRS 16

The Group exercises the option provided by IFRS 16 to not recognize leases of intangible and low-value assets as leases. Right-of-use assets under leases are reported in the balance sheet item "Property, plant and equipment" (see Note (20) [Property, plant and equipment](#)).

Where the provision of company cars to employees qualifies as an employee benefit within the meaning of IAS 19, IFRS 16 is not applied. In this case, its accounting treatment is governed solely by IAS 19.

##### Separation of lease and non-lease components

Leases for land, land rights and buildings are separated into lease and non-lease components. The Group otherwise elects to exercise the option not to separate non-lease components from lease components.

##### Depreciation of the right-of-use assets arising from leases

Right-of-use assets are generally depreciated over the lease term. If it is considered sufficiently probable that an existing purchase option will be exercised or ownership will be automatically transferred at the end of the lease term, however, depreciation takes place over the period that applies for corresponding assets under property, plant and equipment (see Note (20) [Property, plant and equipment](#)).

**Determining the incremental borrowing rate**

If the interest rate for the lease cannot be reliably determined, the incremental borrowing rate is applied in measuring the lease liability. In the Group, the incremental borrowing rate is determined on the basis of the risk-free interest rate of the respective Group company over a similar term and in the same currency. This interest rate is adjusted using a risk surcharge specific to the Group. The Group applies the repayment model to determine the current portion of the lease. The current portion of the lease corresponds to the repayment share of the next 12 months.

**Determining the lease term**

Where renewal or termination options are available, their exercise is assessed on a case-by-case basis, considering factors such as location strategies, leasehold improvements and the degree of specificity.

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**Significant discretionary decisions and sources of estimation uncertainty**


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**Leasing****Identification of a lease**

Discretionary decisions can arise during the identification of leases in answering the question of whether a lessor's right of substitution is substantive. The Group classifies rights of substitution as not substantive if the facts and circumstances of the case do not support a different assessment.

**Measurement of lease and non-lease components**

In the case of leases for land, land rights and buildings, separating the lease into lease and non-lease components is subject to discretion and estimation uncertainty if observable prices are not available from the contract partner or other potential lessors.

**Determining the lease term**

When determining the lease term, existing renewal and termination options must be evaluated to determine the probability that such options will be exercised. The assessment of the probability of exercise may be discretionary even though it relies on existing and material information on the general economic context, such as location strategies, leasehold improvements or the degree of specificity. If the available information does not allow a reliable assessment, the Group uses historical experience for comparable situations.

The largest ten leases accounted for around 50% of total lease liabilities in fiscal 2025, as in 2024. They mainly relate to right-of-use assets for office, warehouse and laboratory buildings. If options to renew these leases were exercised in the future, which is not yet considered likely, this would result in additional potential undiscounted cash outflows of up to € 165 million (2024: € 183 million).

Where individual contracts include termination options, it was considered unlikely that these would be exercised, meaning that additional lease payments were already included in the corresponding lease liability.

**Determining the incremental borrowing rate**

Determining the risk-free interest rate and determining the risk surcharge are both discretionary.

**Initial measurement of the lease liability and the right-of-use asset**

In measuring the lease liability, there is discretionary scope and significant estimation uncertainty regarding assessing the probability that existing purchase, termination and renewal options will be exercised.

In measuring right-of-use assets under leases, the Group is subject to estimation uncertainty regarding any restoration obligations and their resulting payments.

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The reconciliation of net carrying amounts of right-of-use assets from leases was as follows:

€ million	Right-of-use assets			Total
	Land, land rights and buildings	Plant and machinery	Other facilities, operating and office equipment	
<b>Net carrying amounts as of Jan. 1, 2024</b>	<b>427</b>	<b>10</b>	<b>64</b>	<b>500</b>
Changes in the scope of consolidation	3	-	-	3
Additions	314	1	40	356
Disposals	-21	-	-2	-23
Depreciation	-126	-2	-37	-165
Currency translation difference	14	-	-1	13
Other	4	1	-2	3
<b>Net carrying amounts as of Dec. 31, 2024</b>	<b>614</b>	<b>9</b>	<b>62</b>	<b>686</b>
<b>Net carrying amounts as of Jan. 1, 2025</b>	<b>614</b>	<b>9</b>	<b>62</b>	<b>686</b>
Changes in the scope of consolidation	6	-	-	6
Additions	69	1	45	115
Disposals	-34	-	-3	-37
Depreciation	-107	-2	-39	-148
Impairment losses	-2	-	-	-2
Currency translation difference	-51	-1	-3	-54
Other	-3	1	1	-2
<b>Net carrying amounts as of Dec. 31, 2025</b>	<b>492</b>	<b>8</b>	<b>63</b>	<b>563</b>

The net carrying amounts of other facilities, operating and office equipment mainly included right-of-use assets for vehicles.

In fiscal 2025, the additions to land, land rights and buildings primarily related to newly agreed right-of-use assets for office buildings, warehouses and laboratories as well as agreed lease renewals. In the previous year, the largest individual addition related to a rental agreement for a laboratory building in the United States in the Life Science business sector. The building serves to expand the Group's capacities for biosafety testing and analytical development services.

The expenses and income as well as the payments under the leases in accordance with IFRS 16 were reported in the Consolidated Income Statement and the Consolidated Cash Flow Statement as follows:

€ million	2025	2024
Right-of-use assets		
Depreciation	-148	-165
Impairment losses	-2	-
Reversals of impairment losses	-	-
Expenses for leasing low-value assets	-7	-8
Expenses for leases with variable lease payments	-	-
Income from subleasing right-of-use assets	6	-
Income from sale-and-lease-back transactions	-	-
Interest expenses for lease liabilities	-28	-25
<b>Total</b>	<b>-180</b>	<b>-198</b>

€ million	2025	2024
Operating Cash Flow	-34	-24
Financing Cash Flow	-153	-139
<b>Total</b>	<b>-187</b>	<b>-163</b>

At the reporting date, the future lease payments were distributed over the following periods:

### December 31, 2025

€ million	Within 1 year	1-5 years	After more than 5 years	Total
Future lease payments	131	313	434	878
Interest portion of future payments	-20	-62	-160	-242
<b>Present value of future lease payments</b>	<b>111</b>	<b>251</b>	<b>274</b>	<b>636</b>

### December 31, 2024

€ million	Within 1 year	1-5 years	After more than 5 years	Total
Future lease payments	147	337	433	917
Interest portion of future payments	-21	-64	-82	-167
<b>Present value of future lease payments</b>	<b>126</b>	<b>274</b>	<b>351</b>	<b>750</b>

## (22) Other non-financial assets

### Accounting and measurement policies

#### Other non-financial assets

Other non-financial assets are carried at amortized cost. Impairments are recognized for any credit risks.

Other non-financial assets are broken down as follows:

€ million	Dec. 31, 2025			Dec. 31, 2024		
	Current	Non-current	Total	Current	Non-current	Total
Receivables from non-income related taxes	364	3	367	307	2	309
Prepaid expenses	182	26	208	169	42	212
Assets from defined benefit plans	46	–	46	35	–	35
Remaining other assets	124	84	209	109	90	199
<b>Other non-financial assets</b>	<b>716</b>	<b>114</b>	<b>830</b>	<b>621</b>	<b>134</b>	<b>755</b>

The increase in receivables from non-income related taxes was mainly attributable to a mid-double-digit million euro amount due to changes in jurisdiction in Latin America.

## (23) Cash flow from investing activities

### Accounting and measurement policies

#### Cash flow from investing activities

##### Treatment of payments for investments from government grants

The Group reports payments from investments in connection with government grants in cash flow from investing activities.

Payments for investments in intangible assets included a payment of € 78 million resulting from the exercise of the option to acquire the global commercial rights for pimicotinib (see Note (7) [Licensing agreements](#)). In the previous year, payments for investments in intangible assets included payments of € 167 million in connection with the in-licensing agreement with Jiangsu Hengrui Pharmaceuticals Co. Ltd., China, and an upfront payment of € 45 million in connection with the in-licensing agreement with Abbisko Therapeutics Co. Ltd., China (see Note (7) [Licensing agreements](#)), both of which were concluded in fiscal 2023 and paid in fiscal 2024.

Payments from the disposal of intangible assets primarily resulted from the sale of a right to accelerated review by the U.S. Food and Drug Administration.

Payments for acquisitions less acquired cash and cash equivalents were predominantly attributable to the acquisition of SpringWorks Therapeutics, Inc., United States (see Note (6) [Acquisitions and divestments](#)).

Net cash outflows for investments in other assets mainly resulted from the short-term investment of available funds in structured products based on marketable greenhouse gas emission certificates and in securities. In the previous year, additional short-term investments in term deposits that did not meet the requirements for classification as cash and cash equivalents were also included.

Net cash inflows from the disposal of other assets primarily resulted from repayments of short-term investments in structured products based on marketable greenhouse gas emission certificates and from the sale of non-consolidated investments. In the previous year, net cash inflows from the disposal of other assets also included significant payments received from short-term investments in securities and term deposits.

Net cash inflow from divestments resulted primarily from the sale of the Surface Solutions business unit (see Note (6) [Acquisitions and divestments](#)).

## (24) Inventories

### Accounting and measurement policies

#### Inventories

In addition to directly attributable unit costs, the cost of sales also includes overheads attributable to the production process, which are determined on the basis of normal capacity utilization of the production facilities. Goods for resale are recognized at cost. The first-in, first-out (FIFO) method is used to determine the amortized cost of finished and unfinished products, raw materials and merchandise. The weighted average cost formula is applied for supplies.

Inventories are tested for impairment using a business sector-specific method. Under this method, cost is compared to the net realizable values. If the net realizable value is lower than the amortized cost, the asset is written down by a corresponding amount, which is recognized as an expense in the cost of sales.

Impairment may be due to factors relating to the sales market, qualitative reasons or a lack of usability of the items. If the reason for impairment no longer applies, the carrying amount is adjusted to the lower of cost or the current net realizable value.

Since inventories are, for the most part, not manufactured within the scope of long-term production processes, borrowing costs are not included.

Inventory prepayments are reported under other non-financial assets.

### Significant discretionary decisions and sources of estimation uncertainty

#### Identification of impairments or reversal of impairments

Discretionary decisions are required in the identification of impairment as well as in identifying the need to reverse impairment of inventories. There are estimation uncertainties with respect to the calculation of the net realizable value. In particular, expected selling prices and expected costs of completion are considered in calculating this value.

Inventories consisted of the following:

€ million	Dec. 31, 2025	Dec. 31, 2024
Raw materials and supplies	1,003	1,025
Work in progress	1,594	1,463
Finished goods/goods for resale	1,965	1,996
<b>Inventories</b>	<b>4,562</b>	<b>4,484</b>

The increase in inventories in fiscal 2025 was mainly driven by the Life Science and Healthcare business sectors. In the Life Science business sector, the increase was primarily attributable to ensuring supply capability and the decline in sales generated from order backlogs. In the Healthcare business sector, the acquisition of SpringWorks Therapeutics, Inc., United States, had an inventory-increasing effect on inventory levels.

Inventories recognized as expenses amounted to € 6,635 million in the reporting period.

Impairment losses included in the cost of sales are shown in Note (10) **Cost of sales**.

## (25) Trade and other receivables

### Accounting and measurement policies

#### Trade and other receivables

Trade accounts receivable without significant financing components that are not the subject of a factoring agreement are measured at the amount of the unconditional claim for consideration on initial recognition.

At initial recognition, other receivables are measured at fair value plus the direct transaction costs incurred upon acquisition of the asset.

Trade accounts receivable that are potentially designated to be sold on account of a factoring agreement are measured at fair value through other comprehensive income.

The measurement policies applied in determining loss allowances for trade and other receivables are shown in Note (42) **Management of financial risks**, in the **Credit risks** section.

Loss allowances and reversals of loss allowances are reported under "Impairment losses and reversals of impairment losses on financial assets (net)" in the Consolidated Income Statement if the asset is used in ordinary activities and hence has an operative nature. If the asset is not used in ordinary activities, it is recognized in financial income or financial expenses.

Further information on the accounting and measurement policies governing financial assets can be found in Note (36) **Other financial assets**.

### Significant discretionary decisions and sources of estimation uncertainty

#### Trade and other receivables

Information on the significant discretion and estimation uncertainty concerning trade and other receivables can be found in Note (42) **Management of financial risks**.

Trade and other receivables were measured as follows:

€ million	Dec. 31, 2025			Dec. 31, 2024		
	Subsequently measured at amortized cost	Subsequently measured at fair value through other comprehensive income	Total	Subsequently measured at amortized cost	Subsequently measured at fair value through other comprehensive income	Total
Gross trade accounts receivable	3,827	28	3,855	3,902	25	3,926
Gross other receivables	200	-	200	152	-	152
<b>Gross trade and other receivables</b>	<b>4,027</b>	<b>28</b>	<b>4,055</b>	<b>4,053</b>	<b>25</b>	<b>4,078</b>
Loss allowances on trade accounts receivable	-73	-	-73	-101	-	-101
Loss allowances on other receivables	-3	-	-3	-3	-	-3
<b>Net trade and other receivables</b>	<b>3,951</b>	<b>28</b>	<b>3,979</b>	<b>3,949</b>	<b>24</b>	<b>3,974</b>
thereof: current	3,919	28	3,947	3,922	24	3,947
thereof: non-current	32	-	32	27	-	27

In fiscal 2025, trade accounts receivable in Italy with a nominal value of € 48 million (2024: € 44 million) were sold for € 48 million (2024: € 44 million). These receivables did not involve any further rights of recourse against the Group.

## (26) Contract assets

### Accounting and measurement policies

#### Contract assets

Contract assets represent contractual claims to receive payment from customers for whom the contractual performance obligation has already been fulfilled, although an unconditional claim to payment has yet to arise.

The following table shows the change in contract assets:

€ million	2025	2024
<b>Jan. 1</b>	<b>132</b>	<b>104</b>
Additions due to business combinations	-	<b>1</b>
Other additions	319	398
thereof: attributable to performance obligations satisfied in prior periods	-	-
Disposals due to divestments/Reclassification to assets held for sale	-	-
Reclassification to trade accounts receivable and other disposals	-340	-373
Currency translation	-8	2
Other	-	-
<b>Dec. 31</b>	<b>103</b>	<b>132</b>

Contract assets resulted in particular from rendering services and manufacturing of products in the Life Science and Electronics business sectors.

## (27) Other provisions

Other provisions developed as follows:

€ million	Litigation	Restructuring	Environmental protection	Acceptance and follow-on obligations	Interest and penalties related to income tax	Other	Total
<b>Jan. 1, 2025</b>	<b>65</b>	<b>147</b>	<b>158</b>	<b>162</b>	<b>94</b>	<b>136</b>	<b>761</b>
Additions	46	135	21	51	64	73	391
Utilizations	-30	-90	-8	-51	-3	-22	-203
Release	-16	-24	-30	-79	-9	-28	-186
Interest effect	-	-	-7	-	-	-	-6
Currency translation	-2	-3	-	-1	-3	-6	-15
Changes in scope of consolidation/Other	-	-2	-1	-	-	1	-2
Reclassification to liabilities directly related to assets held for sale	-	-	-	-	-	-1	-1
<b>Dec. 31, 2025</b>	<b>63</b>	<b>163</b>	<b>133</b>	<b>83</b>	<b>144</b>	<b>154</b>	<b>740</b>
thereof: current	54	88	27	65	144	103	481
thereof: non-current	9	76	106	17	-	51	259

## Accounting and measurement policies

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### Provisions for litigation

To assess a recognition obligation in relation to provisions for litigation and to quantify future outflows of resources, the Group draws on the knowledge of the legal department as well as outside counsel.

Assessing the need for recognizing provisions for litigation is based on the likelihood of possible outcomes for proceedings. In particular, the factors influencing this likelihood are:

- The validity of the arguments brought forward by the opposing party, and
- The legal situation and current court rulings in comparable proceedings in the jurisdiction in question.

The following factors are also relevant in measuring provisions for litigation:

- The duration of proceedings in pending legal disputes and the associated legal costs
- The usual damages and fines for comparable legal disputes, and
- The discount factor to be used

### Provisions for restructuring

The Group uses formal restructuring plans and the expectations of the affected employees concerning the performance of the restructuring measures to assess the recognition obligation for provisions for restructuring projects and the amount of the expected outflow of resources.

### Provisions for environmental protection

To assess a recognition obligation in relation to provisions for environmental protection and to quantify future outflows of resources, the Group draws on appraisals by independent external experts and the knowledge of in-house specialists.

The following are key parameters in calculating the present value of the future settlement amount of provisions for environmental protection:

- The future settlement date
- The extent of environmental damage
- The applicable remediation methods
- The associated future costs, and
- The discount factor

### Provisions for acceptance and follow-on obligations

The assessment of the recognition obligation for provisions for acceptance and follow-on obligations and the quantification of future outflows of resources is based on internal project plans as well as on the assessment of the respective matters by in-house and external specialists.

The main parameters in determining the amount of the provision are:

- The ability to use or potential for modification of secured manufacturing capacities at third-party providers, particularly for pharmaceutical compounds
- The number of affected patients and the expected duration of their continued treatment in clinical development programs
- The expected date or period of the outflow of resources, and
- The expectations concerning future events influencing the obligations

### **Provisions for interest and penalties related to income taxes**

Objective assessments are performed to determine the need to recognize provisions for interest and penalties related to income taxes not covered by IAS 12. Provisions for interest and penalties related to income taxes are generally classified as current provisions because the responsible authority can be expected to issue an assessment notice at any time.

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## **Significant discretion and sources of estimation uncertainty**

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### **Provisions for litigation**

Like the measurement of provisions, the assessment of a recognition obligation for provisions for litigation is, to a particular extent, subject to a degree of estimation uncertainty. The uncertainties relate, in particular, to the assessment of the likelihood and the amount of the outflow of resources.

### **Provisions for restructuring**

Estimation uncertainty about the provisions for restructuring primarily relate to determining the amount of the expected outflow of resources. This is largely influenced by the assumptions made concerning the change in or termination of the employment relationships of the affected employees and the planned implementation date of the restructuring plan.

### **Provisions for environmental protection**

The assessment of a recognition obligation and the measurement of the provisions for environmental protection are subject to discretionary decisions and estimation uncertainties to a particular degree.

The estimation uncertainties relate in particular to the assessment of the timing and likelihood of a future outflow of resources and to the assessment of the extent of necessary remediation measures and the related calculation of the amount of the liability.

### **Provisions for acceptance and follow-on obligations**

Estimation uncertainty regarding the provisions for acceptance and follow-on obligations primarily relates to determining the amount of the expected outflow of resources.

### **Provisions for interest and penalties related to income taxes**

Estimation uncertainty concerning the provisions for interest and penalties related to income taxes mainly relates to the interpretation of tax codes and the effects of amended case law.

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## Litigation

The largest individual item within the provisions for litigation was a low-double-digit million euro amount for the provision for expected legal costs in connection with the legal dispute with Merck & Co., Inc., Rahway, NJ, United States (outside the United States and Canada: MSD) in the United States. Further information can be found in Note (28) [Contingent liabilities](#).

## Restructuring

The restructuring provisions recognized as of December 31, 2025, primarily relate to obligations for workforce reduction measures in connection with communicated restructuring plans.

These provisions included programs to improve efficiency and increase customer focus in the three business sectors as well as a program to continuously improve processes and align the Group functions more closely with business needs. Additions totaling a high double-digit million euro amount were attributable to the Healthcare business sector. Utilizations amounting to a low double-digit million euro amount related to the program that was launched in fiscal 2023 to continuously improve processes and align the Group functions more closely with the businesses. In addition, utilizations were attributable to efficiency improvement programs in all the three business sectors.

The majority of these provisions are expected to be utilized within the next two fiscal years. A smaller portion is expected to be utilized within three to five years.

## Environmental protection

Provisions for environmental protection resulted in particular from obligations for soil remediation and groundwater protection in connection with the crop protection business in Germany and Latin America that was discontinued in 1987.

Most of the provisions are expected to be utilized after more than one year.

## Acceptance and follow-on obligations

Provisions for acceptance and follow-on obligations amounting to € 80 million related to expenses in connection with discontinued development projects in the Healthcare business sector as well as obligation surpluses from onerous contracts.

Release of provision in fiscal 2025 resulted largely from discontinued development projects in Healthcare business sector. Included were among others the release of the provision for acceptance and follow-on obligations in connection with the termination of the xevinapant program as well as the evobrutinib program amounting to a mid-double-digit million euro amount. The remaining costs relating to the termination of the xevinapant program decreased due to adjustments in the duration and scope of the follow-on obligations. The remaining provisions are largely expected to be utilized over the next two fiscal years.

## Interest and penalties related to income taxes

Provisions for interest and penalties related to income taxes mainly included penalties arising from tax audits as well as interest payables associated with or resulting from tax payables.

## Miscellaneous other provisions

Miscellaneous other provisions included provisions for asset retirement obligations, other tax risks not constituting income tax in accordance with IAS 12, risks in connection with employee participation programs and warranty obligations.

## (28) Contingent liabilities

### Accounting and measurement policies

#### Contingent liabilities

To identify contingent liabilities from litigation and tax matters, the Group draws on the knowledge of the legal department and the tax department as well as the opinions of external consultants and attorneys.

The key factors in the identification of contingent liabilities are as follows:

- The validity of the arguments brought forward by the opposing party or the tax authority and
- The legal situation and current court rulings in comparable proceedings in the jurisdiction in question

The amount of the contingent liabilities is based on the best possible estimate which, in turn, is based on the likelihood of possible outcomes of proceedings.

### Significant discretionary decisions and sources of estimation uncertainty

#### Contingent liabilities

The identification and the measurement of contingent liabilities are both subject to considerable uncertainty.

This applies with regard to assessing the likelihood of an outflow of resources as well as determining its amount.

Contingent liabilities in the amount of € 219 million (December 31, 2024: € 224 million) related almost exclusively to litigation and tax matters.

The contingent liabilities from tax matters primarily related to the determination of earnings under tax law, customs regulations and excise tax matters. Contingent liabilities from litigation mainly related to obligations under labor law and tort law.

We are involved in various legal disputes with Merck & Co., Inc., Rahway, NJ, United States, and its affiliated companies (outside the United States and Canada: MSD), among other things due to breach of the coexistence agreement entered into between the two companies and/or trademark/name right infringement regarding the use of the designation "Merck". In 2016, MSD filed a lawsuit in the United States against the Group for breach of contract, trademark infringement, trademark dilution, misleading advertising, so-called cybersquatting, and unfair competition.

MSD is demanding compensation from the Group on the basis of a decline in MSD's sales within the fertility products business, as well as the disgorgement of the profits generated by the business sectors in the US over a period of approximately two years. The Group considers the allegations to be unjustified.

The Group has also filed lawsuits in connection with corresponding infringements by MSD in various other countries. The Group expects to be able to resolve the legal disputes with MSD by mutual agreement and without incurring any further financial obligations – except costs for legal defense.

## (29) Other non-financial liabilities

### Accounting and measurement policies

#### Other non-financial liabilities

Accruals for personnel expenses reported in other non-financial liabilities include, in particular, liabilities resulting from variable and performance-related compensation components and social security contributions, as well as vacation entitlements.

Contract liabilities include payments from customers received by the Group prior to completion of contractual performance.

Other non-financial liabilities comprise the following:

€ million	Dec. 31, 2025			Dec. 31, 2024		
	Current	Non-current	Total	Current	Non-current	Total
Accruals for personnel expenses	1,080	–	1,080	1,049	–	1,049
Payroll-related liabilities	132	–	132	141	–	141
Liabilities from non-income related taxes	132	1	133	139	1	140
Contract liabilities	216	2	217	203	3	207
Other accruals	30	6	36	29	8	37
<b>Other non-financial liabilities</b>	<b>1,588</b>	<b>9</b>	<b>1,598</b>	<b>1,562</b>	<b>12</b>	<b>1,574</b>

The tranches of the Long-Term Incentive Plan of Merck KGaA, Darmstadt, Germany, included in the accruals for personnel expenses are payable in the months following the reporting date. Further information on the Long-Term Incentive Plan of Merck KGaA, Darmstadt, Germany, can be found in the [Share-based payments](#) section of Note (33) [Provisions for employee benefits](#). In addition, obligations to the employees of SpringWorks Therapeutics Inc., United States, were recognized in the accruals for personnel expenses (see Note (6) [Acquisitions and divestments](#)).

The following table shows the development of contract liabilities in the reporting period:

€ million	2025			2024		
	Current	Non-current	Total	Current	Non-current	Total
<b>Jan. 1</b>	<b>203</b>	<b>3</b>	<b>207</b>	<b>249</b>	<b>3</b>	<b>252</b>
Additions due to business combinations	–	–	–	10	1	11
Other additions	1,015	-1	1,015	1,282	–	1,282
Disposals due to divestments/Reclassification to assets held for sale	1	–	1	-3	–	-3
Recognition of income/reversal	-988	-1	-989	-1,338	–	-1,339
Cumulative catch-up adjustments to revenue	–	–	–	–	–	–
Reclassification non-current/current	–	–	–	–	–	–
Currency translation	-16	–	-16	4	–	4
Other	–	–	–	–	–	–
<b>Dec. 31</b>	<b>216</b>	<b>2</b>	<b>217</b>	<b>203</b>	<b>3</b>	<b>207</b>

As of January 1, 2025, contract liabilities amounted to € 207 million (January 1, 2024: € 252 million), of which a total of € 185 million (2024: € 224 million) was recognized through profit or loss in fiscal 2025.

## **(30) Trade and other current payables**

### **Accounting and measurement policies**

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#### **Trade and other current payables**

Trade and other payables are subsequently measured at amortized cost.

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Trade and other payables as of December 31, 2025, included accrued amounts of € 688 million (December 31, 2024: € 773 million) from outstanding invoices.

## Employees

### (31) Number of employees

The number of employees was 62,461 as of December 31, 2025 (December 31, 2024: 62,557 employees). The following table shows the average number of employees broken down by function:

	2025	2024
Production	23,386	23,471
Marketing and sales	13,679	13,786
Administration	11,868	11,837
Research and development	6,484	6,426
Procurement and logistics	4,893	4,916
Other	2,325	1,893
<b>Average number of employees</b>	<b>62,636</b>	<b>62,329</b>

### (32) Personnel expenses

Personnel expenses comprised the following:

€ million	2025	2024
Wages and salaries	5,781	5,403
Compulsory social security contributions and other costs	891	917
Pension expenses	294	375
<b>Personnel expenses</b>	<b>6,965</b>	<b>6,695</b>

Personnel expenses comprised expenses of € 131 million (2024: € 205 million) for defined contribution plans, which are funded exclusively using external funds and therefore do not represent any obligation for the Group other than making contribution payments. In the previous year, expenses for defined-contribution pension plans also included expenses of € 61 million for health and long-term care insurance in the USA, which were reported under wages and salaries in the fiscal year. In addition, employer contributions amounting to € 100 million (2024: € 98 million) were transferred to the German statutory pension insurance system, and contributions amounting to € 127 million (2024: € 121 million) were transferred to statutory pension insurance systems abroad.

### (33) Provisions for employee benefits

Provisions for employee benefits are composed as follows:

€ million	Dec. 31, 2025	Dec. 31, 2024
Provisions for pensions and other post-employment benefits	1,287	1,722
Non-current other employee benefit provisions	266	233
<b>Non-current provisions for employee benefits</b>	<b>1,553</b>	<b>1,956</b>
<b>Current provisions for employee benefits</b>	<b>63</b>	<b>66</b>
<b>Provisions for employee benefits</b>	<b>1,616</b>	<b>2,021</b>

Provisions for other employee benefits included provisions for share-based payments, which are discussed in greater detail in the section on [Share-based payments](#) in this note.

### Provisions for pensions and other post-employment benefits

#### Accounting and measurement policies

#### Provisions for pensions and other post-employment benefits

In addition to retirement benefit obligations, provisions for pensions and other post-employment benefits include obligations for other post-employment benefits, such as medical care.

The present value of the defined benefit obligation for all material pension plans is determined by expert third parties using the actuarial projected unit credit method.

The discount rates for defined benefit pension plans are generally determined by reference to discount rates for similar durations and currencies calculated by external actuaries. This is based on bonds with ratings of at least "AA" or a comparable rating from at least one of the leading rating agencies as of the balance sheet date.

The other actuarial assumptions used as the basis for calculating the defined benefit obligation, such as rates of salary increases and pension trends, were determined on a country-by-country basis in line with the economic conditions prevailing in each country. The latest country-specific mortality tables are also applied (Germany: Heubeck 2018G; Switzerland: BVG 2020G; United Kingdom: S3PA).

Apart from the net balance of interest expense for the defined benefit obligations and interest income from the plan assets, which is reported in financial income and financial expenses, the expenses for defined benefit plans are allocated to the individual functional areas in the Consolidated Income Statement.

The calculation of the defined benefit obligations was based on the following actuarial parameters and durations:

	Germany		Switzerland		United Kingdom		Other countries	
	2025	2024	2025	2024	2025	2024	2025	2024
Discount rate	4.32%	3.50%	1.27%	0.90%	5.58%	5.53%	4.80%	4.26%
Future salary increases	2.99%	2.99%	2.00%	2.00%	-	-	3.95%	3.88%
Future pension increases	1.98%	2.14%	-	-	2.77%	2.98%	2.15%	1.81%
Duration	16	18	15	16	11	12	11	12

The higher interest rate levels in the euro area, Switzerland, and the United Kingdom resulted in a reduction in the present value of the defined benefit obligations as well as in the duration of the obligations.

These were average values weighted by the present value of the respective defined benefit obligation.

## Significant discretionary decisions and sources of estimation uncertainty

### Provisions for pensions and other post-employment benefits

The determination of the present value of the obligation from defined benefit pension plans primarily requires discretionary judgment regarding the determination of the discount rate, the selection of suitable mortality tables, and estimates of future salary and pension increases.

The following overview shows how the present value of all defined benefit obligations would have been impacted by changes to relevant actuarial assumptions:

#### December 31, 2025

€ million	Germany	Switzerland	United Kingdom	Other countries	Total
Increase (+)/decrease (-) in present value of all defined benefit obligations if					
the discount rate were 50 basis points lower	218	90	18	12	339
the discount rate were 50 basis points higher	-192	-79	-17	-11	-299
the expected rate of future salary increase were 50 basis points lower	-44	-16	-	-7	-66
the expected rate of future salary increase were 50 basis points higher	49	16	-	7	73
the expected rate of future pension increase were 50 basis points lower	-108	-	-7	-4	-119
the expected rate of future pension increase were 50 basis points higher	117	46	8	4	175
the life expectancy were 1 year lower	-84	-28	-9		
the life expectancy were 1 year higher	82	27	9		

#### December 31, 2024

€ million	Germany	Switzerland	United Kingdom	Other countries	Total
Increase (+)/decrease (-) in present value of all defined benefit obligations if					
the discount rate were 50 basis points lower	272	93	21	15	401
the discount rate were 50 basis points higher	-237	-82	-19	-13	-352
the expected rate of future salary increase were 50 basis points lower	-58	-16	-	-8	-82
the expected rate of future salary increase were 50 basis points higher	66	17	-	9	91
the expected rate of future pension increase were 50 basis points lower	-131	-	-8	-4	-143
the expected rate of future pension increase were 50 basis points higher	143	47	9	5	204
the life expectancy were 1 year lower	-103	-29	-9		
the life expectancy were 1 year higher	102	28	9		

Sensitivities are determined on the basis of the respective parameters in question, with all other measurement assumptions remaining unchanged.

Both the benefit obligations and the plan assets are subject to fluctuations over time. The reasons for such fluctuations could include changes in market interest rates and thus the discount rate, as well as adjustments to other actuarial assumptions (such as life expectancy or expected future pension increases). This could lead to – or cause an increase in – underfunding. Depending on statutory regulations, it may become necessary in some countries to reduce underfunding by providing additional funding.

In order to minimize fluctuations of the net defined benefit liability, the Group also pays attention to potential fluctuations in liabilities in managing its plan assets. The portfolio is structured in such a way that, in the ideal scenario, the impact of exogenous factors on the plan assets and the defined benefit obligations offset each other.

Different retirement benefit systems are provided for employees depending on the legal, economic and fiscal circumstances prevailing in each country. Newly hired employees are only offered plans whose benefits are based on contributions and the returns generated from them. Some of these plans require the employer to guarantee a minimum return on investment. Other plans are generally based on the employee's years of service and salary. Pension obligations comprised both obligations from current pensions and accrued benefits for pensions payable in the future.

The defined benefit obligations were based on the following types of benefits provided by the respective plan:

### Dec. 31, 2025

€ million	Germany	Switzerland	United Kingdom	Other countries	Total
Benefit based on final salary					
Annuity	1,905	1	321	56	2,283
Lump sum	2	-	-	124	126
Installments	-	-	-	1	1
Benefit not based on final salary					
Annuity	655	1,099	-	3	1,757
Lump sum	27	-	-	26	53
Installments	3	-	-	-	3
Other	-	-	-	3	3
Medical plan	-	-	-	14	14
<b>Present value of defined benefit obligations</b>	<b>2,590</b>	<b>1,100</b>	<b>321</b>	<b>229</b>	<b>4,240</b>

### Dec. 31, 2024

€ million	Germany	Switzerland	United Kingdom	Other countries	Total
Benefit based on final salary					
Annuity	2,279	1	340	67	2,687
Lump sum	-	-	-	129	129
Installments	2	-	-	1	3
Benefit not based on final salary					
Annuity	630	1,100	-	5	1,735
Lump sum	19	-	4	23	46
Installments	4	-	-	-	4
Other	-	-	-	4	4
Medical plan	-	-	-	20	20
<b>Present value of defined benefit obligations</b>	<b>2,933</b>	<b>1,101</b>	<b>344</b>	<b>248</b>	<b>4,626</b>

The vast majority of defined benefit obligations of German entities were attributable to plans that encompass old-age, disability and surviving dependent pensions. These obligations were based on benefit rules comprising benefit commitments dependent on years of service and final salary, as well as two different direct commitments for employees newly hired since January 1, 2005, that were not based on final salary. The benefit entitlement for new members from January 1, 2005, to December 31, 2020, resulted from the cumulative total of annually determined salary-based pension components calculated on the basis of a defined benefit expense and an age-based annuity table. The benefit entitlement for new members from January 1, 2021, resulted from the performance of salary-based employer contributions and voluntary employee contributions, topped up by the employer, to an external fund. A minimum return on contributions has been guaranteed by the Group. There were no statutory minimum funding obligations in Germany.

Pension obligations in Switzerland mainly comprised retirement, disability and surviving dependent benefits regulated by law. The employer and the employees made contributions to the plans. Statutory minimum funding obligations existed.

Pension obligations in the United Kingdom resulted from pension plans with service-based, final-salary-related benefit commitments, which had been closed to new entrants for many years. The agreed benefits comprised retirement, disability and surviving dependent benefits. The employer made contributions to the plans. Statutory minimum funding obligations existed. Merck KGaA, Darmstadt, Germany, provided a guarantee to the trustee. This amounted to € 141 million as of December 31, 2025 (December 31, 2024: € 160 million). The guarantee applies in the event that the sponsoring companies for this pension plan, which are included in these Consolidated Financial Statements, are unable to reduce potential underfunding by providing additional funding; this eventuality is considered to be unlikely.

The development of the net defined benefit liability and the value recognized in the Consolidated Balance Sheet for pensions and other post-employment benefits was derived as follows:

€ million	Present value of the defined benefit obligations		Fair value of the plan assets		Effects of asset ceilings		Net defined benefit liability	
	2025	2024	2025	2024	2025	2024	2025	2024
<b>Jan. 1.</b>	<b>-4,626</b>	<b>-4,787</b>	<b>2,973</b>	<b>2,848</b>	<b>-34</b>	<b>-4</b>	<b>-1,687</b>	<b>-1,943</b>
Current service cost	-119	-127	-	-	-	-	-119	-127
Interest expense	-141	-143	-	-	-	-	-141	-143
Interest income	-	-	82	79	-	-	82	79
Plan administration costs recognized in income	-	-	-4	-3	-	-	-4	-3
Past service cost	4	-1	-	-	-	-	4	-1
Gains (+) or losses (-) on settlement	-	4	-	-	-	-	-	4
Currency effects recognized in income	-16	7	16	-7	-	-	-	-
Other effects recognized in income	-	-	-	-	-	-	-	-
<b>Items recognized in income</b>	<b>-272</b>	<b>-260</b>	<b>94</b>	<b>69</b>	<b>-</b>	<b>-</b>	<b>-178</b>	<b>-191</b>
Remeasurements of defined benefit obligations								
Changes in demographic assumptions	-1	8	-	-	-	-	-1	8
Changes in financial assumptions	514	119	-	-	-	-	514	119
Experience adjustments	-3	24	-	-	-	-	-3	24
Remeasurements of plan assets arising from experience adjustments	-	-	61	59	-	-	61	59
Changes in the effects of the asset ceilings	-	-	-	-	-85	-30	-85	-30
<b>Actuarial gains (+)/losses (-)</b>	<b>510</b>	<b>150</b>	<b>61</b>	<b>59</b>	<b>-85</b>	<b>-30</b>	<b>486</b>	<b>179</b>
Pension payments	148	198	-52	-106	-	-	96	92
Employer contributions	-	-	52	64	-	-	52	64
Employee contributions	-24	-23	24	22	-	-	-	-1
<b>Payment transactions</b>	<b>124</b>	<b>175</b>	<b>24</b>	<b>-20</b>	<b>-</b>	<b>-</b>	<b>148</b>	<b>155</b>
Changes in the scope of consolidation	-	-	-	-	-	-	-	-
Reclassification to liabilities directly related to assets held for sale	-	114	-	-6	-	-	-	108
Currency translation recognized in equity	26	-14	-21	16	-	-	5	2
Other changes	-2	-4	-13	6	-	-	-15	2
<b>Other</b>	<b>24</b>	<b>96</b>	<b>-34</b>	<b>16</b>	<b>-</b>	<b>-</b>	<b>-10</b>	<b>112</b>
<b>Dec. 31</b>	<b>-4,240</b>	<b>-4,626</b>	<b>3,118</b>	<b>2,973</b>	<b>-119</b>	<b>-34</b>	<b>-1,241</b>	<b>-1,687</b>
thereof: provisions for pensions and other post-employment benefits							-1,287	-1,722
thereof: assets from defined benefit assets							46	35
thereof: Germany	-2,590	-2,933	1,443	1,366	-	-	-1,147	-1,567
thereof: Switzerland	-1,100	-1,101	1,211	1,122	-112	-31	-1	-10
thereof: United Kingdom	-321	-344	352	367	-	-	31	23

The actual income from plan assets amounted to € 143 million in the year under review (2024: € 138 million).

Covering the benefit obligations with financial assets represents a means of providing for future cash outflows, which are required by law in some countries (for example, Switzerland and the United Kingdom) and occur voluntarily in other countries (for example, Germany). The asset ceiling referred mostly to the pension obligations in Switzerland. However, due to the structure of the obligations, there were no options for the employer to refund contributions or reduce contributions.

The fair value of the plan assets was allocated to the following categories:

€ million	Dec. 31, 2025			Dec. 31, 2024		
	Quoted market price in an active market	No quoted market price in an active market	Total	Quoted market price in an active market	No quoted market price in an active market	Total
Cash and cash equivalents	83	–	83	85	–	85
Equity instruments	701	–	701	660	–	660
Debt instruments	1,270	–	1,270	1,216	–	1,216
Real estate	164	271	435	157	252	409
Investment funds	36	483	519	52	440	492
Insurance contracts	–	55	55	–	53	53
Other	54	–	54	56	2	58
<b>Fair value of the plan assets</b>	<b>2,309</b>	<b>810</b>	<b>3,118</b>	<b>2,226</b>	<b>747</b>	<b>2,973</b>

Plan assets did not directly include financial instruments issued by Group companies or assets used by Group companies.

Employer contributions to plan assets and direct payments to plan beneficiaries for the following fiscal year are expected to amount to € 48 million (2024: € 50 million) and € 103 million (2024: € 99 million), respectively.

The expected payments of undiscounted benefits under the plans were as follows:

### December 31, 2025

€ million	Expected payments of undiscounted benefits				
	Germany	Switzerland	United Kingdom	Other countries	Total
2026	94	26	19	18	158
2027	102	28	20	18	167
2028	105	28	20	18	172
2029	110	29	21	19	178
2030	114	31	22	21	188
2031-2035	633	172	118	107	1,031

### December 31, 2024

€ million	Expected payments of undiscounted benefits				
	Germany	Switzerland	United Kingdom	Other countries	Total
2025	91	24	20	16	152
2026	98	25	20	21	164
2027	102	27	21	19	169
2028	106	28	22	14	169
2029	110	28	22	17	177
2030-2034	610	168	119	107	1,004

The weighted duration of defined benefit obligations amounted to 16 years (2024: 17 years).

## Other employee benefit provisions

### Accounting and measurement policies

#### Other employee benefit provisions

Other employee benefit provisions include obligations from share-based compensation programs. However, they do not contain the tranche of the Long-Term Incentive Plan of Merck KGaA, Darmstadt, Germany (LTIP) that is payable in the months following the balance sheet date, as this is no longer subject to value fluctuations following the balance sheet date and hence is reported in other current non-financial liabilities. More information on these compensation programs can be found below.

Obligations in connection with long-term working-hour accounts, as well as partial retirement programs and other severance payments not recognized in connection with restructuring programs and anniversary bonuses, are also included in other employee benefit provisions.

Other employee benefit provisions developed as follows:

€ million	Non-current other employee benefit provisions	Current other employee benefit provisions	Total
<b>Jan. 1, 2025</b>	<b>233</b>	<b>66</b>	<b>299</b>
Additions	106	148	254
Utilizations	-18	-110	-128
Release	-17	-14	-31
Interest effect	-	-	-
Currency translation	-16	-5	-21
Reclassification from non-current to current/liabilities	-23	-21	-44
Changes in scope of consolidation/Other	-	-	-
Reclassification to liabilities directly related to assets held for sale	2	-1	1
<b>Dec. 31, 2025</b>	<b>266</b>	<b>63</b>	<b>329</b>

## Share-based payments

### Accounting and measurement policies

#### Share-based payments

Provisions are recognized for the share-based compensation program with exclusive cash settlement within the Group ("Long-Term Incentive Plan of Merck KGaA, Darmstadt, Germany") and reported in other employee benefit provisions. The tranche to be paid out in the months following the reporting date is reclassified to other non-financial liabilities, and the payment of the tranche is reported in other non-financial liabilities accordingly.

The fair value of the obligations is calculated by an external expert using a Monte Carlo simulation as of the balance sheet date. The main parameters in the measurement of the share-based compensation programs with cash settlement are the long-term increase in value of shares of Merck KGaA, Darmstadt, Germany (60-day average) and, depending on the plan variant, the development of long-term indicators of company performance (EBITDA pre margin and organic sales growth compared to the previous year), the price movement of shares of Merck KGaA, Darmstadt, Germany, in relation to the DAX®, and a sustainability factor.

The expected volatilities are based on the implicit volatility of shares of Merck KGaA, Darmstadt, Germany, and the DAX® in accordance with the remaining term of the respective tranche. The dividend payments incorporated into the valuation model are based on medium-term dividend expectations.

Changes to the intrinsic value of share-based compensation programs are allocated to the respective functional costs according to the causation principle. Time value changes are recognized in financial income or financial expenses.

The measures related to hedge accounting for individual tranches of share-based compensation programs with cash settlement for Group employees is explained in Note (39) [Derivative financial instruments](#) and Note (42) [Management of financial risks](#) in the [Share price risks](#) section.

## Significant discretionary decisions and sources of estimation uncertainty

### Share-based payments

The measurement of long-term share-based compensation programs implies extensive estimation uncertainty. The following overview shows the amounts by which the non-current provisions from share-based compensation programs (carrying amount as of December 31, 2025: € 41 million/carrying amount as of December 31, 2024: € 15 million) would have been impacted by changes in the DAX® or the closing price of the share of Merck KGaA, Darmstadt, Germany, on the balance sheet date. The amounts stated would have led to a corresponding reduction or increase in profit before income tax.

€ million		Increase (+)/decrease (-) of the provision	
		Dec. 31, 2025	Dec. 31, 2024
Variation of share price of Merck KGaA, Darmstadt, Germany	10%	4	2
	-10%	-4	-2
Change in the DAX®	10%	-	-
	-10%	-	-

Sensitivities were determined on the basis of the respective parameters, with all other measurement assumptions remaining unchanged. The 2023 tranche will not be subject to any value fluctuations between December 31, 2025, and the payout date, and was therefore excluded from the sensitivity analysis (December 31, 2024: exclusion of 2022 tranche). The amount of the provision from the Restricted Share Unit Plan (see below) is subject solely to fluctuations in the share price of Merck KGaA, Darmstadt, Germany, and has therefore been reflected only in this line.

### Long-Term Incentive Plan of Merck KGaA, Darmstadt, Germany, up to and including 2024

Certain employees were eligible to receive a certain number of virtual shares known as Share Units of Merck KGaA, Darmstadt, Germany (MSUs). The MSUs are subject to a three-year performance period. The grant is based on the value defined for the individual in question and on the average closing price of shares of Merck KGaA, Darmstadt, Germany, in Xetra® trading during the last 60 trading days prior to the start of the performance cycle (reference price).

After the three-year performance cycle ends, the final number of MSUs granted is determined based on the following criteria:

- Performance of the shares of Merck KGaA, Darmstadt, Germany, compared with the DAX® (weighting: 50%)
- Development of the EBITDA pre margin (weighting: 25%)
- Organic sales growth (weighting: 25%)

The overall target achievement for these financial indicators is capped at 150% of the originally awarded MSUs. In addition, a sustainability factor (0.8 to 1.2) is applied to the resulting number of MSUs, based on three defined sustainability objectives.

The weighting of the three sustainability criteria for the 2024 LTIP tranche is as follows:

- “Dedicated to human progress” 30%
- “Partnering for sustainable business impact” 30%
- “Reducing our ecological footprint” 40%

In total, the eligible participants are granted between 0% and 180% of the MSUs they could originally have been eligible to receive. After the end of the performance cycle, a cash settlement is made. The payout value corresponds to the average closing price of shares of Merck KGaA, Darmstadt, Germany, in Xetra® trading during the last 60 trading days before the end of the performance cycle, multiplied by the number of MSUs granted. The payout amounts are limited to two and a half times the individual grant.

The Long-Term Incentive Plan issued to the Executive Board of Merck KGaA, Darmstadt, Germany, largely corresponds to the characteristics of the Long-Term Incentive Plan of Merck KGaA, Darmstadt, Germany, up until 2024. The three-year target achievement cycle is followed by a one-year holding period. The relevant measure for determining the payout value is the average closing price of shares of Merck KGaA, Darmstadt, Germany, in Xetra® trading during the last 60 trading days before the end of the holding period. The share-based compensation of the Executive Board of Merck KGaA, Darmstadt, Germany, along with the above-mentioned financial performance criteria and the sustainability factor, is described in detail in the [Long-Term Incentive Plan \(LTIP\)](#) section of the Compensation Report.

### **Long-Term Incentive Plan of Merck KGaA, Darmstadt, Germany, from 2025 onwards**

The Long-Term Incentive Plan of Merck KGaA, Darmstadt, Germany, granted from fiscal 2025 onwards consists of the Restricted Share Unit Plan and the Performance and Restricted Share Unit Plan.

#### **Restricted Share Unit Plan**

The Restricted Share Unit Plan is solely linked to the performance of the share price of Merck KGaA, Darmstadt, Germany. Selected managers and talents are granted virtual shares (Restricted Share Units, RSUs) that are subject to a three-year performance cycle. The grant is based on the individually defined amount and on the average closing price of the share of Merck KGaA, Darmstadt, Germany, in Xetra® trading during the last 60 trading days prior to January 1 of the respective performance cycle (reference price). After the end of the three-year performance cycle, a cash settlement is made. The payout value corresponds to the average closing price of shares of Merck KGaA, Darmstadt, Germany, in Xetra® trading during the last 60 trading days before the end of the performance cycle, multiplied by the number of RSUs granted. The payout amounts are limited to two and a half times the individual grant.

#### **Performance and Restricted Share Unit Plan**

The Performance and Restricted Share Unit Plan (PRSU Plan) aligns with target achievement based on key performance indicators as well as the long-term performance of shares of Merck KGaA, Darmstadt, Germany.

Eligible managers are granted a defined number of MSUs. The number of MSUs that could be received depends on the individual grant defined for the respective person and the average closing price of shares of Merck KGaA, Darmstadt, Germany, in Xetra® trading during the last 60 trading days prior to January 1 of the respective performance cycle (reference price). Of the MSUs granted, 75% relate to Performance Share Units (PSUs) and 25% to RSUs.

For the PSUs, once the three-year performance cycle has ended, the final number of PSUs granted is determined according to the same financial criteria used in the previous Long-Term Incentive Plan of Merck KGaA, Darmstadt, Germany, up until 2024. The sustainability factor described above is applied to the PSUs calculated on the basis of the financial metrics. The payout value corresponds to the average closing price of shares of Merck KGaA, Darmstadt, Germany, in Xetra® trading during the last 60 trading days before the end of the performance cycle, multiplied by the sum of PSUs determined at the end of the performance cycle and the RSUs granted at the start. The payout amounts are limited to two and a half times the individual grant. After the end of the performance cycle, a cash settlement is made.

The following table presents the key parameters as well as the development of the potential number of MSUs, PSUs and RSUs for the individual tranches:

	2023 tranche	2024 tranche	2025-tranche - PSU	2025-tranche - RSU
Performance cycle	Jan. 1, 2023 - Dec. 31, 2025	Jan. 1, 2024 - Dec. 31, 2026	1.1.2025 - 31.12.2027	1.1.2025 - 31.12.2027
Term	3 Years	3 Years	3 Years	3 Years
Fair value per MSU/PSU/RSU	1.04	30.22	53.54	114.97
Reference price of shares of Merck KGaA, Darmstadt, Germany, in € (60-day average share price of Merck KGaA, Darmstadt, Germany, prior to the start of the performance cycle)	173.46	149.40	148.18	148.18
Shares of Merck KGaA, Darmstadt, Germany, in € (60-day average share price of Merck KGaA, Darmstadt, Germany, on valuation date)	115.16	115.16	115.16	115.16
DAX® value (60-day average of the DAX® prior to the start of the performance cycle)	13,722.30	15,778.70	19,558.88	19,558.88
DAX® value (60-day average of the DAX® on valuation date)	23,983.81	23,983.81	23,983.81	23,983.81
Implied volatility (in %)	n.a.	27.87%	26.41%	26.41%
Risk-fee interest rate (in %)	n.a.	2.03%	2.12%	2.12%
<b>Potential number of MSUs/PSUs/RSUs</b>				
Potential number offered for the first time in 2023	672,367			
Forfeited	19,901			
Paid out	1,266			
Dec. 31, 2023	651,200			
Potential number offered for the first time in 2024	-	827,090		
Forfeited	25,708	18,432		
Paid out	1,011	696		
Dec. 31, 2024	624,481	807,962		
Potential number offered for the first time in 2025	-	-	150,293	743,107
Forfeited	17,828	25,134	1,755	14,614
Paid out	6,458	7,924	910	6,321
<b>Dec. 31, 2025</b>	<b>600,195</b>	<b>774,904</b>	<b>147,628</b>	<b>722,172</b>

The payments also included the obligations transferred in connection with the divestitures of the Surface Solutions business unit and the operations site in Martillac, France.

The total value of the obligations for share-based payments was € 80 million as of December 31, 2025 (December 31, 2024: € 72 million). Of this, € 41 million was included in provisions as of December 31, 2025 (December 31, 2024: € 15 million). Net expenses of € 63 million were incurred in fiscal 2025 (2024: net expenses of € 64 million). The three-year tranche issued in fiscal 2022 ended at the end of fiscal 2024; an amount of € 56 million was paid out in fiscal 2025. The three-year tranche issued in fiscal 2023 ended at the end of fiscal 2025 and was reclassified from current provisions for employee benefits to other current non-financial liabilities as of December 31, 2025. Based on a decision by the Executive Board, the expected payout for this tranche was increased by a mid-double-digit million euro amount, in line with the terms of the plan. The tranche is expected to result in a payout of € 39 million in fiscal 2026.

# Capital Structure, Investments and Financing Activities

## (34) Net equity

### Accounting and measurement policies

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#### Accounting treatment of the general partner's equity

As a corporation with general partners, Merck KGaA, Darmstadt, Germany, has two different shareholder groups who have contributed to the company: the general partner E. Merck KG, Darmstadt, Germany, as the personally liable partner, and the shareholders.

From an accounting perspective, the contributions of both shareholder groups are treated as equity, regardless of the general partner's option to terminate its capital share. This treatment is based on the provision in the Articles of Association of Merck KGaA, Darmstadt, Germany, stating that the limited liability shareholders may decide to convert the company into a stock corporation and thus limit the general partner's settlement claim to fulfillment in equity instruments.

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#### Equity capital/capital reserves

The equity capital of the company consisted of the subscribed capital composed of shares and the equity interest held by the general partner E. Merck KG, Darmstadt, Germany (general partner's equity). As of the balance sheet date, the company's subscribed capital amounting to € 168 million was divided into 129,242,251 no-par value bearer shares plus one registered share. Each share therefore corresponded to € 1.30 of the subscribed capital. The amount resulting from the issue of shares by Merck KGaA, Darmstadt, Germany, exceeding the nominal value was recognized in the capital reserves. The equity interest held by the general partner amounted to € 397 million. As in the previous year, there were no changes in subscribed capital in fiscal 2025.

## Retained earnings

Retained earnings developed as follows:

€ million	Retained earnings/net retained profit	Remeasurement of defined benefit plans	Fair value reserve for equity instruments	Retained earnings
<b>Jan. 1, 2024</b>	<b>20,635</b>	<b>-592</b>	<b>186</b>	<b>20,228</b>
Profit after tax	2,777	-	-	2,777
Gains/losses recognized in equity	-	90	30	121
<b>Comprehensive income</b>	<b>2,777</b>	<b>90</b>	<b>30</b>	<b>2,897</b>
Dividend payments	-284	-	-	-284
Capital increases	-	-	-	-
Profit transfer to/from E. Merck KG, Darmstadt, Germany, including changes in reserves	-755	-	-	-755
Transactions with no change of control	-	-	-	-
Change in scope of consolidation/Other	49	1	-48	2
<b>Dec. 31, 2024</b>	<b>22,420</b>	<b>-501</b>	<b>168</b>	<b>22,087</b>
<b>Jan. 1, 2025</b>	<b>22,420</b>	<b>-501</b>	<b>168</b>	<b>22,087</b>
Profit after tax	2,608	-	-	2,608
Gains/losses recognized in equity	-	429	-47	382
<b>Comprehensive income</b>	<b>2,608</b>	<b>429</b>	<b>-47</b>	<b>2,990</b>
Dividend payments	-284	-	-	-284
Capital increases	-	-	-	-
Profit transfer to/from E. Merck KG, Darmstadt, Germany, including changes in reserves	-754	-	-	-754
Transactions with no change of control	-	-	-	-
Change in scope of consolidation/Other	25	31	-56	-
<b>Dec. 31, 2025</b>	<b>24,015</b>	<b>-41</b>	<b>65</b>	<b>24,039</b>

The equity instruments in Calypso Biotech B.V., Netherlands, which were recognized in assets held for sale as of January 1, 2024, were sold for a mid-double-digit million euro amount effective January 8, 2024. The cumulative income of € 48 million recognized in other comprehensive income was reclassified to retained earnings.

## Gains/losses recognized in equity

Gains/losses recognized in equity developed as follows (see also Note (39) [Derivative financial instruments](#)):

€ million	Cash flow hedge reserve	Cost of cash flow hedge reserve	Currency translation difference	Gains/losses recognized in equity
<b>Jan. 1, 2024</b>	<b>-56</b>	<b>-7</b>	<b>2,136</b>	<b>2,073</b>
<b>Gains/losses recognized in equity</b>	<b>-52</b>	<b>-2</b>	<b>1,429</b>	<b>1,375</b>
Fair value adjustment	92	-	1,444	1,536
Reclassification to profit or loss	-149	-2	-15	-166
Reclassification to assets	-	-	-	-
Tax effect	5	-	-	5
<b>Dec. 31, 2024</b>	<b>-108</b>	<b>-9</b>	<b>3,565</b>	<b>3,448</b>
<b>Jan. 1, 2025</b>	<b>-108</b>	<b>-9</b>	<b>3,565</b>	<b>3,448</b>
<b>Gains/losses recognized in equity</b>	<b>55</b>	<b>-2</b>	<b>-3,327</b>	<b>-3,273</b>
Fair value adjustment	320	-16	-3,089	-2,785
Reclassification to profit or loss	-243	13	-238	-468
Reclassification to assets	-	-	-	-
Tax effect	-22	2	-	-20
<b>Dec. 31, 2025</b>	<b>-52</b>	<b>-11</b>	<b>238</b>	<b>174</b>

## Share of net profit of E. Merck KG, Darmstadt, Germany

E. Merck KG, Darmstadt, Germany, and Merck KGaA, Darmstadt, Germany, engage in reciprocal net profit transfers. This makes it possible for E. Merck KG, Darmstadt, Germany, the general partner of Merck KGaA, Darmstadt, Germany, and the shareholders to participate in the net profit/loss of Merck KGaA, Darmstadt, Germany, in accordance with the ratio of the general partner's equity interest to the subscribed capital (70.274% and 29.726% of the equity capital, respectively).

The allocation of net profit/loss is based on the net income of both E. Merck KG, Darmstadt, Germany, and Merck KGaA, Darmstadt, Germany, determined in accordance with the provisions of the German Commercial Code (HGB). These figures are adjusted for trade tax and/or corporation tax and create the basis for the allocation of net profit/loss. The adjustment for corporation tax is made to compensate for the difference in the tax treatment between the general partner and the limited liability shareholders. Corporation tax is only calculated on the income received by the limited liability shareholders. Its equivalent is the income tax applicable to the partners of E. Merck KG, Darmstadt, Germany, which must be paid by them directly. The adjustment thus ensures that the share in net profit corresponds to the respective interests held by the two shareholder groups.

The reciprocal net profit/loss transfer between E. Merck KG, Darmstadt, Germany, and Merck KGaA, Darmstadt, Germany, as stipulated by the Articles of Association was as follows:

€ million	2025		2024	
	E. Merck KG, Darmstadt, Germany	Merck KGaA, Darmstadt, Germany	E. Merck KG, Darmstadt, Germany	Merck KGaA, Darmstadt, Germany
Result of E. Merck KG, Darmstadt, Germany, before reciprocal profit transfer, adjusted for trade tax	-61		-31	
Net income of Merck KGaA, Darmstadt, Germany, before reciprocal profit transfer		1,024		993
Corporation tax		3		2
<b>Basis for appropriation of profits</b>	<b>(100%)</b>	<b>-61</b>	<b>-31</b>	<b>996</b>
Profit transfer to E. Merck KG, Darmstadt, Germany (ratio of general partner's equity to equity capital)	(70.274%)	722	700	-700
Profit/loss transfer to Merck KGaA, Darmstadt, Germany (ratio of subscribed capital to equity capital)	(29.726%)	18	9	-9
Corporation tax		-3		-2
<b>Net income</b>		<b>679</b>	<b>677</b>	<b>284</b>

The result of E. Merck KG, Darmstadt, Germany, adjusted for trade tax, on which the appropriation of its profit is based, amounted to € -61 million (2024: € -31 million). This resulted in a profit/loss transfer to Merck KGaA, Darmstadt, Germany, of € -18 million (2024: € -9 million). The net income adjusted for corporation tax of Merck KGaA, Darmstadt, Germany, on which the appropriation of its profit is based, amounted to € 1,027 million (2024: € 996 million). Merck KGaA, Darmstadt, Germany, transferred a profit of € 722 million to E. Merck KG, Darmstadt, Germany (2024: € 700 million). In addition, an expense from corporation tax charges was reported in the amount of € 3 million (2024: expense of € 2 million).

## Appropriation of profits

The profit distribution to be resolved by shareholders also defines the amount of that share of net profit/loss freely available to E. Merck KG, Darmstadt, Germany. If the shareholders resolve to carry forward or to allocate to retained earnings a portion of the net retained profit of Merck KGaA, Darmstadt, Germany, to which they are entitled, E. Merck KG, Darmstadt, Germany, shall be obliged to allocate to the profit carried forward/retained earnings of Merck KGaA, Darmstadt, Germany, a comparable sum determined according to the ratio of subscribed capital to general partner's equity. This ensures that the retained earnings and the profit carried forward by Merck KGaA, Darmstadt, Germany, correspond to the ownership ratios of the shareholders on the one hand and E. Merck KG, Darmstadt, Germany, on the other. Consequently, for distributions to E. Merck KG, Darmstadt, Germany, the available amount is the amount that results from netting the profit transfer of Merck KGaA, Darmstadt, Germany, with the amount either allocated or withdrawn by E. Merck KG, Darmstadt, Germany, from retained earnings/profit carried forward. This amount corresponds to the sum paid as a dividend to the shareholders and reflects their pro rata shareholding in the company.

Based on the profit transfer, the appropriation of profits by Merck KGaA, Darmstadt, Germany, was as follows:

€ million	2025		2024	
	Portion E. Merck KG, Darmstadt, Germany	Portion limited liability shareholders	Portion E. Merck KG, Darmstadt, Germany	Portion limited liability shareholders
Net income	679	284	677	284
Profit carried forward previous year	81	34	81	34
Withdrawal from revenue reserves	-	-	-	-
Transfer to revenue reserves	-	-	-	-
<b>Retained earnings limited liability shareholders</b>		<b>319</b>		<b>319</b>
Withdrawal by E. Merck KG, Darmstadt, Germany	-679		-677	
<b>Profit carried forward E. Merck KG, Darmstadt, Germany</b>	<b>81</b>		<b>81</b>	
Dividend proposal		-284		-284
<b>Profit carried forward of limited liability shareholders (preliminary)</b>		<b>34</b>		<b>34</b>

A dividend of € 2.20 per share was distributed for fiscal 2024. The dividend proposal for fiscal 2025 is unchanged at € 2.20 per share. With the proposed dividend payment to shareholders amounting to € 284 million (2024: € 284 million), the shareholders' profit carried forward after the dividend payment would amount to € 34 million (2024: € 34 million). Based on the proposed dividend payment to the shareholders, E. Merck KG, Darmstadt, Germany, would be entitled to withdraw € 679 million (2024: € 677 million), meaning that E. Merck KG, Darmstadt, Germany, would be entitled to a profit carried forward of € 81 million (2024: € 81 million).

## Appropriation of profits and changes in reserves

€ million	2025			2024		
	Merck & Cie KmG, Altdorf, Switzerland, a subsidiary of Merck KGaA, Darmstadt, Germany	Merck KGaA, Darmstadt, Germany	Total	Merck & Cie KmG, Altdorf, Switzerland, a subsidiary of Merck KGaA, Darmstadt, Germany	Merck KGaA, Darmstadt, Germany	Total
Profit transfer to E. Merck KG, Darmstadt, Germany	-13	-722	-735	-46	-700	-746
Profit/loss transfer to Merck KGaA, Darmstadt, Germany		-18	-18		-9	-9
Change in profit carried forward of E. Merck KG, Darmstadt, Germany		-	-		-	-
<b>Profit transfer to E. Merck KG, Darmstadt, Germany, including changes in reserves</b>	<b>-13</b>	<b>-740</b>	<b>-754</b>	<b>-46</b>	<b>-709</b>	<b>-755</b>
Result of E. Merck KG, Darmstadt, Germany, before reciprocal profit transfer adjusted for trade tax		-61			-31	
<b>Profit transfer to E. Merck KG, Darmstadt, Germany/ withdrawal by E. Merck KG, Darmstadt, Germany</b>	<b>-13</b>	<b>-679</b>		<b>-46</b>	<b>-677</b>	

Based on the proposed appropriation of profits, the profit/loss transfer to E. Merck KG, Darmstadt, Germany, for fiscal 2025, including changes in reserves, amounted to € -754 million. This consisted of the profit transfer to E. Merck KG, Darmstadt, Germany (€ -722 million), the profit/loss transfer to Merck KGaA, Darmstadt, Germany (€ -18 million), an unchanged profit carried forward of E. Merck KG, Darmstadt, Germany, and the profit transfer from Merck & Cie KmG, Altdorf, Switzerland, a subsidiary of Merck KGaA, Darmstadt, Germany, to E. Merck KG, Darmstadt, Germany (€ -13 million). In the previous year, the profit/loss transfer to E. Merck KG, Darmstadt, Germany, including changes in reserves, amounted to € -755 million. This consisted of the profit transfer to E. Merck KG, Darmstadt, Germany (€ -700 million), the profit/loss transfer to Merck KGaA, Darmstadt, Germany (€ -9 million), an unchanged profit carried forward of E. Merck KG, Darmstadt, Germany, and the profit transfer from Merck & Cie KmG, Altdorf, Switzerland, a subsidiary of Merck KGaA, Darmstadt, Germany, to E. Merck KG, Darmstadt, Germany (€ -46 million) and was paid to E. Merck KG, Darmstadt, Germany, in fiscal 2025. Merck & Cie KmG, Altdorf, Switzerland, a subsidiary of Merck KGaA, Darmstadt, Germany, is a partnership under Swiss law that is controlled by Merck KGaA, Darmstadt, Germany, but distributes its operating result directly to E. Merck KG, Darmstadt, Germany. This distribution is a payment to shareholders and is therefore also presented under changes in equity.

## Non-controlling interests

The calculation of non-controlling interests was based on the reported equity of the subsidiaries concerned.

The non-controlling interests in consolidated equity and profit or loss essentially related to the non-controlling interests in Versum Materials Taiwan Co. Ltd.; Merck Ltd., Bangkok, Thailand, a subsidiary of Merck KGaA, Darmstadt, Germany; and the listed company PT Merck Tbk., Jakarta, Indonesia, a subsidiary of Merck KGaA, Darmstadt, Germany.

## (35) Cash and cash equivalents

### Accounting and measurement policies

#### Cash and cash equivalents

Cash and cash equivalents also include short-term investments with a maximum maturity of up to three months that can be readily converted to a determined amount of cash. In addition to investments carried at amortized cost, cash investments also include money market funds that are measured at fair value through profit or loss. Income from cash and cash equivalents is reported in interest income.

Cash and cash equivalents comprised the following items:

€ million	Dec. 31, 2025	Dec. 31, 2024
Cash, bank balances and checks	602	756
Short-term cash investments (up to 3 months)	2,138	1,761
<b>Cash and cash equivalents</b>	<b>2,740</b>	<b>2,517</b>

Changes in cash and cash equivalents as defined by IAS 7 are presented in the Consolidated Cash Flow Statement.

Cash and cash equivalents included restricted cash amounting to € 412 million (December 31, 2024: € 368 million). This mainly related to cash and cash equivalents at subsidiaries that are subject to capital controls.

The maximum default risk was equivalent to the carrying amount of cash and cash equivalents.

## (36) Other financial assets

### Accounting and measurement policies

#### Other financial assets

This section does not cover the accounting and measurement policies for derivative financial instruments. They are presented in Note (39) [Derivative financial instruments](#).

#### Recognition and initial measurement

Financial assets are initially measured at fair value and recognized as of the settlement date. For financial assets not subsequently measured at fair value through profit or loss in subsequent periods, initial measurement also includes directly attributable transaction costs. Any positive difference between the fair value of a financial instrument on initial recognition (Level 2 and 3 in the IFRS 13 fair value hierarchy) and the transaction price is recognized in income on a straight-line basis over the duration.

Detailed information on the measurement methods for financial assets measured at fair value are presented in Note (43) [Information on fair value measurement](#).

## Classification and subsequent measurement

On initial recognition, financial assets are assigned to one of the following measurement categories, which also correspond to the financial instrument classes as defined in IFRS 9:

- Subsequent measurement at amortized cost
- Subsequent measurement at fair value through other comprehensive income
- Subsequent measurement at fair value through profit or loss

This classification is based on the business model and the structure of contractual payment flows. Financial assets measured at amortized cost and financial assets at fair value through other comprehensive income are accounted for using the effective interest method and taking account of any impairment losses. The procedure for calculating impairment losses is described in Note (42) [Management of financial risks](#).

Financial assets measured at amortized cost are held in order to collect their contractual cash flows, which are exclusively principal repayments and interest payments on the outstanding capital amount. In the case of debt instruments at fair value through other comprehensive income, the business model provides for the collection of the contractual cash flows as well as the sale of the financial assets. The cash flows for this class are also exclusively principal repayments and interest payments on the outstanding capital amount.

Except for derivative financial instruments with positive market values, the Group only applies subsequent measurement at fair value through profit or loss for debt instruments with contractual properties resulting in cash flows that do not exclusively represent principal repayments and interest payments on the outstanding capital amount. In particular, this includes contingent consideration that was contractually agreed with the acquirer in the context of the disposal of businesses within the meaning of IFRS 3 (see Note (43) [Information on fair value measurement](#)). The Group does not utilize the option of the subsequent measurement of debt instruments at fair value through profit or loss.

If not held for trading, equity instruments are measured at fair value through other comprehensive income. Further details on the measurement of equity instruments at fair value are presented in Note (43) [Information on fair value measurement](#).

Financial assets are only reclassified in the event of changes to the business model regarding the management of financial assets.

## Derecognition

Financial assets are derecognized if the claim for the compensation is fulfilled by the counterparty, if there is no longer a reasonable expectation that the counterparty will fulfill its contractual obligations, or if the Group transfers the contractual rights including all material risks and rewards of the financial asset to another counterparty.

## Recognition

Measurement effects of debt instruments are reported in the Consolidated Balance Sheet, the Consolidated Income Statement and the Consolidated Statement of Comprehensive Income as follows:

Category	Asset type	Impairment losses/reversals of impairment losses	Net gain and net loss on disposal/value adjustments	Foreign currency gains or losses	Interest income or expenses
Subsequent measurement at amortized cost	Operational	Impairment losses, and reversals of impairment losses of financial assets (net)	Other operating income or other operating expenses	Other operating income or other operating expenses	Financial income and expenses (applying the effective interest method)
	Financial	Financial income and expenses	Financial income and expenses	Financial income and expenses	
Subsequent measurement at fair value through other comprehensive income	Operational	Impairment losses, and reversals of impairment losses of financial assets (net)	Group equity (upon derecognition: reclassification to other operating income or other operating expenses)	Other operating income or other operating expenses	Financial income and expenses (applying the effective interest method)
	Financial	Financial income and expenses	Group equity (upon derecognition: reclassification to financial income and expenses)	Financial income and expenses	
Subsequent measurement at fair value through profit or loss	Operational		Other operating income or other operating expenses	Other operating income or other operating expenses	Financial income and expenses
	Financial		Financial income and expenses	Financial income and expenses	

The following table provides details on the measurement effects of equity instruments on the Consolidated Balance Sheet, the Consolidated Income Statement and the Consolidated Statement of Comprehensive Income:

Category	Asset type	Value adjustments	Foreign currency gains or losses	Dividend income
Subsequent measurement at fair value through other comprehensive income	Operational	Results recognized directly in equity (value adjustments) Reclassification of the cumulative results previously recognized directly in equity in the retained earnings when asset is disposed	Foreign currency gains and losses recognized directly in equity	Other operating income
	Financial	Results recognized directly in equity (value adjustments) Reclassification of the cumulative results previously recognized directly in equity in the retained earnings when asset is disposed	Foreign currency gains and losses recognized directly in equity	Financial income
Subsequent measurement at fair value through profit or loss	Operational	Other operating income or other operating expenses	Other operating income or other operating expenses	Other operating income
	Financial	Financial income and expenses	Financial income and expenses	Financial income

At the reporting date, other financial assets were composed as follows:

€ million	Dec. 31, 2025			Dec. 31, 2024		
	Current	Non-current	Total	Current	Non-current	Total
<b>Subsequent measurement at amortized cost</b>	<b>591</b>	<b>4</b>	<b>594</b>	<b>559</b>	<b>3</b>	<b>562</b>
Other debt instruments	591	4	594	559	3	562
<b>Subsequent measurement at fair value through other comprehensive income</b>	<b>-</b>	<b>623</b>	<b>623</b>	<b>-</b>	<b>799</b>	<b>799</b>
Equity instruments	-	622	622	-	798	798
Other debt instruments	-	1	1	-	1	1
<b>Subsequent measurement at fair value through profit and loss</b>	<b>23</b>	<b>363</b>	<b>387</b>	<b>75</b>	<b>370</b>	<b>445</b>
Contingent consideration	-	162	162	-	151	151
Other debt instruments	6	146	153	-	162	162
Derivatives without a hedging relationship	17	54	71	75	57	132
<b>Derivatives with a hedging relationship</b>	<b>74</b>	<b>3</b>	<b>76</b>	<b>8</b>	<b>-</b>	<b>8</b>
<b>Financial assets</b>	<b>688</b>	<b>992</b>	<b>1,680</b>	<b>642</b>	<b>1,172</b>	<b>1,814</b>

As in the previous year, other debt instruments measured at amortized cost subsequent to initial recognition primarily comprised short-term investments in structured products based on marketable greenhouse gas emission certificates.

Equity instruments subsequently measured at fair value through other comprehensive income mainly comprised shares in listed and unlisted companies that invest in innovative technologies and products or that are held as part of the future-oriented M Ventures portfolio:

€ million	Fair value as of Dec. 31, 2025	Fair value: hierarchy level IFRS 13	Fair value as of Dec. 31, 2024	Fair value: hierarchy level IFRS 13
Artios Pharma Limited, UK	<25	Level 3	<50	Level 3
Asceneuron SA, Switzerland	<15	Level 3	<25	Level 3
Celestial AI Inc., United States <sup>1</sup>			<100	Level 3
DNA Script S.A.S., France	<15	Level 3	<25	Level 3
ElectronInks Inc., United States	<15	Level 3	<15	Level 3
Formo Bio GmbH, Germany	<15	Level 3	<15	Level 3
FoRx Therapeutics AG, Switzerland	<25	Level 3	<15	Level 3
IDRX, Inc., United States			<25	Level 3
InfraServ GmbH & Co. Wiesbaden KG, Germany	<15	Level 3	<25	Level 3
iOnctura B.V., Netherlands	<25	Level 3	<25	Level 3
Lightcast Discovery Ltd., UK	<15	Level 3	<25	Level 3
MemryX Inc., USA	<15	Level 3	<15	Level 3
MoonLake Immunotherapeutics Ltd., Cayman Islands <sup>1</sup>			145	Level 1
Mosa Meat B.V., Netherlands	<25	Level 3	<25	Level 3
Nouscom AG, Switzerland	<15	Level 3	<15	Level 3
Pictor Labs, Inc., USA	<15	Level 3	<15	Level 3
Plexium Inc., United States	<15	Level 3	<15	Level 3
Precigen, Inc., United States	74	Level 1	19	Level 1
SeeQC Inc., United States	<50	Level 3	<15	Level 3
Storm Therapeutics Limited, UK	<15	Level 3	<15	Level 3
Theolytics Ltd., UK	<15	Level 3	<15	Level 3
Vera Therapeutics, Inc., United States	83	Level 1	78	Level 1
Vizgen Inc., United States	<25	Level 3	<15	Level 3
Williot Ltd., Israel	<15	Level 3	<25	Level 3
Other (notation in an active market)	-	Level 1	2	Level 1
Other (no notation in an active market)	214	Level 3	221	Level 3
<b>Total</b>	<b>622</b>		<b>798</b>	

<sup>1</sup> The investments in Celestial AI Inc., USA, and MoonLake Immunotherapeutics Ltd., Cayman Islands, were reported as assets held for sale as of December 31, 2025, and no longer constitute other financial assets as of the reporting date.

Details on disposals of equity instruments measured at fair value through other comprehensive income are provided in the following table. The reclassifications to assets held for sale and their disposals are described in Note (6) **Acquisitions and divestments**.

€ million	Reasons for the disposal	Fair value on the date of derecognition	The cumulative gain (+) or loss (-) on disposal recognized in other comprehensive income	Transfer of the cumulative gains (+) or losses (-) within group equity to retained earnings
<b>2025</b>				
Celestial AI Inc., USA	Partial sale	21	19	19
IDRX, Inc., USA	Full acquisition by third parties	59	38	38
Other equity instruments with subsequent measurement at fair value through other comprehensive income	Portfolio adjustment/restructuring or full acquisition by third parties	23	-1	-1
<b>2024</b>				
Other equity instruments with subsequent measurement at fair value through other comprehensive income	Portfolio adjustment/restructuring or full acquisition by third parties	7	-	-

As in the previous year, contingent consideration primarily included claims arising from the divestment of the biosimilars business to a subsidiary of Fresenius SE & Co. KGaA, Bad Homburg vor der Höhe, Germany, in fiscal 2017.

## (37) Financial debt/capital management

### Accounting and measurement policies

#### Financial debt/capital management

Except for lease liabilities and derivatives with negative market values, financial debt is initially recognized at fair value and subsequently measured at amortized cost using the effective interest method.

The accounting and measurement policies for lease liabilities and derivatives are presented in Notes (21) [Leasing](#) and (39) [Derivative financial instruments](#).

The composition of financial debt as well as a reconciliation to net financial debt are presented in the following table:

	Dec. 31, 2025 € million	Dec. 31, 2024 € million	Maturity	Interest rate %	Nominal value	
					million	Currency
USD bond 2015/2025	-	1,537	March 2025	3.250	1,600	US\$
Eurobond 2020/2025	-	749	July 2025	0.125	750	€
Eurobond 2022/2026	500	-	June 2026	1.875	500	€
<b>Bonds (current)</b>	<b>500</b>	<b>2,286</b>				
Bank loans	145	287				
Liabilities to related parties	438	549				
Loans from third parties and other financial debt	15	14				
Liabilities from derivatives (financial transactions)	17	31				
Lease liabilities (IFRS 16)	123	137				
<b>Current financial debt</b>	<b>1,238</b>	<b>3,304</b>				
Eurobond 2022/2026	-	499	June 2026	1.875	500	€
Eurobond 2019/2027	599	599	July 2027	0.375	600	€
Eurobond 2020/2028	749	748	July 2028	0.500	750	€
USD bond 2025/2028	637	-	Aug. 2028	4.125	750	US\$
Eurobond 2022/2030	498	498	June 2030	2.375	500	€
USD bond 2025/2030	849	-	Oct. 2030	4.375	1,000	US\$
Eurobond 2019/2031	798	798	July 2031	0.875	800	€
USD bond 2025/2032	845	-	Oct. 2032	4.625	1,000	US\$
USD bond 2025/2035	1,055	-	Oct. 2035	5.000	1,250	US\$
Hybrid bond 2024/2054	794	793	Aug. 2054 <sup>1</sup>	3.875	800	€
Hybrid bond 2025/2055	845	-	Nov. 2055 <sup>2</sup>	3.750	850	€
Hybrid bond 2019/2079	633	633	June 2079 <sup>3</sup>	2.875	634	€
Hybrid bond 2020/2080	270	841	Sep. 2080 <sup>4</sup>	1.625	271	€
<b>Bonds (non-current)</b>	<b>8,573</b>	<b>5,407</b>				
Bank loans	34	41				
Liabilities to related parties	1,550	880				
Loans from third parties and other financial debt	49	45				
Lease liabilities (IFRS 16)	525	625				
<b>Non-current financial debt</b>	<b>10,730</b>	<b>6,997</b>				
<b>Financial debt</b>	<b>11,968</b>	<b>10,301</b>				
less:						
Cash and cash equivalents	2,740	2,517				
Current financial assets <sup>5</sup>	610	629				
<b>Net financial debt<sup>6</sup></b>	<b>8,619</b>	<b>7,155</b>				

<sup>1</sup> The Group has the right to prematurely repay the hybrid bond issued in August 2024 in November 2029.

<sup>2</sup> The Group has the right to prematurely repay the hybrid bond issued in November 2025 in February 2031.

<sup>3</sup> The Group has the right to prematurely repay the hybrid bond issued in June 2019 in June 2029.

<sup>4</sup> The Group has the right to prematurely repay the hybrid bond issued in September 2020 in September 2026.

<sup>5</sup> Excluding current derivatives (operational) and contingent considerations, which are recognized in the context of business combinations according to IFRS 3.

<sup>6</sup> Not defined by IFRS Accounting Standards.

The hybrid bonds issued by Merck KGaA, Darmstadt, Germany, are bonds for which the leading rating agencies have given equity credit treatment to half of the issuances, thus making the issuances more favorable to the Group's credit rating than traditional bond issues. The bonds are recognized in full as financial liabilities in the balance sheet. Although the Group intends to repay them at the earliest possible date, these bonds are principally reported as non-current financial debt for accounting purposes.

In connection with the acquisition of SpringWorks Therapeutics, Inc., United States, the Group issued a U.S. dollar bond with a volume of US\$ 4,000 million in August 2025. A total of four fixed-interest-bearing tranches were placed.

An early partial repayment of the hybrid bond issued in fiscal 2020 with a nominal volume of € 571 million took place in November 2025, as did a new issue of a hybrid bond with a nominal volume of € 850 million that will mature in November 2055.

The early repayment of the hybrid bond issued in fiscal 2014 with a nominal volume of € 500 million and the hybrid bond issued in fiscal 2019 with a nominal volume of € 500 million took place in December 2024.

The financial debt was not secured by liens or similar forms of collateral. The loan agreements do not contain any financial covenants. The average borrowing cost on December 31, 2025, was 3.1% (December 31, 2024: 2.2%).

Liabilities to related parties primarily consist of liabilities to E. Merck Beteiligungen KG, Darmstadt, Germany, a related party of E. Merck KG, Darmstadt, Germany, and E. Merck KG, Darmstadt, Germany. In fiscal 2025, the Group took on non-current financial liabilities to related parties in the amount of € 780 million, which are offset against existing financial liabilities as non-cash financial liabilities.

Information on liabilities to related parties can be found in Note (45) [Related party disclosures](#).

## Capital management

The objective of capital management is to ensure the necessary financial flexibility in order to maintain long-term business operations and realize strategic options. Maintaining a stable investment-grade credit rating, ensuring liquidity, limiting financial risks, and optimizing the cost of capital are the objectives of our financial policy and set important framework conditions for capital management. In this context, net financial debt as well as gearing, calculated as the ratio of EBITDA pre to net financial debt, are important capital management indicators in the Group.

Traditionally, the capital market represents a major source of financing for the Group, for instance, via bond issues. As of December 31, 2025, there were liabilities with a nominal volume of € 3.15 billion from the debt issuance program under which all of the euro-denominated bonds were issued (December 31, 2024: € 3.9 billion). In addition, the Group had access to a commercial paper program to meet short-term capital requirements with a volume of € 2.5 billion (December 31, 2024: € 2.5 billion), none of which was utilized as of December 31, 2025, or as of the reporting date of the previous year.

Loan agreements represent a further significant source of financing for the Group. On the balance sheet date, the financing commitments from banks with respect to the Group were as follows:

€ million	Dec. 31, 2025		Dec. 31, 2024		Interest	Maturity of financing commitments
	Financing commitments from banks	Utilization	Financing commitments from banks	Utilization		
Syndicated loan	2,500	–	2,500	–	variable	2029
Bilateral credit agreement with banks	375	–	375	–	variable	2026-2028
Various bank credit lines	145	145	287	287	variable	2026-2027
Project financing	34	34	41	41	fix	2027
	<b>3,054</b>	<b>179</b>	<b>3,203</b>	<b>328</b>		

There were no indications that the availability of extended credit lines was restricted.

## (38) Other financial liabilities

### Accounting and measurement policies

#### Other financial liabilities

With the exception of liabilities from derivatives and contingent considerations recognized in the context of business combinations according to IFRS 3, other financial liabilities are initially measured at fair value and in subsequent periods at amortized cost, applying the effective interest method. The accounting and measurement policies for derivatives are presented in Note (39) [Derivative financial instruments](#).

Other financial liabilities comprised the following:

€ million	Dec. 31, 2025			Dec. 31, 2024		
	Current	Non-current	Total	Current <sup>1</sup>	Non-current <sup>1</sup>	Total
Miscellaneous other financial liabilities	976	85	1,061	993	126	1,118
thereof: liabilities to related parties	750	–	750	743	–	743
thereof: interest accruals	74	–	74	50	–	50
Liabilities from derivatives (operational)	21	19	41	38	18	56
<b>Other financial liabilities</b>	<b>998</b>	<b>104</b>	<b>1,102</b>	<b>1,031</b>	<b>144</b>	<b>1,174</b>

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

The liabilities to related parties primarily consist of liabilities to E. Merck KG, Darmstadt, Germany.

## (39) Derivative financial instruments

### Accounting and measurement policies

#### Derivative financial instruments

The IFRS 9 provisions are applied for hedge accounting. The Group concludes hedging instruments with a cash flow hedging relationship for the following risks from the hedged items:

- Foreign exchange risks from highly probable planned transactions in non-functional currency as well as firm purchase commitments in non-functional currency
- Interest rate risks from highly probable planned external financing transactions
- Share price risks arising from the granting of share-based compensation programs

Cash flow hedge accounting for forecast transactions in non-functional currency means the hedged item is recognized at a fixed exchange rate on a net basis instead of being recognized at the spot exchange rate at the transaction date. Interest payment hedge accounting means that the amount from the hedging instrument previously recognized in the reserve for cash flow hedges is recognized as a reclassification adjustment in the same periods in which the hedged cash flows are recognized through profit or loss. The resulting interest expense is calculated using the hedge interest rate. As part of cash flow hedge accounting associated with the granting of share-based compensation programs, the amount from the hedging instrument recognized in the reserve for cash flow hedges is reclassified to the Consolidated Income Statement on a pro rata basis over the vesting period of the underlying transaction. On a net basis, a liability arises for the hedged portion, the amount of which is determined by the hedging rate.

Foreign exchange risks are hedged using options, among other instruments; only their intrinsic value is designated. Changes in the fair value of the time value component of options with a hedging relationship are recognized in other comprehensive income and in the cost of cash flow hedge reserve within equity. The subsequent accounting treatment of these amounts depends on the type of hedged transaction.

Forward contracts (forwards) are used to hedge foreign exchange risks, interest rate risks and share price risks. Where forwards are used as transaction-related hedges (foreign exchange risks), only the spot element is designated. Changes in the fair value of the forward element are recognized in other comprehensive income and in the cost of cash flow hedge reserve within equity. When forwards are used for time-period-related hedges (interest rate risks, share price risks), both the spot and forward elements are designated and reported together in other comprehensive income and in the reserve for cash flow hedges. The subsequent accounting treatment of these amounts depends on the type of hedged transaction.

The Group uses the dollar offset method as well as regression analyses to measure hedge effectiveness. Hedging ineffectiveness may occur due to structural differences in the characteristics of the hedged items and the hedging instruments, or if the hedged items are discontinued. This ineffectiveness is recognized through profit or loss in the Consolidated Income Statement.

Derivatives that do not or no longer meet the documentation or effectiveness requirements for the hedging relationship, whose hedged item no longer exists or to which the hedging relationship rules do not apply, are classified as financial assets or liabilities at fair value through profit or loss, depending on their balance.

The Group concludes hedging instruments without a hedging relationship for the following risks:

- Foreign exchange risks from intragroup financing in non-functional currency as well as receivables from and liabilities to third parties in non-functional currency
- Electricity price risks from virtual power purchase agreements

As the virtual power purchase agreements are designed as contracts for difference, they fulfill the definition of a derivative financial instrument and are measured at fair value through profit or loss in accordance with IFRS 9. Because no physical electricity is purchased, the own-use exemption that allows certain derivative financial instruments to be treated as executory contracts does not apply. Forwards are used to hedge the electricity price risks arising from the virtual power purchase agreements, which are also measured at fair value through profit or loss.

With the exception of the accounting treatment of amounts included directly from the reserve in the initial cost or in the other carrying amount of a non-financial asset or liability, derivative financial instruments are recognized in the Consolidated Balance Sheet, the Consolidated Income Statement and the Consolidated Statement of Comprehensive Income as follows:

Hedging relationship	Type of underlying	Type of hedged item	Market value	Presentation on the balance sheet	Changes in fair value in the Consolidated Income Statement and the Consolidated Statement of Comprehensive Income		
					during the term	reclassification (recycling)	
Derivatives with a cash flow hedging relationship	Currency	Transactions in operating business	Positive market values	Other financial assets	Fair value adjustments (in equity)	Other operating income	
			Negative market values	Other financial liabilities	Fair value adjustments (in equity)	Other operating expenses	
	Interest rate	Financial transactions	Positive market values	Other financial assets	Fair value adjustments (in equity)	Financial income and expenses	
			Negative market values	Financial debt	Fair value adjustments (in equity)		
	Share price	Transactions in operating business	Positive market values	Other financial assets	Fair value adjustments (in equity)	Functional costs and financial income and expenses	
			Negative market values	Other financial liabilities	Fair value adjustments (in equity)		
	Derivatives without a hedging relationship	Currency	Financial transactions	Positive market values	Other financial assets	Financial income and expenses	
				Negative market values	Financial debt		
Virtual power purchase agreements		Transactions in operating business	Positive market values	Other financial assets	Other operating income		
			Negative market values	Other financial liabilities	Other operating expenses		

The nominal volumes of the Group's derivative exposures at the respective reporting dates were as follows:

€ million	Dec. 31, 2025		Dec. 31, 2024	
	Current	Non-current	Current	Non-current
Cash flow hedge	3,150	-	2,928	-
Currency	3,077	-	2,928	-
Share price	73	-	-	-
No hedge accounting	6,425	-	11,090	-
Currency	6,425	-	11,090	-
Virtual power purchase agreements <sup>1</sup>				
	<b>9,575</b>	<b>-</b>	<b>14,018</b>	<b>-</b>

<sup>1</sup> The virtual power purchase agreements do not have fixed nominal amounts.

The change in the nominal volumes of derivatives used in currency hedging without a hedging relationship was due in particular to measures implementing the hedging strategy.

The fair values of the derivatives were as follows:

### December 31, 2025

€ million	Positive market values				Negative market values			
	Financial transactions		Transactions in operating business		Financial transactions		Transactions in operating business	
	Current	Non-current	Current	Non-current	Current	Non-current	Current	Non-current
<b>Cash flow hedge</b>	-	-	<b>74</b>	<b>3</b>	-	-	<b>19</b>	-
Currency	-	-	74	-	-	-	19	-
Share price			-	3			-	-
<b>No hedge accounting</b>	<b>13</b>	-	<b>4</b>	<b>54</b>	<b>17</b>	-	<b>3</b>	<b>19</b>
Currency	13	-	-	-	17	-	-	-
Virtual power purchase agreements			4	54			3	19
	<b>13</b>	<b>-</b>	<b>78</b>	<b>57</b>	<b>17</b>	<b>-</b>	<b>21</b>	<b>19</b>

### December 31, 2024

€ million	Positive market values				Negative market values			
	Financial transactions		Transactions in operating business		Financial transactions		Transactions in operating business	
	Current	Non-current	Current	Non-current	Current	Non-current	Current	Non-current
<b>Cash flow hedge</b>	-	-	<b>8</b>	-	-	-	<b>36</b>	-
Currency	-	-	8	-	-	-	36	-
<b>No hedge accounting</b>	<b>70</b>	-	<b>5</b>	<b>57</b>	<b>31</b>	-	<b>2</b>	<b>18</b>
Currency	70	-	-	-	31	-	-	-
Virtual power purchase agreements			5	57			2	18
	<b>70</b>	<b>-</b>	<b>13</b>	<b>57</b>	<b>31</b>	<b>-</b>	<b>38</b>	<b>18</b>

Netting of derivatives from an economic perspective was possible due to the existing framework agreements on derivatives trading that the Group had entered into with commercial banks. Actual netting only takes place in the case of insolvency of the contract partner. Derivatives were not offset on the face of the balance sheet.

The following table presents the potential netting volume of the reported derivative assets and liabilities:

### December 31, 2025

€ million	Gross presentation	Netting	Net presentation	Potential netting volume		Potential net amount
				due to master netting agreements	due to financial collateral	
Derivative assets	148	-	148	23	-	125
Derivative liabilities	-58	-	-58	-23	-	-35

### December 31, 2024

€ million	Gross presentation	Netting	Net presentation	Potential netting volume		Potential net amount
				due to master netting agreements	due to financial collateral	
Derivative assets	139	-	139	48	-	91
Derivative liabilities	-88	-	-88	-48	-	-40

The reserves for cash flow hedges and the cost of cash flow hedging of the Group related to the following hedging instruments (see also Note (34) [Equity](#)):

€ million	Cost of cash flow hedge reserve			Cash flow hedge reserve				Total
	Time value of options	Forward component of currency forwards	Total	Intrinsic value of options	Spot component of currency forwards	Interest rate forward	Equity forward	
<b>Jan. 1, 2024</b>	-6	-1	-7	-10	-46	-	-	-56
Fair value adjustment (directly recognized in equity)	-8	8	-	109	-17	-	-	92
Reclassification to profit or loss	-	-2	-2	-121	-28	-	-	-149
Reclassification to assets	-	-	-	-	-	-	-	-
Tax effect	-	-	-	-	4	-	-	5
<b>Dec. 31, 2024</b>	-13	4	-9	-21	-86	-	-	-108
<b>Jan. 1, 2025</b>	-13	4	-9	-21	-86	-	-	-108
Fair value adjustment (directly recognized in equity)	5	-21	-16	216	113	-12	3	320
Reclassification to profit or loss	-	13	13	-193	-50	1	-	-243
Reclassification to assets	-	-	-	-	-	-	-	-
Tax effect	-1	2	2	-6	-18	3	-	-22
<b>Dec. 31, 2025</b>	-9	-2	-11	-4	-41	-8	2	-52

## (40) Financial income and expenses/net gains and losses from financial instruments

Financial income and expenses were as follows:

€ million	2025	2024
Interest income and similar income	93	164
Capital gain from disposal of debt instruments with subsequent measurement at amortized cost	-	3
Income from fair value changes from debt instruments with subsequent measurement at fair value through profit or loss	8	5
Income from fair value changes of share-based compensation programs	11	-
Currency differences from financing activities	-	28
Other interest income	-	-
<b>Financial income</b>	<b>111</b>	<b>200</b>
Interest expense and similar expenses	-386	-292
Expenses from fair value changes from debt instruments with subsequent measurement at fair value through profit or loss	-2	-7
Expenses from fair value changes of share-based compensation programs	-2	-11
Currency differences from financing activities	-13	-
Other interest expenses	-	-
<b>Financial expenses</b>	<b>-404</b>	<b>-309</b>
<b>Financial income and expenses</b>	<b>-293</b>	<b>-108</b>

Interest and similar income and expenses arose as follows:

€ million	2025		2024	
	Interest income	Interest expenses	Interest income	Interest expenses
Financial instruments	74	-270	120	-215
Financial assets				
Subsequent measurement at fair value at amortized cost	35	-	49	-
Subsequent measurement at fair value through other comprehensive income	-	-	1	-
Subsequent measurement at fair value through profit or loss	39	-	69	-
Financial debt				
Subsequent measurement at fair value at amortized cost	-	-270	-	-215
Leases	-	-28	-	-25
Pension provisions	-	-60	-	-63
Tax items	12	-59	28	-14
Other non-current provisions	-	-5	-	-4
Other interest income/expenses and similar income and expenses	6	-6	16	-9
Capitalized borrowing costs		42		38
thereof: for property, plant and equipment		30		26
thereof: for other intangible assets		12		13
<b>Interest income/expenses and similar income and expenses</b>	<b>93</b>	<b>-386</b>	<b>164</b>	<b>-292</b>

The following table shows the development of net gains and losses, currency differences, and dividend income from financial instruments (excluding items recognized in other comprehensive income) by measurement category:

€ million		Currency differences	Dividends	Net gains and losses			Total
				Impairment losses/reversal of impairment losses (net)	Fair value adjustments	Disposal gains/losses	
<b>Financial assets</b>							
Subsequent measurement at amortized cost	2025	7		15		-	15
	2024	1		-8		3	-5
Subsequent measurement at fair value through other comprehensive income							
Equity Instruments	2025		-				
	2024		-				
thereof: investments derecognized	2025		-				
	2024		-				
thereof: investments held	2025		-				
	2024		-				
Debt Instruments	2025	-		-		-	-
	2024	-		-		-	-
Subsequent measurement at fair value through profit or loss (without derivatives)	2025	-2	-		40		40
	2024	1	-		43		43
<b>Financial debt</b>							
Subsequent measurement at amortized cost	2025	-21				-	-
	2024	-				-	-
Subsequent measurement at fair value through profit or loss (without derivatives)	2025	-			7		7
	2024	-			1		1
Derivatives without a hedging relationship (net)	2023	-			-85		-85
	2022	-			133		133
<b>Total</b>	2025	<b>-17</b>	<b>-</b>	<b>15</b>	<b>-38</b>	<b>-</b>	<b>-23</b>
	2024	<b>2</b>	<b>1</b>	<b>-8</b>	<b>177</b>	<b>3</b>	<b>171</b>

## (41) Cash flow from financing activities

### Accounting and measurement policies

#### Cash flow from financing activities

The option to recognize dividend payments and profit withdrawals in the cash flow from financing activities is exercised in determining the cash flow from financing activities.

Furthermore, the net reporting option has been exercised to report cash receipts and payments for items in which the turnover is quick, the amounts large and the maturities short. This primarily relates to rolling financing by way of commercial paper and short-term bank loans reported under "Proceeds from new borrowings of other current and non-current financial debt" and "Repayment of other current and non-current financial debt".

The change in financial debt was as follows:

## 2025

€ million	Jan. 1, 2025	Cash			Non-cash				Changes in scope of consolidation	Dec. 31, 2025
		Cash inflows	Repay-ments	Interest	Change in lease liabilities	Ex-change rate effects	Fair value adjust-ment	Other		
Financial liabilities to E. Merck KG, Darmstadt, Germany, and E. Merck Beteiligungen KG, Darmstadt, Germany, a related party of E. Merck KG, Darmstadt, Germany	1,425	809	-247	-	-	-	-	-	-	1,987
Other current and non-current financial liabilities	8,876	9,052	-8,543	-40	120	-149	658	3	4	9,981
<b>Financial debt</b>	<b>10,301</b>	<b>9,861</b>	<b>-8,790</b>	<b>-40</b>	<b>120</b>	<b>-149</b>	<b>658</b>	<b>3</b>	<b>4</b>	<b>11,968</b>
Derivative assets	-70	606	-	-	-	-	-549	-	-	-13

## 2024

€ million	Jan. 1, 2024	Cash			Non-cash				Changes in scope of consolidation	Dec. 31, 2024
		Cash inflows	Repay-ments	Lease interest	Change in lease liabilities	Ex-change rate effects	Fair value adjust-ment	Other		
Financial liabilities to E. Merck KG, Darmstadt, Germany, and E. Merck Beteiligungen KG, Darmstadt, Germany, a related party of E. Merck KG, Darmstadt, Germany	1,195	683	-453	-	-	-	-	-	-	1,425
Other current and non-current financial liabilities	8,746	2,113	-2,950	-16	383	118	457	7	17	8,876
<b>Financial debt</b>	<b>9,941</b>	<b>2,796</b>	<b>-3,404</b>	<b>-16</b>	<b>383</b>	<b>118</b>	<b>457</b>	<b>7</b>	<b>17</b>	<b>10,301</b>
Derivative assets	-27	661	-	-	-	-	-703	-	-	-70

The proceeds and repayments for other current and non-current financial liabilities primarily resulted from the temporary utilization and repayment of bank loans for interim financing in connection with the acquisition of SpringWorks Therapeutics, Inc., United States, as well as from the repayment and new issue of bonds. Interest payments also include interest payments for leases as well as discount payments in connection with the repayment of bonds. These were recognized in operating cash flow and served as a reconciliation item in the above table, as the underlying lease liabilities and bond liabilities were a component of financial debt. Changes in lease liabilities included additions and retirements of rights of use from leases and the effects from unwinding of the discount on lease liabilities.

Fair value changes in other current and non-current financial debt were entirely attributable to liabilities from derivatives. In the Consolidated Cash Flow Statement, cash changes of assets from derivatives of € 606 million (2024: € 661 million) were reported together with repayments of other current and non-current financial debt of € 8,543 million (2024: € 2,950 million) in the item "Repayment of other current and non-current financial debt" with a net amount of € 7,937 million (2024: € 2,290 million). Changes of assets from derivatives were reported separately in the above reconciliation, as they did not form part of financial liabilities.

The amount of unused credit lines that could be employed for future operating activities and to meet obligations and information on changes in financial debt can be found in Note (37) **Financial debt/capital management**.

## (42) Management of financial risks

Market fluctuations with respect to foreign exchange, share prices and interest rates represent significant profit and cash flow risks for the Group. The Group aggregates these Group-wide risks and steers them centrally, partly by using derivative financial instruments (see also Note (39) **Derivative financial instruments**). The Group uses scenario analyses to estimate existing risks of foreign exchange and interest rate fluctuations. The Group is not subject to any material risk concentration from financial transactions.

The Group primarily uses marketable forward exchange contracts, currency options and forward interest rate contracts as hedging instruments. The strategy to hedge interest rate and foreign exchange rate fluctuations arising from forecast transactions and transactions already recognized in the balance sheet is set by a Risk Committee, which meets on a regular basis. The use of derivatives is regulated by extensive guidelines and is subject to ongoing risk controls by Group Treasury. Speculation is prohibited. The strict separation of functions between trading, settlement and control functions is ensured. Derivatives are only entered into with banks that have a good credit rating. Related default risks are continuously monitored.

The **Report on Risks and Opportunities** included in the Combined Management Report provides further information on the management of financial risks.

### Foreign exchange risks

Owing to the international nature of its business, the Group is exposed to transactional foreign exchange risks within the scope of both its operating activities and its financing activities. Foreign exchange risks are continuously analyzed, and different hedging strategies are used to limit or eliminate these risks.

The entire foreign exchange exposure is divided into several defined subsets with different risk profiles and is systematically hedged using suitable hedging instruments. Hedging is performed based on a regularly reviewed basket of currencies. The maximum time horizon for hedging is 12 months.

Foreign exchange risks from the following transactions are economically hedged through the use of foreign exchange contracts:

- Intragroup financing in non-functional currency
- Receivables from and liabilities to third parties in non-functional currency

Foreign exchange risks from the following transactions are hedged using foreign exchange contracts and currency options applying hedge accounting:

- Forecast transactions in non-functional currency, the expected probability of which is very high for the next 12 months
- Firm purchase commitments over the next 12 months in non-functional currency

The following table shows the net exposure and the effects of transactional exchange rate movements of the key currencies against the euro in relation to the net income and equity of the Group on the balance sheet date:

### December 31, 2025

€ million		CHF	CNY	JPY	KRW	TWD	USD
<b>Net exposure</b>		<b>-608</b>	<b>703</b>	<b>32</b>	<b>210</b>	<b>107</b>	<b>853</b>
Exchange rate -10% (appreciation vs. €)	Consolidated Income Statement	-61	70	3	21	11	85
	Equity (other comprehensive income)	8	-82	-18	-23	-23	-82
Exchange rate +10% (depreciation vs. €)	Consolidated Income Statement	61	-70	-3	-21	-11	-85
	Equity (other comprehensive income)	-7	63	15	19	19	69

### December 31, 2024

€ million		CHF	CNY	JPY	KRW	TWD	USD
<b>Net exposure</b>		<b>-636</b>	<b>817</b>	<b>102</b>	<b>231</b>	<b>191</b>	<b>685</b>
Exchange rate -10% (appreciation vs. €)	Consolidated Income Statement	-64	82	10	23	19	69
	Equity (other comprehensive income)	-	-75	-8	-11	-5	-94
Exchange rate +10% (depreciation vs. €)	Consolidated Income Statement	64	-82	-10	-23	-19	-69
	Equity (other comprehensive income)	-	49	6	9	4	49

In this presentation, effects of cash flow hedges are taken into consideration in the equity of the Group. The net exposure of each of the above currencies consisted of the following components:

- Planned cash flows in the next 12 months in the respective currency, less
- The nominal values of hedging instruments of these planned cash flows.

The planned cash flows in the next 12 months are analyzed and divided into subsets in accordance with the risk management strategy. In the first subset, 25% of a regularly reviewed basket of currencies is hedged. The second subset hedges a basket of currencies selected on the basis of hedging costs and correlation with the euro. The hedging strategy achieves an economic hedge ratio of at least 40% across all hedging subsets. Depending on scenario analyses, this can be increased to up to 90% using a rule-based approach. As in the previous year, balance sheet items in the above currencies were economically hedged in full by derivatives if they did not correspond to the functional currency of the respective Group company. Accordingly, they do not affect the net exposure presented above.

The impact of cash flow hedge accounting for forecast transactions in foreign currency was as follows for the major currencies:

### December 31, 2025

€ million	CHF	CNY	JPY	KRW	TWD	USD
Notional amount	74	1,081	165	203	211	1,138
thereof: current	74	1,081	165	203	211	1,138
thereof: non-current	-	-	-	-	-	-
Fair value of the hedging instrument	-2	2	15	12	15	21
thereof: positive market values	-	8	15	12	15	24
thereof: negative market values	-2	-6	-	-	-	-3
Maturity profile	January 2026 – December 2026					
Hedge ratio <sup>1</sup>	1:1	1:1	1:1	1:1	1:1	1:1
Change in value of outstanding hedging instruments since January 1, 2025	-2	2	15	12	15	21
Change in value of hedged item used to determine hedge effectiveness since January 1, 2025	2	-2	-15	-12	-15	-21
Weighted average hedging rate (in €)	0.91	8.16	166.90	1,608.47	34.67	1.15

<sup>1</sup> The hedging instruments and the corresponding hedged items were denominated in the same currency, therefore the hedge ratio was 1:1.

### December 31, 2024

€ million	CHF	CNY	JPY	KRW	TWD	USD
Notional amount	-	1,075	91	96	42	1,610
thereof: current	-	1,075	91	96	42	1,610
thereof: non-current	-	-	-	-	-	-
Fair value of the hedging instrument	-	-8	-	4	-	-24
thereof: positive market values	-	1	1	4	-	6
thereof: negative market values	-	-9	-1	-	-	-30
Maturity profile	-	January 2025 – December 2025				
Hedge ratio <sup>1</sup>	-	1:1	1:1	1:1	1:1	1:1
Change in value of outstanding hedging instruments since January 1, 2024	-	-8	-	4	-	-24
Change in value of hedged item used to determine hedge effectiveness since January 1, 2024	-	8	-	-4	-	24
Weighted average hedging rate (in €)	-	7.68	159.90	1,480.00	34.09	1.08

<sup>1</sup> The hedging instruments and the corresponding hedged items were denominated in the same currency, therefore the hedge ratio was 1:1.

In addition to the transactional foreign exchange risks described previously, currency translation risks resulted from the fact that many of the Group's subsidiaries are located outside the euro area and have functional currencies other than the reporting currency. Exchange differences resulting from translation of the assets and liabilities of these companies into euro, the reporting currency, are recognized in equity.

## Interest rate risks

The Group is exposed to interest rate risks from short-term and variable-rate monetary deposits and monetary borrowings. It is assumed that monetary deposits and monetary borrowings with short-term interest rates will be reinvested or refinanced.

The Group's net exposure to interest rate changes comprised the following:

€ million	Dec. 31, 2025	Dec. 31, 2024
Short-term or variable interest rate monetary deposits <sup>1</sup>	3,327	3,074
Short-term or variable interest rate monetary borrowings	-1,221	-3,273
<b>Net interest rate exposure</b>	<b>2,106</b>	<b>-198</b>

<sup>1</sup> Previous-year figure has been adjusted. Going forward fund shares that are subject to interest rate risk will be included in net interest rate exposure as variable interest rate monetary deposits.

The development of monetary borrowing is discussed in Note (37) [Financial debt/capital management](#).

The effects on the Consolidated Income Statement and Consolidated Equity of a parallel shift in the yield curve by +100 or -100 basis points relative to net interest rate exposure are presented in the following table:

€ million	2025		2024	
	+ 100 basis points	- 100 basis points	+ 100 basis points	- 100 basis points
<b>Change in market interest rate</b>				
Effects on Consolidated Income Statement <sup>1</sup>	21	-21	-2	2
Effects on Consolidated Equity (other comprehensive income)	-	-	-	-

<sup>1</sup> Previous-year figures have been adjusted. The net interest rate exposure is used as basis for the calculation of the sensitivity.

To hedge the interest rate risk for the period prior to the issuance of the U.S. dollar bond in August 2025, the Group concluded hedging instruments with a nominal volume of US\$ 2.0 billion (€ 1.7 billion) in fiscal 2025. The hedging instruments were also closed out in fiscal 2025. The expense incurred by the hedging instrument over the hedging period was deferred in the reserve for cash flow hedges and will be reclassified to the Consolidated Income Statement over the term of the bond.

## Share price risks

Share price risks arise in the Group through the granting of long-term incentive plans (LTIP), which are designed as share-based compensation systems with cash settlement. The payout amount of the tranche granted from fiscal 2025 onward depends primarily on the share price of Merck KGaA, Darmstadt, Germany (see also Note (33) **Provisions for employee benefits**). The hedging strategy aims to hedge a large portion of the component of the fluctuating share price by using hedging instruments with a cash flow hedging relationship.

The Group entered into equity forwards in the fiscal year to hedge the 2025 LTIP tranche. The LTIP tranche and the forwards are scheduled to mature in fiscal 2028. The effects of the hedge accounting were as follows:

### December 31, 2025

€ million	Tranche 2025
Notional amount	73
thereof: current	-
thereof: non-current	73
Fair Value of the hedging instrument	3
thereof: positive market values	3
thereof: negative market values	-
Maturity profile	2028
Hedge ratio	1:1
Change in fair value of outstanding hedging instruments in the fiscal year	3
Change in value of hedged item used to determine hedge effectiveness in the fiscal year	-3
Hedging rate (in €)	119.06

The following table shows the effects on the Consolidated Income Statement and Consolidated Equity resulting from a share price change of +10% or -10%.

€ million	2025	
<b>Change in share price</b>	<b>+10%</b>	<b>-10%</b>
Change in the fair value of the hedging instruments	7	-7
Effects on Consolidated Income Statement	-	-
Effects on equity (other comprehensive income)	6	-6

Furthermore, the Group is exposed to share price risks from equity instruments held in publicly listed companies, which amounted to € 157 million as of December 31, 2025 (December 31, 2024: € 243 million). The effects on the Consolidated Income Statement and consolidated equity resulting from a share price change of +10% or -10% are presented in the following table.

€ million	2025		2024	
<b>Change in share price</b>	<b>+10%</b>	<b>-10%</b>	<b>+10%</b>	<b>-10%</b>
Change in the fair value of listed equity instruments	16	-16	24	-24
Effects on Consolidated Income Statement	-	-	-	-
Effects on equity (other comprehensive income)	16	-16	24	-24

## Electricity price risks

As part of the implementation of its sustainability strategy, the Group has concluded so-called virtual power purchase agreements in order to cover the purchased electricity volumes in Europe and the United States with energy certificates from renewable sources. At the reporting date, agreements were in place with wind and solar farm operators in the United States and Spain. The wind and solar farms in Spain were still under construction. The fundamental structure of all of the agreements was identical, involving a fixed exercise price for the Group and the assumption of the exposure from variable spot energy prices in the respective market regions. The Group receives green electricity certificates for the volumes of electricity produced and attributed to the Group. The Group uses the certificates it receives solely for itself. The agreements have remaining terms of between 8 and 15 years as of the reporting date.

In financial terms, the most important agreement is the one concluded with a wind energy project developer in the United States, which involves an installed capacity attributable to the Group of 68 megawatts. The fair value of the agreement was € 49 million as of the end of the reporting period (2024: € 50 million). The electricity price of around 40% of the expected production volume under this virtual power purchase agreement is economically hedged by a separate hedging instrument. Consequently, the net effect of the fixed price for the virtual power purchase agreement is zero for this volume. The accounting provisions on hedge accounting were not applicable.

A change in the material valuation parameters would have had the following impact on the fair value of the agreements excluding the hedging instrument:

### December 31, 2025

	Change in expected future electricity prices		Change in expected annual production volume		Change in cost of capital after tax	
	percentage		percentage		percentage points	
€ million	+10	-10	+10	-10	+1	-1
Change in the fair value of the virtual power purchase agreements	19	-18	6	-6	-3	3

### December 31, 2024

	Change in expected future electricity prices		Change in expected annual production volume		Change in cost of capital after tax	
	percentage		percentage		percentage points	
€ million	+10	-10	+10	-10	+1	-1
Change in the fair value of the virtual power purchase agreements	20	-19	6	-6	-3	3

## Liquidity risks

The risk that the Group cannot meet its payment obligations resulting from financial liabilities is limited by establishing the required financial flexibility and by Group-wide cash management. Information on issued bonds and other sources of financing can be found in Note (37) [Financial debt/capital management](#).

Liquidity risks are monitored and reported to management on a regular basis.

The following liquidity risk analysis presents the undiscounted, contractually fixed cash flows such as repayments and interest on financial liabilities and the net cash flows of derivatives with negative fair values:

### December 31, 2025

€ million	Carrying amount	Cash flows < 1 year		Cash flows 1–5 years		Cash flows > 5 years	
		Interest	Repayment	Interest	Repayment	Interest	Repayment
<b>Subsequent measurement at amortized cost</b>							
Bonds and commercial paper <sup>1</sup>	9,073	-252	-771	-933	-4,775	-384	-3,567
Bank loans	179	-3	-145	-2	-34	-	-
Trade accounts payable	2,110	-	-2,110	-	-	-	-
Liabilities to related parties	2,739	-53	-1,189	-167	-730	-84	-820
Other financial liabilities	302	-	-226	-	-76	-	-
Loans from third parties and other financial debt	64	-5	-15	-9	-49	-	-
<b>Subsequent measurement at fair value through profit or loss</b>							
Contingent considerations	9	-	-	-	-9	-	-
Derivatives without a hedging relationship	39	-	-20	-	-10	-	-9
<b>Derivatives with a hedging relationship</b>	<b>19</b>	<b>-</b>	<b>-19</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Refund liabilities</b>	<b>985</b>	<b>-</b>	<b>-985</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Lease liabilities</b>	<b>648</b>	<b>-20</b>	<b>-111</b>	<b>-62</b>	<b>-251</b>	<b>-160</b>	<b>-274</b>
	<b>16,166</b>	<b>-333</b>	<b>-5,590</b>	<b>-1,173</b>	<b>-5,934</b>	<b>-628</b>	<b>-4,670</b>

<sup>1</sup> For the hybrid bonds, repayment is assumed at the earliest possible date.

### December 31, 2024

€ million	Carrying amount	Cash flows < 1 year		Cash flows 1–5 years		Cash flows > 5 years	
		Interest	Repayment	Interest	Repayment	Interest	Repayment
<b>Subsequent measurement at amortized cost</b>							
Bonds and commercial paper <sup>1</sup>	7,693	-123	-2,287	-311	-4,126	-26	-1,300
Bank loans	327	-9	-287	-1	-41	-	-
Trade accounts payable	2,275	-	-2,275	-	-	-	-
Liabilities to related parties	2,172	-40	-1,292	-78	-550	-21	-330
Other financial liabilities	346	-	-234	-	-112	-	-
Loans from third parties and other financial debt	59	-5	-13	-8	-45	-	-
<b>Subsequent measurement at fair value through profit or loss</b>							
Contingent considerations	20	-	-15	-	-5	-	-
Derivatives without a hedging relationship	52	-	-34	-	-9	-	-10
<b>Derivatives with a hedging relationship</b>	<b>36</b>	<b>-</b>	<b>-36</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Refund liabilities</b>	<b>869</b>	<b>-</b>	<b>-869</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Finance lease liabilities</b>	<b>761</b>	<b>-21</b>	<b>-126</b>	<b>-64</b>	<b>-274</b>	<b>-82</b>	<b>-351</b>
	<b>14,610</b>	<b>-198</b>	<b>-7,466</b>	<b>-462</b>	<b>-5,162</b>	<b>-129</b>	<b>-1,991</b>

<sup>1</sup> For the hybrid bonds, repayment is assumed at the earliest possible date.

## Credit risks

Credit risk for the Group means the risk of a financial loss if a customer or other contract partner is not able to meet its contractual payment obligations. The Group is exposed to credit risks mainly due to existing trade accounts receivable, other receivables, other debt instruments, derivatives, and contract assets.

Credit risks are monitored on an ongoing basis. The risks arising from extending credit to customers and in the course of other business relationships are also actively managed.

The Group analyzes all trade accounts receivable that are more than 90 days past due in order to establish whether a default exists. In addition, all other financial instruments that are more than 30 days past due are examined in order to establish whether there has been a significant increase in the credit risk. Both methods are used to examine whether there is objective evidence of impairment requiring the recognition of additional loss allowances.

### Accounting and measurement policies

#### Credit risks

##### Impairment of trade accounts receivable and contract assets

The Group uses the simplified impairment model for trade accounts receivable and contract assets, pursuant to which any credit losses expected to occur over the entire lifetime of an asset are taken into account. In order to measure expected credit losses, the assets are grouped based on the existing credit risk structure and the respective maturity structure.

The customer groups with comparable default risks to be considered are determined according to the specific business sector and the place of business of the respective customers.

The expected credit loss rates used in the simplified impairment model are derived on the basis of past default rates and current macroeconomic expectations. In doing so, country-specific ratings are taken into consideration, since many customers depend directly or indirectly on the economic trends in the country where their place of business is located (public and private healthcare systems, universities, and research companies from within the pharmaceutical industry, as well as industries subsidized under development plans, particularly in Asia). These country ratings are aggregated into three separate rating groups. Under the impairment model, past default rates and country ratings are used as an approximation of the defaults to be expected in the future.

When a country's rating changes, the historical default rates of the rating group to which the respective country has been reallocated have to be applied accordingly, rather than the historical default rates of the previous rating group.

If there is objective evidence that certain trade accounts receivable or contract assets are fully or partially impaired, additional loss allowances are recognized to account for expected credit losses.

To ensure the financial stability and the viable planning of operating business, a default is generally always assumed when the debtor can no longer meet its liabilities in full.

A receivable is written off in full when there is no reasonable expectation of recovering the contractual cash flows. Indicators of this include, but are not limited to, insolvency proceedings, the liquidation of the debtor or an unfavorable cost-benefit ratio for enforcement. Even assets that have already been written off may still be subject to enforcement measures for debt collection.

A debtor's creditworthiness is assumed to be impaired if there is objective evidence that the debtor is in financial difficulties, such as the disappearance of an active market for its products or impending insolvency. The nominal amounts of trade accounts receivable considered as originated credit-impaired financial assets are recognized using the risk-adjusted effective interest rate, which reflects the expected credit losses over the original lifetime.

**Impairment of other receivables**

The simplified impairment model is applied to the leasing receivables included in other receivables, while the three-stage model is applied to all other receivables. The individual credit rating of the contract partner is used to determine the impairment loss of other receivables. If there is considered to be a substantially increased risk of default, the expected credit loss is calculated over the entire lifetime.

Individual cases are also analyzed to ascertain whether objective evidence indicates that the value of other receivables is impaired. Such evidence may include, for example, economic difficulties of the debtor, contractual breaches or the renegotiation of contractual payment obligations.

**Impairment of other financial assets**

Investments in debt instruments subsequently measured either at amortized cost or at fair value through other comprehensive income are fundamentally considered to be investments with low risk, meaning that the expected credit loss in the upcoming 12 months is used to determine the impairment loss.

For financial assets with only a minimal default risk, the rules concerning the mandatory recognition of a risk provision for the lifetime expected credit loss are not applied at initial recognition or during subsequent measurement. Therefore, no assessment of whether there has been a significant increase in the credit risk is carried out for such assets. The Group does not presume an increased credit risk as of the balance sheet date if the contract partner has an investment grade rating.

If there are indications that the debtor's creditworthiness has worsened but that this is not yet reflected in its existing credit rating, the credit risk assessment is adjusted and the impairment allowances recognized for expected credit losses are increased. In all other cases, there are no new risk assessments as of the balance sheet date and the risk profile initially assumed is maintained.

Wherever a considerable increase in the default risk is assumed, the lifetime expected credit loss of the financial asset is considered.

On the balance sheet date, the theoretical maximum default risk for all items referenced above corresponds to the net carrying amounts less any compensation from credit insurance.

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**Significant discretionary decisions and sources of estimation uncertainty**


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**Credit risks****Impairment of trade accounts receivable and contract assets**

In terms of the impairment of trade accounts receivable and of contract assets, there is significant discretion and estimation uncertainty regarding:

- The identification of customer groups with identical default risks
- The identification of impaired creditworthiness
- The calculation of the expected credit losses

**Impairment of other financial assets**

Discretionary judgment is applied in determining individual impairment allowances.

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The following table shows impairments for financial assets from operational transactions and contract assets as well as gains from their reversals recognized in the Consolidated Income Statement:

€ million	2025	2024
<b>Impairment losses</b>	<b>15</b>	<b>-8</b>
thereof: trade accounts receivable	16	-7
thereof: contract assets	-	-
thereof: of debt instruments subsequently measured at amortized cost	-	-2
thereof: debt instruments subsequently measured at fair value through other comprehensive income	-	-

The loss allowances and reversals recognized for trade accounts receivable as shown above applied entirely to receivables resulting from contracts with customers.

### Credit risks from trade accounts receivable

The credit risk from trade accounts receivable is largely impacted by the specific circumstances of individual customers. The Group also considers additional factors such as the general default risk in the respective industry and country in which the customer operates.

The credit risk of customers is assessed using established credit management processes. This is done in particular by analyzing the maturity structure of trade accounts receivable.

The Group continuously reviews and monitors the open positions of all its customers in the corresponding countries and takes steps to mitigate credit risks if necessary.

The tables below contain an overview of the credit risk exposure by business sector and country rating as established by leading rating agencies:

#### December 31, 2025

€ million	Life Science	Healthcare	Electronics	Other	Group
External rating of at least A- or comparable	1,210	979	461	16	2,666
External rating of at least BBB- or comparable	170	354	3	-	527
External rating lower than BBB- or comparable	62	600	-	-	662
<b>Trade accounts receivable before loss allowances</b>	<b>1,442</b>	<b>1,933</b>	<b>464</b>	<b>16</b>	<b>3,855</b>

#### December 31, 2024

€ million	Life Science	Healthcare	Electronics	Other	Group
External rating of at least A- or comparable	1,213	1,001	554	9	2,777
External rating of at least BBB- or comparable	170	293	11	-	474
External rating lower than BBB- or comparable	65	608	-	-	673
<b>Trade accounts receivable before loss allowances</b>	<b>1,448</b>	<b>1,903</b>	<b>565</b>	<b>9</b>	<b>3,926</b>

Goods were generally sold under retention of title. Other guarantees were not generally demanded. The scope of credit-insured receivables was immaterial for the Group.

Loss allowances based on expected credit losses for trade accounts receivable were as follows:

### December 31, 2025

€ million	Not yet due	Up to 90 days past due	Up to 180 days past due	Up to 360 days past due	More than 360 days past due	Total
Expected loss rate	0.3%	0.5%	4.3%	16.7%	58.8%	
Trade accounts receivable before loss allowances	3,318	367	52	26	93	3,855
thereof: credit impaired	4	-	1	2	52	60
<b>Loss allowances</b>	<b>-11</b>	<b>-2</b>	<b>-2</b>	<b>-4</b>	<b>-54</b>	<b>-73</b>
thereof credit impaired trade accounts receivable	-4	-	-1	-2	-51	-58

### December 31, 2024

€ million	Not yet due	Up to 90 days past due	Up to 180 days past due	Up to 360 days past due	More than 360 days past due	Total
Expected loss rate	0.3%	0.4%	1.5%	25.7%	70.7%	
Trade accounts receivable before loss allowances	3,310	408	51	47	111	3,926
thereof: credit impaired	4	1	1	10	74	90
<b>Loss allowances</b>	<b>-9</b>	<b>-2</b>	<b>-1</b>	<b>-12</b>	<b>-78</b>	<b>-101</b>
thereof credit impaired trade accounts receivable	-3	-	-	-10	-72	-85

### Credit risks from other receivables

Gross other receivables amounted to € 200 million as of December 31, 2025 (December 31, 2024: € 152 million). Other receivables of € 195 million were allocated to Level 1 of the three-level impairment model (December 31, 2024: € 146 million), meaning that the credit loss expected in the next 12 months was used to determine the amount of impairment when examining the individual credit risk of the respective contract partner. The impairment losses recognized for other receivables are shown in the table below.

## Credit risks from other financial assets

The Group limits credit risks from other financial assets by entering into contracts almost exclusively with contract partners whose creditworthiness is good. The credit risk from financial contracts is monitored daily on the basis of market information on credit default swap rates and regularly on the basis of rating information.

Impairment losses on financial assets developed as follows:

### 2025

€ million	Jan. 1	Net Additions	Utilizations	Reclassification within levels	Effects of currency translation	Changes in scope of consolidation	Dec. 31
Trade and other receivables (including current leasing receivables)	-101	16	5	-	7	-	-73
thereof: Level 1/2	-16	-1	-	-	2	-	-15
thereof: Level 3	-83	19	5	-	5	-	-54
thereof: POCI <sup>1</sup>	-2	-2	-	-	-	-	-5
Contract Assets	-	-	-	-	-	-	-
thereof: Level 1/2	-	-	-	-	-	-	-
thereof: Level 3	-	-	-	-	-	-	-
Other Receivables (including non-current leasing receivables)	-3	-	-	-	-	-	-3
thereof: Level 1	-	-	-	-	-	-	-
thereof: Level 2	-	-	-	-	-	-	-
thereof: Level 3	-2	-	-	-	-	-	-2
<b>Loss allowances for financial assets</b>	<b>-105</b>	<b>15</b>	<b>6</b>	<b>-</b>	<b>7</b>	<b>-</b>	<b>-77</b>

<sup>1</sup> Purchased or originated credit-impaired receivables.

### 2024

€ million	Jan. 1	Net Additions	Utilizations	Reclassification within levels	Effects of currency translation	Changes in scope of consolidation	Dec. 31
Trade and other receivables (including current leasing receivables)	-97	-7	5	1	-3	-	-101
thereof: Level 1/2	-20	3	-	1	-	-	-16
thereof: Level 3	-74	-10	5	-	-3	-	-83
thereof: POCI <sup>1</sup>	-3	1	-	-	-	-	-2
Contract Assets	-	-	-	-	-	-	-
thereof: Level 1/2	-	-	-	-	-	-	-
thereof: Level 3	-	-	-	-	-	-	-
Other Receivables (including non-current leasing receivables)	-1	-2	-	-	-	-	-3
thereof: Level 1	-	-	-	-	-	-	-
thereof: Level 2	-	-	-	-	-	-	-
thereof: Level 3	-	-2	-	-	-	-	-2
<b>Loss allowances for financial assets</b>	<b>-99</b>	<b>-8</b>	<b>5</b>	<b>1</b>	<b>-3</b>	<b>-</b>	<b>-105</b>

<sup>1</sup> Purchased or originated credit-impaired receivables.

## (43) Information on fair value measurement

### Accounting and measurement policies

#### Information on fair value measurement

The measurement techniques and main input factors used to determine the fair value of financial instruments are as follows:

#### Fair value determined by official prices and quoted market values (Level 1)

	Financial instruments concerned	Description of the measurement technique	Main input factors used to determine fair values
<b>Financial assets</b>			
Subsequent measurement at fair value through other comprehensive income			
Equity instruments	Shares		
Other debt instruments	Bonds Other (short-term) cash investments	Derived from active market	Quoted prices in an active market
Subsequent measurement at fair value through profit or loss			
Equity instruments	Shares		
Other debt instruments	Publicly-traded funds Other (short-term) cash investments	Derived from active market	Quoted prices in an active market
Cash and Cash equivalents	Money market funds		
<b>Financial liabilities</b>			
Subsequent measurement at amortized cost			
Financial debt	Bonds	Derived from active market	Quoted prices in an active market

**Fair value determined using input factors observable in the market (Level 2)**

	Financial instruments concerned	Description of the measurement technique	Main input factors used to determine fair values
<b>Financial assets</b>			
Subsequent measurement at fair value through profit or loss			
Derivatives (without a hedging relationship)	Forward exchange contracts and currency options	Use of recognized financial methods	Spot and forward rates observable on the market as well as exchange rate volatilities
Derivatives (with a hedging relationship)	Forward exchange contracts and currency options	Use of recognized financial methods	Spot and forward rates observable on the market as well as exchange rate volatilities
<b>Financial liabilities</b>			
Subsequent measurement at fair value through profit or loss			
Derivatives (without a hedging relationship)	Forward exchange contracts and currency options	Use of recognized financial methods	Spot and forward rates observable on the market as well as exchange rate volatilities
Derivatives (with a hedging relationship)	Forward exchange contracts and currency options	Use of recognized financial methods	Spot and forward rates observable on the market as well as exchange rate volatilities
	Forward equity contracts		Share prices available on the market
Subsequent measurement at amortized cost			
Financial liabilities	Liabilities to banks and other loan liabilities	Discounting of future cash flows	Interest rates observable on the market

**Fair value determined using input factors unobservable in the market (Level 3)**

	Financial instruments concerned	Description of the measurement technique	Main input factors used to determine fair values
<b>Financial assets</b>			
Subsequent measurement at fair value through other comprehensive income			
		Discounting of expected future cash flows	Expected cash flows from recent business planning, average cost of capital, expected long-term growth rate
Equity instruments	Equity investments in unlisted companies	Derived from observable prices within the scope of equity refinancing sufficiently close to the balance sheet date, considered risk allowances	Observable prices derived from equity refinancing
		Cost-based determination	Acquisition cost
Trade and other receivables	Trade accounts receivable that are intended for sale due to a factoring agreement	Nominal value less factoring fees	Nominal value of potentially sold trade accounts receivable, average fees for sales of trade accounts receivable
Subsequent measurement at fair value through profit or loss			
Derivatives (without a hedging relationship)	Virtual power purchase agreements	Discounting of expected future cash flows	Electricity future price curves, expected electricity production volumes, discount factors
Contingent consideration	Contingent considerations from the sale of businesses or shares in corporations	Discounting of probability-weighted future milestone payments and license fees	Sales planning, milestone payments, probabilities of regulatory and commercial events, discount rates
	Loans with variable repayments	Discounting of expected future cash flows	Expected cash flows from recent business planning, discount rates
	Interests in unlisted funds	Consideration of the fair value of companies in which the funds are invested	Net asset values of the fund interests
Other debt instruments	Units with cancellation or redemption options	Derived from observable prices in the context of refinancing sufficiently close to the reporting date, considered risk allowances	Derived observable prices from similar refinancing transactions
	Bonds with embedded settlement option for equity in an unlisted company	Use of recognized financial methods	Interest rates observable on the market
<b>Financial liabilities</b>			
Subsequent measurement at fair value through profit or loss			
Derivatives (without a hedging relationship)	Virtual power purchase agreements and their hedging transaction	Discounting of expected future cash flows Use of recognized financial methods	Electricity future price curves, expected electricity production volumes, discount factors
Contingent consideration	Contingent considerations from the purchase of businesses	Discounting of probability-weighted future milestone payments and license fees	Sales planning, milestone payments, probabilities of regulatory and commercial events, discount rates

Counterparty credit risk is taken into consideration for measurements of financial instruments at fair value. In the case of non-derivative financial instruments, such as other liabilities or interest-bearing securities, this is reflected using risk premiums on the discount rate, while discounts on market value (credit valuation adjustments and debit valuation adjustments) are used for derivatives. Transfers between the individual hierarchy levels at fair value are made at the end of the month in which the triggering event – for example, an initial public offering – takes place.

### **Assets and liabilities from contingent considerations (Level 3)**

The fair values of assets and liabilities from contingent considerations are calculated by weighting the expected future cash flows in connection with milestone payments and royalties using their probability of occurrence and discounting them. The main parameters when determining contingent considerations are:

- The estimated probability of reaching the individual milestone events
- The underlying sales planning used to derive royalties
- The discount rate used

When determining the probability of occurrence of the individual milestone events in connection with the development of drug candidates, the focus is on empirically available probabilities of success of development programs in comparable phases of clinical development in the corresponding therapeutic areas. Internal sales plans and sales plans of external industry services are used to determine sales plans. The discount rate (after tax) of 6.6% as of December 31, 2025 (December 31, 2024: 6.0%) was calculated using the weighted average cost of capital.

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## **Significant discretionary decisions and sources of estimation uncertainty**

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### **Equity investments in unlisted companies**

Determining the parameters that are to be included in discounted cash flow methods and deriving the fair value from observable prices within the scope of equity refinancing are both subject to discretionary decisions and estimation uncertainty.

### **Assets from contingent consideration**

The calculation of the fair value of assets from contingent considerations is subject to significant discretionary judgment.

The most significant contingent consideration was the future purchase price claim from the disposal of the biosimilars business to a subsidiary of Fresenius SE & Co. KGaA, Bad Homburg vor der Höhe, on August 31, 2017. It was calculated by an external valuation expert upon initial recognition in fiscal 2017 and was subsequently recognized on this basis. As of December 31, 2025, the carrying amount was € 148 million (December 31, 2024: € 126 million).

Following the achievement of the last regulatory milestone in connection with the disposal of the biosimilars business in fiscal 2024, the probability of approval is no longer a factor in determining the fair value of the contingent consideration; instead, this is based solely on the entitlement to sales-based royalties and the discount factor.

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The following tables present the carrying amounts and fair values of the individual financial assets and liabilities as of December 31, 2025, and December 31, 2024, for each individual financial instrument class pursuant to IFRS 9:

### December 31, 2025

€ million	Consolidated notes	Carrying amount			Fair value <sup>1</sup>			Total
		Current	Non-current	Total	Fair value determined by official prices and quoted market values (Level 1)	Fair value determined using input factors observable in the market (Level 2)	Fair value determined using input factors not observable in the market (Level 3)	
<b>Financial assets</b>								
Subsequent measurement at amortized cost								
Cash and cash equivalents	35	1,184	-	1,184				
Trade and other receivables (excluding leasing receivables)	25	3,914	30	3,944				
Other debt instruments	36	591	4	594				
Subsequent measurement at fair value through other comprehensive income								
Equity instruments	36	-	622	622	157	-	465	622
Trade and other receivables	25	28	-	28	-	-	28	28
Other debt instruments	36	-	1	1	-	-	1	1
Subsequent measurement at fair value through profit or loss								
Cash and cash equivalents	35	1,556	-	1,556	1,556	-	-	1,556
Contingent considerations	36	-	162	162	-	-	162	162
Other debt instruments	36	6	146	153	80	-	72	152
Derivatives without a hedging relationship	36, 39	17	54	71	-	13	58	71
Derivatives with a hedging relationship	36, 39	74	3	76	-	76	-	76
Lease receivables (measured in accordance with IFRS 16) <sup>2</sup>	25	5	2	7				
<b>Total</b>		<b>7,375</b>	<b>1,024</b>	<b>8,399</b>	<b>1,793</b>	<b>89</b>	<b>786</b>	<b>2,668</b>
<b>Financial liabilities</b>								
Subsequent measurement at amortized cost								
Trade payables and other liabilities	30	2,110	-	2,110				
Financial debt	37	1,098	10,206	11,303	8,964	2,262	-	11,226
Other financial liabilities	38	977	75	1,052				
Subsequent measurement at fair value through profit or loss								
Contingent considerations	38	-	9	9	-	-	9	9
Derivatives without a hedging relationship	37, 38, 39	20	19	39	-	17	22	39
Derivatives with a hedging relationship	38, 39	19	-	19	-	19	-	19
Refund liabilities	9	985	-	985				
Lease liabilities (measured in accordance with IFRS 16) <sup>2</sup>	37	123	525	648				
<b>Total</b>		<b>5,331</b>	<b>10,834</b>	<b>16,166</b>	<b>8,964</b>	<b>2,298</b>	<b>31</b>	<b>11,293</b>

<sup>1</sup> The simplification option under IFRS 7.29(a) was used for disclosures of certain fair values. IFRS 7.29(d) explicitly does not require disclosure of the fair value of lease liabilities.

<sup>2</sup> Measurements within the scope of IFRS 16 are exempted from the requirements of IFRS 13 (IFRS 13.6(b)).

**December 31, 2024**

€ million	Consolidated notes	Carrying amount			Fair value <sup>1</sup>			Total
		Current	Non-current	Total	Fair value determined by official prices and quoted market values (Level 1)	Fair value determined using input factors observable in the market (Level 2)	Fair value determined using input factors not observable in the market (Level 3)	
<b>Financial assets</b>								
Subsequent measurement at amortized cost								
Cash and cash equivalents	35	859	-	859				
Trade accounts receivable and other receivable (excluding leasing receivables)	25	3,916	25	3,940				
Other debt instruments	36	559	3	562				
Subsequent measurement at fair value through other comprehensive income								
Equity instruments	36	-	798	798	243	-	555	798
Trade accounts receivable and other receivable	25	24	-	24	-	-	24	24
Debt instruments	36	-	1	1	1	-	-	1
Subsequent measurement at fair value through profit or loss								
Cash and cash equivalents	35	1,658	-	1,658	1,658	-	-	1,658
Contingent consideration	36	-	151	151	-	-	151	151
Other debt instruments	36	-	162	162	68	-	94	162
Derivatives without a hedging relationship	36, 39	75	57	131	-	70	61	131
Derivatives with a hedging relationship	36, 39	8	-	8	-	8	-	8
Finance lease receivables (to be measured in accordance with IFRS 16) <sup>2</sup>	25	6	3	9				
<b>Total</b>		<b>7,105</b>	<b>1,200</b>	<b>8,305</b>	<b>1,970</b>	<b>78</b>	<b>885</b>	<b>2,933</b>
<b>Financial liabilities</b>								
Subsequent measurement at amortized cost								
Trade accounts payable	30	2,275	-	2,275				
Financial debt	37	3,136	6,373	9,508	7,469	1,823	-	9,292
Other financial liabilities	38	977	112	1,089				
Subsequent measurement at fair value through profit or loss								
Contingent consideration	38	15	5	20	-	-	20	20
Derivatives without a hedging relationship	37, 38, 39	34	18	52	-	31	21	52
Derivatives with a hedging relationship	38, 39	36	-	36	-	36	-	36
Refund liabilities	9	869	-	869				
Finance lease liabilities (to be measured in accordance with IFRS 16) <sup>2</sup>	37	137	624	761				
<b>Total</b>		<b>7,478</b>	<b>7,132</b>	<b>14,610</b>	<b>7,469</b>	<b>1,890</b>	<b>41</b>	<b>9,400</b>

<sup>1</sup> The simplification option under IFRS 7.29(a) was used for disclosures of certain fair values. IFRS 7.29(d) explicitly does not require disclosure of the fair value of lease liabilities.

<sup>2</sup> Measurements within the scope of IFRS 16 are exempted from the requirements of IFRS 13 (IFRS 13.6(b)).

The changes in financial assets and liabilities for each of the individual classes of financial instruments allocated to Level 3 and measured at fair value were as follows in the previous year:

## 2024

€ million	Financial assets				Financial liabilities			Total
	Subsequent measurement at fair value through profit or loss			Subsequent measurement at fair value through other comprehensive income	Subsequent measurement at fair value through profit or loss			
	Other debt instruments	Contingent consideration	Derivatives without a hedging relationship	Equity instruments	Trade and other receivables	Contingent consideration	Derivatives without a hedging relationship	
<b>Net carrying amounts as of Jan. 1, 2024</b>	<b>95</b>	<b>125</b>	<b>50</b>	<b>436</b>	<b>25</b>	<b>-2</b>	<b>-20</b>	<b>710</b>
Additions	30	10	-	107	44	-18	-	173
Transfers into Level 3 from Level 1/Level 2	-	-	-	-	-	-	-	-
Fair value changes								
Gains (+)/losses (-) recognized in the Consolidated Income Statement (other operating result)	-	46	8		-	1	-3	52
thereof: attributable to assets/liabilities held as of the balance sheet date	-	7	8		-	1	-3	13
Gains (+)/losses (-) recognized in the Consolidated Income Statement (financial income and expenses)	3	12	1		-	-	-	16
thereof: attributable to assets/liabilities held as of the balance sheet date	3	12	1		-	-	-	16
Gains (+)/losses (-) recognized in other comprehensive income				-3	-			-2
Currency translation difference	3	-	3	-	-	-	-	6
Disposals	-19	-42	-	-4	-44	-	2	-108
Transfers out of Level 3 into Level 1/Level 2	-	-	-	-	-	-	-	-
Other	-19	-	-	19	-	-	-	-
<b>Net carrying amounts as of Dec. 31, 2024</b>	<b>94</b>	<b>151</b>	<b>61</b>	<b>555</b>	<b>24</b>	<b>-20</b>	<b>-21</b>	<b>845</b>

The changes in financial assets and liabilities for each of the individual classes of financial instruments allocated to Level 3 and measured at fair value were as follows in fiscal 2025:

## 2025

€ million	Financial assets					Financial liabilities			Total
	Subsequent measurement at fair value through profit or loss			Subsequent measurement at fair value through other comprehensive income		Subsequent measurement at fair value through profit or loss			
	Other debt instruments	Contingent consideration	Derivatives without a hedging relationship	Equity instruments	Trade and other receivables	Contingent consideration	Derivatives without a hedging relationship		
<b>Net carrying amounts as of Jan. 1, 2025</b>	<b>94</b>	<b>151</b>	<b>61</b>	<b>555</b>	<b>24</b>	<b>-20</b>	<b>-21</b>	<b>845</b>	
Additions	33	-	-	76	51	-9	-	<b>151</b>	
Transfers into Level 3 from Level 1/Level 2	-	-	-	-	-	-	-	-	
Fair value changes									
Gains (+)/losses (-) recognized in the Consolidated Income Statement (other operating result)	-7	34	6		-	7	-3	<b>37</b>	
thereof: attributable to assets/liabilities held as of the balance sheet date	-7	34	6		-	5	-3	<b>35</b>	
Gains (+)/losses (-) recognized in the Consolidated Income Statement (financial income and expenses)	1	6	1		-	-1	-	<b>7</b>	
thereof: attributable to assets/liabilities held as of the balance sheet date	1	6	1		-	-1	-	<b>7</b>	
Gains (+)/losses (-) recognized in other comprehensive income				6	-			<b>6</b>	
Currency translation difference	-5	-	-7	-	-	-	-	<b>-12</b>	
Disposals	-25	-29	-2	-93	-48	14	2	<b>-180</b>	
Transfers out of Level 3 into Level 1/Level 2	-	-	-	-	-	-	-	-	
Other	-18	-	-	-79	-	-	-	<b>-97</b>	
<b>Net carrying amounts as of Dec. 31, 2025</b>	<b>72</b>	<b>162</b>	<b>58</b>	<b>465</b>	<b>28</b>	<b>-9</b>	<b>-22</b>	<b>755</b>	

Disposals in fiscal 2025 related in particular to equity instruments with subsequent measurement at fair value through other comprehensive income (see also Note (36) **Other financial assets**). In addition, as in the previous year, disposals were made due to payments received in connection with the contingent consideration arising from the disposal of the biosimilars business to a subsidiary of Fresenius SE & Co. KGaA, Bad Homburg vor der Höhe, as well as trade accounts receivable under factoring agreements. The "Other" line item includes loans that were converted into equity instruments in fiscal 2025. The reclassification of the fair value of the shares in Celestial AI Inc., United States, to assets held for sale was also presented in the "Other" line item. The gains and losses from Level 3 assets recognized in other comprehensive income were reported in the Consolidated Statement of Comprehensive Income item "Fair value adjustments".

## (44) Other financial obligations

Other financial obligations comprised the following:

€ million	Dec. 31, 2025	Dec. 31, 2024
Acquisition of intangible assets	916	745
Acquisition of property, plant and equipment	301	325
<b>Other financial obligations</b>	<b>1,217</b>	<b>1,071</b>

Obligations to acquire intangible assets related to contingent considerations in connection with in-licensing agreements in particular. In these agreements, the Group has entered into an obligation to make milestone payments once specific targets have been reached. In the unlikely event that all of the milestones are achieved, the Group would be obligated to pay up to € 916 million (December 31, 2024: € 745 million) for the acquisition of intangible assets. The table above does not contain any other financial obligations from possible future sales-based royalties and milestone payments.

The expected maturities of the obligations to acquire intangible assets were as follows:

€ million	Dec. 31, 2025	Dec. 31, 2024
Within 1 year	50	38
In 1-5 years	404	349
After more than 5 years	462	359
<b>Obligations to acquire intangible assets</b>	<b>916</b>	<b>745</b>

Another component of other financial obligations related to the planned acquisition of the chromatography business of JSR Corporation, Japan, (JSR). This resulted in payment obligations amounting to a low triple-digit million euro amount. Both the final purchase price and its allocation to the individually acquired intangible assets and property, plant and equipment are yet to be finalized. Subject to regulatory clearances and other customary transaction closing conditions, the transaction is expected to close in the first half of 2026.

Other financial obligations were recognized at nominal value.

## Other Disclosures

### (45) Related party disclosures

#### Accounting and measurement policies

#### Related party disclosures

Related parties in respect of the Group within the meaning of IAS 24 are as follows:

- E. Merck KG, Darmstadt, Germany
- E. Merck Beteiligungen KG, Darmstadt, Germany, a related party of E. Merck KG, Darmstadt, Germany
- Emanuel-Merck-Vermögens-KG, Darmstadt, Germany, a related party of E. Merck KG, Darmstadt, Germany
- Direct or indirect subsidiaries of Merck KGaA, Darmstadt, Germany
- Joint ventures and associated companies of the Group
- Pension funds that are classified as defined benefit plans in accordance with IAS 19
- Members of the Executive Board and the Supervisory Board of Merck KGaA, Darmstadt, Germany, close members of their families and companies controlled or jointly controlled by this group of persons
- Members of the Executive Board and the Board of Partners of E. Merck KG, Darmstadt, Germany, close members of their families and companies controlled or jointly controlled by this group of persons

Transactions were conducted with related parties as follows:

€ million	Income		Expenses		Receivables		Liabilities	
	2025	2024	2025	2024	Dec. 31, 2025	Dec. 31, 2024	Dec. 31, 2025	Dec. 31, 2024
E. Merck KG, Darmstadt, Germany	3.4	3.1	11.7	16.4	0.0	0.0	1,077.6	1,178.7
E. Merck Beteiligungen KG, Darmstadt, Germany, a related party of E. Merck KG, Darmstadt, Germany	1.7	1.6	42.4	33.4	0.0	0.0	1,660.1	990.1
Joint ventures	2.8	3.3	0.0	0.0	0.6	0.8	0.0	0.0
Associated companies	0.4	0.6	0.0	0.1	5.5	8.9	0.0	0.0
Non-consolidated subsidiaries	0.4	0.4	0.1	0.1	3.1	3.0	0.7	2.9
Majority interest in non-controlled companies	0.3	0.4	0.0	0.1	0.0	0.0	0.5	0.5
Merck Pensionstreuhand e.V., Darmstadt, Germany, a related party of Merck KGaA, Darmstadt, Germany	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0
Merck Capital Asset Management Limited, Malta, a subsidiary of Merck KGaA, Darmstadt, Germany	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0

As in the previous year, the liabilities of Group companies in respect of E. Merck KG, Darmstadt, Germany, primarily resulted from reciprocal profit transfers between Merck KGaA, Darmstadt, Germany, and E. Merck KG, Darmstadt, Germany, as well as the profit transfer by Merck & Cie KmG, Altdorf, Switzerland, a subsidiary of Merck KGaA, Darmstadt, Germany, to E. Merck KG, Darmstadt, Germany. They also included financial liabilities of € 327.3 million (December 31, 2024: € 435.3 million) that were subject to standard market interest rates. Furthermore, financial liabilities in respect of E. Merck Beteiligungen KG, Darmstadt, Germany, a related party of E. Merck KG, Darmstadt, Germany, in the amount of € 1,660.0 million (December 31, 2024: € 990.0 million)

were also subject to standard market interest rates (see Note (37) [Financial debt/capital management](#)). Neither collateral nor guarantees existed either in favor or to the disadvantage of the Group.

Information on pension funds that are classified as defined benefit plans in accordance with IAS 19 can be found in Note (33) [Provisions for employee benefits](#).

Information on Executive Board and Supervisory Board compensation can be found in Note (46) [Executive Board and Supervisory Board compensation](#). Above and beyond this, no material activities between companies of the Group and members of the Executive Board or the Supervisory Board of Merck KGaA, Darmstadt, Germany, members of the Executive Board or the Board of Partners of E. Merck KG, Darmstadt, Germany, or members of their immediate families took place in either fiscal 2025 or the previous year.

## (46) Executive Board and Supervisory Board compensation

The compensation of the Executive Board of Merck KGaA, Darmstadt, Germany, is recognized by the general partner, E. Merck KG, Darmstadt, Germany, which is not included in these Consolidated Financial Statements. It was composed as follows:

€ million	2025	2024
Fixed compensation	7.3	6.3
Variable compensation	22.1	18.2
Additional benefits	0.2	0.7
<b>Short-term benefits</b>	<b>29.6</b>	<b>25.2</b>
Post-employment benefits	2.2	2.4
Other long-term benefits <sup>1</sup>	-0.1	0.2
Termination benefits	5.6	0.0
Share-based payments	3.8	4.4
<b>Total compensation pursuant to IAS 24.17</b>	<b>41.0</b>	<b>32.2</b>

<sup>1</sup> In fiscal 2025, the partial reversal of a provision established in the previous year was recognized as income

The total compensation granted to members of the Executive Board within the meaning of section 314 (1) no. 6 a) HGB amounted to € 33.2 million in fiscal 2025 (2024: € 29.8 million). In addition to the short-term benefits shown in the table above, this includes compensation under the standalone long-term incentive plan for the Executive Board. The structure of this plan essentially corresponds to the plans described in Note (33) [Provisions for employee benefits](#) that are valid until fiscal 2024. There are differences concerning the holding period, the targets to be achieved for the individual indicators and other long-term benefits. On the basis of the long-term incentive plan, 77,879 virtual shares, also referred to as Share Units of Merck KGaA, Darmstadt, Germany (MSUs), were made potentially available in fiscal 2025 (2024: 67,149 MSUs).

Payments to former members of the Executive Board and their surviving dependents in accordance with section 314 (1) no. 6 b) HGB were made as pension payments, as profit sharing under the long-term incentive plan and as the waiting allowance for a post-contractual non-competition clause, and as severance payments. In fiscal 2025, they amounted to € 18.6 million (2024: € 18.3 million). Provisions for defined benefit pension commitments reported by E. Merck KG, Darmstadt, Germany, amounted to € 111.1 million as of December 31, 2025 (December 31, 2024: € 121.5 million).

The compensation of the Supervisory Board was composed as follows:

€ thousand	2025	2024
Fixed portion	1,350	1,163
Meeting attendance fees	78	109
Committee membership compensation	350	265
<b>Total compensation granted in the fiscal year</b>	<b>1,778</b>	<b>1,537</b>

As in the previous year, no compensation was paid to former members of the Supervisory Board in fiscal 2025.

The members of the Executive Board and the Supervisory Board did not receive any advances or loans from companies included in the Consolidated Financial Statements in fiscal 2025 or 2024. As in the previous year, no contingent liabilities were entered into for the benefit of these persons in fiscal 2025.

Further individualized information and disclosures, as well as a presentation of the compensation system for the members of the Executive Board and the Supervisory Board, can be found in the [Compensation Report](#).

## (47) Auditor's fees

The costs for the auditor of the Consolidated Financial Statements (Deloitte) were composed as follows:

€ million	2025	
	Group	thereof: Deloitte GmbH Wirtschafts- prüfungs- gesellschaft, Munich
Audits of financial statements	12.2	5.3
Other audit-related services	2.3	2.0
Tax consultancy services	-	-
Other services	-	-
<b>Total</b>	<b>14.5</b>	<b>7.3</b>

The expenses for other audit-related services in respect of Deloitte GmbH Wirtschaftsprüfungsgesellschaft, Munich, primarily related to the audit of the (Group) Sustainability Statement, to the voluntary audit in connection with the divestment of the Surface Solutions business unit, and to services in connection with the issuance of comfort letters.

# Scope of Consolidation

## (48) List of shareholdings

The shareholdings of Merck KGaA, Darmstadt, Germany, as of December 31, 2025, are presented below:

Country	Company	Registered office	Equity interest (%)	thereof: Merck KGaA, Darmstadt, Germany (%)
<b>I. Fully consolidated companies</b>				
<b>Germany</b>				
Germany	Merck KGaA, Darmstadt, Germany	Darmstadt	Parent company	
Germany	AZ Electronic Materials GmbH A)	Darmstadt	100.00	
Germany	Biochrom GmbH A)	Berlin	100.00	
Germany	Chemitra GmbH A)	Darmstadt	100.00	100.00
Germany	Emedia Export Company mbH	Gernsheim	100.00	
Germany	Merck 12. Allgemeine Beteiligungs-GmbH, a subsidiary of Merck KGaA, Darmstadt, Germany A)	Darmstadt	100.00	100.00
Germany	Merck 13. Allgemeine Beteiligungs-GmbH, a subsidiary of Merck KGaA, Darmstadt, Germany	Darmstadt	100.00	
Germany	Merck 15. Allgemeine Beteiligungs-GmbH, a subsidiary of Merck KGaA, Darmstadt, Germany	Darmstadt	100.00	
Germany	Merck 16. Allgemeine Beteiligungs-GmbH, a subsidiary of Merck KGaA, Darmstadt, Germany A)	Darmstadt	100.00	
Germany	Merck 20. Allgemeine Beteiligungs-GmbH, a subsidiary of Merck KGaA, Darmstadt, Germany A)	Darmstadt	100.00	
Germany	Merck 21. Allgemeine Beteiligungs-GmbH, a subsidiary of Merck KGaA, Darmstadt, Germany	Darmstadt	100.00	
Germany	Merck 24. Allgemeine Beteiligungs-GmbH, a subsidiary of Merck KGaA, Darmstadt, Germany A)	Darmstadt	100.00	100.00
Germany	Merck 25. Allgemeine Beteiligungs-GmbH, a subsidiary of Merck KGaA, Darmstadt, Germany	Darmstadt	100.00	
Germany	Merck 39. Allgemeine Beteiligungs-GmbH, a subsidiary of Merck KGaA, Darmstadt, Germany	Darmstadt	100.00	
Germany	Merck 42. Allgemeine Beteiligungs-GmbH, a subsidiary of Merck KGaA, Darmstadt, Germany	Darmstadt	100.00	0.25
Germany	Merck 45. Allgemeine Beteiligungs-GmbH, a subsidiary of Merck KGaA, Darmstadt, Germany A)	Darmstadt	100.00	100.00
Germany	Merck Chemicals GmbH, a subsidiary of Merck KGaA, Darmstadt, Germany A)	Darmstadt	100.00	
Germany	Merck Consumer Health Holding Germany GmbH, a subsidiary of Merck KGaA, Darmstadt, Germany	Darmstadt	100.00	100.00
Germany	Merck Display Trading GmbH, a subsidiary of Merck KGaA, Darmstadt, Germany A)	Darmstadt	100.00	
Germany	Merck Electronics KGaA, a subsidiary of Merck KGaA, Darmstadt, Germany A)	Darmstadt	100.00	
Germany	Merck Export GmbH, a subsidiary of Merck KGaA, Darmstadt, Germany A)	Darmstadt	100.00	100.00
Germany	Merck Financial Services GmbH, Darmstadt, Germany, a subsidiary of Merck KGaA, Darmstadt, Germany	Darmstadt	100.00	100.00
Germany	Merck Financial Trading GmbH, a subsidiary of Merck KGaA, Darmstadt, Germany	Gernsheim	100.00	
Germany	Merck Healthcare Germany GmbH, a subsidiary of Merck KGaA, Darmstadt, Germany A)	Weiterstadt	100.00	100.00

Footnotes follow at the end of the table.

Country	Company	Registered office	Equity interest (%)	thereof: Merck KGaA, Darmstadt, Germany (%)
Germany	Merck Healthcare Holding GmbH, Darmstadt, Germany, a subsidiary of Merck KGaA, Darmstadt, Germany	Darmstadt	100.00	100.00
Germany	Merck Healthcare KGaA, Darmstadt, Germany, a subsidiary of Merck KGaA, Darmstadt, Germany A)	Darmstadt	100.00	
Germany	Merck Holding GmbH, a subsidiary of Merck KGaA, Darmstadt, Germany	Gernsheim	100.00	100.00
Germany	Merck International GmbH, a subsidiary of Merck KGaA, Darmstadt, Germany	Darmstadt	100.00	38.33
Germany	Merck Internationale Beteiligungen GmbH, a subsidiary of Merck KGaA, Darmstadt, Germany	Darmstadt	100.00	
Germany	Merck Life Science Holding GmbH, Darmstadt, Germany, a subsidiary of Merck KGaA, Darmstadt, Germany	Darmstadt	100.00	100.00
Germany	Merck Life Science KGaA, a subsidiary of Merck KGaA, Darmstadt, Germany A)	Darmstadt	100.00	
Germany	Merck LS RTU GmbH, a subsidiary of Merck KGaA, Darmstadt, Germany A)	Weiterstadt	100.00	100.00
Germany	Merck Patent GmbH, a subsidiary of Merck KGaA, Darmstadt, Germany A)	Darmstadt	100.00	
Germany	Merck Performance Materials GmbH, a subsidiary of Merck KGaA, Darmstadt, Germany	Wiesbaden	100.00	
Germany	Merck Performance Materials Holding GmbH, Darmstadt, Germany, a subsidiary of Merck KGaA, Darmstadt, Germany	Darmstadt	100.00	100.00
Germany	Merck Real Estate GmbH, Darmstadt, Germany, a subsidiary of Merck KGaA, Darmstadt, Germany A)	Darmstadt	100.00	100.00
Germany	Merck Site Management GmbH, a subsidiary of Merck KGaA, Darmstadt, Germany A)	Gernsheim	100.00	100.00
Germany	Merck Vierte Allgemeine Beteiligungsgesellschaft mbH, a subsidiary of Merck KGaA, Darmstadt, Germany	Gernsheim	100.00	
Germany	Merck Wohnungs- und Grundstücksverwaltungsgesellschaft mbH, a subsidiary of Merck KGaA, Darmstadt, Germany A)	Darmstadt	100.00	100.00
Germany	Sigma-Aldrich Biochemie GmbH	Hamburg	99.99	
Germany	Sigma-Aldrich Chemie GmbH	Schnelldorf	99.99	
Germany	Sigma-Aldrich Chemie Holding GmbH	Taufkirchen	99.99	
Germany	Sigma-Aldrich Grundstücks GmbH & Co. KG	Schnelldorf	100.00	
Germany	Sigma-Aldrich Verwaltungs GmbH	Schnelldorf	100.00	100.00
Germany	SpringWorks Therapeutics Germany GmbH	Darmstadt	100.00	
Germany	Unity Semiconductor GmbH	Dresden	100.00	
Germany	Versum Materials Germany GmbH	Darmstadt	100.00	
<b>Other European countries</b>				
Austria	Merck Chemicals and Life Science GesmbH, a subsidiary of Merck KGaA, Darmstadt, Germany	Vienna	100.00	
Austria	Merck Gesellschaft mbH, a subsidiary of Merck KGaA, Darmstadt, Germany	Vienna	100.00	
Austria	Sigma-Aldrich Handels GmbH	Vienna	100.00	
Belgium	Merck Chemicals NV/SA, a subsidiary of Merck KGaA, Darmstadt, Germany	Hoeilaart	100.00	
Belgium	Merck Life Science BV, a subsidiary of Merck KGaA, Darmstadt, Germany	Hoeilaart	100.00	
Belgium	Merck NV/SA, a subsidiary of Merck KGaA, Darmstadt, Germany	Hoeilaart	100.00	
Bulgaria	Merck Bulgaria EAD, a subsidiary of Merck KGaA, Darmstadt, Germany	Sofia	100.00	
Croatia	Merck d.o.o., a subsidiary of Merck KGaA, Darmstadt, Germany	Zagreb	100.00	

Footnotes follow at the end of the table.

Country	Company	Registered office	Equity interest (%)	thereof: Merck KGaA, Darmstadt, Germany (%)
Czech Republic	Merck Life Science spol. s r.o., a subsidiary of Merck KGaA, Darmstadt, Germany	Prague	99.99	
Czech Republic	Merck spol. s r.o., a subsidiary of Merck KGaA, Darmstadt, Germany	Prague	99.99	
Denmark	Merck A/S, a subsidiary of Merck KGaA, Darmstadt, Germany	Soborg	99.98	
Denmark	Merck Life Science A/S, a subsidiary of Merck KGaA, Darmstadt, Germany	Soborg	99.99	
Estonia	Merck Serono OÜ, a subsidiary of Merck KGaA, Darmstadt, Germany	Tallinn	100.00	
Finland	Merck Life Science OY, a subsidiary of Merck KGaA, Darmstadt, Germany	Espoo	99.99	
Finland	Merck OY, a subsidiary of Merck KGaA, Darmstadt, Germany	Espoo	100.00	
France	Gonnon S.A.S.	Lyon	99.86	
France	Merck Biodevelopment S.A.S., a subsidiary of Merck KGaA, Darmstadt, Germany	Lyon	99.86	
France	Merck Chimie S.A.S., a subsidiary of Merck KGaA, Darmstadt, Germany	Fontenay s/Bois	99.86	
France	Merck Performance Materials S.A.S., a subsidiary of Merck KGaA, Darmstadt, Germany	Trosly Breuil	99.86	
France	Merck S.A., a subsidiary of Merck KGaA, Darmstadt, Germany	Lyon	99.86	
France	Merck Santé S.A.S., a subsidiary of Merck KGaA, Darmstadt, Germany	Lyon	99.86	
France	Merck Serono S.A.S., a subsidiary of Merck KGaA, Darmstadt, Germany	Lyon	99.86	
France	Millipore S.A.S.	Molsheim	99.87	
France	Sigma-Aldrich Chimie S.a.r.l.	Saint Quentin Fallavier	99.87	
France	Sigma-Aldrich Chimie SNC	Saint Quentin Fallavier	99.99	
France	Sigma-Aldrich Holding S.a.r.l.	Saint Quentin Fallavier	99.99	
France	SpringWorks Therapeutics France S.A.S.	Lyon	100.00	
France	Unity-SC SAS	Montbonnot-Saint-Martin	100.00	
France	Unity Semiconductor SAS	Montbonnot-Saint-Martin	100.00	
Greece	Merck Commercial Industrial Pharmaceutical Chemical Single Member S.A., a subsidiary of Merck KGaA, Darmstadt, Germany	Maroussi	100.00	
Hungary	Merck Kft., a subsidiary of Merck KGaA, Darmstadt, Germany	Budapest	99.99	
Hungary	Merck Life Science Kft., a subsidiary of Merck KGaA, Darmstadt, Germany	Budapest	99.99	
Ireland	Merck Finance Limited, a subsidiary of Merck KGaA, Darmstadt, Germany	Carrigtwohill	100.00	
Ireland	Merck Life Science Limited, a subsidiary of Merck KGaA, Darmstadt, Germany	Arklow	99.99	
Ireland	Merck Millipore Ltd., a subsidiary of Merck KGaA, Darmstadt, Germany	Carrigtwohill	99.99	
Ireland	Merck Serono (Ireland) Ltd., a subsidiary of Merck KGaA, Darmstadt, Germany	Dublin	100.00	
Ireland	Millipore Cork Unlimited Company	Carrigtwohill	99.99	
Ireland	Sigma-Aldrich Ireland Ltd.	Arklow	99.99	
Ireland	SpringWorks Therapeutics Ireland Limited	Dublin	100.00	
Ireland	Versum Materials Ireland Limited	Dublin	100.00	

Footnotes follow at the end of the table.

Country	Company	Registered office	Equity interest (%)	thereof: Merck KGaA, Darmstadt, Germany (%)
Italy	Istituto di Ricerche Biomediche Antoine Marxer RBM S.p.A.	Colleretto Giacosa	99.74	
Italy	Merck Life Science S.r.l., a subsidiary of Merck KGaA, Darmstadt, Germany	Milan	100.00	
Italy	Merck Serono S.p.A., a subsidiary of Merck KGaA, Darmstadt, Germany	Rome	99.74	
Italy	SpringWorks Therapeutics Italy S.r.l.	Rome	100.00	
Italy	Versum Materials Italia S.r.l.	Milan	100.00	
Latvia	Merck Serono SIA, a subsidiary of Merck KGaA, Darmstadt, Germany	Riga	100.00	
Lithuania	Merck Serono, UAB, a subsidiary of Merck KGaA, Darmstadt, Germany	Vilnius	100.00	
Luxembourg	Merck Chemicals Holding S.à r.l., a subsidiary of Merck KGaA, Darmstadt, Germany	Luxembourg	100.00	
Luxembourg	Merck Finance S.à r.l., a subsidiary of Merck KGaA, Darmstadt, Germany	Luxembourg	100.00	
Luxembourg	Merck Finanz S.à r.l., a subsidiary of Merck KGaA, Darmstadt, Germany	Luxembourg	100.00	
Luxembourg	Merck Holding S.à r.l., a subsidiary of Merck KGaA, Darmstadt, Germany	Luxembourg	99.99	
Luxembourg	Merck Invest SCS, a subsidiary of Merck KGaA, Darmstadt, Germany	Luxembourg	100.00	
Luxembourg	Merck Re S.A., a subsidiary of Merck KGaA, Darmstadt, Germany	Luxembourg	100.00	100.00
Luxembourg	Millipore International Holdings S.à r.l.	Luxembourg	100.00	
Luxembourg	Sigma-Aldrich Global S.à r.l.	Luxembourg	100.00	
Luxembourg	Sigma-Aldrich S.à r.l.	Luxembourg	99.99	
Malta	Merck Capital Holding Limited, a subsidiary of Merck KGaA, Darmstadt, Germany	Pietà	100.00	50.29
Malta	Merck Capital Limited, a subsidiary of Merck KGaA, Darmstadt, Germany	Pietà	100.00	
Netherlands	eyrise B.V.	Veldhoven	100.00	100.00
Netherlands	Hub Organoids B.V.	Utrecht	99.99	
Netherlands	Hub Organoids Holding B.V.	Utrecht	99.99	
Netherlands	Hub Organoids IP B.V.	Utrecht	99.99	
Netherlands	Merck B.V., a subsidiary of Merck KGaA, Darmstadt, Germany	Schiphol-Rijk	99.98	
Netherlands	Merck Chemicals B.V., a subsidiary of Merck KGaA, Darmstadt, Germany	Amsterdam	100.00	
Netherlands	Merck Europe B.V., a subsidiary of Merck KGaA, Darmstadt, Germany	Amsterdam	99.98	
Netherlands	Merck Holding Netherlands B.V., a subsidiary of Merck KGaA, Darmstadt, Germany	Schiphol-Rijk	100.00	
Netherlands	Merck Life Science N.V., a subsidiary of Merck KGaA, Darmstadt, Germany	Amsterdam	99.99	
Netherlands	Merck Ventures B.V., a subsidiary of Merck KGaA, Darmstadt, Germany	Amsterdam	99.98	
Netherlands	Serono Tri Holdings B.V.	Schiphol-Rijk	99.98	
Netherlands	Sigma-Aldrich B.V.	Amsterdam	99.99	
Netherlands	Versum Materials Holdings Nederland B.V.	Amsterdam	100.00	
Netherlands	Versum Materials International B.V.	Amsterdam	100.00	
Netherlands	Versum Materials Netherlands B.V.	Amsterdam	100.00	
Netherlands	Versum Materials Netherlands International B.V.	Amsterdam	100.00	
Netherlands	Versum Materials Pacific B.V.	Amsterdam	100.00	
Norway	Merck AS, a subsidiary of Merck KGaA, Darmstadt, Germany	Oslo	100.00	
Norway	Merck Life Science AS, a subsidiary of Merck KGaA, Darmstadt, Germany	Oslo	99.99	

Footnotes follow at the end of the table.

Country	Company	Registered office	Equity interest (%)	thereof: Merck KGaA, Darmstadt, Germany (%)
Poland	Merck Business Solutions Europe Sp. z o.o., a subsidiary of Merck KGaA, Darmstadt, Germany	Wroclaw	99.98	
Poland	Merck Life Science Sp. z o.o., a subsidiary of Merck KGaA, Darmstadt, Germany	Poznan	99.99	
Poland	Merck Sp. z o.o., a subsidiary of Merck KGaA, Darmstadt, Germany	Warsaw	99.99	
Portugal	Merck, S.A., a subsidiary of Merck KGaA, Darmstadt, Germany	Algés	99.91	
Romania	Merck Romania S.R.L., a subsidiary of Merck KGaA, Darmstadt, Germany	Bucharest	100.00	
Russia	Merck Life Science LLC, a subsidiary of Merck KGaA, Darmstadt, Germany	Moscow	100.00	
Russia	Merck LLC, a subsidiary of Merck KGaA, Darmstadt, Germany	Moscow	100.00	
Serbia	Merck d.o.o. Beograd, a subsidiary of Merck KGaA, Darmstadt, Germany	Belgrade	100.00	
Slovakia	Merck Life Science spol. s r.o., a subsidiary of Merck KGaA, Darmstadt, Germany	Bratislava	99.99	
Slovakia	Merck spol. s r.o., a subsidiary of Merck KGaA, Darmstadt, Germany	Bratislava	100.00	
Slovenia	Merck d.o.o., a subsidiary of Merck KGaA, Darmstadt, Germany	Ljubljana	100.00	
Spain	Merck Life Science S.L.U., a subsidiary of Merck KGaA, Darmstadt, Germany	Madrid	99.99	
Spain	Merck, S.L.U., a subsidiary of Merck KGaA, Darmstadt, Germany	Madrid	100.00	
Spain	SpringWorks Therapeutics Spain, S.L.	Madrid	100.00	
Sweden	Merck AB, a subsidiary of Merck KGaA, Darmstadt, Germany	Solna	100.00	
Sweden	Merck Life Science AB, a subsidiary of Merck KGaA, Darmstadt, Germany	Solna	100.00	
Switzerland	Ares Trading SA	Aubonne	99.98	
Switzerland	Chord Therapeutics SA	Eysins	99.98	
Switzerland	Merck & Cie KmG, Altdorf, Switzerland, a subsidiary of Merck KGaA, Darmstadt, Germany	Altdorf	51.63	51.63
Switzerland	Merck (Schweiz) AG, a subsidiary of Merck KGaA, Darmstadt, Germany	Zug	99.98	
Switzerland	Merck Performance Materials (Suisse) SA, a subsidiary of Merck KGaA, Darmstadt, Germany	Eysins	100.00	
Switzerland	Merck Serono SA, a subsidiary of Merck KGaA, Darmstadt, Germany	Aubonne	99.98	
Switzerland	SeroMer Holding SA	Eysins	100.00	
Switzerland	Sigma-Aldrich (Switzerland) Holding AG	Buchs	99.99	
Switzerland	Sigma-Aldrich Chemie GmbH	Buchs	99.99	
Switzerland	Sigma-Aldrich International GmbH	Buchs	99.99	
Switzerland	Sigma-Aldrich Production GmbH	Buchs	99.99	
Switzerland	SpringWorks Therapeutics Europe GmbH	Zug	100.00	
Türkiye	Merck Ilac, Ecza Ve Kimya Ticaret Anonim Sirketi, a subsidiary of Merck KGaA, Darmstadt, Germany	Istanbul	99.99	
United Kingdom	BioReliance Limited	Aberdeen	100.00	
United Kingdom	Epichem Group Limited	Gillingham	99.99	
United Kingdom	Merck Holding Ltd., a subsidiary of Merck KGaA, Darmstadt, Germany	Feltham	100.00	
United Kingdom	Merck Investments Ltd., a subsidiary of Merck KGaA, Darmstadt, Germany	Feltham	100.00	
United Kingdom	Merck Life Science UK Limited, a subsidiary of Merck KGaA, Darmstadt, Germany	Gillingham	99.99	
United Kingdom	Merck Performance Materials Limited, a subsidiary of Merck KGaA, Darmstadt, Germany	Feltham	99.99	

Footnotes follow at the end of the table.

Country	Company	Registered office	Equity interest (%)	thereof: Merck KGaA, Darmstadt, Germany (%)
United Kingdom	Merck Serono Ltd., a subsidiary of Merck KGaA, Darmstadt, Germany	Feltham	99.99	
United Kingdom	Millipore (U.K.) Limited	Feltham	99.99	
United Kingdom	SAFC Biosciences Limited	Gillingham	99.99	
United Kingdom	SAFC Hitech Limited	Gillingham	99.99	
United Kingdom	Sigma-Aldrich Company Limited	Gillingham	99.99	
United Kingdom	SpringWorks Therapeutics UK Limited	Poole	100.00	
United Kingdom	Versum Materials UK Limited	Feltham	100.00	
<b>North America</b>				
Canada	EMD Inc.	Mississauga	99.98	
Canada	MilliporeSigma Canada Ltd.	Oakville	99.99	
United States	Aldrich Chemical Co. LLC	Milwaukee	100.00	
United States	Aldrich Chemical Foreign Holding LLC	St. Louis	99.99	
United States	Aldrich-APL, LLC	Urbana	100.00	
United States	BioControl Systems, Inc.	Wilmington	100.00	
United States	BioReliance Corporation	Rockville	100.00	
United States	Cell Marque Corporation	Rocklin	100.00	
United States	Cerilliant Corporation	Round Rock	100.00	
United States	Electron Transfer Technologies, Inc.	West Trenton	100.00	
United States	EMD Biotech LLC	Wilmington	100.00	
United States	EMD Digital Inc.	Burlington	100.00	
United States	EMD Finance LLC	Wilmington	100.00	
United States	EMD Group Holding, Inc.	Wilmington	100.00	
United States	EMD Holding Corp.	Rockland	100.00	
United States	EMD Invest LLC	Wilmington	100.00	
United States	EMD Millipore Corporation	Burlington	100.00	
United States	EMD Performance Materials Corp.	Wilmington	100.00	
United States	EMD Serono Holding, Inc.	Rockland	100.00	
United States	EMD Serono Research & Development Institute, Inc.	BillERICA	100.00	
United States	EMD Serono, Inc.	Wilmington	100.00	
United States	Exelead Inc.	Wilmington	100.00	
United States	FloDesign Sonics, Inc.	Wilmington	100.00	
United States	Intermolecular, Inc.	Wilmington	100.00	
United States	J.C. Schumacher Company	Glendale	100.00	
United States	Millipore Asia Ltd.	Wilmington	100.00	
United States	MilliporeSigma Distribution LLC	Wilmington	100.00	
United States	Mirus Bio, LLC	Wilmington	100.00	
United States	Research Organics, LLC	Cleveland	100.00	
United States	SAFC Biosciences, Inc.	Topeka	100.00	
United States	SAFC Carlsbad, Inc.	Carlsbad	100.00	
United States	SAFC, Inc.	Madison	100.00	
United States	Sigma Chemical Foreign Holding LLC	St. Louis	99.99	
United States	Sigma Redevelopment Corporation	St. Louis	100.00	
United States	Sigma-Aldrich Co. LLC	St. Louis	100.00	
United States	Sigma-Aldrich Corporation	St. Louis	100.00	
United States	Sigma-Aldrich Manufacturing LLC	St. Louis	100.00	
United States	Sigma-Aldrich Missouri Insurance Company	St. Louis	100.00	
United States	Sigma-Aldrich Research Biochemicals, Inc.	Wilmington	100.00	
United States	Sigma-Aldrich, Inc.	Madison	100.00	
United States	Sigma-Genosys of Texas LLC	The Woodlands	100.00	
United States	SpringWorks Subsidiary 1, Inc.	Wilmington	100.00	
United States	SpringWorks Subsidiary 2, Inc.	Wilmington	100.00	
United States	SpringWorks Subsidiary 3, Inc.	Wilmington	100.00	

Footnotes follow at the end of the table.

Country	Company	Registered office	Equity interest (%)	thereof: Merck KGaA, Darmstadt, Germany (%)
United States	SpringWorks Subsidiary 4, Inc.	Wilmington	100.00	
United States	SpringWorks Therapeutics Operating Company, Inc.	Wilmington	100.00	
United States	SpringWorks Therapeutics, Inc.	Wilmington	100.00	
United States	SpringWorks Therapeutics, LLC	Wilmington	100.00	
United States	Supelco, Inc.	Bellefonte	100.00	
United States	Unity Semiconductor Inc.	Ashland	100.00	
United States	Versum Materials Manufacturing Company, LLC	Wilmington	100.00	
United States	Versum Materials Technology LLC	Wilmington	100.00	
United States	Versum Materials US International, Inc.	Wilmington	100.00	
United States	Versum Materials US, LLC	Wilmington	100.00	
United States	Versum Materials, Inc.	Wilmington	100.00	
<b>Asia-Pacific</b>				
Australia	Merck Healthcare Pty. Ltd., a subsidiary of Merck KGaA, Darmstadt, Germany	Macquarie Park	99.98	
Australia	Merck Life Science PTY LTD, a subsidiary of Merck KGaA, Darmstadt, Germany	Bayswater	99.99	
Australia	Sigma-Aldrich Oceania Pty. Ltd.	Bayswater	99.99	
China	Merck Chemicals (Shanghai) Co., Ltd., a subsidiary of Merck KGaA, Darmstadt, Germany	Shanghai	100.00	
China	Merck Display Materials (Shanghai) Co., Ltd., a subsidiary of Merck KGaA, Darmstadt, Germany	Shanghai	100.00	
China	Merck Electronic Materials (Suzhou) Ltd., a subsidiary of Merck KGaA, Darmstadt, Germany	Suzhou	100.00	
China	Merck Electronics (Zhangjiagang) Co., Ltd., a subsidiary of Merck KGaA, Darmstadt, Germany	Zhangjiagang	100.00	
China	Merck Holding (China) Co., Ltd., a subsidiary of Merck KGaA, Darmstadt, Germany	Shanghai	100.00	
China	Merck Life Science Ltd., a subsidiary of Merck KGaA, Darmstadt, Germany	Hong Kong	99.99	
China	Merck Life Science Technologies (Nantong) Co., Ltd., a subsidiary of Merck KGaA, Darmstadt, Germany	Nantong	100.00	
China	Merck Ltd., a subsidiary of Merck KGaA, Darmstadt, Germany	Hong Kong	100.00	
China	Merck Performance Materials Hong Kong Ltd., a subsidiary of Merck KGaA, Darmstadt, Germany	Hong Kong	100.00	
China	Merck Pharmaceutical (HK) Ltd., a subsidiary of Merck KGaA, Darmstadt, Germany	Hong Kong	100.00	
China	Merck Pharmaceutical Distribution (Jiangsu) Co., Ltd., a subsidiary of Merck KGaA, Darmstadt, Germany	Nantong	100.00	
China	Merck Pharmaceutical Manufacturing (Jiangsu) Co., Ltd., a subsidiary of Merck KGaA, Darmstadt, Germany	Nantong	100.00	
China	Merck Serono (Beijing) Pharmaceutical Co., Ltd., a subsidiary of Merck KGaA, Darmstadt, Germany	Beijing	100.00	
China	Merck Serono (Beijing) Pharmaceutical R&D Co., Ltd., a subsidiary of Merck KGaA, Darmstadt, Germany	Beijing	100.00	
China	Merck Serono Co., Ltd., a subsidiary of Merck KGaA, Darmstadt, Germany	Beijing	100.00	
China	Merck Testing and Certification (Shanghai) Co., Ltd., a subsidiary of Merck KGaA, Darmstadt, Germany	Shanghai	99.99	
China	SAFC Hitech (Shanghai) Co., Ltd.	Shanghai	99.99	
China	Sigma-Aldrich (Shanghai) Trading Co., Ltd.	Shanghai	99.99	
China	Sigma-Aldrich (Wuxi) Life Science & Technology Co., Ltd.	Wuxi	99.99	
China	Unity Semiconductor China Co., Ltd.	Shanghai	100.00	
China	Versum Materials (Dalian) Co., Ltd.	Dalian	100.00	
China	Versum Materials (Shanghai) Co., Ltd.	Shanghai	100.00	

Footnotes follow at the end of the table.

Country	Company	Registered office	Equity interest (%)	thereof: Merck KGaA, Darmstadt, Germany (%)
India	Merck Life Science Pvt. Ltd., a subsidiary of Merck KGaA, Darmstadt, Germany	Mumbai	100.00	
India	Merck Performance Materials Pvt. Ltd., a subsidiary of Merck KGaA, Darmstadt, Germany	Mumbai	100.00	
India	Merck Specialities Pvt. Ltd., a subsidiary of Merck KGaA, Darmstadt, Germany	Mumbai	100.00	
India	Sigma-Aldrich Chemicals Private Limited	Bangalore	99.99	
Indonesia	P.T. Merck Chemicals and Life Sciences, a subsidiary of Merck KGaA, Darmstadt, Germany	Jakarta	100.00	
Indonesia	P.T. Merck Tbk., a subsidiary of Merck KGaA, Darmstadt, Germany	Jakarta	86.65	
Japan	Merck Biopharma Co., Ltd., a subsidiary of Merck KGaA, Darmstadt, Germany	Tokyo	99.98	
Japan	Merck Electronics Ltd., a subsidiary of Merck KGaA, Darmstadt, Germany	Tokyo	100.00	
Japan	Merck Ltd., a subsidiary of Merck KGaA, Darmstadt, Germany	Tokyo	100.00	
Japan	Merck Semiconductor Solutions Ltd., a subsidiary of Merck KGaA, Darmstadt, Germany	Tokyo	100.00	
Japan	Sigma-Aldrich Japan G.K.	Tokyo	99.99	
Japan	Versum Materials Japan Inc.	Tokyo	100.00	
Malaysia	Merck Sdn Bhd, a subsidiary of Merck KGaA, Darmstadt, Germany	Kuala Lumpur	100.00	
Malaysia	Sigma-Aldrich (M) Sdn Bhd	Kuala Lumpur	100.00	
Malaysia	Versum Materials Malaysia Sdn Bhd	Kuala Lumpur	100.00	
New Zealand	Merck Life Science Limited, a subsidiary of Merck KGaA, Darmstadt, Germany	Auckland	99.99	
New Zealand	Merck Ltd., a subsidiary of Merck KGaA, Darmstadt, Germany	Auckland	99.99	
Philippines	Merck Business Solutions Asia Inc., a subsidiary of Merck KGaA, Darmstadt, Germany	Taguig	100.00	
Philippines	Merck Inc., a subsidiary of Merck KGaA, Darmstadt, Germany	Taguig	99.97	
Republic of Korea	Merck Electronic Materials Ltd., a subsidiary of Merck KGaA, Darmstadt, Germany	Seoul	100.00	
Republic of Korea	Merck Ltd., a subsidiary of Merck KGaA, Darmstadt, Germany	Seoul	99.99	
Republic of Korea	Merck Performance Materials Ltd., a subsidiary of Merck KGaA, Darmstadt, Germany	Pyeongtaek-si	100.00	
Republic of Korea	Sigma-Aldrich Korea Ltd.	Seoul	99.99	
Republic of Korea	Versum Materials ADM Korea Inc.	Ansan-si	100.00	
Republic of Korea	Versum Materials HYT Inc.	Ansan-si	100.00	
Republic of Korea	Versum Materials Korea Inc.	Siheung-si	100.00	
Republic of Korea	Versum Materials PM Korea Inc.	Siheung-si	100.00	
Republic of Korea	Versum Materials SPC Korea Ltd.	Pyeongtaek-si	100.00	
Singapore	Merck Performance Materials Pte. Ltd., a subsidiary of Merck KGaA, Darmstadt, Germany	Singapore	100.00	
Singapore	Merck Pte. Ltd., a subsidiary of Merck KGaA, Darmstadt, Germany	Singapore	99.99	
Singapore	Sigma-Aldrich Pte. Ltd.	Singapore	99.99	
Singapore	Unity Semiconductor Pte.Ltd.	Singapore	100.00	
Singapore	Versum Materials Singapore International Pte. Ltd.	Singapore	100.00	
Singapore	Versum Materials Singapore Pte. Ltd.	Singapore	100.00	
Taiwan	Merck Ltd., a subsidiary of Merck KGaA, Darmstadt, Germany	Taipei	100.00	
Taiwan	Merck Performance Materials Ltd., a subsidiary of Merck KGaA, Darmstadt, Germany	Taipei	100.00	
Taiwan	SAFC Hitech Taiwan Co., Ltd.	Kaohsiung	99.99	

Footnotes follow at the end of the table.

Country	Company	Registered office	Equity interest (%)	thereof: Merck KGaA, Darmstadt, Germany (%)
Taiwan	Unity Semiconductor Limited Company	Zhubei City	100.00	
Taiwan	Versum Materials Taiwan Co., Ltd.	Taipei	74.00	
Thailand	Merck Ltd., a subsidiary of Merck KGaA, Darmstadt, Germany B)	Bangkok	45.11	
Vietnam	Merck Healthcare Vietnam Limited, a subsidiary of Merck KGaA, Darmstadt, Germany	Ho Chi Minh City	100.00	
Vietnam	Merck Vietnam Company Limited, a subsidiary of Merck KGaA, Darmstadt, Germany	Ho Chi Minh City	100.00	
<b>Latin America</b>				
Argentina	Merck S.A., a subsidiary of Merck KGaA, Darmstadt, Germany	Buenos Aires	99.99	
Argentina	Sigma-Aldrich de Argentina S.R.L.	Buenos Aires	99.99	
Brazil	Merck S.A., a subsidiary of Merck KGaA, Darmstadt, Germany	Rio de Janeiro	100.00	
Brazil	Sigma-Aldrich Brasil Ltda.	Barueri	100.00	
Chile	Merck S.A., a subsidiary of Merck KGaA, Darmstadt, Germany	Santiago de Chile	100.00	
Chile	Sigma-Aldrich Quimica Ltda.	Santiago de Chile	100.00	
Colombia	Merck S.A., a subsidiary of Merck KGaA, Darmstadt, Germany	Bogota	100.00	
Ecuador	Merck C.A., a subsidiary of Merck KGaA, Darmstadt, Germany	Quito	100.00	
Guatemala	Merck, S.A., a subsidiary of Merck KGaA, Darmstadt, Germany	Guatemala City	100.00	
Mexico	Merck Biopharma Distribution S.A. de C.V., a subsidiary of Merck KGaA, Darmstadt, Germany	Naucalpan de Juarez	100.00	
Mexico	Merck, S.A. de C.V., a subsidiary of Merck KGaA, Darmstadt, Germany	Naucalpan de Juarez	100.00	
Mexico	Sigma-Aldrich Quimica, S. de R.L. de C.V.	Toluca	100.00	
Panama	Merck, S.A., a subsidiary of Merck KGaA, Darmstadt, Germany	Panama City	100.00	
Panama	Mesofarma Corporation	Panama City	100.00	
Peru	Merck Peruana S.A., a subsidiary of Merck KGaA, Darmstadt, Germany	Lima	100.00	
Uruguay	Ares Trading Uruguay S.A.	Montevideo	99.98	
<b>Middle East and Africa</b>				
Algeria	Merck Algeria SARL, a subsidiary of Merck KGaA, Darmstadt, Germany C)	Algier	49.00	
Egypt	Merck Ltd., a subsidiary of Merck KGaA, Darmstadt, Germany	Cairo	100.00	
Israel	Inter-Lab Ltd.	Yavne	99.98	
Israel	InterPharm Laboratories Ltd.	Yavne	99.98	
Israel	Merck Serono Ltd., a subsidiary of Merck KGaA, Darmstadt, Germany	Herzliya Pituach	99.98	
Israel	QLight Nanotech Ltd.	Jerusalem	100.00	
Israel	Sigma-Aldrich Israel Ltd.	Rehovot	100.00	
Israel	Versum Materials Israel Ltd.	Tel Aviv	100.00	
Kenya	Merck Healthcare and Life Science Limited, a subsidiary of Merck KGaA, Darmstadt, Germany	Nairobi	100.00	
Saudi Arabia	MERCK Limited, a subsidiary of Merck KGaA, Darmstadt, Germany	Riyadh	100.00	
Saudi Arabia	Merck Regional Headquarters Company (A One-Person Limited Liability Company), a subsidiary of Merck KGaA, Darmstadt, Germany	Riyadh	100.00	

Footnotes follow at the end of the table.

Country	Company	Registered office	Equity interest (%)	thereof: Merck KGaA, Darmstadt, Germany (%)
South Africa	Merck (Pty) Ltd., a subsidiary of Merck KGaA, Darmstadt, Germany	Modderfontein	99.99	
South Africa	Merck Life Science (Pty) Ltd., a subsidiary of Merck KGaA, Darmstadt, Germany	Modderfontein	99.99	
Tunisia	Merck Promotion SARL, a subsidiary of Merck KGaA, Darmstadt, Germany	Tunis	100.00	
Tunisia	Merck SARL, a subsidiary of Merck KGaA, Darmstadt, Germany	Tunis	100.00	
United Arab Emirates	Merck Serono Middle East FZ-Ltd., a subsidiary of Merck KGaA, Darmstadt, Germany	Dubai	100.00	
<b>II. Companies accounted for using the equity method</b>				
<b>Other European countries</b>				
United Kingdom	MM Domain Holdco Limited	London	50.00	50.00
<b>North America</b>				
United States	Syntropy Technologies LLC	Wilmington	50.00	

Footnotes follow at the end of the table.

Country	Company	Registered office	Equity interest (%)	thereof: Merck KGaA, Darmstadt, Germany (%)
III. Companies measured at fair value through other comprehensive income in accordance with IFRS 9 due to immateriality and other equity investments				
<b>Germany</b>				
Germany	beeOLED GmbH	Dresden	21.58	
Germany	GreenTech Accelerator Gernsheim GmbH	Gernsheim	20.00	20.00
Germany	Merck 26. Allgemeine Beteiligungs-GmbH, a subsidiary of Merck KGaA, Darmstadt, Germany	Darmstadt	100.00	100.00
Germany	Merck 27. Allgemeine Beteiligungs-GmbH, a subsidiary of Merck KGaA, Darmstadt, Germany	Darmstadt	100.00	100.00
Germany	Merck 28. Allgemeine Beteiligungs-GmbH, a subsidiary of Merck KGaA, Darmstadt, Germany	Darmstadt	100.00	100.00
Germany	Merck 29. Allgemeine Beteiligungs-GmbH, a subsidiary of Merck KGaA, Darmstadt, Germany	Darmstadt	100.00	100.00
Germany	Merck 40. Allgemeine Beteiligungs-GmbH, a subsidiary of Merck KGaA, Darmstadt, Germany	Darmstadt	100.00	100.00
Germany	Merck 41. Allgemeine Beteiligungs-GmbH, a subsidiary of Merck KGaA, Darmstadt, Germany	Darmstadt	100.00	100.00
Germany	Merck 43. Allgemeine Beteiligungs-GmbH, a subsidiary of Merck KGaA, Darmstadt, Germany	Darmstadt	100.00	100.00
Germany	Merck 44. Allgemeine Beteiligungs-GmbH, a subsidiary of Merck KGaA, Darmstadt, Germany	Darmstadt	100.00	100.00
Germany	Merck 46. Allgemeine Beteiligungs-GmbH, a subsidiary of Merck KGaA, Darmstadt, Germany	Darmstadt	100.00	100.00
Germany	Merck 47. Allgemeine Beteiligungs-GmbH, a subsidiary of Merck KGaA, Darmstadt, Germany	Darmstadt	100.00	100.00
Germany	Merck 48. Allgemeine Beteiligungs-GmbH, a subsidiary of Merck KGaA, Darmstadt, Germany	Darmstadt	100.00	100.00
Germany	Merck 49. Allgemeine Beteiligungs-GmbH, a subsidiary of Merck KGaA, Darmstadt, Germany	Darmstadt	100.00	100.00
<b>Other European countries</b>				
Belgium	ReWind Therapeutics NV	Leuven-Heverlee	25.72	
France	Merck 3 S.A.S., a subsidiary of Merck KGaA, Darmstadt, Germany	Lyon	100.00	
France	Scipio Bioscience S.A.S.	Montrouge	21.68	
Netherlands	iOnctura B.V.	Amsterdam	20.08	
Russia	Chemical Trade Limited LLC	Moscow	100.00	
Switzerland	CAMAG Chemie-Erzeugnisse und Adsorptionstechnik AG	Muttenz	39.11	
Switzerland	Repronovo SA	Lausanne	24.51	
United Kingdom	Macrophage Pharma Limited	London	22.20	
United Kingdom	Merck Cross Border Trustees Ltd., a subsidiary of Merck KGaA, Darmstadt, Germany	Feltham	100.00	
United Kingdom	Merck Ltd., a subsidiary of Merck KGaA, Darmstadt, Germany	Feltham	99.99	
United Kingdom	Merck Pension Trustees Ltd., a subsidiary of Merck KGaA, Darmstadt, Germany	Feltham	99.99	
United Kingdom	Outrun Therapeutics Limited	Dundee	35.39	
United Kingdom	Sigma Chemical Co. Ltd.	Gillingham	99.99	
<b>North America</b>				
Canada	Future Fertility Inc.	Toronto	29.37	
United States	Altoida, Inc.	Suwanee	26.30	
United States	ActiThera Inc.	Dover	49.99	
United States	ImmuneBridge Inc.	Wilmington	30.05	
United States	Indi Molecular, Inc.	Wilmington	32.15	
United States	MemryX Inc.	Ann Arbor	20.66	
United States	Pictor Labs, Inc.	Los Angeles	22.24	
United States	Polaris Electro-Optics, Inc	Wilmington	24.92	
United States	Prolog Healthy Living Fund II, L.P. D)	St. Louis	44.53	

Footnotes follow at the end of the table.

Country	Company	Registered office	Equity interest (%)	thereof: Merck KGaA, Darmstadt, Germany (%)
<b>Asia-Pacific</b>				
Japan	Resonac Versum Materials Co. LTD E)	Kawasaki	35.00	
<b>Latin America</b>				
Dominican Republic	Merck Dominicana, S.R.L., a subsidiary of Merck KGaA, Darmstadt, Germany	Santo Domingo	100.00	
<b>Middle East and Africa</b>				
Algeria	Novapharm Production SARL	Wilaya de Tipaza	20.00	
Israel	Genopore Ltd.	Ramat-Gan	20.17	
Israel	Metabomed Ltd.	Yavne	20.44	
Israel	PxE Computational Imaging Ltd.	Rehovot	29.18	
Israel	Sentaur Bio Ltd.	Yavne	98.37	
Nigeria	Merck Pharmaceutical and Life Sciences Ltd., a subsidiary of Merck KGaA, Darmstadt, Germany	Lagos	99.98	
IV. Majority interest in non-controlled companies				
<b>Germany</b>				
Germany	Merck Foundation gGmbH, a subsidiary of Merck KGaA, Darmstadt, Germany	Darmstadt	100.00	100.00

A) Companies opting for exemption as provided for by section 264 (3) and section 264b of the German Commercial Code.

B) Fully consolidated due to majority of voting rights.

C) Fully consolidated due to contractual agreement.

D) Closed-end funds classified as debt instruments in accordance with IFRS 9.

E) This is an affiliate within the meaning of IFRS 11 (joint activity).

Darmstadt, February 17, 2026



**Belén Garijo**



**Kai Beckmann**



**Danny Bar-Zohar**



**Khadija Ben Hammada**



**Helene von Roeder**



**Jean-Charles Wirth**