



Consolidated Financial Statements

Bayer Group Consolidated Income Statements

B 1

€ million	Note	2024	2025
Net sales	[6]	46,606	45,575
Cost of goods sold		(21,270)	(18,797)
Gross profit		25,336	26,778
Selling expenses		(13,364)	(12,549)
Research and development expenses		(6,209)	(5,769)
General administration expenses		(2,574)	(2,160)
Other operating income	[7]	1,779	1,802
Other operating expenses	[8]	(5,039)	(9,179)
EBIT¹		(71)	(1,077)
Equity-method income (loss)	[10.1]	(132)	(44)
Financial income		545	507
Financial expenses		(2,676)	(2,515)
Financial result	[10]	(2,263)	(2,052)
Income before income taxes		(2,334)	(3,129)
Income taxes	[11]	(212)	(466)
Income after income taxes		(2,546)	(3,595)
of which attributable to noncontrolling interest	[12]	6	25
of which attributable to Bayer AG stockholders (net income)		(2,552)	(3,620)
€			
Earnings per share	[13]		
Basic		(2.60)	(3.68)
Diluted		(2.60)	(3.68)

¹ For definition see A 2.3 "Alternative Performance Measures Used by the Bayer Group."

Bayer Group Consolidated Statements of Comprehensive Income

B 2

€ million	Note	2024	2025
Income after income taxes		(2,546)	(3,595)
of which attributable to noncontrolling interest	[12]	6	25
of which attributable to Bayer AG stockholders		(2,552)	(3,620)
Remeasurements of the net defined benefit liability for post-employment benefit plans	[22]	453	1,100
Income taxes	[11]	(83)	(505)
Other comprehensive income from remeasurements of the net defined benefit liability for post-employment benefit plans		370	595
Changes in fair values of equity instruments measured at fair value		(87)	(29)
Income taxes	[11]	12	3
Other comprehensive income from equity instruments measured at fair value		(75)	(26)
Income taxes	[14]	–	(1)
Other comprehensive income relating to associates accounted for using the equity method		–	(1)
Other comprehensive income that will not be reclassified subsequently to profit or loss		295	568
Changes in fair values of derivatives designated as cash flow hedges	[27.3]	(16)	186
Reclassified to profit or loss		(85)	(142)
Income taxes	[11]	14	(24)
Other comprehensive income from cash flow hedges		(87)	20
Changes in time value of options used as hedging instrument	[17]	1	(1)
Other comprehensive income from time value of options		1	(1)
Changes in exchange differences recognized on translation of operations outside the eurozone	[21]	1,498	(2,858)
Reclassified to profit or loss	[21]	(102)	(71)
Other comprehensive income from exchange differences	[21]	1,396	(2,929)
Other comprehensive income relating to associates accounted for using the equity method		(8)	23
Other comprehensive income that may be reclassified subsequently to profit or loss		1,302	(2,887)
Total other comprehensive income¹		1,597	(2,319)
of which attributable to noncontrolling interest		3	(27)
of which attributable to Bayer AG stockholders		1,594	(2,292)
Total comprehensive income		(949)	(5,914)
of which attributable to noncontrolling interest		9	(2)
of which attributable to Bayer AG stockholders		(958)	(5,912)

¹ Other comprehensive income is recognized outside profit or loss in equity.

Bayer Group Consolidated Statements of Financial Position

B 3

€ million	Note	Dec. 31, 2024	Dec. 31, 2025
Noncurrent assets			
Goodwill	[14]	30,016	28,061
Other intangible assets	[14]	22,112	20,622
Property, plant and equipment	[15]	13,456	12,649
Investments accounted for using the equity method	[16]	820	546
Other financial assets	[17]	2,260	2,265
Other receivables	[20]	1,578	1,742
Deferred taxes	[11]	6,164	5,745
		76,406	71,630
Current assets			
Inventories	[18]	13,467	12,378
Trade accounts receivable	[19]	8,966	9,077
Other financial assets	[17]	2,266	1,391
Other receivables	[20]	2,052	1,867
Claims for income tax refunds		1,480	1,504
Cash and cash equivalents		6,191	6,671
Assets held for sale	[5.3]	22	23
		34,444	32,911
Total assets		110,850	104,541
Equity			
	[21]		
Capital stock		2,515	2,515
Capital reserves		18,261	18,261
Other reserves		11,132	5,171
Equity attributable to Bayer AG stockholders		31,908	25,947
Equity attributable to noncontrolling interest		137	116
		32,045	26,063
Noncurrent liabilities			
Provisions for pensions and other post-employment benefits	[22]	3,312	2,090
Other provisions	[23]	7,396	8,976
Refund liabilities	[6]	9	7
Contract liabilities	[6]	303	169
Financial liabilities	[24]	35,498	31,833
Income tax liabilities		1,346	1,054
Other liabilities	[26]	1,124	995
Deferred taxes	[11]	865	769
		49,853	45,893
Current liabilities			
Other provisions	[23]	3,808	6,816
Refund liabilities	[6]	5,905	5,641
Contract liabilities	[6]	3,652	3,733
Financial liabilities	[24]	5,313	5,746
Trade accounts payable	[25]	7,518	7,081
Income tax liabilities		547	678
Other liabilities	[26]	2,209	2,890
		28,952	32,585
Total equity and liabilities		110,850	104,541

Bayer Group Consolidated Statements of Changes in Equity

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€ million	Capital stock	Capital reserves	Retained earnings incl. net income	Exchange differences	Fair-value measurement of equity instruments
Jan. 1, 2024	2,515	18,261	12,175	(128)	81
Total comprehensive income					
Income after income taxes			(2,552)		
Other comprehensive income			370	1,385	(75)
Miscellaneous other changes			(65)		10
Equity transactions with owners					
Dividend payments			(108)		
Other changes			47		
Dec. 31, 2024	2,515	18,261	9,867	1,257	16
Total comprehensive income					
Income after income taxes			(3,620)		
Other comprehensive income			595	(2,879)	(27)
Miscellaneous other changes			(67)		5
Equity transactions with owners					
Dividend payments			(108)		
Other changes			59		
Dec. 31, 2025	2,515	18,261	6,726	(1,622)	(6)

B 4 (continued)

€ million	Cash flow hedges	Equity attributable to Bayer AG stockholders	Equity attributable to noncontrolling interest	Equity
Jan. 1, 2024	23	32,927	151	33,078
Total comprehensive income				
Income after income taxes		(2,552)	6	(2,546)
Other comprehensive income	(86)	1,594	3	1,597
Miscellaneous other changes	55			
Equity transactions with owners				
Dividend payments		(108)	(23)	(131)
Other changes		47		47
Dec. 31, 2024	(8)	31,908	137	32,045
Total comprehensive income				
Income after income taxes		(3,620)	25	(3,595)
Other comprehensive income	19	(2,292)	(27)	(2,319)
Miscellaneous other changes	62			
Equity transactions with owners				
Dividend payments		(108)	(19)	(127)
Other changes		59		59
Dec. 31, 2025	73	25,947	116	26,063

Bayer Group Consolidated Statements of Cash Flows

B 5

€ million	Note	2024	2025
Income after income taxes		(2,546)	(3,595)
Income taxes		212	466
Financial result		2,263	2,052
Income taxes paid		(1,222)	(1,243)
Depreciation, amortization and impairment losses (loss reversals)		8,783	2,785
Change in pension provisions		(494)	(217)
(Gains) losses on retirements of noncurrent assets		(207)	(469)
Decrease (increase) in inventories		521	475
Decrease (increase) in trade accounts receivable		197	(852)
(Decrease) increase in trade accounts payable		(120)	(176)
Changes in other working capital, other noncash items		(19)	6,704
Net cash provided by (used in) operating activities		7,368	5,930
Cash outflows for additions to property, plant, equipment and intangible assets		(2,778)	(2,487)
Cash inflows from sales of property, plant, equipment and other assets		295	415
Cash inflows from (outflows for) divestments less divested cash		17	(2)
Cash inflows from noncurrent financial assets		18	144
Cash outflows for noncurrent financial assets		(251)	(179)
Cash outflows for acquisitions less acquired cash		(184)	(196)
Interest and dividends received		489	339
Cash inflows from (outflows for) current financial assets		2,558	696
Net cash provided by (used in) investing activities		164	(1,270)
Cash outflows to acquire Bayer AG shares (BayShare)		(16)	(14)
Dividend payments		(131)	(127)
Issuances of debt		5,815	6,282
Retirements of debt		(10,833)	(8,327)
Interest paid including interest-rate swaps		(1,977)	(1,698)
Interest received from interest-rate swaps		5	-
Cash outflows for the purchase of additional interests in subsidiaries		(41)	-
Net cash provided by (used in) financing activities		(7,178)	(3,884)
Change in cash and cash equivalents due to business activities	[31]	354	776
Cash and cash equivalents at beginning of year		5,907	6,191
Change in cash and cash equivalents due to changes in scope of consolidation		(2)	-
Change in cash and cash equivalents due to hyperinflation of cash flows		(58)	(5)
Change in cash and cash equivalents due to exchange rate movements		(10)	(291)
Cash and cash equivalents at end of year		6,191	6,671

Notes to the Consolidated Financial Statements of the Bayer Group

1. General information

Bayer Aktiengesellschaft (Bayer AG), which is entered in the commercial register of the Local Court of Cologne, Germany, HRB 48248, is a global enterprise based in Germany. Its registered office is at Kaiser-Wilhelm-Allee 1, 51368 Leverkusen. The material business activities of the Bayer Group take place in the life science fields of healthcare and nutrition and are reported on via the Crop Science, Pharmaceuticals and Consumer Health segments. The activities of each segment are outlined in Note [4].

The Consolidated Financial Statements as of December 31, 2025, of Bayer AG and its subsidiaries (Bayer Group) were prepared according to the IFRS[®] Accounting Standards (hereinafter "IFRS accounting standards") issued by the International Accounting Standards Board (IASB[®]), London, United Kingdom, and the IFRIC[®] interpretations of the IFRS Interpretations Committee as endorsed and adopted by the European Union as of December 31, 2025. The applicable further requirements of Section 315e of the German Commercial Code (HGB) were also taken into account.

The declarations required under Section 161 of the German Stock Corporation Act (AktG) concerning the German Corporate Governance Code have been issued and made available to stockholders via the Bayer website (<https://www.bayer.com/en/investors/corporate-governance>).

The Board of Management of Bayer AG prepared the Consolidated Financial Statements of the Bayer Group as of December 31, 2025, at its meeting on February 27, 2026, submitted the prepared statements to the Audit Committee and the Supervisory Board for examination and approval, and released them for publication.

2. Effects of new accounting standards

Accounting standards applied for the first time in 2025

The following amendments to accounting standards were applied for the first time as of January 1, 2025. The amendments had no material impact on the Group's financial position or results of operations.

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Accounting standards amendments with no material impact

Amendments to standards	Mandatory application
IAS 21 Amendments to IAS 21 (The Effects of Changes in Foreign Exchange Rates): Lack of Exchangeability	Jan. 1, 2025

Published accounting standards that have not yet been applied

The IASB has issued the following amendments to standards, and their application was not yet mandatory for the 2025 fiscal year. In some cases, the European Union had not yet completed the endorsement process.

Therefore, the following standards have not yet been applied by Bayer:

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Published accounting standards that have not yet been applied

Amendments to standards/new standards		Mandatory application	Anticipated effects
IFRS 9, IFRS 7	Amendments to IFRS 9 (Financial Instruments) and IFRS 7 (Financial Instruments – Disclosures): Amendments to the Classification and Measurement of Financial Instruments	Jan. 1, 2026	No material effects expected
IFRS 9, IFRS 7	Amendments to IFRS 9 (Financial Instruments) and IFRS 7 (Financial Instruments – Disclosures): Contracts Referencing Nature-dependent Electricity	Jan. 1, 2026	No material effects expected
	Annual Improvements of IFRS Accounting Standards – Volume 11	Jan. 1, 2026	No material effects expected
IFRS 18	Presentation and Disclosure in Financial Statements	Jan. 1, 2027	See remarks below
IFRS 19	Subsidiaries without Public Accountability: Disclosures	Jan. 1, 2027 ¹	No material effects expected
IAS 21	Amendments to IAS 21 (The Effects of Changes in Foreign Exchange Rates): Translation to a Hyperinflationary Presentation Currency	Jan. 1, 2027 ¹	No material effects expected

¹ The endorsement process of the European Union is still pending.

IFRS 18 (Presentation and Disclosure in Financial Statements) will replace IAS 1 (Presentation of Financial Statements) and applies to reporting periods beginning on or after January 1, 2027.

The new IFRS 18 standard introduces the following material new requirements. Entities must classify all income and expenses in the income statement into specific categories and present newly defined subtotals. Management-defined performance measures (MPMs) must be disclosed in the financial statements in a single note. Enhanced guidance is also provided for grouping (aggregation and disaggregation) of information in the financial statements. All entities are additionally required to use the operating profit or loss subtotal as the single starting point for the indirect method of reporting cash flows from operating activities.

The Bayer Group is currently still assessing the effects of the new IFRS 18 standard, particularly as regards the presentation of its income statement, statement of cash flows and additional disclosures required for the MPMs. The Bayer Group does not have a specified main business activity according to IFRS 18. In addition to the mandatory subtotal “operating profit or loss,” which will replace the EBIT subtotal, the mandatory subtotal “profit or loss before financing and income taxes” will also be reported in the income statement. The standard will also involve the introduction of classification rules that will result in income and expenses being presented in new specified categories within the income statement: operating, investing and financing. This pertains to, for example, foreign currency effects and interest-rate and/or interest-rate-fluctuation effects. Since these changes only concern the presentation of the financial statements, there will be no change to the way net income and income after income taxes are calculated. Since it applies the cost-of-sales method for reporting operating expenditures within the income statement, Bayer will face additional disclosure requirements and will therefore need to provide specific quantitative and qualitative information on five predefined types of expenses. With regard to the expanded guidelines on aggregating data in financial statements, no extensive changes are expected with respect to disaggregation since material items are already currently presented in disaggregated form in the Notes. The company expects to add an additional line item for impairment losses on goodwill in the income statement. In addition, the company will use the operating profit or loss subtotal as the single starting point for reporting cash flows due to it applying the indirect method for reporting operating cash flow within the statement of cash flows. At the present point in time, it is not possible to quantify the impacts that the new standard will have.

3. Reporting policies, methods and critical accounting estimates

The Consolidated Financial Statements were drawn up in euros. Except where otherwise indicated, amounts are stated in millions of euros (€ million) and rounded to the nearest million. Adding the individual figures may therefore not always result in the exact total given.

In the income statement and statement of comprehensive income, statement of financial position, statement of cash flows and statement of changes in equity, certain items are combined for the sake of clarity. These are explained in the Notes. The income statement was prepared using the cost-of-sales method. Assets and liabilities are classified by maturity. They are regarded as current if they mature within one year or within the normal business cycle, which usually does not exceed one year, or are held for sale. The normal business cycle is defined for this purpose as beginning with the procurement of the resources necessary for the production process and ending with the receipt of cash or cash equivalents as consideration for the sale of the goods or services produced in that process. Inventories and trade accounts receivable and payable are always presented as current items. Deferred tax assets and liabilities, and pension provisions are always presented as noncurrent items.

The financial statements of the individual companies consolidated are prepared according to uniform recognition and measurement methods. The Consolidated Financial Statements are based on the principle of the historical cost of acquisition, construction or production, with the exception of the items reflected at fair value, such as equity instruments held, debt instruments held that do not solely comprise principal and interest payments, and derivatives and liabilities that must be recognized or were designated at fair value through profit or loss.

In preparing the Consolidated Financial Statements, management must make certain assumptions and estimates that may substantially impact the presentation of the Group's financial position and/or results of operations. Such estimates, assumptions or the exercise of discretion mainly relate to the useful life of noncurrent assets, the discounted cash flows used for impairment testing, purchase price allocations and the measurement of embedded derivatives, recognition of provisions, including those for litigation-related expenses, pensions and other benefits, taxes, environmental compliance and remediation costs, product liability and guarantees, as well as the recognition of refund liabilities.

Essential estimates and assumptions that may affect reporting in the various item categories of the financial statements are described in the following sections of this Note. Estimates are based on historical experience and other assumptions that are considered reasonable under given circumstances. They are continually reviewed but may vary from the actual values.

New or revised accounting standards often contain options regarding the first-time application of new recognition and measurement methods. The income statement for the previous year and the opening statement of financial position for that year may be adjusted depending on the option Bayer exercises. For further information on the standards applied for the first time as of January 1, 2025, see Note [2].

Consolidation

The Consolidated Financial Statements include subsidiaries, joint operations, joint ventures and associates. The financial statements of the individual companies consolidated are prepared as of the closing date of the Group financial statements. If financial statements of joint ventures and associates have a different closing date, adjustments are made for material transactions or events between that date and the closing date of the Consolidated Financial Statements of the Bayer Group.

Subsidiaries are companies over which Bayer AG is currently able to exercise power by virtue of existing rights. Power means the ability to direct the relevant activities that significantly affect a company's profitability. Control is therefore only deemed to exist if Bayer AG is exposed, or has rights, to variable returns from its involvement with a company and has the ability to use its power over that company to affect the amount of that company's returns. The ability to control another company generally derives from Bayer AG's direct or indirect ownership of a majority of the voting rights. In the case of structured entities, however, control is based on contractual agreements. Inclusion of an entity's accounts in the Consolidated Financial Statements begins when the Bayer Group is able to exercise control over the entity and ceases when it is no longer able to do so.

A joint operation or a joint venture exists where the Bayer Group controls an entity's activities jointly with a third party on the basis of a contractual agreement and decisions about the relevant activities require the unanimous consent of the parties sharing control. The parties to a joint operation have rights to the assets, and obligations for the liabilities, relating to the arrangement. The Bayer Group recognizes its share of the assets, liabilities, revenues and expenses in the Consolidated Financial Statements in accordance with its rights and obligations. The parties jointly controlling a joint venture have rights to the net assets of the arrangement. Joint ventures are accounted for using the equity method. Associates are companies in which Bayer Group companies hold a voting interest of between 20% and 50% or for which there are relevant indicators of significant influence, such as representation on the board of directors or equivalent governing body of the associated company. They also are accounted for using the equity method. Companies in which Bayer Group companies hold more than 50% of the voting rights and, despite not exercising control, can exert significant influence on the relevant activities due to contractual agreements are also accounted for as associates. The carrying amount of a company accounted for using the equity method is adjusted monthly by the change in its equity corresponding to Bayer's percentage interest in the company. Upon first-time inclusion of associates using the equity method, differences between the acquisition costs of the shares and the share of the net fair value of the associate's identifiable assets and liabilities are accounted for according to full-consolidation principles. Bayer's share of changes – recognized in profit or loss – in these companies' equity, including impairment losses recognized on goodwill, are reflected in equity-method income/loss. Gains and losses arising from the remeasurement of investments accounted for using the equity method due to Bayer obtaining control or losing significant influence are also reflected in equity-method income/loss, as are gains and losses from the sale of investments accounted for using the equity method.

Interests in subsidiaries, joint ventures and associates that do not have a material impact on the Group's financial position or results of operations, either individually or in aggregate, are recognized as financial investments in equity instruments.

Foreign currency translation

The assets and liabilities of the subsidiaries that do not use the euro as their functional currency are translated into euros at closing rates. All changes occurring during the year and all income and expense items and cash flows are translated into euros at average monthly rates. For subsidiaries with a hyperinflationary functional currency, currencies are always translated at the respective closing rates. Equity components are translated at the historical exchange rates prevailing at the respective dates of their first-time recognition in Group equity. The exchange differences arising between the resulting amounts and those obtained by translating at closing rates are recognized outside profit or loss as "Exchange differences on translation of operations outside the eurozone" (in other comprehensive income) or presented as "Exchange differences" in the tables in the Notes. When a company is deconsolidated, such exchange differences are reclassified from equity to profit or loss and recognized in other operating income/expenses. When capital repayments of a net investment in a foreign operation are effected but the percentage of shares owned remains unchanged, exchange differences are reclassified from other comprehensive income to profit or loss and recognized on a prorated basis under exchange gains or losses in other financial income and expenses within the financial result.

The exchange rates for major currencies against the euro varied as follows:

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Exchange rates for major currencies

€1/		Average rate		€1/		Closing rate	
		2024	2025			Dec. 31, 2024	Dec. 31, 2025
BRL	Brazil	5.80	6.31	BRL	Brazil	6.42	6.44
CAD	Canada	1.48	1.58	CAD	Canada	1.50	1.61
CNY	China	7.80	8.11	CNY	China	7.63	8.20
GBP	United Kingdom	0.85	0.86	GBP	United Kingdom	0.83	0.87
INR	India	90.53	98.19	INR	India	88.98	105.67
JPY	Japan	163.69	168.63	JPY	Japan	163.05	184.11
MXN	Mexico	19.70	21.67	MXN	Mexico	21.55	21.12
USD	United States	1.08	1.13	USD	United States	1.04	1.18

The following companies have a hyperinflationary functional currency:

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Application of IAS 29 (Financial Reporting in Hyperinflationary Economies)

Company name	Place of business	Applied since
Bayer S. A.	Buenos Aires, Argentina	July 1, 2018
Bayer Türk Kimya Sanayii Limited Sirketi	Istanbul, Turkey	April 1, 2022
Monsanto Gıda Ve Tarım Ticaret Ltd Sirketi	Istanbul, Turkey	April 1, 2022
Bayer Tohumculuk ve Tarım Limited Sirketi	Istanbul, Turkey	March 7, 2023

Hyperinflationary accounting is applied for these companies pursuant to IAS 29. On the date of first-time application, the adjustment of the carrying amounts of nonmonetary assets and liabilities was recognized in equity based on the general price index. Gains and losses incurred from the current hyperinflation of nonmonetary assets and liabilities and of equity are recognized as other operating income and expenses in the income statement and under “Enabling Functions and Consolidation” within the segment reporting.

In Argentina, hyperinflation is based on the index “IPC Nacional Empalme IPIM” (2017=100) with an index value of 10,121 as of December 31, 2025 (December 31, 2024: 7,694), and an annual inflation rate of 32% (2024: 118%). In Turkey, hyperinflation is based on the “Consumer Price Index” (2003=100) with an index value of 3,514 as of December 31, 2025 (December 31, 2024: 2,685), and an annual inflation rate of 31% (2024: 44%).

Foreign currency measurement

Monetary items, such as receivables and liabilities, that are denominated in currencies other than a Group company’s functional currency are measured at closing rates. Related exchange differences are recognized as exchange gains or losses under other financial income or expenses.

Sales, refund liabilities, right-of-return assets and contract liabilities

All revenues derived from the selling of products, rendering of services or from licensing agreements are recognized as sales. Revenues are based on customer contracts and the performance obligations contained therein, which are individually identified and may be presented separately for the purpose of revenue recognition. Revenues are recognized in profit or loss when or as soon as the entity transfers control of goods or services to a customer either over time or at a point in time. Control lies with the customer if the customer can independently determine the use of, and consume the benefit derived from, a product or service. Revenues from product deliveries are recognized at a point in time based on an overall assessment of the existence of a right to payment, the allocation of ownership rights, the transfer of physical possession, the transfer of risks and rewards, and acceptance by the customer. In the case of product deliveries undertaken by the Bayer Group, the transfer of risks and rewards and the right to determine the product shipment destination are particularly important. Depending on the transfer of control, revenues from services are recognized either at a point in time or over the period of time when services are rendered, and in accordance with a reasonable measure of progress.

Net sales are limited to the amount the Bayer Group expects to receive for the fulfillment of performance obligations. Payment components to be withheld for third parties are deducted. Sales are therefore reduced by sales taxes and by actual and expected sales deductions resulting from rebates, discounts and bonuses. Furthermore, sales are reduced by the amount of the refund liability for expected returns of defective goods or of saleable products that may be returned under contractual arrangements, with this reduction taking place at the date of revenue recognition or when a reliable estimate can be made. Refund liabilities are recognized for expected sales deductions and product returns. Sales deductions and refund liabilities are estimated primarily on the basis of historical experience, specific contractual terms, price information and thus future expectations of sales development. The underlying assumptions applied for refund liabilities are reviewed at each closing date and revised where necessary.

Assets from expected product returns are recognized in inventories as right-of-return assets at the previous carrying amounts less any recovery and processing costs and potential impairments. For unilaterally fulfilled customer contracts where more than one year passes between performance and payment, significant financing components are accounted for separately based on their present values and the subsequent unwinding of the discount. The underlying discount rate takes into account the individual credit risk of the contracting party that receives the financing. Revenues from contracts involving noncash consideration, such as exchange transactions, are measured at the fair value of the assets received or the right to receive them.

Some of the Bayer Group's revenues are generated on the basis of licensing agreements under which third parties have been granted the right to use or access products and technologies. A right-to-use license is characterized by the underlying technology remaining essentially unchanged over the period for which the rights are granted. With a right-to-access license, by contrast, the customer's interest is directed toward the consistent further development of that intellectual property. Revenues from right-to-use licenses are recognized at a specific point in time, while those from right-to-access licenses are recognized over time according to the underlying measure of progress. Milestone payments related to right-to-access licenses are allocated to satisfied and unsatisfied portions of the underlying performance obligation, as applicable. Consideration relating to already satisfied obligations is recognized as catch-up adjustments to revenue. Payment elements still to be earned are deferred as contract liabilities. Sales- or usage-based royalties agreed in connection with outlicensing arrangements are only recognized if the sale or the usage is sufficiently verified and the underlying performance obligation has been fulfilled.

In the Crop Science segment, Bayer conducts barter transactions in certain geographies to grant its customers longer payment terms while at the same time reducing credit risk. For example, payment may be made in the form of a subsequent delivery of soybeans or corn, or crops may be pledged as collateral. Any commodity-price risk that Bayer is exposed to as a result is hedged using derivatives. Changes in the fair value of these derivatives are recognized in other operating income and expenses. If Bayer assumes control of goods (such as soybeans) instead of receiving a cash payment, their resale is accounted for in other operating income, and their derecognition in other operating expenses, since transactions of this nature do not form part of normal business operations.

Research and development expenses

Research expenses are recognized through profit or loss. Development expenses are only capitalized as internally generated intangible assets if the recognition criteria of IAS 38 (Intangible Assets) are met. These include sufficient certainty that the development activity will give rise to future financial cash flows that also cover the respective development expenses. Since our own development projects are often subject to regulatory approval procedures and other uncertainties, the conditions for the capitalization of costs incurred before receipt of approvals generally are not satisfied.

Development costs of software projects can be capitalized if the definitions and recognition criteria of IAS 38 are met, such as for interfaces or customer-specific codes in the context of software-as-a-service agreements for cloud applications. Capitalized development expenses are recognized at the cost of generation and amortized over their expected useful lives from the date of completion. Impairment testing is also performed on an annual or event-driven basis.

Income taxes

Income taxes comprise the taxes levied on taxable income in the individual countries along with changes in deferred tax assets and liabilities that are recognized in profit or loss. This also includes current income taxes resulting from tax laws that have come into force or been adopted to implement the Pillar Two Model Rules published by the Organisation for Economic Co-operation and Development (OECD). The income taxes recognized are reflected at the amounts likely to be payable under the statutory regulations in force, or already enacted in relation to future periods, at the end of the reporting period. Complex tax regulations may give rise to uncertainties with respect to their interpretation and the amounts and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate adjustments to tax income and expense in future periods. Liabilities to tax authorities that are uncertain as to their amount and the probability of their occurrence are recognized as tax liabilities based on reasonable estimates. The amounts recognized are based on various factors, such as experience with previous tax audits and differing legal interpretations by the taxable entity and the responsible tax authority.

In compliance with IAS 12 (Income Taxes), deferred taxes are recognized for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position prepared according to the IFRS accounting standards and their tax bases. Deferred taxes are also recognized for loss carryforwards, interest carryforwards and tax credits that are likely to be usable. Based on the exception stated in IAS 12.4A, deferred taxes related to Pillar Two are not recognized nor is information thereon disclosed. Deferred tax assets relating to deductible temporary differences, tax credits, loss carryforwards and interest carryforwards are recognized where it is probable that taxable income or sufficiently taxable temporary differences will be available in the future to enable them to be used. Deferred tax liabilities are recognized on temporary differences taxable in the future. Deferred taxes are calculated at the rates which – on the basis of the statutory regulations in force, or already enacted in relation to future periods, as of the closing date – are expected to apply in the individual countries at the time of realization. Deferred tax assets and deferred tax liabilities are offset if Bayer has a legally enforceable right to set off current tax assets against current tax liabilities and these are levied by the same taxation authority. Material effects of changes in tax rates or tax law on deferred tax assets and liabilities are generally accounted for in the period in which the changes are enacted. Such effects are

recognized in profit or loss except where they relate to deferred taxes that were recognized outside profit or loss, in which case they are recognized in other comprehensive income or directly in equity.

Deferred and current taxes are recognized in profit or loss unless they relate to items recognized outside profit or loss in other comprehensive income, in which case they, too, are recognized in other comprehensive income or directly in equity. The probability that deferred tax assets resulting from temporary differences, loss carryforwards or interest carryforwards can be used in the future is the subject of forecasts by the individual consolidated companies regarding their future earnings situation and other parameters. Deferred tax liabilities are recognized on planned dividend payments by subsidiaries. Where no dividend payment is planned for the foreseeable future, no deferred tax liability is recognized on the difference between the proportionate net assets according to the IFRS accounting standards and the tax base of the investment in the subsidiary.

Goodwill

In a business combination, goodwill is capitalized at the acquisition date (see "Acquisition accounting"). Goodwill is not amortized but is tested for impairment at least annually or when there is an indication of possible impairment.

Other intangible assets

Other intangible assets are capitalized at the acquisition date at their cost of acquisition or generation. Those with a definite useful life are amortized on a straight-line basis over the following periods, except where their actual depletion demands a different amortization pattern.

B 3/3

Useful lives of other intangible assets

Patents and technologies	8 to 30 years
Trademarks	10 to 35 years
Marketing and distribution rights, customer relationships	5 to 30 years
Production rights	14 to 19 years
Other rights	2 to 12 years

The expected useful lives of such assets and the amortization patterns are determined based on estimates of the period for which they will generate cash flows. In addition, a review is conducted as of each closing date to ascertain whether there are any indications of impairment, and impairment testing may then potentially be performed.

Should in-licensing result in payment obligations for the acquisition of intellectual property, this is capitalized as an intangible asset. If the transaction also includes research and development activities, the related share of consideration is deferred and recognized through profit and loss in accordance with the activities performed.

If separately capitalizable intangible assets are acquired within the scope of software projects (such as S/4HANA implementation), the related costs are capitalized accordingly.

Emission allowances and CO₂ certificates

Emission allowances meet the criteria of intangible assets and are not subject to amortization due to their indefinite useful life. If emission allowances are granted to the company free of charge by a statutory authority in connection with regulatory requirements, like the EU Emissions Trading System (EU ETS), no amount is recognized for emission allowances. If more emissions are emitted than the allocated emission allowances permit, additional allowances are purchased and recognized as intangible assets at cost. Corresponding provisions are recognized in the period in which the emissions are emitted and usually reflect the cost of acquisition of the emission certificates. If the emissions in a specific period exceed the corresponding emission allowances, this portion of the provision is measured at the current market value of the allowances. When the allowances are retired, the corresponding provisions are considered to have been utilized and the intangible assets are derecognized.

CO₂ certificates, including renewable energy credits, that are purchased or produced to meet our voluntary climate targets in connection with our greenhouse gas reduction program are recognized as intangible assets at their cost of acquisition or production and derecognized against the relevant functional costs when they are retired. If they are used in the production process or are intended for sale within the normal course of business, they are recognized in inventories. The certificates are usually immediately retired upon acquisition for offsetting purposes and recognized directly in functional costs.

Property, plant and equipment

Property, plant and equipment is initially recognized at the cost of acquisition or construction plus the estimated amounts of any redevelopment or decommissioning costs. Thereafter it is depreciated by the straight-line method over its expected useful life, except where use-related depreciation is more appropriate.

B 3/4

Useful life of property, plant and equipment

Buildings	5 to 50 years
Plant installations and machinery	4 to 40 years
Furniture, fixtures and other equipment	2 to 15 years

A review is conducted as of each closing date to ascertain whether there are any indications of impairment. When assets are sold, closed down or scrapped, the difference between the net proceeds and the net carrying amount of the assets is recognized as a gain or loss in other operating income or expenses, respectively.

Grants and subsidies from third parties that serve to promote investment are reflected in the statement of financial position under other liabilities and amortized to income over the useful lives of the respective investments in property, plant or equipment, or in line with the terms of the grant or subsidy.

Investment property comprises land and buildings not being used for operational or administrative purposes. It is measured using the cost model. The fair value of this property reported in the Notes is primarily determined on the basis of internal valuations using the income approach, while that of undeveloped sites is mainly calculated using the market comparison approach.

Impairment testing

An impairment test is performed if there is an indication of possible impairment for an intangible asset, an item of property, plant and equipment, or a cash-generating unit or unit group to which goodwill has been allocated. Other intangible assets with an indefinite useful life (such as the Bayer Cross trademark), intangible assets that are not yet available for use (such as R&D projects) and cash-generating units or unit groups to which goodwill has been allocated are additionally tested annually for impairment.

A cash-generating unit is the smallest identifiable group of assets generating cash inflows that are largely independent of the cash inflows from other assets or groups of assets. The Bayer Group primarily regards product families as well as seeds and the corresponding traits as cash-generating units and subjects them to impairment testing. Goodwill is tested for impairment at the reporting segment level.

Impairment testing involves comparing the carrying amount of each cash-generating unit or unit group, intangible asset or item of property, plant and equipment to the recoverable amount, which is the higher of its fair value less costs of disposal or value in use. If the carrying amount exceeds the recoverable amount, an impairment loss must be recognized for the difference. In this case, an impairment loss is first recognized on any goodwill allocated to the cash-generating unit or unit group. Any remaining impairment loss is allocated among the other noncurrent nonfinancial assets in proportion to their carrying amounts, unless this is prohibited under any other rule. The resulting expense is reflected in the operating expense item in which the depreciation or amortization of the respective asset is recognized. The same applies to income from impairment loss reversals. Impairment losses recognized on goodwill are included in other operating expenses.

The recoverable amount is generally determined on the basis of the fair value less costs of disposal, taking into account the present value of the future net cash flows as market prices for the individual units are not normally available. These are forecasted on the basis of the Bayer Group's planning process, which has a planning horizon of five years and includes exchange rate assumptions at the time of planning. Forecasting involves making assumptions, especially regarding future selling prices, sales volumes, costs, market growth rates and economic cycles. These assumptions are based on internal estimates along with external market studies. The principal assumptions upon which management bases its cash flow forecasts for the detailed forecast period include sales growth, the development of costs, the level of investments and the development of working capital. Expected sales growth is fundamentally derived on the basis of past experience. Price and volume adjustments are used to account for expected developments in terms of market dynamics, regulatory changes, the competitive environment and changes in the product portfolio. The expected development of costs is based on the existing cost structure but is, however, adjusted to account for expected developments relating to inflation, personnel costs and cost savings from efficiency programs. The level of investments is based on a strategic analysis of the company's long-term goals, combined with a detailed evaluation of the necessary investments. Here, both historical data and future market trends are taken into account. The development of working capital is fundamentally based on past experience. However, adjustments are made to take into account expected business dynamics and the effects of working capital initiatives. Where the recoverable amount is the fair value less costs of disposal, measurement is undertaken from the viewpoint of an independent market participant. Where the recoverable amount is the value in use, the object of valuation is measured as currently used. In either case, net cash flows beyond the planning period are determined on the basis of long-term business expectations using individually calculated growth rates. The fair value less costs of disposal is determined on the basis of unobservable inputs (Level 3).

The net cash inflows are discounted at a rate equivalent to the weighted average cost of equity and debt capital. To allow for the different risk and return profiles of the Bayer Group's principal businesses, the after-tax cost of capital is calculated separately for each reporting segment and certain cash-generating units and unit groups while taking into account regional focus areas, and a segment-specific capital structure is defined by benchmarking against comparable companies in the same industry sector. The cost of equity corresponds to the return expected by stockholders, while the cost of debt is based on the conditions on which comparable companies can obtain long-term financing. Both components are derived from capital market information.

Although the estimates of the useful lives of certain assets, assumptions concerning the macroeconomic environment and industry developments, and estimates of the discounted future cash flows are believed to be appropriate, changes in assumptions or circumstances could require changes in the carrying amounts. This could lead to the recognition of additional impairment losses in the future or – except in the case of goodwill – to reversals of previously recognized impairment losses.

Leases

A lease is established by a contract that conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As lessee, Bayer generally recognizes the present value of the future lease payments as a financial liability. The lease payments are split into principal and interest portions according to the effective-interest method. In line with this and taking into account any further cost components, the right-of-use asset (the asset that reflects the right to use the underlying asset) is capitalized under property, plant and equipment at the inception of the lease. The right-of-use asset is recognized at amortized cost and depreciated by the straight-line method.

Use is made of the recognition exemptions for certain leases in which the underlying assets are of low value, as well as for short-term leases. The lease payments under these contracts are recognized as other operating expenses on a straight-line basis over the lease term or – if relevant – in the production costs of inventories.

Bayer exercises the accounting policy option under IFRS 16 (Leases) available for lessees not to apply this standard to leases of intangible assets.

For certain contracts with both lease and nonlease components, Bayer as lessee applies the practical expedient not to separate these components but to recognize them collectively as a single lease component.

Payments under intra-Group leases are generally presented as expenses or income in segment reporting in line with the internal reporting system.

Lease contracts in which Bayer acts as the lessor and substantially all the risks and rewards of utilizing the underlying asset are transferred to the lessee are classified as finance leases. The net investment in the lease is recognized as a receivable. In the case of operating leases where Bayer is the lessor, the leased assets continue to be capitalized, and the lease payments are recognized in income on a straight-line basis over the lease term.

Financial assets

Financial assets comprise receivables, acquired equity and debt instruments, cash and cash equivalents, and derivatives with positive fair values. A financial asset is initially recognized on the settlement date at fair value, plus transaction costs in most cases.

The classification and measurement of financial assets is based in each case on the business model and the characteristics of the cash flows. Trade accounts receivable and other debt instruments are measured at amortized cost using the effective-interest method, at fair value through profit or loss (such as money market funds and effective initial funds) or at fair value through other comprehensive income (such as trade accounts receivable that can potentially be transferred as part of factoring agreements). Equity instruments are generally held for medium- to long-term strategic purposes and are therefore measured at fair value through other comprehensive income. Otherwise, they are measured at fair value through profit or loss, as is the case for the shares in Century Therapeutics, Inc., United States, and Pyxis Oncology, Inc., United States, for example.

Under the simplified impairment model, a default on receivables measured at amortized cost using the effective-interest method that is expected over the respective term (stage 2 of the impairment model) is determined for trade accounts receivable based on portfolio-specific default rates. These expected default rates are mainly based on the average defaults on receivables in recent years. These default rates are adjusted during the year for the respective customer portfolio if a significant change in the default rate is expected in the future. In determining the expected default rates, we take into account the business model, the respective customer and the economic environment of the geographic region. This is achieved by applying specific default rates for the individual Group companies and, in the case of smaller companies, making a standard calculation in countries with a comparable credit risk. Further differentiation is achieved by taking into account the segments' various customer groups. Throughout the Bayer Group, customers are also assigned to risk classes with different expected default rates depending on their individual credit risk assessments.

Where action such as insolvency or comparable proceedings has been initiated against a defaulter or there are other objective indications that receivables are impaired (such as a considerable worsening of creditworthiness or a financial restructuring), the receivables are individually tested for impairment (stage 3 of the impairment model). In addition, all receivables more than 90 days past due are individually tested for impairment during the year.

For other financial assets measured at amortized cost, the expected credit losses that would result from potential default events within the next 12 months – as determined using the Monte Carlo simulation method – are recognized through profit or loss on first-time recognition and on subsequent measurement (stage 1 of the impairment model). In the event of a significant increase in the default risk, which is defined as a more than 0.25-percentage-point increase in the probability of default with respect to the default risk on first-time recognition, assets are reclassified to stage 2 of the impairment model, taking into account the expected credit losses over the respective asset maturities. An impairment loss is recognized if there are objective indications of an impairment.

Financial assets are derecognized when contractual rights to receive cash flows from the financial assets expire or the financial assets were transferred together with all material risks and benefits. Receivables are also derecognized if they have been finally assessed as irrecoverable and we have ceased efforts to collect them following the completion of insolvency proceedings, for example. Receivables are not derecognized while they remain subject to enforcement.

Inventories

Inventories are recognized at their cost of acquisition or production (production-related full costs) – calculated by the weighted-average method – or at their net realizable value, whichever is lower.

Cash and cash equivalents

Cash includes cash in hand and demand deposits. Cash equivalents are financial investments with maximum maturities of three months from the acquisition date that are subject to no more than insignificant fluctuations in value and will give rise to predefined cash inflows. Cash and cash equivalents are measured at amortized cost.

Provisions for pensions and other post-employment benefits

Within the Bayer Group, post-employment benefits are provided under defined contribution and/or defined benefit plans. In the case of defined contribution plans, the company pays contributions to publicly or privately administered pension plans on a mandatory, contractual or voluntary basis. Once the contributions have been paid, the company has no further payment obligations. The regular contributions constitute operating expenses and as such are included in the respective income statement items.

All remaining commitments under pension and other post-employment benefit plans are measured in terms of the defined benefit obligation (DBO) using the projected unit credit method, with entitlements already earned being measured at the present value of the DBO. This is based on factors such as expected future salary and pension increases, changes in healthcare costs, mortality rates and beneficiary structure. The uniform discount rates are based on the yields of high-quality bond portfolios (AA-rated corporate bonds) in specific currencies, extrapolated where necessary to cover the future period for which sufficiently accurate bond yields are not available. Where there is insufficient empirical data on corporate bond yields with longer-term residual maturities, the yield structure is derived from government bond yields plus spread to reflect the higher risk of default. The bond portfolios consist of bonds with weighted residual maturities approximately equal to the duration of the expected disbursements from the pension plans. The pension service cost and the net interest on the net liability are determined on the basis of the assumptions as of the previous closing date.

For funded obligations, the net liability is determined by deducting the fair value of plan assets. The obligations and plan assets are measured at regular intervals. Where no quoted prices for plan assets exist in active markets, their fair values are determined by applying the usual measurement methods and on the basis of freely accessible data such as interest rate curves and credit spreads. The net defined benefit asset is recognized in other receivables.

Current and past service cost and effects of plan settlements are recognized in operating income. The net interest on the net liability is reflected in the financial result under other financial income and expenses. The effects of remeasurements of the net defined benefit liability are reflected in the statement of comprehensive income as other comprehensive income. They consist of actuarial gains and losses, the return on plan assets and changes in the effects of the asset ceiling, less the amounts included in net interest and related deferred taxes.

Other provisions

Other provisions are recognized for present legal and constructive obligations arising from past events that will probably give rise to a future outflow of resources, provided that a reliable estimate can be made of the amount of the obligations. They are established at the present value of the expected future cash outflows and recognized in the respective operating expense items. The interest cost is reflected in the financial result under other financial income and expenses. If the projected obligation declines as a result of a change in the estimate, the provision is reversed by the corresponding amount and the resulting income recognized in the operating expense item(s) in which the original charge was recognized.

Costs arising from obligations to decommission or dismantle property, plant and equipment are included as a component of the acquisition or construction costs for property, plant or equipment if they can be reliably estimated, and are covered by provisions. If changes in the estimates require the provisions to be adjusted, the carrying amounts of the respective assets are reduced or increased accordingly.

Estimating future costs for environmental protection and similar measures involves, in particular, uncertainties with regard to the applicable laws and regulations and the actual local conditions. Significant factors in estimating the costs include previous experiences in similar cases, expert opinions, current costs and new developments affecting costs, management's interpretation of current environmental regulations, the financial position of third parties that may become obligated to participate in any remediation costs on the basis of joint liability, and the remediation methods likely to be deployed. Changes in these assumptions could impact future reported results of the Group. Taking into consideration the experience gained to date and the knowledge and circumstances as of the closing date, provisions are believed to be adequate. However, material additional costs could be incurred beyond the amounts accrued that result in additional expenses in subsequent periods.

Provisions for employee termination benefits are established where the amounts of severance payments, additional pension plan components to be granted or other benefits can be reliably estimated. However, material additional costs could be incurred beyond the amounts accrued that result in additional expenses in subsequent periods.

Obligations arising from stock-based programs that involve cash settlement pursuant to IFRS 2 (Share-based Payment) are covered by provisions in the amount of the fair value of the obligations existing as of the closing date. All resulting changes in value are recognized in profit or loss.

Provisions for litigations are established under certain conditions in the case of legal risks. Litigations and other judicial proceedings often raise complex issues and are subject to many uncertainties and complexities including, but not limited to, the facts and circumstances of each particular case, the jurisdiction in which each suit is brought and differences in applicable law. The outcome of any current or future proceedings cannot normally be predicted. It is particularly difficult to assess the likely outcomes of class actions for damages or mass compensation claims in the United States, which may give rise to significant financial risks for the Bayer Group. As a result of a final judgment in court proceedings, regulatory decisions or the conclusion of a settlement, the Bayer Group may incur charges for which no accounting measures have yet been taken for lack of reasonable estimability, or which exceed presently established provisions and the insurance coverage.

The Bayer Group considers the need for accounting measures in respect of pending or future litigations, and the extent of any such measures, on the basis of the information available to its legal department and in close consultation with legal counsel acting for the Bayer Group. Where it is more likely than not that such a litigation will result in an outflow of resources that is already reasonably estimable, a provision for litigation is recorded in the amount of the present value of the expected cash outflows. Such provisions cover the estimated payments to the plaintiffs, court and procedural costs, attorney costs and the cost of potential settlements.

It is sometimes impossible to reliably determine the existence of a present obligation or reasonably estimate the probability that a potential outflow of resources will result from a pending or future litigation. The status of the material "legal risks" is described in Note [30]. Due to the special nature of these litigations, provisions generally are not established until initial settlements allow an estimate of potential amounts or judgments have been issued. Provisions for legal defense costs are established if it is probable that material costs will have to be incurred for external legal counsel to defend the company's legal position.

Internal and external legal counsel evaluate the current status of the Bayer Group's material legal risks at the end of each reporting period. The need to establish or adjust a provision and the amount of the provision or adjustment are determined on this basis. Adjusting events are reflected up to the date the Consolidated Financial Statements are prepared. The measurement of provisions in the case of class actions or mass compensation claims is mainly based on any settlements reached during the past year and on pending or anticipated future claims. With respect to the proceedings outlined in Note [30] "Legal risks", further information on litigations, estimated financial effects, uncertainties and contingent liabilities, as well as the recognition and amounts of individual provisions, can be withheld under IAS 37.92 if disclosing it could significantly prejudice the company's position.

Financial liabilities

Financial liabilities are generally measured at amortized cost using the effective-interest method. Derivatives with negative fair values, liabilities for contingent consideration in business combinations and liabilities designated at fair value through profit or loss are measured at fair value.

Financial liabilities are derecognized when the contractual obligation is discharged or canceled, or has expired.

A supply chain financing program (also known as reverse factoring) is used in the Bayer Group that enables suppliers to choose to have individual invoices paid prior to their due date. As part of this program, the supplier concludes a financing agreement with a bank or platform operator without Bayer's involvement and, upon request, is paid the invoice amount by the bank in advance less an interest component. Bayer generally pays the invoice amount to the bank when due; the payment deadlines lie within the usual scope for the industry. Bayer has assessed this program based on various criteria and concluded that the associated liabilities retain the character of trade accounts payable. The related payments to the bank are therefore classified as a cash outflow from operating activities.

Derivatives

The Bayer Group uses derivatives to mitigate the risk of changes in exchange rates, interest rates or commodity prices (such as for soybeans and corn) and to hedge the stock-based compensation program issued as of 2024. The instruments used include forward exchange contracts, interest-rate swaps, forward commodity contracts and forward stock transactions. Derivatives are recognized at the trade date and are remeasured to fair value on each closing date. Positive fair values are reflected in financial assets, negative fair values in financial liabilities.

Contracts for the purchase and sale of nonfinancial items (such as raw material supply contracts) that are concluded for the company's own purposes are treated as pending transactions under the own-use exemption and not accounted for as derivatives. Other contracts for the purchase and sale of nonfinancial items are accounted for as derivatives at fair value through profit or loss under certain conditions (such as nonfulfillment of own-use exemption).

Where embedded derivatives are identified in contracts, they are assessed for any close economic relationship with the host contract. If no such relationship is found, they are accounted for separately as derivatives. Embedded derivatives that are contained in financial assets are not separated; instead, the entire instrument is measured at fair value through profit and loss.

Such host contracts are generally sale or purchase agreements relating to the operational business. The embedded derivatives cause the cash flows from the contracts to vary with exchange-rate or price fluctuations, for example. The internal measurement of embedded derivatives is performed using appropriate valuation models, such as discounted cash flow models, which are based on unobservable inputs (Fair Value Level 3). The relevant models include planned sales and purchase volumes, and prices derived from market data. Fair value changes over the contract term are recognized in other operating income or expenses.

Derivatives are recognized at fair value through profit or loss unless they qualify for hedge accounting. This mainly applies to the exchange hedging of accounting risks, the effects of which are reflected in other financial income and expenses as exchange gains or losses.

The effective portion of derivatives designated as cash flow hedges is initially recognized outside profit or loss in other comprehensive income. Depending on the circumstances, the effective portion of the hedging relationship is determined using the critical terms match method, the dollar offset method or a regression analysis. Any ineffective portions are recognized directly in profit or loss, while the effective portion of the hedging instrument is subsequently recognized in the income statement once the hedged item has been recognized through profit or loss.

The effective portion of the hedging instrument is recognized under the cost of goods sold in the case of commodity futures and options that hedge purchase prices, under sales in the case of commodity futures that hedge selling prices, and in interest income or expense in the case of interest-rate hedges. The effects of the hedging of forecasted sales transactions in foreign currencies are recognized in other operating income or expenses at the time of revenue recognition. The hedging of stock-based employee compensation is recognized accordingly in the respective operating expense items within the functional costs over the duration of the Aspire programs.

Changes in the fair values of derivatives designated as fair value hedges are recognized in income along with the adjustments in the carrying amounts of the hedged items. The effects of interest-rate hedges of issued bonds are reflected in interest income or expense.

Acquisition accounting

An acquisition is a transaction or other event that involves the purchase of an integrated set of activities and assets that include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. Acquired businesses are accounted for using the acquisition method, which in principle requires that the assets acquired and liabilities assumed be recorded at their respective fair values on the date Bayer obtains control. The difference between the consideration transferred (plus the fair value of the pre-existing equity interest in the acquiree in the case of step acquisitions) and the fair values of the acquired assets and assumed liabilities is recognized as goodwill. The results of foreign currency cash flow hedges are factored into the translation of foreign currency purchase price payments. For significant acquisitions, the purchase price allocation is carried out with assistance from independent third-party valuation specialists. The related valuations are based on the information available at the acquisition date. Ancillary acquisition costs are recognized as expenses in the periods in which they occur. During the 12-month measurement period, new information may come to light regarding facts and circumstances that had applied on the date of acquisition. This may then lead to adjusted valuations and the recognition of additional assets and liabilities. These adjustments are recognized outside profit or loss.

The transferred consideration can include contingent consideration that is payable to the previous owners of the acquired company following the acquisition date upon reaching certain milestones, such as progress in the trial or regulatory approval process or surpassing certain sales thresholds. This is recognized at fair value as part of the consideration transferred for the acquired company and is generally recognized as a financial (purchase price) liability. All changes in fair value after the acquisition date are recognized under EBIT in the Consolidated Financial Statements. However, changes in the fair value of the contingent consideration that are based on circumstances that had applied on the date of acquisition are adjusted outside profit or loss within the 12-month measurement period.

The application of the acquisition method requires certain estimates and assumptions to be made, especially concerning the fair values of the acquired intangible assets, property, plant and equipment and the liabilities assumed at the acquisition date, and the useful lives of the acquired intangible assets, property, plant and equipment. Measurement is based to a large extent on anticipated cash flows. If actual cash flows vary from those used in calculating fair values, this may materially affect the Group's future results of operations. In particular, the estimation of discounted cash flows from intangible assets under development, patented and nonpatented technologies, customer relationships and brands is based on assumptions concerning, for example:

- // The outcomes of R&D activities regarding the efficacy of a crop protection product, trait, seed or drug development candidate, and results of clinical trials
- // The probability of obtaining regulatory approvals in individual countries
- // Long-term sales projections
- // Possible selling price erosion due to offerings of unpatented products following patent expirations
- // The behavior of competitors (launch of competing products, marketing initiatives, etc.)

If the assets acquired do not constitute a business, the individually identifiable assets acquired and liabilities assumed are recognized. The acquisition costs are allocated to the individual assets and liabilities at the acquisition date based on their fair values. Such a transaction or event does not result in goodwill. This also applies if the optional concentration test finds that the transaction in question does not constitute the acquisition of a business.

Divestment accounting

Divestments of shares in subsidiaries that result in a loss of control are generally accounted for in profit or loss. When shares in a subsidiary are gradually divested in several tranches, a reduction in the majority shareholding without the loss of control is reflected outside profit or loss and results in an increase in the equity attributable to noncontrolling interest. After the loss of control, the interest remaining at the time of the loss of control is recognized at fair value.

Impact of the macroeconomic situation

Assessing the impact of the numerous geopolitical and trade policy conflicts, recurring natural disasters and fluctuating energy and commodity prices on our current business performance remains subject to uncertainty.

We continuously assess the impacts of the current geopolitical situation, particularly with regard to the Russian invasion of Ukraine and potential changes in trade and economic policy by the US administration and other governments.

The Group's sales and earnings as well as its financial position and results of operations were only marginally impacted by the war in Ukraine and its direct consequences in 2025. Together, Russia and Ukraine accounted for about 3% of our sales in 2025. As in the previous year, we did not register any major increase in past-due receivables in Russia or Ukraine. Based on a risk analysis conducted at the level of individual customers, there were no significant write-downs of receivables.

As in the previous year, the stability of international payment transactions involving Russia was still subject to considerable uncertainties, and we are continually evaluating suitable risk mitigation measures. Despite increasing payment restrictions, we are still able to carry out all transactions.

We are continually analyzing the future direct and indirect effects of economic developments and sanctions on the valuation of individual assets and liabilities.

Energy procurement costs rose by around 4% (around €25 million) year on year in 2025. We will continue to monitor global-market and political developments, and also take such aspects into account when implementing our energy procurement strategies.

Inflation and the associated interest rates had an impact on the impairment testing of our intangible assets and property, plant and equipment (see Notes [14] and [15]), the measurement of pension provisions (see Note [22]) and other long-term obligations, as well as financial instruments (see Note [27]).

Beyond this, we did not see any material financial impact in 2025.

Impact of climate-related matters

Climate change can give rise to estimation uncertainties and risks with respect to accounting and the possible effects on Bayer's financial position and results of operations.

Due to their potential impact on our financial position and results of operations, climate-related risks are included in our Group-wide enterprise risk management (ERM) system. In addition, we are conducting continuous analysis of the impact of climate change on our business operations as well as relevant activities in upstream and downstream value chains. The dimensions of climate-change impact analyzed include both drivers of transition effects as well as drivers of immediate and long-term physical effects. Physical climate-related risks, which are generally more prevalent on a regional level, can arise as a result of shifts in general climate conditions, while transitional climate-related risks may result for companies from the transition toward a low-carbon economy, which is in most cases driven by regulatory requirements.

The climate models we have analyzed project that, over the long term, there will be an increase in extreme weather conditions (such as droughts, heavy rains and storms) in terms of frequency and intensity, as well as a shift in climate zones. Potential financial consequences resulting for our sites due to climate-related natural events are hedged through insurance coverage to the extent customary in the industry.

In 2025, climate-related matters did not necessitate any changes to the expected useful lives of Group assets, such as due to changing regulatory requirements or climate-related natural events. Likewise, physical or transitional climate-related risks did not lead to any significant material depreciation or amortization. We are committed to continuously developing our portfolio of assets by investing in sustainable technologies in order to reduce greenhouse gas emissions.

The shift in climate zones also presents an elevated risk of crop losses and thus risks for the agricultural value chain as a whole. Weather and climate effects are of particular significance for the Crop Science Division and its downstream value chain in crop cultivation. We are working to advance climate change adaptation while also aiming to counteract changing environmental conditions through innovations and new approaches in order to help strengthen climate resilience. The objective is to offer solutions that put our customers, particularly in agriculture, in a better position to overcome the anticipated challenges.

Transforming our product portfolio and leveraging new business models is therefore part of our Transition and Transformation Plan (see Management Report A 4.2.2 "Climate Change"). Our efforts to support climate change adaptation can be seen in our innovative plant breeding activities, for example. Our Preceon™ Smart Corn System, for instance, produces hybrid seed varieties that grow into short-stature corn crops that potentially do not bend or break as easily as standard-height corn in strong winds or heavy rain, thus minimizing crop losses. We completed the first market launch of our Preceon™ Smart Corn System in 2024. Our business planning takes account of research and development expenses for product innovations that can help adapt our business model to the impacts of climate change. Planned product launches are included in our product innovation pipeline (see Management Report A 1.3 "Focus on Innovation").

Our Transition and Transformation Plan also focuses on the continual reduction of greenhouse gas emissions at our company and across our entire value chain to help limit global warming to 1.5°C in accordance with the UN Sustainable Development Goals and the Paris Agreement. Through our Transition and Transformation Plan, we aim to reach net zero emissions (net zero target), including throughout our entire value chain¹, by 2050 or earlier. This means we are targeting a 90% reduction in overall greenhouse gas emissions in our own operations (Scope 1 and 2) and across our value chain (Scope 3) compared with the 2019 baseline.^{2, 3} We aim to offset the remaining 10% of greenhouse gas emissions through certificates involving long-term carbon capture.⁴

By 2030, Bayer is looking to become carbon-neutral at its own sites (Scope 1 and 2). By the end of 2029, we aim to reduce our greenhouse gas emissions in our own operations by 42% (in absolute terms) compared with the 2019 baseline. This includes direct (Scope 1) and indirect (Scope 2, market-based) emissions produced by Bayer sites with an annual energy consumption exceeding 1.5 terajoules and/or annual water withdrawal that is greater than or equal to 50 Tm³. We will offset all of the remaining greenhouse gas emissions from our own operational processes by 2030 by purchasing certificates from verified climate protection projects, primarily in forestry, forest restoration and agriculture.

¹ Total Scope 1, Scope 2 and Scope 3 greenhouse gas emissions. Comprises direct (Scope 1) and indirect (Scope 2, market-based) greenhouse gas emissions from Bayer sites with an annual energy consumption exceeding 1.5 terajoules and/or annual water withdrawal that is greater than or equal to 50 Tm³. Scope 3 includes all Scope 3 categories defined in the Greenhouse Gas (GHG) Protocol.

² When accounting for greenhouse gases, we distinguish between Scope 1 (direct emissions from our own sources), Scope 2 (indirect emissions from the procurement of energy) and Scope 3 (indirect emissions from the entire value chain).

³ Comprises direct (Scope 1) and indirect (Scope 2, market-based) greenhouse gas emissions from Bayer sites with an annual energy consumption exceeding 1.5 terajoules and/or annual water withdrawal that is greater than or equal to 50 Tm³. The target includes biogenic, land-related emissions and the degradation of greenhouse gases from bioenergy raw materials. With respect to our net zero target, all Scope 3 categories are taken into account when calculating the Scope 3 greenhouse gas emissions for the base year.

⁴ The neutralization of the remaining emissions is carried out in accordance with the standards of the Science Based Targets initiative (SBTi).

In 2020, we had set ourselves the target of achieving a 12.3% reduction (in absolute terms) in Scope 3 greenhouse gas emissions by 2029 compared with the 2019 baseline. The reduction pertained to the five categories of Scope 3 emissions that were relevant for us at the time: (3.1) purchased goods and services, (3.2) capital goods, (3.3) fuel- and energy-related activities, (3.4) upstream transportation and distribution, and (3.6) business travel. This target was validated by the Science Based Targets initiative (SBTi) in 2020. In 2024, we adjusted our target, which was once again validated by the SBTi, and now aim to reduce our Scope 3 greenhouse gas emissions by 25% by 2029 (compared with the 2019 baseline). This adjusted reduction target includes all Scope 3 categories.

An important lever for achieving our climate targets is the purchase of electricity from renewable sources. By 2029, we aim to ensure 100% of the electricity we procure is from renewable energy sources. We therefore conclude direct supply agreements for electricity from renewable energy sources or purchase corresponding renewable energy credits. Since 2023, we have had a long-term structured renewable energy credit (REC) purchase agreement in place in the United States under which up to 1.4 TWh of renewable energy will be generated annually, allowing us to acquire up to 1.4 million RECs each year. As the corresponding power generation facilities are not yet operational, no RECs were purchased in 2025 under the agreement. Looking ahead, the agreement is set to allow Bayer to secure 40% of its global and 60% of its US-purchased electricity demand out of renewable sources. The agreement is designed as a contract for difference between fixed prices and the market prices at the respective point in time. Full capacity is expected to be reached during 2028, subject to some uncertainties. The agreement is initially set to run for a further 20 years once full-capacity operations have been achieved (see Note [27] for more information).

In addition, we actively participate in the voluntary carbon market, where we both purchase carbon offsets from verified climate protection projects as well as provide our own carbon offsets. In 2025, we offset around 0.9 million metric tons of CO₂ equivalents (2024: 0.7 million metric tons) via external projects to achieve climate neutrality at our sites. Besides the voluntary carbon market, we also participate in mandatory emissions trading, like the EU Emissions Trading System (EU ETS). For further information on how carbon credits and offsets are accounted for, see Note [3].

In connection with the implementation of the Transition and Transformation Plan, the Crop Science Division's medium-term planning contains climate-related investments in buildings, facilities, processes and research and development, as well as investments to establish new business models. These investments are also taken into account in impairment testing. Since the risks and opportunities from the impact of climate change are balanced, there is currently no need to revise the long-term growth rate. Based on currently available information, there are no indications that additional impairment losses will be required over and above the impairment losses already recognized (see Note [14]).

We are continuing to monitor the risks from climate-related matters and to develop innovative and sustainable methods to minimize these risks. Taking the latest information and assumptions into account, we do not currently see any fundamental change in expectations with regard to the Group's financial position or results of operations.

4. Segment reporting

At Bayer, the Board of Management – as the chief operating decision maker – allocates resources to the operating segments and assesses their performance. The reportable segments and regions are identified, and the disclosures selected, in line with the internal financial reporting system (management approach) and based on the Group accounting policies outlined in Note [3].

As of December 31, 2025, the Bayer Group comprised the three reportable segments Crop Science, Pharmaceuticals and Consumer Health. Their activities are as follows:

B 4/1

Activities of the segments

Segment	Activities
Crop Science	Development, production and marketing of a broad portfolio of products in seeds and plant traits, crop protection, digital solutions and customer services to promote sustainable agriculture
Pharmaceuticals	Development, production and marketing of prescription products, especially for cardiology and women's health; specialty therapeutics in the areas of oncology, hematology, ophthalmology and – in the medium term – cell and gene therapy; diagnostic imaging equipment and the necessary contrast agents
Consumer Health	Development, production and marketing of mainly nonprescription (OTC = over-the-counter) products in the dermatology, nutritional supplements, digestive health, allergy, cough and cold, and pain and cardiovascular risk prevention categories

Information on other business activities and segments that are not reportable is provided under “All Other Segments.” The revenue sources here mainly comprise income from marketing rights and from catering services.

The information provided under “Enabling Functions and Consolidation” mainly relates to Group-wide competence centers and business support services as well as “Leaps by Bayer,” which focuses on the development of crucial, cross-species innovations. In the Management Report, “All Other Segments” and “Enabling Functions and Consolidation” are combined under the Reconciliation. It also includes the increase or decrease in expenses for Group-wide long-term stock-based compensation (Aspire) arising from fluctuations in the performance of Bayer stock and other factors, and the consolidation of intersegment sales (2025: €68 million; 2024: €91 million). Also recognized are gains and losses incurred upon the ongoing hyperinflation of nonmonetary assets and liabilities and of equity under IAS 29 for Bayer S.A. in Argentina and for Bayer Türk Kimya Sanayii Limited Sirketi, Monsanto Gıda Ve Tarım Ticaret Ltd Sirketi and Bayer Tohumculuk ve Tarım Limited Sirketi in Turkey. Included here in addition are income and expenses resulting from certain contingent liabilities unrelated to the current business along with those pertaining to the comparable central functions of the acquired Monsanto Group. Chief among the latter are the matters relating to lawsuits concerning polychlorinated biphenyls (PCBs) referred to in Note [30], “Legal risks”.

The segment data is calculated as follows:

- // The intersegment sales reflect intra-Group transactions effected at transfer prices fixed on an arm's-length basis.
- // The net cash provided by operating activities is the cash flow from operating activities as defined in IAS 7 (Statement of Cash Flows).
- // Leases between fully consolidated companies continue to be recognized as operating leases under IAS 17 within the segment data in the Consolidated Financial Statements of the Bayer Group even after the first-time application of IFRS 16 as of January 1, 2019. This does not have any relevant impact on the respective key data used in the steering of the company and internal reporting to the Board of Management as the chief operating decision maker.

The key data by segment is as follows:

B 4/2

Key data by segment

€ million	Crop Science		Pharmaceuticals		Consumer Health	
	2024	2025	2024	2025	2024	2025
Net sales (external)	22,259	21,622	18,131	17,829	5,870	5,802
Currency- and portfolio-adjusted change ¹	-2.0%	+1.1%	+3.3%	+1.7%	+1.9%	-0.1%
Intersegment sales	47	56	38	5	5	6
Net sales (total)	22,306	21,678	18,169	17,834	5,875	5,808
EBIT ¹	(2,756)	(2,532)	2,790	3,127	1,028	912
EBITDA before special items ¹	4,325	4,188	4,722	4,525	1,366	1,341
EBITDA margin before special items ¹	19.4%	19.4%	26.0%	25.4%	23.3%	23.1%
ROCE ¹	-5.9%	-6.5%	10.1%	12.0%	8.0%	7.1%
Net cash provided by operating activities	3,197	1,793	3,995	3,901	921	1,232
Capital expenditures (newly capitalized)	1,451	1,310	1,293	1,120	206	208
Depreciation, amortization and impairments	6,722	947	1,554	1,175	236	380
of which impairment losses	4,504	412	619	267	62	22
of which impairment loss reversals	248	2,040	0	25	202	18
Clean depreciation and amortization ¹	2,665	2,764	1,354	1,134	397	380
Cost of goods sold	14,088	11,949	4,848	4,485	2,080	2,038
Selling expenses	4,485	3,808	6,491	6,098	2,379	2,509
Research and development expenses ²	2,611	2,013	3,366	3,456	254	223

¹ For definition see A 2.3 "Alternative Performance Measures Used by the Bayer Group."

² After special items and depreciation/amortization/impairments

B 4/2 (continued)

Key data by segment

€ million	All Other Segments		Enabling Functions and Consolidation ³		Group	
	2024	2025	2024	2025	2024	2025
Net sales (external)	327	302	19	20	46,606	45,575
Currency- and portfolio-adjusted change ¹	+34.5%	-6.5%	-	-	+0.7%	+1.1%
Intersegment sales	1	1	(91)	(68)	-	-
Net sales (total)	328	303	(72)	(48)	46,606	45,575
EBIT ¹	(11)	196	(1,122)	(2,780)	(71)	(1,077)
EBITDA before special items ¹	62	277	(352)	(662)	10,123	9,669
EBITDA margin before special items ¹	-	-	-	-	21.7%	21.2%
ROCE ¹	-	-	-	-	-0.1%	-1.4%
Net cash provided by operating activities	-	-	-	-	7,368	5,930
Capital expenditures (newly capitalized)	71	243	237	267	3,258	3,148
Depreciation, amortization and impairments	73	81	198	202	8,783	2,785
of which impairment losses	1	1	2	2	5,188	705
of which impairment loss reversals	-	-	3	0	453	2,084
Clean depreciation and amortization ¹	73	81	198	202	4,687	4,561
Cost of goods sold	282	232	(28)	93	21,270	18,797
Selling expenses	25	24	(16)	110	13,364	12,549
Research and development expenses ²	5	1	(27)	76	6,209	5,769

¹ For definition see A 2.3 "Alternative Performance Measures Used by the Bayer Group."

² After special items and depreciation/amortization/impairments

³ The figures presented here are the unallocated components of the Enabling Functions.

Reconciliations

The reconciliation of EBITDA before special items, EBIT before special items and EBIT to Group income before income taxes is given in the following table:

	2024	2025
B 4/3		
Reconciliation of segments' EBITDA before special items to Group income before income taxes		
€ million		
EBITDA before special items of segments	10,475	10,331
EBITDA before special items of Enabling Functions and Consolidation	(352)	(662)
EBITDA before special items¹	10,123	9,669
Depreciation, amortization and impairment losses/loss reversals before special items of segments	(4,489)	(4,359)
Depreciation, amortization and impairment losses/loss reversals before special items of Enabling Functions and Consolidation	(198)	(202)
Depreciation, amortization and impairment losses/loss reversals before special items	(4,687)	(4,561)
EBIT before special items of segments	5,986	5,972
EBIT before special items of Enabling Functions and Consolidation	(550)	(864)
EBIT before special items¹	5,436	5,108
Special items of segments	(4,935)	(4,269)
Special items of Enabling Functions and Consolidation	(572)	(1,916)
Special items¹	(5,507)	(6,185)
EBIT of segments	1,051	1,703
EBIT of Enabling Functions and Consolidation	(1,122)	(2,780)
EBIT¹	(71)	(1,077)
Financial result	(2,263)	(2,052)
Income before income taxes	(2,334)	(3,129)

¹ For definition see A 2.3 "Alternative Performance Measures Used by the Bayer Group."

Information on geographical areas

The following table provides a regional breakdown of external sales by market and of intangible assets and property, plant and equipment:

	Net sales (external) by market		Intangible assets and property, plant and equipment	
€ million	2024	2025	2024	2025
B 4/4				
Information on geographical areas				
Europe/Middle East/Africa	13,980	13,501	23,726	22,219
of which Germany	2,410	2,584	15,138	11,395
of which Switzerland	575	485	4,428	4,641
North America	16,477	16,725	38,009	35,550
of which United States	14,796	15,098	37,115	34,744
Asia/Pacific	8,071	7,518	1,441	1,243
of which China	3,600	3,468	579	533
Latin America	8,078	7,831	2,408	2,321
of which Brazil	4,317	4,376	1,070	1,065
Total	46,606	45,575	65,584	61,332

Information on major customers

Revenues from transactions with a single customer in no case exceeded 10% of Bayer Group sales in 2025 or 2024.

Information on strategic business entities, products and categories

The following tables provide a breakdown of sales by strategic business entity in the Crop Science segment, by product in the Pharmaceuticals segment, and by category in the Consumer Health segment.

B 4/5

Sales by strategic business entity – Crop Science

€ million	2024	2025
Crop Science	22,259	21,622
Corn Seed & Traits	6,559	7,149
Herbicides ¹	5,493	5,279
of which glyphosate-based products ¹	2,672	2,552
Fungicides	3,157	2,888
Soybean Seed & Traits	2,475	2,214
Insecticides	1,640	1,369
Vegetable Seeds	772	788
Cotton Seed	585	442
Other	1,578	1,493

¹ Starting in 2025, we now report our Industrial Turf & Ornamental business outside the United States under Herbicides, glyphosate-based products (previously: Other). This resulted in an effect of approximately €20 million for full-year 2025. The prior-year figures are presented accordingly.

B 4/6

Sales by product – Pharmaceuticals

€ million	2024	2025
Pharmaceuticals	18,131	17,829
Eylea™	3,306	3,110
Nubeqa™	1,523	2,385
Xarelto™	3,480	2,344
Mirena™/Kyleena™/Jaydess™	1,267	1,366
Kerendia™	463	829
Adempas™	721	745
YAZ™/Yasmin™/Yasminelle™	658	700
Kovaltry™/Jivi™	687	613
CT Fluid Delivery	562	583
Ultravist™	490	561
Aspirin™ Cardio	634	516
Adalat™	489	503
Gadovist™ product family	428	415
Stivarga™	463	338
Glucobay™	166	177
Other	2,768	2,644

B 4/7

Sales by category – Consumer Health

€ million	2024	2025
Consumer Health	5,870	5,802
Nutritionals	1,375	1,457
Dermatology	1,438	1,424
Allergy & Cold	1,252	1,173
Digestive Health	938	937
Pain & Cardio	830	777
Other	37	34

5. Scope of consolidation; subsidiaries and affiliates

5.1 Changes in the scope of consolidation

Changes in the scope of consolidation in 2025 were as follows:

B 5.1/1			
Change in the number of consolidated companies			
Bayer AG and consolidated companies	Germany	Other countries	Total
January 1, 2025	39	252	291
Changes in scope of consolidation	–	(21)	(21)
Additions ¹	4	–	4
Retirements	–	(2)	(2)
December 31, 2025	43	229	272

¹ Acquisitions, newly established companies and acquisition of control

In conjunction with the acquisition of the consumer care business of Merck & Co., Inc., United States, Bayer entered into a strategic collaboration with that company in 2014. This collaboration is included in the Consolidated Financial Statements as a joint operation. Bayer and Merck & Co., Inc., have mutually agreed to collaborate on the development, production, life-cycle management and marketing of active ingredients and products in the field of soluble guanylate cyclase (sGC) modulation.

In addition, shares in 43 (2024: 43) associates and four (2024: four) joint ventures were accounted for in the Consolidated Financial Statements using the equity method. Details of these companies are given in Note [16].

A total of 44 (2024: 51) subsidiaries and nine (2024: nine) associates or joint ventures that in aggregate are immaterial to the Bayer Group's financial position and results of operations are neither consolidated nor accounted for using the equity method but are recognized at fair value. In 2025, there were zero structured entities among the immaterial subsidiaries (2024: one). The immaterial subsidiaries accounted for less than 0.2% of Group sales, less than 0.3% of equity and less than 0.2% of total assets.

Details of the companies included in the Consolidated Financial Statements, the subsidiary and affiliated companies of the Bayer Group pursuant to Section 313, Paragraph 2 of the German Commercial Code (HGB), and a list of domestic subsidiaries that availed themselves in 2025 of certain exemptions granted under Section 264, Paragraph 3, and Section 264b of the German Commercial Code (HGB), are included in the Consolidated Financial Statements that have been audited and sent for entry into the Company Registry. This information can also be accessed at www.bayer.com/shareownership2025.

5.2 Business combinations and other acquisitions

Acquisitions in 2025

On January 22, 2025, Bayer acquired the remaining 70% of shares in Natsana GmbH, Germany. Natsana has been fully consolidated since January 2025, and is assigned to the Consumer Health segment. Natsana is an online provider focused on the sale and development of natural supplements such as vitamins, minerals, nutrients and probiotics. The acquisition is aimed at strengthening and extending Bayer's position in the Nutritionals category, particularly in the online business. Its portfolio comprises over 100 products under its three main brands: Feel Natural, Nature Love and Natural Elements.

The 30% interest acquired in 2022 was previously accounted for as shares in an associate. The final purchase price paid for the 70% interest was around €209 million. The interest previously accounted for using the equity method was recognized with a fair value of €90 million applicable as of the acquisition date. Remeasurement of the shares accounted for using the equity method resulted in an amount of €0 million (after rounding) that was reflected in equity-method income/loss.

The acquired assets mainly pertain to trademarks (some €43 million) and goodwill (around €337 million). The goodwill mainly reflects Natsana's strong position in the online nutritional supplements business. Moreover, Bayer acquired additional assets with a value of approximately €58 million that mainly comprise inventories and deferred tax assets. In addition, financial liabilities of around €103 million were assumed in connection with the acquisition. It also assumed additional liabilities and provisions totaling around €36 million that mainly relate to trade accounts payable, miscellaneous provisions and future lease payments. The goodwill recognized is not tax-deductible. The purchase price allocation was completed in the fourth quarter of 2025. The acquired business has generated sales of more than €150 million and positive earnings for the Consumer Health segment since the date of first-time consolidation.

On December 17, 2025, Bayer completed the acquisition of a group of assets, essentially two novel diagnostic imaging tracers for systemic amyloidosis under development, from Attralus Inc., Delaware, United States. This strategic acquisition strengthens Bayer's position in molecular imaging and supports precision cardiology, with the aim of achieving improved clinical results through earlier and more accurate diagnosis. Bayer made an upfront payment of around €17 million. Until market launch, Bayer will also make potential near-term development milestone payments as well as possible additional commercial sales-based milestone payments and royalty payments. The acquisition does not fall within the scope of IFRS 3 but is presented as an investment in intangible assets in the area of research and development projects. The upfront payment was fully allocated to the Pharmaceuticals segment.

Acquisitions in 2024

On December 23, 2024, Bayer acquired 100% of the shares of Tavros Therapeutics Inc., United States, a precision oncology platform company. Through this acquisition, Bayer subsidiary Vividion Therapeutics Inc. is expanding its capabilities in terms of proprietary methods for computer-based genomic screening. Combining the Tavros platform with Vividion's chemoproteomics expertise will accelerate the development of previously elusive target proteins and small molecule drugs in the areas of oncology and immunology. The acquisition replaces a strategic collaboration forged in 2022 between Tavros and Vividion. Bayer paid an upfront consideration of around €19 million to acquire Tavros. Further amounts of up to around €29 million are payable upon the achievement of research and development milestones agreed in advance. A liability of €19 million, weighted according to the probability that the payments will have to be made, was recognized for this purpose.

The purchase price mainly comprises goodwill and intangible assets such as technology and platforms. The goodwill primarily reflects the anticipated innovation potential and expertise of the onboarded employees and amounts to €32 million based on the final purchase price allocation. Bayer also acquired additional assets with a value of approximately €8 million that mainly comprise patents, technologies and deferred tax assets, and assumed additional liabilities of around €1 million that primarily comprise future payments in connection with a lease. The goodwill recognized is not tax-deductible. The purchase price allocation was completed in the fourth quarter of 2025. Tavros is assigned to the Pharmaceuticals segment.

On November 1, 2024, Bayer acquired the canola business of HyTech Production Ltd., Canada. By acquiring the canola processing and packaging facility and the related equipment for a commercial canola line, as well as the expertise of onboarded employees, Bayer is expanding its market share in North America. Bayer paid an upfront consideration of around €14 million to acquire the canola business. The purchase price comprises buildings totaling some €6 million, plant equipment of around €4 million, goodwill of around €3 million and land of about €1 million. The goodwill largely reflects potential cost savings in the areas of external services and logistics, as well as the expertise of onboarded employees, and is fully tax deductible. The acquired assets are assigned to the Crop Science segment.

On May 2, 2024, Bayer acquired the remaining 25% of the shares of Bayer Zydus Pharma Private Limited, India, for a purchase price of about €31 million. Bayer Zydus Pharma is active in core segments of the Indian pharmaceutical market and focuses on women's health, diagnostic imaging, cardiovascular disease, diabetes treatment and oncology. The acquisition of the remaining shares was already contractually agreed when the joint venture was established in 2011. In 2018, Bayer increased its interest from 50% to 75% plus one share. Bayer Zydus Pharma has since been fully consolidated, and a liability of €9 million relating to the obligation concerning the remaining shares was recognized and adjusted on a quarterly basis. Corresponding changes in fair value were recognized in profit or loss. Bayer Zydus Pharma is assigned to the Pharmaceuticals segment.

5.3 Discontinued operations, assets and liabilities held for sale, and divestments

Discontinued operations

There were no discontinued operations to report in 2025 or 2024.

Assets and liabilities held for sale

The assets held for sale, net of directly related liabilities, totaled around €23 million as of December 31, 2025 (December 31, 2024: €22 million). As in 2024, they mainly concerned the planned sale of land and property in the United States for around €18 million, which is assigned to the Pharmaceuticals segment.

Divestments in 2025

On June 16, 2025, Bayer sold its global Testoviron™ business, with Mexico as the primary market. On December 10, 2025, Bayer sold the product rights to Progynova™ and Cyclo-Progynova™ in the Europe/Middle East/Africa region. In addition, the company sold its global Ilomedin™/Ilomedine™ business on December 11, 2025. These transactions achieved sales prices totaling around €146 million, which is assigned to the Pharmaceuticals segment.

Divestments in 2024

On December 2, 2024, the Pharmaceuticals segment sold its Progynova™ and Cyclo-Progynova™ business in Asia, with India as the primary market (excluding China). The base purchase price was around €69 million.

In 2024, the Crop Science segment transferred three active substances from its Herbicides and Fungicides businesses to two Indian buyers. On December 19, 2024, the business with the active substance iprovalicarb, for which India is the primary market, and triadimenol in Brazil was sold. On December 23, 2024, furthermore, the active substance ethoxysulfuron, which is primarily marketed in India, was sold. Bayer received a total base purchase price of approximately €72 million.

Notes to the Income Statements

6. Sales

Total reported net sales in 2025 fell by €1,031 million, or 2.2%, year on year to €45,575 million. Sales were derived primarily from product deliveries (€40,934 million; 2024: €42,267 million) and licenses (€3,820 million; 2024: €3,446 million). License revenues amounted to €3,013 million (2024: €2,676 million) for Crop Science, €805 million (2024: €768 million) for Pharmaceuticals and €2 million (2024: €2 million) for Consumer Health. Breakdowns of net sales by segment and geographical area are given in the overview in Note [4].

Sales of €2,352 million were recognized in 2025 (2024: €1,839 million) from performance obligations already satisfied in previous years. These sales primarily resulted from right-to-use licenses granted against sales-based royalties and from adjustments to refund liabilities for expected product returns and rebates to be granted.

Contractually agreed sales volumes pertaining to performance obligations not yet satisfied as of December 31, 2025, are expected to be reclassified to profit or loss as follows, taking into account anticipated sales deductions:

B 6/1		
Allocation of transaction price to unfulfilled performance obligations		
€ million	2024	2025
Transaction price outstanding as of Dec. 31	453	340
of which to be recognized within 1 year	147	152
of which to be recognized between 1 and 2 years	139	141
of which to be recognized between 2 and 3 years	134	40
of which to be recognized between 3 and 4 years	33	7
of which to be recognized between 4 and 5 years	–	–

The description above only accounts for customer contracts with an original contractual term of more than one year.

Contract liabilities mainly result from advance payments by customers for product deliveries and are predominantly recognized as sales within one year. Further significant amounts of contract liabilities comprised milestone payments already received for right-to-access licenses. The contract liabilities under right-to-access licenses will be recognized as sales over a period of several years.

The change in contract liabilities was due to the following factors:

	B 6/2	
€ million	2024	2025
Roll-forward of contract liabilities		
Contract liability balance as of Jan. 1	4,292	3,955
Changes due to business combinations	–	2
Additions	10,149	9,283
Revenue recognized in the current year that was included in the contract liability balance as of Jan. 1	(3,809)	(3,290)
Revenue recognized in the current year that was not included in the contract liability balance as of Jan. 1	(6,760)	(5,649)
Other	(28)	(27)
Exchange differences	111	(372)
Contract liability balance as of Dec. 31	3,955	3,902

Amounts for rebates, which are reported separately as refund liabilities, amounted to 11.2% of total net sales in 2025 (2024: 11.1%).

The refund liabilities for product returns amounted to 1.2% of total net sales in 2025 (2024: 1.6%).

7. Other operating income

Other operating income was comprised as follows:

	B 7/1	
€ million	2024	2025
Other operating income		
Gains on retirements of noncurrent assets	250	504
Income from reversal of impairment losses on receivables	97	113
Income from reversal of unutilized provisions	30	10
Gains from derivatives	288	306
Sales revenues from products acquired through barter transactions	269	266
Miscellaneous operating income	845	603
Total	1,779	1,802

Gains on retirements of noncurrent assets related, in part, to the sale of our global Testoviron™ business and the product rights to Progynova™ and Cyclo-Progynova™ in the Europe/Middle East/Africa region for a total amount of €120 million. In addition, the sale of an office building at the site in Mexico resulted in a gain of €66 million. The prior-year figure contained gains related to the sale of Progynova™ and Cyclo-Progynova™ product rights in Asia in the amount of €69 million.

Miscellaneous operating income in 2025 included changes in the fair value of a liability for contingent consideration in the Pharmaceuticals segment in the amount of €125 million. Miscellaneous operating income also included insurance compensation of €119 million in connection with our PCB, glyphosate and dicamba litigations. The remaining amount comprised a number of individually immaterial items at the subsidiaries.

8. Other operating expenses

Other operating expenses were comprised as follows:

B 8/1		
Other operating expenses		
€ million	2024	2025
Losses on retirements of noncurrent assets	(43)	(35)
Impairment losses on receivables	(164)	(295)
Expenses for significant litigations	(282)	(7,584)
Losses from derivatives	(280)	(230)
Cost of goods sold for products acquired through barter transactions	(270)	(261)
Impairment losses on goodwill	(3,263)	–
Miscellaneous operating expenses	(737)	(774)
Total	(5,039)	(9,179)

Expenses for significant litigations amounted to €7,584 million and were mainly attributable to expenses for litigations surrounding glyphosate and polychlorinated biphenyls (PCBs). The prior-year figure of €282 million was primarily attributable to expenses for litigations surrounding PCBs. These expenses were reported as special items in segment reporting.

Miscellaneous operating expenses included legal costs of €212 million that were unrelated to the aforementioned significant litigations and are not reported as special items in segment reporting. Miscellaneous operating expenses also included changes in the fair value of a liability for contingent consideration in the Pharmaceuticals segment in the amount of €96 million. Donations to charitable activities totaled €62 million. The remaining amount comprised a number of individually immaterial items at the subsidiaries.

For information on the legal risks and the provisions established for this purpose, see Notes [30] and [23].

Miscellaneous operating expenses also included an expense of €89 million (2024: income of €79 million) as a result of the ongoing hyperinflation of nonmonetary assets and liabilities as well as equity in Argentina and Turkey.

9. Personnel expenses and employee numbers

Personnel expenses decreased by €726 million in 2025 to €11,725 million (2024: €12,451 million). The significant cost savings from the headcount reduction as well as lower expenses for our restructuring programs more than offset higher expenses for our Group-wide incentive programs.

B 9/1		
Personnel expenses		
€ million	2024	2025
Salaries	10,153	9,548
Social expenses and expenses for pensions and other benefits	2,298	2,177
of which for defined contribution pension plans	574	527
of which for defined benefit and other pension plans	228	203
Total	12,451	11,725

The interest portion of the allocation to personnel-related provisions – mainly for pensions and other post-employment benefits – is included in the financial result under other financial expenses (Note [10.3]).

The average number of employees in the various functional areas was as follows:

B 9/2		
Average numbers of employees		
	2024	2025
Production	40,898	37,339
Marketing and distribution	30,526	29,008
Research and development	16,459	15,659
General administration	8,301	7,748
Total	96,184	89,754
Apprentices	1,179	1,105

The number of employees on either permanent or temporary contracts is stated in full-time equivalents (FTEs), with part-time employees included on a prorated basis in line with their contractual working hours. The total number of employees on the closing date was 88,078 (2024: 92,815).

10. Financial result

The financial result for 2025 was minus €2,052 million (2024: minus €2,263 million), comprising an equity-method loss of €44 million (2024: €132 million), financial expenses of €2,515 million (2024: €2,676 million) and financial income of €507 million (2024: €545 million). Details of the components of the financial result are provided in the following sections.

10.1 Income (loss) from investments in affiliated companies

The net income (loss) from investments in affiliated companies was comprised as follows:

B 10.1/1		
Income (loss) from investments in affiliated companies		
€ million	2024	2025
Net income (loss) from investments accounted for using the equity method (equity-method income/loss)	(132)	(44)
Expenses		
Losses from changes in fair values of investments in affiliated companies	(27)	(2)
Miscellaneous expenses from investments in affiliated companies	(4)	-
Income		
Miscellaneous income from investments in affiliated companies	-	20
Total	(163)	(26)

Income from investments accounted for using the equity method included expenses of €53 million (2024: €131 million) from “Leaps by Bayer” investments. This included a gain of €93 million from the sale of our interest in Capstan Therapeutics, Inc., United States. Further details of the companies accounted for using the equity method are given in Note [16].

Miscellaneous income from investments in affiliated companies primarily contained income of €18 million from a “Leaps by Bayer” investment in Corxel Pharmaceuticals Limited, China.

10.2 Net interest expense

The net interest expense was comprised as follows:

B 10.2/1		
Net interest expense		
€ million	2024	2025
Interest and similar expenses	(1,946)	(1,929)
of which interest expense relating to nonfinancial liabilities	(71)	(286)
Interest and similar income	521	471
of which interest income relating to nonfinancial assets	74	179
Total	(1,425)	(1,458)

10.3 Other financial income and expenses

Other financial income and expenses were comprised as follows:

B 10.3/1		
Other financial income and expenses		
€ million	2024	2025
Expenses		
Interest portion of discounted provisions ¹	(412)	(336)
Exchange gain (loss)	(203)	(169)
Miscellaneous financial expenses	(84)	(79)
Income		
Miscellaneous financial income	24	16
Total	(675)	(568)

¹ Also including effects from the remeasurement of corresponding overfunding

The interest portion of discounted provisions comprised €71 million (2024: €116 million) in net interest expense for pension and other post-employment benefit provisions. The interest expense for pension and other post-employment benefit provisions included €769 million (2024: €789 million) in interest expense from the unwinding of the discount on the present value of the defined benefit obligation, and €698 million (2024: €673 million) in interest income from plan assets. There were also effects from the unwinding of the discount for other provisions and from fluctuations of the discount rate for personnel-related provisions of minus €317 million (2024: minus €326 million), of which minus €266 million (2024: minus €266 million) was due to the unwinding of the discount for provisions for litigations. The remeasurement of net assets from other long-term employee benefits resulted in income of €52 million (2024: €30 million).

The miscellaneous financial expenses included €31 million (2024: €18 million) in negative changes in the fair value of financial investments in debt instruments, as well as expenses of €6 million (2024: €42 million) as a result of ongoing hyperinflation, mainly in Argentina.

The miscellaneous financial income included €11 million (2024: €15 million) arising from positive changes in the fair value of financial investments in debt instruments.

11. Taxes

The breakdown of tax expenses by origin was as follows:

B 11/1				
Tax expense by origin				
€ million	2024		2025	
		Of which income taxes		Of which income taxes
Taxes paid or accrued				
Current income taxes				
Germany	(58)	(58)	53	53
Other countries	(887)	(887)	(1,048)	(1,048)
Other taxes				
Germany	(38)		(44)	
Other countries	(165)		(163)	
	(1,148)	(945)	(1,202)	(995)
Deferred taxes				
from temporary differences	753	753	437	437
from tax loss and interest carryforwards and tax credits	(20)	(20)	92	92
	733	733	529	529
Total	(415)	(212)	(673)	(466)

Other taxes mainly included land, vehicle and other indirect taxes and are included in the respective operating expense items.

The deferred tax assets and liabilities were allocable to the following items in the statements of financial position:

B 11/2				
Deferred tax assets and liabilities				
€ million	Dec. 31, 2024		Dec. 31, 2025	
	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
Intangible assets ¹	417	4,119	287	3,232
Research and development expenses ¹	2,654	–	2,483	–
Property, plant and equipment ¹	198	755	133	727
Financial assets	306	415	179	226
Inventories	2,965	1,443	3,302	1,477
Receivables	257	455	417	247
Other assets	3	37	2	1
Provisions for pensions and other post-employment benefits	1,109	560	551	570
Other provisions	2,548	124	1,883	142
Liabilities	1,775	336	1,203	212
Tax loss and interest carryforwards	912	–	1,320	–
Tax credits	399	–	50	–
	13,543	8,244	11,810	6,834
Set-off ¹	(7,379)	(7,379)	(6,065)	(6,065)
Total	6,164	865	5,745	769

¹ To improve the presentation and comparability of information, we have presented deferred taxes related to research and development expenses that are capitalized purely for tax reasons in a separate line item and reclassified from the prior-year figures an amount of €935 million from intangible assets and of €1,719 million from property, plant and equipment.

The net asset surplus arising from deferred tax receivables and liabilities decreased year on year by €323 million. Of this amount, €529 million was recognized as deferred tax income in the income statement and €852 million as a reduction in other comprehensive income. The change in other comprehensive income mainly related to the remeasurement of the net defined benefit liability for post-employment benefit plans as well as currency effects.

The use of tax loss carryforwards reduced current income taxes in 2025 by €69 million (2024: €36 million). The use of tax credits reduced current income taxes by €28 million (2024: €219 million).

Of the total tax loss and interest carryforwards of €21,529 million, including interest carryforwards of €2,963 million (2024: €21,043 million, including interest carryforwards of €3,203 million), an amount of €7,146 million, including interest carryforwards of €1,617 million (2024: €5,077 million, including interest carryforwards of €56 million) is expected to be usable within a reasonable period.

Deferred tax assets of €1,320 million (2024: €912 million) were recognized for the amount of tax loss and interest carryforwards expected to be usable. The use of €14,383 million of tax loss and interest carryforwards, including interest carryforwards of €1,346 million (2024: €15,966 million, including interest carryforwards of €3,147 million) was subject to legal or economic restrictions. Consequently, no deferred tax assets were recognized for this amount. The decrease in unusable interest carryforwards mainly resulted from the tax reform in the United States. If these tax loss and interest carryforwards had been fully usable, deferred tax assets of €1,579 million (2024: €1,928 million) would additionally have been recognized.

Tax credits of €51 million (2024: €399 million) were recognized as deferred tax assets in 2025. The use of €1,614 million (2024: €1,098 million) of tax credits was subject to legal or economic restrictions. Consequently, no deferred tax assets were recognized for this amount.

B 11/3

Expiration of unusable tax credits and of tax loss and interest carryforwards

€ million	Tax credits		Tax loss and interest carryforwards	
	Dec. 31, 2024	Dec. 31, 2025	Dec. 31, 2024	Dec. 31, 2025
Within one year	–	–	10	4
Within two years to five years	158	–	125	47
Thereafter	940	1,614	15,831	14,332
Total	1,098	1,614	15,966	14,383

The use of €8,307 million (2024: €0 million) of deductible temporary differences was subject to legal or economic restrictions. The increase is mainly due to a remeasurement of the deductible temporary differences in connection with the settlement agreements in the United States.

In 2025, subsidiaries that reported losses for 2025 or 2024 recognized net deferred tax assets totaling €2,931 million (2024: €1,528 million) from temporary differences, tax credits, and tax loss and interest carryforwards. These assets were considered to be unimpaired because the companies concerned are expected to generate taxable income in the future or sufficient deferred tax income.

Deferred tax liabilities of €34 million were recognized in 2025 (2024: €25 million) for planned dividend payments by subsidiaries. Deferred tax liabilities were not recognized for differences on €22,821 million (2024: €30,808 million) of retained earnings of subsidiaries because these earnings are to be reinvested for an indefinite period.

The reconciliation of expected to actual income tax income or expense (2025: minus €1,362 million; 2024: minus €817 million) and of the expected to the effective tax rate for the Group was as follows:

	2024		2025	
	€ million	%	€ million	%
Expected income tax (income) and expense¹ and expected tax rate	(605)	25.9	(896)	28.7
Tax reduction from tax-free income	(53)	2.3	(68)	2.2
Tax reductions from recognition of previously unrecognized deferred tax assets on temporary differences, tax loss and interest carryforwards, and from utilization of carryforwards without previously recognized deferred tax assets	(37)	1.6	(133)	4.2
Increase in taxes due to non-tax-deductible expenses	401	(17.2)	391	(12.5)
Tax expense for expected unrecoverable temporary differences, tax loss and interest carryforwards	321	(13.8)	1,695	(54.2)
Tax (income) and expenses relating to other periods	(96)	4.1	158	(5.1)
Tax effects of changes in tax rates	(62)	2.7	(47)	1.5
Other tax effects	343	(14.7)	(634)	20.3
Actual income tax (income) and expense and effective tax rate	212	(9.1)	466	(14.9)

¹ Expected income tax (income) and expense is calculated by applying an expected weighted average tax rate to the pre-tax income of the Group. This average rate was determined on the basis of expected tax rates for the individual Group companies.

The increase in expected tax income year on year was largely due to the lower pre-tax income.

The increase in taxes due to non-tax-deductible expenses amounted to €391 million and was mainly the result of non-tax-deductible interest expenses, trade-tax additions and non-tax-deductible expenses in Germany.

Tax expense for expected unusable temporary differences, tax loss and interest carryforwards of €1,695 million primarily pertained to the United States.

The €634 million in tax benefits from other tax effects primarily comprised tax benefits from tax credits, income from adjustments to provisions for tax risks, and effects from tax rate differences.

The Bayer Group falls within the scope of the global minimum taxation rules ("Pillar Two"), according to which the Bayer Group must pay a top-up tax for each jurisdiction in which the effective tax rate is below 15%. The top-up tax calculated for the Bayer Group for 2025 amounts to €5 million.

12. Income/losses attributable to noncontrolling interest

Income attributable to noncontrolling interest amounted to €25 million (2024: €6 million). Losses attributable to noncontrolling interest amounted to €0 million (2024: €0 million). The income and losses primarily pertained to Bayer CropScience Limited, India (income of €20 million, 2024: income of €2 million), Rede Agro Fidelidade e Intermediacao S.A., Brazil (income of €4 million, 2024: income of €3 million), and Bayer LLC Saudia Arabia, Saudi Arabia (income of €1 million, 2024: income of €1 million).

13. Earnings per share

Earnings per share are determined according to IAS 33 (Earnings Per Share) by dividing the net income for the period attributable to Bayer AG stockholders by the weighted average number of outstanding shares. As no dilutive financial instruments were in circulation at the end of the 2024 and 2025 reporting periods, diluted earnings per share were equivalent to basic earnings per share.

B 13/1

Earnings per share

	€ million		Earnings per share (€)	
	2024	2025	2024	2025
Income after income taxes (attributable to Bayer AG stockholders)	(2,552)	(3,620)	(2.60)	(3.68)
of which income after income taxes from continuing operations (attributable to Bayer AG stockholders)	(2,552)	(3,620)	(2.60)	(3.68)
Weighted average number of outstanding shares (million)	982.42	982.42	-	-

Notes to the Statements of Financial Position

14. Goodwill and other intangible assets

Changes in intangible assets in 2025 were as follows:

B 14/1

Changes in intangible assets

€ million	Acquired goodwill	Patents and technologies	Trade-marks	Marketing and distribution rights	Production rights	R&D projects	Other rights and advance payments	Total
Cost of acquisition or generation, December 31, 2024	45,033	34,730	13,898	3,880	1,666	4,920	4,739	108,866
Acquisitions	334	7	43	–	–	–	–	384
Capital expenditures	–	240	–	384	–	178	398	1,200
Retirements	–	(92)	(166)	(16)	(863)	(51)	(284)	(1,472)
Transfers	–	847	3	312	11	(1,153)	4	24
Transfers (IFRS 5)	–	–	–	–	–	–	–	–
Divestments/changes in scope of consolidation	(2)	–	–	–	–	–	(45)	(47)
Inflation adjustment (IAS 29)	16	3	–	1	–	–	5	25
Exchange differences	(3,714)	(2,668)	(961)	(173)	(7)	(348)	(255)	(8,126)
December 31, 2025	41,667	33,067	12,817	4,388	807	3,546	4,562	100,854
Accumulated amortization and impairment, December 31, 2024	15,017	25,084	8,017	2,648	1,646	1,237	3,089	56,738
Retirements	–	(70)	(163)	(16)	(863)	(48)	(276)	(1,436)
Amortization and impairment losses	–	1,635	401	251	1	209	458	2,955
Amortization	–	1,501	363	180	1	–	410	2,455
Impairment losses	–	134	38	71	–	209	48	500
Impairment loss reversals	–	(1,495)	(297)	(52)	–	(215)	(21)	(2,080)
Transfers	–	101	2	(14)	11	(102)	3	1
Transfers (IFRS 5)	–	–	–	–	–	–	–	–
Divestments/changes in scope of consolidation	–	–	–	–	–	–	(45)	(45)
Inflation adjustment (IAS 29)	2	3	–	1	–	–	5	11
Exchange differences	(1,413)	(1,692)	(500)	(133)	(4)	(66)	(165)	(3,973)
December 31, 2025	13,606	23,566	7,460	2,685	791	1,015	3,048	52,171
Carrying amounts, December 31, 2025	28,061	9,501	5,357	1,703	16	2,531	1,514	48,683
Carrying amounts, December 31, 2024	30,016	9,646	5,881	1,232	20	3,683	1,650	52,128

The amortization of intangible assets is allocated to the individual functional costs on the basis of the economic substance of the underlying asset. The amortization of trademarks and of marketing and distribution rights is generally reflected in selling expenses, and the amortization of production rights in the cost of goods sold. The amortization of patents and technologies is mainly included in the cost of goods sold or in research and development expenses. Acquired goodwill, research and development projects, and advance payments made are not subject to amortization.

Impairment testing was conducted in the Crop Science segment in the second quarter of 2025 due to the presentation of a comprehensive update on the business strategy (Five-Year Framework). In conjunction with this strategy update and the related analyses, long-term modeling assumptions for impairment testing in accordance with IAS 36 were reviewed and the estimate updated accordingly. This resulted in an impairment loss reversal for the cash-generating unit Corn Seed & Traits of €647 million (comprising €97 million on research and development projects, €423 million on patents and technologies, €108 million on trademarks and €19 million on marketing and distribution rights). The impairment loss reversal was mainly attributable to the favorable development of our product pipeline in the area of traits.

In the course of our Crop Science strategy review, we also examined the resource allocation between the segment's individual business units. This analysis enabled a modified allocation of costs to the cash-generating units as part of impairment testing. This resulted in an impairment loss reversal for the cash-generating unit Cotton Seed of €389 million (comprising €13 million on research and development projects, €316 million on patents and technologies, €54 million on trademarks and €6 million on marketing and distribution rights), as well as an impairment loss for the cash-generating unit Vegetable Seeds of €196 million (comprising €43 million on research and development projects, €126 million on patents and technologies, €20 million on trademarks and €7 million on marketing and distribution rights). Around €40 million of this impairment loss was due to a rise in the cost of capital.

The impairment loss reversals and impairment losses on the cash-generating units' assets were allocated to the cost of goods sold, selling expenses, and research and development expenses. The impairment loss reversals and impairment losses reflected the difference between the respective carrying amounts and their fair value less costs of disposal.

Our regular annual impairment testing in the fourth quarter of 2025 resulted in the recognition of impairment loss reversals of €998 million on intangible assets in the Crop Science segment.

These impairment loss reversals were attributable to the cash-generating units Soybean Seed & Traits (€838 million, comprising €620 million on patents and technologies, €98 million on research and development projects, €95 million on trademarks and €25 million on marketing and distribution rights), and Cotton Seed (€160 million, comprising €134 million on patents and technologies, €6 million on research and development projects, €19 million on trademarks and €1 million on marketing and distribution rights). The impairment loss reversals were mainly attributable to improved business prospects in both cash-generating units.

The impairment loss reversals on the assets of the cash-generating units were recognized in the cost of goods sold, selling expenses, and research and development expenses. The impairment loss reversals reflected the difference between the respective carrying amounts and their fair value less costs of disposal.

The table below indicates the capital cost factors used in the impairment testing on the cash-generating units of the Crop Science segment in the fourth quarter of 2024, and the second and fourth quarters of 2025.

B 14/2

Impairment testing parameters

%	After-tax cost of capital		
	Q4 2024	Q2 2025	Q4 2025
Corn Seed & Traits	9.7	9.9	8.8
Soybean Seed & Traits	9.3	9.5	9.0
Glyphosate	10.4	10.4	8.7
Dicamba	7.7	7.7	7.2
Cotton Seed	7.8	8.1	7.7
Canola	8.0	7.9	7.6
Vegetable Seeds	9.2	9.8	9.0

In the Pharmaceuticals segment, regular annual impairment testing in the fourth quarter resulted in impairment losses of €62 million on marketing and distribution rights as well as impairment loss reversals on other rights in the amount of €21 million, largely due to revised sales expectations. The impairment losses and impairment loss reversals reflected the difference between the respective carrying amounts and their fair value less costs of disposal and were recognized in selling expenses.

In addition, impairment losses of around €136 million (2024: €93 million) were recognized in 2025 due to the ongoing evaluation of individual research and development projects during the year. The impairment losses were allocated to research and development expenses.

In the Consumer Health segment, regular annual impairment testing resulted in impairment loss reversals of €18 million on the trademark Triderm™ in the Dermatology category. In addition, there were impairment losses in the same amount for the trademark Aerius™ in the Allergy & Cold category. The impairment losses and impairment loss reversals were largely attributable to revised sales expectations. The impairment losses and impairment loss reversals were recognized in selling expenses and reflected the difference between the respective carrying amounts and their fair value less costs of disposal.

Changes in intangible assets in 2024 were as follows:

B 14/3

Changes in intangible assets (previous year)								
€ million	Acquired goodwill	Patents and technologies	Trade-marks	Marketing and distribution rights	Production rights	R&D projects	Other rights and advance payments	Total
Cost of acquisition or generation, December 31, 2023	43,456	32,935	13,408	3,761	1,668	4,917	4,577	104,722
Acquisitions	41	–	–	–	–	–	–	41
Capital expenditures	–	85	5	100	–	484	488	1,162
Retirements	–	(63)	(2)	(51)	(5)	(256)	(425)	(802)
Transfers	–	450	–	6	–	(447)	(9)	–
Transfers (IFRS 5)	–	–	–	–	–	–	–	–
Divestments/changes in scope of consolidation	–	–	–	–	–	–	–	–
Inflation adjustment (IAS 29)	28	7	–	2	–	–	9	46
Exchange differences	1,508	1,316	487	62	3	222	99	3,697
December 31, 2024	45,033	34,730	13,898	3,880	1,666	4,920	4,739	108,866
Accumulated amortization and impairment, December 31, 2023	11,157	22,239	7,465	2,401	1,648	1,376	2,774	49,060
Retirements	–	(47)	(2)	(49)	(5)	(256)	(418)	(777)
Amortization and impairment losses	3,267	2,176	546	251	1	178	667	7,086
Amortization	–	1,501	386	146	1	–	420	2,454
Impairment losses	3,267	675	160	105	–	178	247	4,632
Impairment loss reversals	–	(157)	(243)	(7)	–	(42)	–	(449)
Transfers	–	64	–	–	–	(64)	–	–
Transfers (IFRS 5)	–	–	–	–	–	–	–	–
Divestments/changes in scope of consolidation	–	–	–	–	–	–	–	–
Inflation adjustment (IAS 29)	5	7	–	2	–	–	10	24
Exchange differences	588	802	251	50	2	45	56	1,794
December 31, 2024	15,017	25,084	8,017	2,648	1,646	1,237	3,089	56,738
Carrying amounts, December 31, 2024	30,016	9,646	5,881	1,232	20	3,683	1,650	52,128
Carrying amounts, December 31, 2023	32,299	10,696	5,943	1,360	20	3,541	1,803	55,662

The long-term growth rates and cost of capital factors used in the regular impairment testing of goodwill in the fourth quarters of 2024 and 2025 are shown in the following table. A long-term growth rate of 2% and an after-tax cost of capital of 9.7% were applied in the testing of goodwill for impairment in the Crop Science segment in the second quarter of 2025.

B 14/4

Impairment testing parameters

%	Growth rate		After-tax cost of capital	
	Q4 2024	Q4 2025	Q4 2024	Q4 2025
Crop Science	2.0	2.0	9.4	8.8
Pharmaceuticals	0.0	0.0	7.1	7.2
Consumer Health	1.0	1.0	7.6	6.9

Testing goodwill for impairment involves calculating the fair value less costs to sell. Impairment losses totaling €3,267 million were recognized on goodwill in the Crop Science segment in 2024.

A sensitivity analysis undertaken for the impairment testing of goodwill at year-end was based on a 10% reduction in future cash flows, a 10% increase in the weighted average cost of capital or a one-percentage-point reduction in the long-term growth rate. As in the prior year, the sensitivity analysis showed that no impairment loss would need to be recognized for the Pharmaceuticals and Consumer Health segments in the event of a 10% reduction in future cash flows, a 10% increase in the weighted average cost of capital, or a one-percentage-point reduction in the long-term growth rate. In the Crop Science segment, a 10% reduction in future cash flows, a 10% increase in the weighted average cost of capital, or a one-percentage-point reduction in the long-term growth rate would also not necessitate the recognition of an impairment loss. In 2024, a 10% reduction in future cash flows here would have led to a reduction in the fair value less costs of disposal of approximately €3.5 billion, a 10% increase in the weighted average cost of capital would have led to a corresponding reduction of approximately €3.9 billion, and a one-percentage-point reduction in the long-term growth rate would have led to a change in value of approximately €2.5 billion, each of which would have led to an additional impairment loss on goodwill. As a reasonably possible change in key assumptions would not currently necessitate the recognition of an impairment loss on goodwill, no additional disclosures are provided in accordance with IAS 36.134(f)(ii).

The following table shows the sensitivities of the cash-generating units of the Crop Science segment in relation to a 10% increase in the weighted average cost of capital, a 10% reduction in future cash flows, a 1% reduction in sales and a 1% increase in costs:

B 14/5

Sensitivities of the cash-generating units

€ million	WACC +10%	Cash flows -10%	Sales ¹ -1%	Costs +1%
Soybean Seed & Traits	(140)	(269)	(72)	(90)
Cotton Seed	(24)	(80)	(15)	(12)
Canola	(20)	(48)	(10)	(12)
Vegetable Seeds	(57)	(124)	(26)	(30)

¹ Adjusted for corresponding costs of goods sold and selected selling expenses

Since the cash-generating unit Corn Seed & Traits includes a significant amount of intangible assets with an indefinite useful life, the above-mentioned sensitivities would not necessitate the recognition of any impairment losses. As a reasonably possible change in key assumptions would not currently necessitate the recognition of an impairment on goodwill, no additional disclosures are provided in accordance with IAS 36.134(f)(ii).

The levels at which impairment testing is performed are explained in Note [3]. Goodwill and unamortized intangible assets that are of material significance for the Bayer Group are allocated to the following segments:

B 14/6

Intangible assets with an indefinite useful life

Reporting segment	Goodwill (€ million)		Material intangible assets with an indefinite useful life (€ million)	
	2024	2025	2024	2025
Crop Science	13,767	12,412	2,313	1,865
Pharmaceuticals	11,909	11,255	1,367	664
Consumer Health	4,340	4,394	3	2

The main unamortized intangible assets comprise research and development projects not yet available for use. In the case of research and development projects, the point in time from which a capitalized asset can be expected to generate an economic benefit for the company cannot be determined. Such assets are therefore classified as having an indefinite useful life and are subjected to annual impairment testing. In addition, there were other rights and advance payments made for intangible assets totaling €548 million (2024: €529 million) that were also not subject to amortization.

Another unamortized intangible asset is the Bayer Cross, which was reacquired for the North America region in 1994, having been awarded to the United States and Canada under the reparations agreements at the end of the First World War. The period for which the Bayer Group will derive an economic benefit from this name cannot be determined as the company intends to make continuous use of it. The Bayer Cross is capitalized at €108 million (2024: €108 million).

15. Property, plant and equipment

Changes in property, plant and equipment in 2025 were as follows:

B 15/1					
Changes in property, plant and equipment					
€ million	Land and buildings	Plant installations and machinery	Furniture, fixtures and other equipment	Construction in progress and advance payments	Total
Cost of acquisition or construction, December 31, 2024	11,574	13,756	2,881	3,011	31,222
Acquisitions	3	–	1	–	4
Capital expenditures	345	359	285	959	1,948
Retirements	(323)	(881)	(242)	(56)	(1,502)
Transfers	351	696	125	(1,180)	(8)
Transfers (IFRS 5)	(30)	(34)	(6)	–	(70)
Divestments/changes in the scope of consolidation	–	2	(1)	(1)	–
Inflation adjustment (IAS 29)	68	88	12	(16)	152
Exchange differences	(768)	(792)	(194)	(185)	(1,939)
December 31, 2025	11,220	13,194	2,861	2,532	29,807
Accumulated depreciation and impairment, December 31, 2024	5,574	9,525	2,054	613	17,766
Retirements	(260)	(870)	(211)	(55)	(1,396)
Depreciation and impairment losses	530	832	319	124	1,805
Depreciation	513	793	294	–	1,600
Impairment losses	17	39	25	124	205
Impairment loss reversals	(1)	–	(2)	(1)	(4)
Transfers	54	116	30	(184)	16
Transfers (IFRS 5)	(22)	(29)	(5)	–	(56)
Divestments/changes in the scope of consolidation	–	2	–	–	2
Inflation adjustment (IAS 29)	31	58	14	–	103
Exchange differences	(337)	(555)	(137)	(49)	(1,078)
December 31, 2025	5,569	9,079	2,062	448	17,158
Carrying amounts, December 31, 2025	5,651	4,115	799	2,084	12,649
Carrying amounts, December 31, 2024	6,000	4,231	827	2,398	13,456

Impairment losses on property, plant and equipment amounted to €205 million (2024: €556 million) and were mainly attributable to impairment losses in connection with the production of crop protection products. The impairment losses were recognized in the cost of goods sold.

In the previous year, impairment losses on property, plant and equipment in the Crop Science segment amounted to €402 million. This figure included an impairment loss of €213 million pertaining to the sourcing of raw materials used in the production of glyphosate. This impairment loss arose from assets being assessed individually as part of regular impairment testing in the fourth quarter and was due to updated assumptions about raw material prices. The impairment losses were recognized in the cost of goods sold.

Impairment losses recognized on property, plant and equipment in the Pharmaceuticals segment totaled around €140 million in 2024, mainly comprising €127 million for the discontinuation of two capital expenditure projects based on strategic evaluations of required production capacities. This figure included impairment losses on a multi-purpose facility (€99 million) and a facility to provide capacity for product launches (€28 million). The impairment losses were recognized in the cost of goods sold.

In 2025, borrowing costs of €56 million (2024: €61 million) were capitalized as components of the cost of acquisition or construction of qualifying assets, applying an average interest rate of 3.9% (2024: 3.5%).

Right-of-use assets totaling €1,164 million (2024: €1,139 million) held under leases were capitalized in property, plant and equipment. Further information on leases is given in Note [28].

Changes in property, plant and equipment in 2024 were as follows:

B 15/2

Changes in property, plant and equipment (previous year)

€ million	Land and buildings	Plant installations and machinery	Furniture, fixtures and other equipment	Construction in progress and advance payments	Total
Cost of acquisition or construction, December 31, 2023	10,739	12,621	2,725	3,172	29,257
Acquisitions	8	4	–	–	12
Capital expenditures	310	336	293	1,158	2,097
Retirements	(221)	(289)	(271)	(57)	(838)
Transfers	503	815	73	(1,391)	–
Transfers (IFRS 5)	(35)	(5)	(2)	–	(42)
Divestments/changes in the scope of consolidation	6	(4)	–	–	2
Inflation adjustment (IAS 29)	103	107	32	64	306
Exchange differences	161	171	31	65	428
December 31, 2024	11,574	13,756	2,881	3,011	31,222
Accumulated depreciation and impairment, December 31, 2023	5,020	8,653	1,928	335	15,936
Retirements	(157)	(262)	(236)	(55)	(710)
Depreciation and impairment losses	567	856	311	418	2,152
Depreciation	529	780	287	–	1,596
Impairment losses	38	76	24	418	556
Impairment loss reversals	(4)	(1)	–	–	(5)
Transfers	45	56	4	(105)	–
Transfers (IFRS 5)	(15)	(4)	(2)	–	(21)
Divestments/changes in the scope of consolidation	2	(1)	–	–	1
Inflation adjustment (IAS 29)	55	94	29	–	178
Exchange differences	61	134	20	20	235
December 31, 2024	5,574	9,525	2,054	613	17,766
Carrying amounts, December 31, 2024	6,000	4,231	827	2,398	13,456
Carrying amounts, December 31, 2023	5,719	3,968	797	2,837	13,321

Investment property

The total carrying amount of investment property as of December 31, 2025, was €99 million (December 31, 2024: €109 million). The fair value of this property was €575 million (2024: €576 million). The rental income from investment property was €16 million (2024: €17 million), and the operating expenses directly allocable to this property amounted to €3 million (2024: €3 million).

16. Investments accounted for using the equity method

Some 43 (2024: 43) associates and four (2024: four) joint ventures were accounted for in the Consolidated Financial Statements using the equity method. A list of these companies is available at www.bayer.com/shareownership2025.

The following table contains a summary of the aggregated income statement data and aggregated carrying amounts of the associates and joint ventures accounted for using the equity method:

B 16/1

Earnings data and carrying amounts of companies accounted for using the equity method

€ million	Associates		Joint ventures	
	2024	2025	2024	2025
Total comprehensive income after income taxes	(954)	(763)	23	40
Share of income after income taxes¹	(143)	(45)	11	1
Share of total comprehensive income after income taxes	(143)	(46)	11	1
Carrying amount as of December 31	747	484	73	62

¹ Also including gains from remeasurement of investments accounted for using the equity method due to the loss of significant influence and the fact that they then ceased being accounted for using the equity method

17. Other financial assets

The other financial assets were comprised as follows:

B 17/1

Other financial assets

€ million	Dec. 31, 2024		Dec. 31, 2025	
	Total	Of which current	Total	Of which current
AC ¹	270	75	268	36
FVTPL ¹	3,496	1,821	2,771	1,149
of which debt instruments	3,480	1,821	2,758	1,149
of which equity instruments	16	–	13	–
FVTOCI ¹	332	–	270	–
of which equity instruments (no recycling)	332	–	270	–
Receivables from derivatives	401	363	308	201
Receivables under lease agreements	27	7	39	5
Total	4,526	2,266	3,656	1,391

¹ Measurement categories in accordance with IFRS 9

AC: at amortized cost

FVTOCI: at fair value through other comprehensive income

FVTPL: at fair value through profit or loss

The AC category included €200 million (2024: €159 million) in interest-bearing securities. No material impairment losses were recognized for expected credit losses in 2025 or 2024.

The debt instruments in the FVTPL category included investments in money market funds totaling €966 million (2024: €1,675 million), as well as capital of €1,146 million (2024: €1,145 million) provided to Bayer-Pensionskasse VVaG (Bayer-Pensionskasse) for its effective initial fund, and jouissance right capital (Genussrechtskapital) of €154 million (2024: €152 million), also provided to Bayer-Pensionskasse. It also included capital of €62 million (2024: €63 million) provided to Rheinische Pensionskasse VVaG for its effective initial fund.

The equity instruments in the FVTPL category comprised the €11 million (2024: €12 million) interest in Century Therapeutics, Inc., United States, and the €2 million (2024: €4 million) interest in Pyxis Oncology Inc., United States.

The equity instruments in the FVTOCI category comprised the following investments:

B 17/2

Equity instruments measured at fair value through other comprehensive income

Company name	Fair value as of Dec. 31, 2024	Fair value as of Dec. 31, 2025
Pivot Bio, Inc., USA	48	42
AMR Action Fund L.P., USA	45	40
Recursion Pharmaceuticals Inc., USA	42	22
Bayer Nigeria Ltd., Nigeria	16	16
Innovative Seed Solutions LLC, USA	12	11
Flagship Ventures Fund V, L.P., USA	13	10
Other investments	156	129
Total	332	270

We did not receive any material dividends in 2025 or 2024.

Further information on the accounting for receivables from derivatives is given in Note [27].

18. Inventories

Inventories were comprised as follows:

B 18/1

Inventories	Dec. 31, 2024	Dec. 31, 2025
€ million		
Raw materials and supplies	2,081	2,073
Work in process, finished goods and goods purchased for resale	11,234	10,177
Rights of return	88	85
Advance payments	64	43
Total	13,467	12,378

Impairment losses recognized on inventories were reflected in the cost of goods sold. They were comprised as follows:

B 18/2

Impairments of inventories	2024	2025
€ million		
Accumulated impairment losses, January 1	(105)	(120)
Impairment losses in the reporting period	(31)	(33)
Impairment loss reversals or utilization	15	19
Exchange differences	1	6
Accumulated impairment losses, December 31	(120)	(128)

The cost of goods sold included acquisition and production costs of inventories amounting to €15,052 million (2024: €15,400 million) that were recognized as expenses.

19. Trade accounts receivable

Trade accounts receivable less loss allowances amounted to €9,077 million (2024: €8,966 million) on the closing date and pertained to the following regions and countries:

B 19/1		
Trade accounts receivable		
€ million	2024	2025
North America	2,184	2,336
of which USA	2,010	2,173
Europe/Middle East/Africa	2,912	2,879
of which Germany	639	606
Asia/Pacific	1,582	1,409
Latin America	2,864	3,070
of which Brazil	1,294	1,506
Trade accounts receivable (before impairments)	9,542	9,694
Accumulated impairment losses	(576)	(617)
Carrying amount, December 31	8,966	9,077
of which noncurrent	127	181

Trade accounts receivable mainly comprise amounts outstanding from diverse customer groups and distribution channels (including distributors and retailers for all units of the company, pharmacies for Pharmaceuticals and Consumer Health, and farmers for Crop Science). These receivables expose the Bayer Group to a credit risk, though not to significant credit risk concentrations because the risk is spread among a large number of counterparties and customers. Receivables that were not individually impaired were classified as recoverable on the basis of established credit management processes and individual estimates of customer risks. The loss allowances recognized at the closing date contained appropriate risk provisions.

Noncurrent trade accounts receivable comprised receivables of €47 million (2024: €53 million) in connection with rights to use technologies outlicensed to a customer that were acquired through the acquisition of Monsanto.

The gross carrying amounts of trade accounts receivable were as follows:

B 19/2

Trade accounts receivable – gross carrying amounts

€ million	Trade accounts receivable for which lifetime expected credit losses are calculated (collectively assessed)	Trade accounts receivable that are credit-impaired	Total
Gross carrying amounts as of January 1, 2024	8,671	742	9,413
Changes resulting from trade accounts receivables recognized, derecognized or written off in the reporting period	(141)	(76)	(217)
Transfer to credit-impaired trade accounts receivable	(89)	89	–
Transfer from credit-impaired trade accounts receivable	9	(9)	–
Write-offs	–	(37)	(37)
Other changes:			
from exchange differences	(80)	(34)	(114)
Gross carrying amounts as of December 31, 2024	8,370	675	9,045
Changes resulting from trade accounts receivables recognized, derecognized or written off in the reporting period	541	91	632
Transfer to credit-impaired trade accounts receivable	(69)	69	–
Transfer from credit-impaired trade accounts receivable	15	(15)	–
Write-offs	–	(44)	(44)
Other changes:			
from exchange differences	(478)	(25)	(503)
Gross carrying amounts as of December 31, 2025	8,379	751	9,130

Only including receivables that are measured at amortized cost and at fair value through other comprehensive income

Loss allowances on trade accounts receivable were as follows:

B 19/3

Trade accounts receivable – loss allowances

€ million	Lifetime expected credit losses (collectively assessed)	Trade accounts receivable that are credit-impaired	Total
Loss allowances as of January 1, 2024	65	577	642
Changes resulting from loss allowances newly recognized or derecognized in the reporting period and additions/reductions to existing loss allowances	(5)	(3)	(8)
Transfer to loss allowances for credit-impaired trade accounts receivable	(1)	1	–
Transfer from loss allowances for credit-impaired trade accounts receivable	–	–	–
Changes due to write-offs	–	(37)	(37)
Other changes:			
from exchange differences	(2)	(19)	(21)
Loss allowances as of December 31, 2024	57	519	576
Changes resulting from loss allowances newly recognized or derecognized in the reporting period and additions/reductions to existing loss allowances	(6)	110	104
Transfer to loss allowances for credit-impaired trade accounts receivable	–	–	–
Write-offs	–	(44)	(44)
Other changes:			
from exchange differences	(2)	(17)	(19)
Loss allowances as of December 31, 2025	49	568	617

Only including receivables that are measured at amortized cost and at fair value through other comprehensive income

The expected loss rates were as follows:

						B 19/4
Trade accounts receivables – expected loss rates						
€ million	Expected loss rates				Credit-impaired	2025 total
	0 to 1%	> 1 to 5%	> 5 to 10%	> 10%		
Gross carrying amount	7,376	991	11	1	751	9,130
Loss allowance provision	28	20	1	–	568	617

Only including receivables that are measured at amortized cost and at fair value through other comprehensive income

						B 19/5
Trade accounts receivables – expected loss rates (previous year)						
€ million	Expected loss rates				Credit-impaired	2024 total
	0 to 1%	> 1 to 5%	> 5 to 10%	> 10%		
Gross carrying amount	7,285	994	52	39	675	9,045
Loss allowance provision	24	23	4	6	519	576

Only including receivables that are measured at amortized cost and at fair value through other comprehensive income

An excess-of-loss policy is in place for the Pharmaceuticals and Consumer Health segments as part of a global credit insurance program. More than 80% of the receivables of these segments are insured up to a maximum total annual compensation payment of €150 million (2024: €150 million). A global excess-of-loss policy is in place for the Crop Science segment. In this global credit insurance program, more than 80% of this segment's receivables are insured up to a maximum total annual compensation payment of €500 million (2024: €500 million).

A further €705 million (2024: €747 million) of receivables was secured by letters of credit or guarantees or by liens on land, buildings or harvest yields.

20. Other receivables

Other receivables were comprised as follows:

					B 20/1
Other receivables					
€ million	Dec. 31, 2024		Dec. 31, 2025		
	Total	Of which current	Total	Of which current	
Other tax receivables	1,095	1,077	1,082	1,072	
Deferred charges	352	317	322	283	
Net defined benefit asset	1,146	–	1,139	–	
Assets related to other long-term employee benefits	138	–	297	–	
Company-owned life insurance ("COLI")	97	–	120	–	
Receivables from employees	42	42	44	43	
Reimbursement claims	16	16	13	13	
Miscellaneous receivables	744	600	592	456	
Total	3,630	2,052	3,609	1,867	

Miscellaneous receivables contained other advance payments for services amounting to €89 million (2024: €92 million).

Other receivables are stated net of impairment losses of €1 million (2024: €2 million).

21. Equity

The individual equity components and the changes therein during 2024 and 2025 are shown in the Bayer Group Consolidated Statements of Changes in Equity.

Capital management

The foremost objectives of our financial management are to maintain business operations long term, help bring about a sustained increase in Bayer's value for the benefit of all stakeholders and to ensure the Group's creditworthiness and liquidity. The pursuit of these goals means reducing our cost of capital, optimizing our capital structure, improving our financing cash flow and effectively managing risk.

The Group's capital management is based on the debt indicators used by the rating agencies. These indicators, which vary in their design, represent the ratio of period earnings to debt. We have the ambition to reduce our financial debt considerably, to increase profit and cash flow and to improve our current investment grade ratings toward the "A" category. The contracted rating agencies assess Bayer as follows: S&P Global assigns a long-term rating of BBB and a short-term rating of A-2 with a negative outlook, Moody's a Baa2/P-2 with a negative outlook, and Fitch Ratings a BBB/F3 with a negative outlook. These investment grade ratings from all three agencies reflect the company's solid solvency profile and ensure access to a broad investor base for financing purposes.

In addition to utilizing cash inflows from our operational business to reduce net financial debt, we are implementing our financial strategy by way of vehicles such as subordinated hybrid bonds and a potential share buyback program. At the time these financial statements were prepared, however, it was not deemed likely that any such stock buyback program would be contemplated in the near future. Net financial debt comprises bonds, liabilities to banks, lease liabilities, liabilities from derivative financial instruments and other financial liabilities less receivables from derivative financial instruments, cash and cash equivalents as well as current financial assets.

Bayer is not subject to any minimum capital requirements from major financing measures at the Group level.

Capital stock and capital reserves

The capital stock of Bayer AG on December 31, 2025, amounted to €2,515 million (December 31, 2024: €2,515 million), divided into 982,424,082 (December 31, 2024: 982,424,082) registered no-par shares, and was fully paid in. Each no-par share confers one voting right.

B 21/1

Fully issued shares

Number of shares	2024	2025
Total as of January 1	982,424,082	982,424,082
Shares purchased and reissued	-	-
Total as of December 31	982,424,082	982,424,082

Capital reserves contain premiums from the issuance of shares.

Accumulated comprehensive income

Accumulated comprehensive income comprises retained earnings and accumulated other comprehensive income. The retained earnings comprise prior years' undistributed income of consolidated companies and all remeasurements of the net defined benefit liability for pension or other post-employment benefits that are recognized outside profit or loss. The accumulated other comprehensive income comprises exchange rate effects recognized outside profit or loss that arise from the translation of the annual financial statements of subsidiaries outside the eurozone, the changes in fair values of equity instruments and cash flow hedges.

Dividend

Under the German Stock Corporation Act (AktG), the dividend payment is determined by the distributable profit reported in the financial statements of Bayer AG, which are prepared according to the German Commercial Code (HGB). Retained earnings were diminished by payment of the dividend of €0.11 per share for 2024. The proposed dividend for the 2025 fiscal year is €0.11 per share, which – based on the current number of shares – would result in a total dividend payment of €108 million. Payment of the proposed dividend is contingent upon approval by stockholders at the Annual Stockholders' Meeting and therefore is not recognized as a liability in the Consolidated Financial Statements.

Equity attributable to noncontrolling interest

The changes in noncontrolling interest in equity during 2024 and 2025 are shown in the following table:

	B 21/2	
Changes in noncontrolling interest in equity	2024	2025
€ million		
January 1	151	137
Changes in equity not recognized in profit or loss		
Exchange differences on translation of operations outside the eurozone	3	(27)
Other changes in equity	–	–
Dividend payments	(23)	(19)
Income after income taxes	6	25
December 31	137	116

Noncontrolling interest mainly pertained to the following companies:

B 21/3

Material noncontrolling interests

€ million	Bayer CropScience Limited, India		Bayer LLC Saudi Arabia, Saudi Arabia		Rede Agro Fidelidade e Intermediacao S.A., Brazil	
	2024	2025	2024	2025	2024	2025
Interest held in noncontrolling interests (%)	28.6%	28.6%	25.0%	25.0%	40.0%	40.0%
Share of voting rights in noncontrolling interests (%)	28.6%	28.6%	25.0%	25.0%	25.0%	25.0%
Equity attributable to noncontrolling interest	93	72	7	7	39	39
Dividends paid to noncontrolling interest	18	16	–	–	5	3
Noncurrent assets	292	255	4	5	12	17
Current assets	483	389	175	162	123	99
Noncurrent liabilities	20	20	3	3	12	10
Current liabilities	215	158	148	135	74	52
Sales	599	596	178	193	19	17
Income after income taxes	7	71	3	3	10	14
of which attributable to noncontrolling interest	2	20	1	1	3	4
Total comprehensive income	25	(20)	4	1	0	13
of which attributable to noncontrolling interest	7	(6)	1	0	0	3
Net cash provided by (used in) operating activities	78	86	(1)	28	14	(2)
Net cash provided by (used in) investing activities	(2)	(19)	3	(21)	2	5
Net cash provided by (used in) financing activities	(66)	(61)	4	(20)	(13)	(8)

22. Provisions for pensions and other post-employment benefits

Provisions were established for defined benefit obligations pertaining to pensions and other post-employment benefits. The net liability was accounted for as follows:

B 22/1

Net Defined Benefit Liability Reflected in the Statement of Financial Position

€ million	Pensions		Other post-employment benefits		Total	
	Dec. 31, 2024	Dec. 31, 2025	Dec. 31, 2024	Dec. 31, 2025	Dec. 31, 2024	Dec. 31, 2025
Provisions for pensions and other post-employment benefits (net liability)	3,122	1,907	190	183	3,312	2,090
of which Germany	2,396	1,337	–	–	2,396	1,337
of which other countries	726	570	190	183	916	753
Assets arising from overfunded pension plans (net asset)	1,022	1,007	124	132	1,146	1,139
of which Germany	182	259	–	–	182	259
of which other countries	840	748	124	132	964	880
Net defined benefit liability	2,100	900	66	51	2,166	951
of which Germany	2,214	1,078	–	–	2,214	1,078
of which other countries	(114)	(178)	66	51	(48)	(127)

The expenses for defined benefit plans for pensions and other post-employment benefits comprised the following components:

B 22/2

Expenses for defined benefit plans

€ million					Pension plans		Other post-employment benefit plans	
	Germany		Other countries		Total		Other countries	
	2024	2025	2024	2025	2024	2025	2024	2025
Current service cost	130	115	106	94	236	209	12	10
Past service cost	–	(6)	(32)	(13)	(32)	(19)	–	(1)
of which plan curtailments	–	(7)	(26)	(16)	(26)	(23)	(2)	–
Plan settlements	–	–	3	(5)	3	(5)	1	1
Plan administration cost paid out of plan assets	2	2	6	6	8	8	–	–
Net interest	95	69	13	(4)	108	65	8	6
Total	227	180	96	78	323	258	21	16

Net expenses of €30 million (2024: €15 million) for defined benefit plans were attributable to the implementation of the DSO operating model, comprising €54 million (2024: €42 million) in current service cost for pension entitlements that was offset by plan curtailments/settlements of €24 million (2024: minus €27 million).

In addition, a net gain of €1,100 million (2024: €453 million) from remeasurements of the net defined benefit liability was recognized outside profit or loss in 2025. Of this amount, €1,110 million (2024: €474 million) related to pension obligations, minus €1 million (2024: €6 million) to other post-employment benefit obligations and minus €9 million (2024: minus €27 million) to the effects of the asset ceiling, with asset surpluses not benefiting the company. Plan curtailments of €23 million were made in 2025 (2024: €26 million).

The net defined benefit liability developed as follows:

B 22/3

Changes in net defined benefit liability

€ million	Defined benefit obligation	Fair value of plan assets	Effects of the asset ceiling	Net defined benefit liability
Germany				
January 1, 2025	(12,801)	10,759	(172)	(2,214)
Acquisitions	-	-	-	-
Divestments/changes in the scope of consolidation	-	-	-	-
Current service cost	(115)			(115)
Past service cost	6			6
Net interest	(460)	397	(6)	(69)
Net actuarial gain/(loss)	927			927
of which due to changes in financial parameters	896			896
of which due to changes in demographic parameters	-			-
of which experience adjustments	31			31
Return on plan assets excluding amounts recognized as interest income		162		162
Remeasurement of asset ceiling			(11)	(11)
Employer contributions ¹		(233)		(233)
Employee contributions	(63)	28		(35)
Benefits paid out of plan assets	186	(186)		-
Benefits paid by the company	506			506
Plan administration cost paid from plan assets		(2)		(2)
December 31, 2025	(11,814)	10,925	(189)	(1,078)
Other countries				
January 1, 2025	(6,873)	6,941	(20)	48
Acquisitions	-	-	-	-
Divestments/changes in the scope of consolidation	-	-	-	-
Current service cost	(104)			(104)
Past service cost	14			14
Gains/(losses) from plan settlements	4			4
Net interest	(309)	309	(2)	(2)
Net actuarial gain/(loss)	(79)			(79)
of which due to changes in financial parameters	(15)			(15)
of which due to changes in demographic parameters	(28)			(28)
of which due to experience adjustments	(36)			(36)
Return on plan assets excluding amounts recognized as interest income		99		99
Remeasurement of asset ceiling			2	2
Employer contributions		49		49
Employee contributions	(22)	22		-
Payments due to plan settlements	57	(57)		-
Benefits paid out of plan assets	385	(385)		-
Benefits paid by the company	128			128
Plan administration costs paid out of plan assets		(6)		(6)
Exchange differences	503	(529)	-	(26)
December 31, 2025	(6,296)	6,443	(20)	127
of which other post-employment benefits	(483)	432	-	(51)
Total, December 31, 2025	(18,110)	17,368	(209)	(951)

¹ Including reimbursement of pension payments made in 2025

B 22/4

Changes in net defined benefit liability (previous year)

€ million	Defined benefit obligation	Fair value of plan assets	Effects of the asset ceiling	Net defined benefit liability
Germany				
January 1, 2024	(12,820)	9,934	(135)	(3,021)
Acquisitions	–	–	–	–
Divestments/changes in the scope of consolidation	–	–	–	–
Current service cost	(130)			(130)
Past service cost	–			–
Net interest	(474)	384	(5)	(95)
Net actuarial gain/(loss)	27			27
of which due to changes in financial parameters	(69)			(69)
of which due to changes in demographic parameters	–			–
of which experience adjustments	96			96
Return on plan assets excluding amounts recognized as interest income		204		204
Remeasurement of asset ceiling			(32)	(32)
Employer contributions		392		392
Employee contributions	(65)	29		(36)
Benefits paid out of plan assets	182	(182)		–
Benefits paid by the company	479			479
Plan administration cost paid from plan assets		(2)		(2)
December 31, 2024	(12,801)	10,759	(172)	(2,214)
Other countries				
January 1, 2024	(7,117)	6,840	(28)	(305)
Acquisitions	–	–	–	–
Divestments/changes in the scope of consolidation	1	(1)	–	–
Current service cost	(118)			(118)
Past service cost	32			32
Gains/(losses) from plan settlements	(4)			(4)
Net interest	(315)	296	(2)	(21)
Net actuarial gain/(loss)	344			344
of which due to changes in financial parameters	359			359
of which due to changes in demographic parameters	(9)			(9)
of which due to experience adjustments	(6)			(6)
Return on plan assets excluding amounts recognized as interest income		(95)		(95)
Remeasurement of asset ceiling			5	5
Employer contributions		50		50
Employee contributions	(23)	23		–
Payments due to plan settlements	33	(33)		–
Benefits paid out of plan assets	383	(383)		–
Benefits paid by the company	137			137
Plan administration costs paid out of plan assets		(6)		(6)
Exchange differences	(226)	250	5	29
December 31, 2024	(6,873)	6,941	(20)	48
of which other post-employment benefits	(538)	472	–	(66)
Total, December 31, 2024	(19,674)	17,700	(192)	(2,166)

The benefit obligations pertained mainly to Germany (65%; 2024: 65%), the United States (18%; 2024: 19%) and the United Kingdom (6%; 2024: 6%). In Germany, current employees accounted for about 20% (2024: 26%), retirees or their surviving dependents for about 69% (2024: 65%) and former employees with vested pension rights for about 11% (2024: 9%) of entitlements under defined benefit plans. In the United States, current employees accounted for about 21% (2024: 24%), retirees or their surviving dependents for about 60% (2024: 61%) and former employees with vested pension rights for about 19% (2024: 15%) of entitlements under defined benefit plans.

The actual returns on the assets of defined benefit plans for pensions and for other post-employment benefits amounted to €935 million (2024: €776 million) and €32 million (2024: €13 million), respectively.

The following table shows the defined benefit obligations for pensions and other post-employment benefits along with the funded status of the funded obligations.

B 22/5

Defined benefit obligation and funded status

€ million	Pension obligation		Other post-employment benefit obligation		Total	
	2024	2025	2024	2025	2024	2025
Defined benefit obligation	19,136	17,627	538	483	19,674	18,110
of which unfunded	641	548	184	175	825	723
of which funded	18,495	17,079	354	308	18,849	17,387
Funded status of funded obligations						
Overfunding	1,213	1,255	124	131	1,337	1,386
Underfunding	2,480	1,398	6	7	2,486	1,405

Pension and other post-employment benefit obligations

Group companies provide retirement benefits for most of their employees, either directly or by contributing to privately or publicly administered funds. The benefits vary depending on the legal, fiscal and economic conditions of each country. A substantial part of the pension entitlements consists of defined contribution obligations, where the minimum benefit amount is based directly on the contribution level. The obligations relate both to existing retirees' pensions and to pension entitlements of future retirees.

Bayer has set up funded pension plans for its employees in various countries. The most appropriate investment strategy is determined for each defined benefit pension plan based on the risk structure of the obligations (especially demographics, the current funded status, the structure of the expected future cash flows, interest sensitivity, biometric risks, etc.), the regulatory environment and the existing level of risk tolerance or risk capacity. A strategic target investment portfolio is then developed in line with the plan's risk structure, taking capital market factors into consideration. Further determinants are risk diversification, portfolio efficiency and the need for both a country-specific and a global risk/return profile centered on ensuring the payment of all future benefits. As the capital investment strategy for each pension plan is developed individually in light of the plan-specific conditions listed above, the investment strategies for different pension plans may vary considerably. The investment strategies are generally aligned less toward maximizing absolute returns and more toward the maximum probability of being able to finance pension commitments over the long term. For pension plans, stress scenarios are simulated and other risk analyses (such as value at risk) are undertaken with the aid of risk management systems.

Bayer-Pensionskasse VVaG, Germany (Bayer-Pensionskasse), is one of the most significant post-employment benefit plans. It has been closed to new members since 2005. This legally independent fund is regarded as a life insurance company and is therefore subject to the German Insurance Supervision Act (VAG). The benefit obligations covered by Bayer-Pensionskasse comprise retirement, surviving dependents' and disability pensions. It constitutes a defined-benefit, multi-employer plan, to which the active members and their employers contribute. The company contribution is a certain percentage of the employee contribution. This percentage is the same for all participating employers, including those outside the Bayer Group, and is set by agreement between the plan's executive committee and its supervisory board, acting on a proposal from the responsible actuary. It takes into account the differences between the actuarial estimates and the actual values for the factors used to determine liabilities and contributions. Bayer may also adjust the company contribution in agreement with the plan's executive committee and its supervisory board, acting on a proposal from the responsible actuary. The plan's liability is governed by Section 1, Paragraph 1, Sentence 3 of the German Law on the Improvement of Occupational Pensions (BetrAVG). This means that if the pension plan exercises its right under the articles of association to reduce benefits, each participating employer has to make up the resulting difference. Bayer is not liable for the obligations of participating employers outside the Bayer Group, even if they cease to participate in the plan.

Pension entitlements for people who joined Bayer in Germany in 2005 or later are granted via Rheinische Pensionskasse VVaG, Germany. Future pension payments from this defined-benefit, multi-employer plan are based on contributions and the return on plan assets; a guaranteed interest rate applies. All of the German Insurance Supervision Act (VAG) regulations and the German Law on the Improvement of Occupational Pensions (BetrAVG) provisions described in the section above on Bayer-Pensionskasse apply analogously to Rheinische Pensionskasse.

Another important financing vehicle is Bayer Pension Trust e. V. (BPT), Germany. This covers further retirement provision arrangements of the Bayer Group, such as deferred compensation, pension obligations previously administered by Schering Altersversorgung Treuhand e. V., Germany, and components of other direct commitments.

The defined benefit pension plans in the United States are frozen, and no significant new entitlements can be earned under these plans. The assets of all the US pension plans are held by a master trust for reasons of efficiency. The applicable regulatory framework is based on the Employee Retirement Income Security Act (ERISA), which includes a statutory 80% minimum funding requirement to avoid benefit restrictions. The actuarial risks, such as investment risk, interest-rate risk and longevity risk, remain with the company.

The defined benefit pension plans in the United Kingdom have been closed to new members for some years. Plan assets in the UK are administered by independent trustees, who are legally obligated to act solely in the interests of the beneficiaries. A technical assessment is performed every three years in line with UK regulations. This serves as the basis for developing a plan to cover any potential financing requirements. Here, too, the actuarial risks remain with the company.

The other post-employment benefit obligations outside Germany mainly comprised healthcare benefit payments for retirees in the United States.

The fair value of the plan assets to cover pension and other post-employment benefit obligations was as follows:

B 22/6

Fair value of plan assets as of December 31

€ million			Pension obligations		Other post-employment obligations	
			Other countries		Other countries	
	2024	2025	2024	2025	2024	2025
Plan assets based on quoted prices in active markets						
Real estate and special real estate funds	–	–	317	309	11	7
Equities and equity funds	2,923	2,844	803	822	55	52
Callable debt instruments	–	–	73	66	1	1
Noncallable debt instruments	–	–	2,999	2,689	380	348
Bond funds	3,854	4,424	1,012	1,245	–	–
Derivatives	–	–	6	7	–	–
Cash and cash equivalents	959	639	424	156	4	4
Other	–	–	11	3	–	–
	7,736	7,907	5,645	5,297	451	412
Plan assets for which quoted prices in active markets are not available						
Real estate and special real estate funds	586	612	43	21	–	–
Equities and equity funds	390	412	74	66	–	–
Callable debt instruments	1,062	1,079	–	–	–	–
Noncallable debt instruments	805	735	–	–	–	–
Bond funds	–	–	100	90	–	–
Derivatives	–	–	–	–	–	–
Cash and cash equivalents	–	–	–	–	–	–
Other	180	180	607	537	21	20
	3,023	3,018	824	714	21	20
Total plan assets	10,759	10,925	6,469	6,011	472	432

Plan assets included assets with a carrying amount of €3,752 million (2024: €3,868 million) whose fair values are not determined based on quoted prices in active markets.

The plan assets in Germany included real estate leased by Group companies, recognized at a fair value of €63 million (2024: €72 million), as well as Bayer AG shares and bonds issued by Bayer AG and other Bayer finance companies that are held through investment funds, recognized at their fair values of €11 million (2024: €5 million) and €5 million (2024: €6 million), respectively.

The other plan assets comprised mortgage loans granted, other receivables and qualified insurance policies.

Risks

The risks from defined benefit plans arise partly from the defined benefit obligations and partly from the investment in plan assets. These risks include the possibility that additional contributions will have to be made to plan assets in order to meet current and future pension obligations, and negative effects on provisions and equity.

Demographic/biometric risks

Since a large proportion of the defined benefit obligations comprises lifelong pensions or surviving dependents' pensions, longer claim periods or earlier claims may result in higher benefit obligations, higher benefit expense and/or higher pension payments than previously anticipated.

Investment risks

If the actual return on plan assets were below the return anticipated on the basis of the discount rate, the funded status of defined benefit plans would decrease, assuming there were no changes in other parameters. This could happen as a result of a drop in share prices, increases in market rates of interest for certain bonds, default of individual debtors or the purchase of low-risk but low-interest bonds, for example.

Interest-rate risk

A decline in capital market interest rates, especially for high-quality corporate bonds, would increase the defined benefit obligation. This effect would be at least partially offset by the ensuing increase in the market values of the corresponding debt instruments held.

Measurement parameters and their sensitivities

The following weighted parameters were used to measure the obligations for pensions and other post-employment benefits as of December 31 of the respective year:

B 22/7						
Parameters for benefit obligations						
%	Germany		Other countries		Total	
	2024	2025	2024	2025	2024	2025
Pension obligations						
Discount rate	3.70	4.30	4.80	4.70	4.05	4.45
of which USA			5.50	5.30	5.50	5.30
of which UK			5.45	5.25	5.45	5.25
Projected future salary increases	2.50	2.50	3.35	3.15	2.80	2.70
Projected future benefit increases	2.00	2.00	3.10	3.00	2.35	2.30
Other post-employment benefit obligations						
Discount rate	–	–	6.05	6.15	6.05	6.15

The Heubeck RT 2018 G mortality tables were used in Germany, the Pri-2012 mortality tables with Mortality Improvement Scale MP-2021 in the United States, and 101% of S3NMA and 102% of S3NFA in the United Kingdom.

The parameter sensitivities were computed by expert actuaries based on a detailed evaluation similar to that performed to obtain the data presented in Table B 22/3. Altering individual parameters by 0.5 percentage points or mortality by 10% per beneficiary while leaving the other parameters unchanged would have impacted pension and other post-employment benefit obligations as of year-end 2025 as follows:

B 22/8

Sensitivity of benefit obligations

€ million	Germany		Other countries		Total	
	Increase	Decrease	Increase	Decrease	Increase	Decrease
Pension obligations						
0.5%-pt. change in discount rate	(665)	738	(269)	294	(934)	1,032
0.5%-pt. change in projected future salary increases	7	(7)	36	(34)	43	(41)
0.5%-pt. change in projected future benefit increases	446	(414)	76	(33)	522	(447)
10% change in mortality	(598)	572	(126)	134	(724)	706
Other post-employment benefit obligations						
0.5%-pt. change in discount rate	–	–	(18)	19	(18)	19
10% change in mortality	–	–	(11)	13	(11)	13

B 22/9

Sensitivity of benefit obligations (previous year)

€ million	Germany		Other countries		Total	
	Increase	Decrease	Increase	Decrease	Increase	Decrease
Pension obligations						
0.5%-pt. change in discount rate	(771)	860	(289)	316	(1,060)	1,176
0.5%-pt. change in projected future salary increases	11	(11)	41	(38)	52	(49)
0.5 %-pt. change in projected future benefit increases	484	(445)	77	(38)	561	(483)
10% change in mortality	(669)	645	(136)	140	(805)	785
Other post-employment benefit obligations						
0.5%-pt. change in discount rate	–	–	(20)	22	(20)	22
10% change in mortality	–	–	(12)	14	(12)	14

Provisions are also established for the obligations, mainly of US subsidiaries, to provide post-employment benefits in the form of healthcare cost payments for retirees. The valuation of healthcare costs was based on the assumption that they will increase at a rate of 7.5% (2024: 6.5%). It was assumed that this rate of increase will gradually decline to 5.0% (2024: 5.0%) by 2035 (2024: by 2031).

The following table shows the impact on other post-employment benefit obligations and total benefit expense of a one-percentage-point change in the assumed cost increase rates:

B 22/10

Sensitivity to healthcare cost increases

€ million	Increase of 1% pt.		Decrease of 1% pt.	
	2024	2025	2024	2025
Impact on other post-employment benefit obligations	25	22	(23)	(20)
Impact on benefit expense	2	2	(1)	(1)

Payments made and expected future payments

The following payments or asset contributions correspond to the employer contributions made or expected to be made to funded benefit plans:

B 22/11

Employer contributions paid or expected

€ million	Germany			Other countries		
	2024	2025	2026 expected	2024	2025	2026 expected
Pension obligations	392	(233)	82	65	61	47
Other post-employment benefit obligations	–	–	–	(15)	(12)	3
Total	392	(233)	82	50	49	50

In 2025, Bayer was again not required to make any deficit contributions for its UK pension plans. For its US pension plans, Bayer also did not make any deficit contributions in 2025 or in 2024 and expects to make zero or only very low regular payments in 2026 as most of these plans are closed and frozen.

Pensions and other post-employment benefits payable in the future from funded and unfunded plans are estimated as follows:

B 22/12

Future benefit payments

€ million	Payments out of plan assets				Payments by the company			
	Germany	Other countries	Other countries	Total	Germany	Other countries	Other countries	Total
2026	195	428	21	644	542	101	26	669
2027	196	375	20	591	541	97	24	662
2028	195	375	21	591	540	99	24	663
2029	195	386	20	601	541	100	25	666
2030	195	381	20	596	538	102	25	665
2031–2035	974	1,867	95	2,936	2,484	540	128	3,152

The weighted average term of the pension obligations is 12.8 years (2024: 14.2 years) in Germany and 11.0 years (2024: 10.9 years) in other countries. The weighted average term of the obligations for other post-employment benefits in other countries is 8.1 years (2024: 8.6 years).

23. Other provisions

Changes in the various provision categories in 2025 were as follows:

B 23/1

Changes in other provisions

€ million	Other taxes	Environmental protection	Restructuring	Trade-related commitments	Litigations	Personnel commitments	Miscellaneous	Total
January 1, 2025	45	722	708	249	6,509	2,282	689	11,204
Additions	37	43	431	306	7,361	3,148	448	11,774
Utilization	(6)	(45)	(647)	(264)	(2,659)	(2,041)	(363)	(6,025)
Reversal	(1)	(7)	(75)	(5)	(38)	(397)	(92)	(615)
Interest cost	–	28	4	–	431	13	6	482
Exchange differences	(2)	(79)	(2)	(14)	(793)	(127)	(15)	(1,032)
December 31, 2025	73	662	419	273	10,811	2,879	675	15,792
of which current	17	88	109	257	4,062	2,049	234	6,816

The provisions were partly offset by reimbursement claims in the amount of €7 million (2024: €11 million), which were recognized as receivables. These reimbursement claims primarily related to product liability. In 2025, the utilization of provisions for litigations contained a reclassification to other liabilities totaling €978 million.

Environmental protection

Provisions for environmental protection are mainly established for the expected costs of ensuring compliance with environmental regulations, remediation work on contaminated land, recultivation of landfills, and redevelopment and water protection measures.

Restructuring

Provisions for restructuring only cover expenses that arise directly from restructuring measures, are necessary for restructuring and are not related to future business operations. Such expenses include severance payments to employees and compensation payments in respect of rented property that is no longer used.

Restructuring measures may include the sale or termination of business units, site closures, relocations of business activities or fundamental reorganizations of business units.

Provisions for restructuring included €406 million (2024: €696 million) for severance payments and €13 million (2024: €12 million) for other restructuring expenses. The breakdown of provisions by segment was as follows: €174 million (2024: €161 million) at Crop Science, €151 million (2024: €288 million) at Pharmaceuticals, €18 million (2024: €37 million) at Consumer Health and €76 million (2024: €222 million) in Enabling Functions/All Other Segments.

In 2023, Bayer announced the introduction of a new operating model for the entire Group. The aim of the new system, which is called Dynamic Shared Ownership (DSO), is to ensure we adopt an even stronger orientation toward customer needs and deploy resources more efficiently. Further provisions were established in subsequent years based on the development of detailed formal plans for the planned measures and the communication thereof to the affected employees.

In conjunction with the publication of the financial results for the first quarter of 2025, Crop Science shared details with investors on the launch of the “Five-Year Framework” program aimed at strengthening the segment’s financial profile and the resilience of its business, as well as leveraging further growth potential in the agrochemical market through innovations.

At Crop Science, the increase in provisions for restructuring related to additions for the launch of the “Five-Year Framework” program and for the ongoing DSO program. This was partly offset by effects related to provisions for severance payments resulting from organizational restructuring measures being reclassified to liabilities to employees. The decline in provisions at Pharmaceuticals, Consumer Health and Enabling Functions/All Other Segments was also due to the aforementioned reclassification effect.

Trade-related provisions

Trade-related provisions are recorded mainly for obligations related to services performed but not yet invoiced and to sales commissions not recognized under trade accounts payable.

Litigations

The legal risks currently considered to be material, and their development, are described in Note [30].

Personnel-related provisions

Personnel-related provisions include those for variable, performance-related one-time payments to employees, stock-based payments, and payments related to long-service anniversaries, early retirement programs and pre-retirement part-time working arrangements. Provisions for severance payments resulting from restructuring are reflected in provisions for restructuring.

Stock-based programs

Bayer offers the stock-based programs Aspire 3.0, Aspire Global Plan, LTI Board Plan and BayShare collectively to different groups of employees. The Aspire 3.0, Aspire Global Plan and LTI Board Plan programs are accounted for in accordance with the requirements of IFRS 2 concerning cash-settled share-based payment transactions. By contrast, the BayShare stock-based participation program is accounted for in line with the requirements of IFRS 2 concerning equity-settled share-based payment transactions. Provisions are established for all awards to be made under the Aspire 3.0, Aspire Global Plan and LTI Board Plan programs. The provisions are recognized in the amount of the fair value of the obligations existing as of the date of the financial statements. All resulting changes in value are recognized in profit or loss. Detailed information on stock-based compensation can be found in the Compensation Report (www.bayer.com/cpr).

The following table shows the changes in the provisions established for Aspire 3.0, Aspire Global Plan and LTI Board Plan:

B 23/2	
Changes in provisions	
€ million	Stock-based programs
January 1, 2025	230
Additions	607
Utilization	(59)
Reversal	(170)
Exchange differences	(28)
December 31, 2025	580

The value of the Aspire 3.0 program that was fully earned as of year-end 2025 and will be paid out by April 2026 based on target attainment of 28% amounts to €62 million (2024: €55 million).

The net expense for all stock-based compensation programs was €440 million (2024: net gain of €58 million) and included expenses of €3 million (2024: €3 million) for the BayShare stock participation program. The development in 2025 was primarily due to the performance of Bayer stock. The decline in 2024 was primarily due to the development of the underlying parameters to determine the fair value of liabilities, such as Bayer's share price and ROCE. For information on the hedging of stock-based compensation for our employees and the resulting additional effects on the income statement, see Note [27.3].

Long-term incentive program Aspire 3.0

The annual tranches of Aspire 3.0 are granted over a four-year term in the form of virtual shares. This program is also based on a percentage of each employee's annual base salary (the so-called LTI target amount), the percentage varying according to their position. The number of virtual shares is determined by dividing the LTI target amount by the price of Bayer shares at the beginning of the program. However, the individual STI payout factor is not taken into consideration when calculating the number of virtual shares.

The fair value of the obligations is determined from the price of Bayer stock and the dividends already paid. There is also an additional performance factor to be taken into account that comprises three weighted performance components: relative capital market performance (40%), return on investment (40%) and sustainability (20%). The final LTI payout is determined by multiplying the number of virtual shares by the Bayer share price at the end of the performance period and the performance factor mentioned above, and then adding an amount equivalent to the dividends paid during the performance period. The maximum payout is 250% of the LTI target amount. Detailed information on the stock-based compensation of the Board of Management and the three performance components mentioned above can be found in the Compensation Report (www.bayer.com/cpr).

Long-term incentive program LTI Board Plan (from the 2024 tranche)

Detailed information on the stock-based compensation of the Board of Management and the three performance components mentioned above can be found in the Compensation Report (www.bayer.com/cpr).

The compensation program LTI Board Plan was introduced for the Board of Management of the Bayer Group at the beginning of 2024. Members of the Board of Management are eligible to participate in the annual tranches of the four-year, share-based LTI provided that they purchase an individually determined number of Bayer shares as a personal investment and hold them for a specified period of time.

The LTI target amount is divided by the fair value of the conditionally granted virtual Bayer share at the beginning of the program to determine the conditional number of virtual shares. The final number of virtual shares is determined by multiplying the total target attainment by the provisional number of virtual shares. Overall target attainment is capped at 200% and comprises two weighted performance components: relative capital market performance (80%) and sustainability (20%). Depending on how well the company performs, the target attainment levels for the two performance criteria may vary between 0% and 200%. Overall target attainment of 0% results in an LTI payout of zero.

The payout is calculated by multiplying the final number of virtual shares by the sum of the arithmetic mean of the XETRA closing prices for Bayer stock on the 30 stock exchange trading days immediately preceding the end of the performance period and the total dividend equivalents paid over the four-year performance period. The dividend equivalent renders the Board of Management "dividend-neutral," with no financial incentive to keep dividends low. The payout is capped at 250% of the LTI target amount.

Long-term incentive program Aspire Global Plan (from the 2024 tranche)

The Aspire Global Plan (from the 2024 tranche) is a long-term Bayer incentive program with a term of three years. The Aspire Global Plan is also based on a percentage of each employee's annual base salary (the so-called LTI target amount), the percentage varying according to their position. The number of virtual shares is determined by dividing the LTI target amount by the price of Bayer shares at the beginning of the program.

The value of the virtual shares is determined by multiplying the number of virtual shares by the sum of the price of Bayer shares at the end of the program and the amount equivalent to the dividends paid during the performance period. The value of the virtual shares has a weighting of 80% in the final LTI payout, while the remaining 20% is based on target attainment for the ESG performance component.

BayShare 2025

All management levels and nonmanagerial employees in Germany are offered a stock participation program known as BayShare, under which Bayer subsidizes their personal investments in the company's stock. On November 13, 2025, approximately 479,000 Bayer AG shares (2024: 780,000 shares) were purchased at a price of €29.55 per share (2024: €20.44 per share) for this purpose in accordance with Section 71, Paragraph 1, No. 8 of the German Stock Corporation Act (AktG). These shares corresponded to €1.2 million (2024: €2.0 million), or 0.05% (2024: 0.08%), of the capital stock. At the time of purchase, the value of the shares was €14 million (2024: €16 million). The shares were deposited in employees' securities accounts in late 2025, meaning that Bayer AG did not hold any own shares as of December 31, 2025.

The discount granted under this program in 2025 was 20% (2024: 20%) of the subscription amount. Employees stated a fixed amount that they wished to invest in shares. The maximum subscription amount in Germany was set at €2,500 (2024: €2,500) or €5,000 (2024: €5,000), depending on the employee's position. The shares purchased must be retained until December 31, 2026.

Miscellaneous

Miscellaneous provisions include those for interest payments on income taxes and on other taxes, for other liabilities, except where these are allocable to other provision categories, and for decommissioning and similar obligations.

A sensitivity analysis undertaken for certain provisions that examined the impact of a five-percentage-point change in the probabilities of occurrence in each case did not produce any material deviations from the amount of provisions established.

24. Financial liabilities

Financial liabilities were comprised as follows:

Financial liabilities	Dec. 31, 2024		Dec. 31, 2025	
	Total	Of which current	Total	Of which current
€ million				
Bonds and notes	38,226	4,196	33,310	3,592
Liabilities to banks	1,223	701	1,857	796
Lease liabilities	1,248	309	1,286	259
Liabilities from derivatives	67	67	137	116
Other financial liabilities	47	40	989	983
Total	40,811	5,313	37,579	5,746

B 24/1

A breakdown of financial liabilities by contractual maturity is given below:

B 24/2

Maturities of financial liabilities

€ million	Dec. 31, 2024	€ million	Dec. 31, 2025
2025	5,313	2026	5,746
2026	4,223	2027	2,279
2027	1,776	2028	3,886
2028	3,872	2029	4,266
2029	4,336	2030	2,954
2030 or later	21,291	2031 or later	18,448
Total	40,811	Total	37,579

The Bayer Group has issued the following bonds and notes:

B 24/3

Bonds and notes

	Nominal volume as of Dec. 31, 2024	Carrying amount as of Dec. 31, 2024 (€ million)	Nominal volume as of Dec. 31, 2025	Carrying amount as of Dec. 31, 2025 (€ million)
Hybrid bonds¹				
Hybrid bond 2019/2025 ² /2079	EUR 83 million	83	–	–
Hybrid bond 2019/2027 ² /2079	EUR 750 million	749	EUR 750 million	749
Hybrid bond 2022/2027 ² /2082	EUR 500 million	497	EUR 500 million	498
Hybrid bond 2022/2030 ² /2082	EUR 800 million	793	EUR 800 million	794
Hybrid bond 2023/2028 ² /2083	EUR 750 million	744	EUR 750 million	745
Hybrid bond 2023/2031 ² /2083	EUR 1,000 million	989	EUR 1,000 million	990
Hybrid bond 2024/2029 ² /2054	EUR 750 million	745	EUR 750 million	746
USD bonds¹				
Maturity < 1 year	USD 3,114 million	2,996	USD 1,000 million	850
Maturity > 1 year < 5 years	USD 5,850 million	5,611	USD 6,100 million	5,172
Maturity > 5 years	USD 10,700 million	10,065	USD 9,450 million	7,850
EUR bonds¹				
Maturity < 1 year	EUR 1,200 million	1,200	EUR 2,500 million	2,499
Maturity > 1 year < 5 years ³	EUR 7,250 million	7,229	EUR 6,650 million	6,634
Maturity > 5 years	EUR 6,300 million	6,263	EUR 4,800 million	4,768
CNY bonds⁴				
Maturity < 1 year	–	–	CNY 2,000 million	243
Maturity > 1 year < 5 years	CNY 2,000 million	262	CNY 4,000 million	488
CHF bonds⁴				
Maturity > 1 year < 5 years	–	–	CHF 140 million	150
Maturity > 5 years	–	–	CHF 125 million	134
Total		38,226		33,310

¹ The bonds are issued in the functional currency of the issuing entity and mostly have a fixed coupon.

² Date of first option to redeem the bond early at par

³ Bonds with a nominal volume of €400 million have variable rates of interest.

⁴ The bonds were issued by Bayer AG in foreign currency and have a fixed coupon.

Hybrid bonds

The hybrid bonds issued by Bayer AG are subordinated, and 50% of their amount is treated as equity by three contracted rating agencies. They therefore have a more limited effect on the Group's rating-specific debt indicators than senior borrowings.

In 2025, Bayer AG redeemed hybrid bonds with a volume of €83 million, maturing in 2079 (callable on February 12, 2025).

In 2024, Bayer AG issued new hybrid bonds in the amount of €750 million with a maturity of 30 years (callable on September 13, 2029) and a coupon of 5.50%. The proceeds were partially used to finance the repurchase of hybrid bonds in the amount of €328 million maturing in 2079 (callable on February 12, 2025) before the first call date. Bayer AG also repurchased hybrid bonds in the amount of €700 million maturing in 2074 (callable on July 1, 2024) before the first call date.

Other bonds

In 2025, Bayer AG issued additional bonds on the Chinese capital market. One issuance had a volume of CNY 2 billion (€264 million), a maturity of three years and a coupon of 2.4%. In addition, two bonds with a volume of CNY 1 billion (€119 million) each, as well as maturities of three and five years and coupons of 2.0% and 2.2%, respectively, were issued. Furthermore, Bayer AG issued a floating rate note in the amount of €400 million with a maturity of two years. The floating rate was set at three-month Euribor plus 57 basis points. In addition, Bayer AG issued two bonds on the Swiss capital market. The bonds amounting to CHF 140 million (€149 million) and CHF 125 million (€133 million) have maturities of five and nine years and fixed coupons of 1.1% and 1.7%, respectively.

In addition, bonds with volumes of US\$3.1 billion (€2.7 billion) and €1.2 billion were redeemed at maturity in 2025.

In 2024, Bayer AG placed its first-ever bond on the Chinese capital market. Known as a Panda bond, the issuance had a volume of CNY 2 billion (€256 million), a maturity of two years and a coupon of 2.2%.

In addition, three bonds with a total volume of US\$2.5 billion (€2.3 billion) and one bond with a volume of €1.5 billion were redeemed at maturity in 2024.

Liabilities to banks

Liabilities to banks increased by €634 million in 2025.

Lease liabilities

Further information on lease liabilities is given in Note [28].

Other financial liabilities

Other financial liabilities included commercial paper in the amount of €938 million as of December 31, 2025 (December 31, 2024: €0 million).

Other information

A total of €6.5 billion in undrawn credit facilities remained available to the Bayer Group as of December 31, 2025 (December 31, 2024: €5.5 billion).

The bonds and liabilities to banks are subject to the customary qualitative covenants such as insolvency, change of control, merger events and negative pledge. The classification of liabilities as current or noncurrent takes into account covenants that Bayer must meet at or prior to the end of the reporting period. Bayer met all relevant covenants in 2025 and 2024.

A 30-year bond with a nominal volume of US\$350 million and a carrying amount of €301 million as of December 31, 2025 (December 31, 2024: €342 million) that was issued by Bayer Corporation, United States, in 1998, and guaranteed by Bayer AG contains a financial covenant obligating the issuing entity to maintain consolidated material net assets of at least US\$1. This covenant, which is not included in any other bond issued by Bayer, is tested quarterly. Bayer met the relevant covenant in 2025 and 2024.

A loan agreement concluded by Bayer S.A., Argentina, in 2024 totaling ARS 120 billion contains various qualitative covenants and a material financial covenant stating that the equity of Bayer S.A. must not amount to less than ARS 100 billion in 2025 and ARS 90 billion in the subsequent years until all payment obligations are met. A guaranteed minimum level of equity is legally required according to the credit risk regulations of the Argentinian central bank. According to the agreement, repayment of the liabilities takes place in installments over a period of three years. The carrying amount of the liability as of December 31, 2025, was ARS 107 billion (€63 million). Should the covenant be breached, an appropriate tolerance period is granted during which Bayer can again meet the condition through a capital increase. Bayer met the relevant condition for 2025.

Further information on the accounting for liabilities from derivatives is given in Note [27].

25. Trade accounts payable

Trade accounts payable comprised €7,019 million (2024: €7,485 million) due within one year and €62 million (2024: €33 million) due after one year.

This figure included trade accounts payable of €271 million (2024: €227 million) that Bayer will pay to the bank when due in connection with a supply chain financing program. Of this amount, €181 million (2024: €178 million) has already been paid out to suppliers by the bank.

The range of payment terms by supplier in the individual regions amounts to (in days after invoicing):

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Range of payment terms by supplier in each region		
Number of days	Liabilities that are subject of supply chain financing agreements	Liabilities that are not subject of supply chain financing agreements
North America	30 to 120	30 to 120
Europe/Middle East/Africa	60 to 120	30 to 120
Asia/Pacific	90 to 150	30 to 120
Latin America	60 to 90	30 to 120

The relatively large ranges among the liabilities that are not the subject of supply chain financing arrangements are due to the broad range of payment terms in the respective regions. On a volume-weighted basis, these are virtually equally distributed across the individual divisions, with a slight trend toward under 90 days. Whereas the proportion of payment terms that are under 90 days is two-thirds in Europe/Middle East/Africa, terms are more widely distributed within the respective ranges in Latin America, North America and Asia/Pacific.

The Bayer Group does not believe it is exposed to a significant liquidity risk through its supplier finance agreements, as the scope of liabilities covered by a supplier finance agreement is limited and sufficient liquidity or access to sources of financing is available.

26. Other liabilities

Other liabilities comprised the following:

€ million	Dec. 31, 2024		Dec. 31, 2025	
	Total	Of which current	Total	Of which current
Other tax liabilities	552	547	467	463
Liabilities from derivatives	168	76	128	82
Accrued interest on liabilities	341	341	323	323
Liabilities for social expenses	177	177	142	137
Liabilities to employees	975	635	855	677
Deferred income	72	32	68	28
Miscellaneous liabilities	1,048	401	1,902	1,180
Total	3,333	2,209	3,885	2,890

Miscellaneous liabilities contained €988 million in liabilities for settlement payments in connection with litigations. This amount was mainly attributable to the reclassification of provisions for litigations to miscellaneous liabilities.

Miscellaneous liabilities also contained liabilities for contingent consideration totaling €586 million (2024: €666 million) in connection with the acquisition of the US-based companies Asklepios BioPharmaceutical, Inc. (AskBio) and BlueRock Therapeutics LP (BlueRock). The decline was primarily due to exchange rate effects.

Deferred income included €38 million (2024: €36 million) in grants and subsidies received from governments, of which €2 million (2024: €3 million) was reversed through profit or loss.

27. Financial instruments

The system used by the Bayer Group to manage credit risks, liquidity risks and the different types of market-price risk (interest-rate, currency and commodity-price risks), together with its objectives, methods and procedures, is outlined in the Opportunity and Risk Report, which forms part of the Combined Management Report. It also contains more detailed information on individual market-price risks.

27.1 Financial instruments by category

The following tables show the carrying amounts and fair values of the individual financial assets and liabilities by category of financial instrument under IFRS 9 and a reconciliation to the corresponding line items in the statement of financial position. Since the line items "Trade accounts receivable," "Other receivables," "Financial liabilities" and "Other liabilities" contain both financial instruments and nonfinancial assets or liabilities (such as other tax receivables), the reconciliation is shown in the column headed "Nonfinancial assets/liabilities."

B 27.1/1

Carrying amounts and fair values of financial instruments

Dec. 31, 2025

Measurement category (IFRS 9) ¹	Carried at fair value [fair value for information ⁴]				Nonfinancial assets/ liabilities	Total
	Carried at amortized cost	Based on quoted prices in active markets (Level 1)	Based on observable market data (Level 2)	Based on unobservable inputs (Level 3)		
€ million	Carrying amount	Carrying amount	Carrying amount	Carrying amount	Carrying amount	
Trade accounts receivable	7,759	245	754		319	9,077
AC	7,759					7,759
FVTPL, mandatory ²		245				245
FVTOCI (recycling)			754			754
Nonfinancial assets					319	319
Other financial assets	307	493	1,110	1,746		3,656
AC	268		[266]			268
FVTPL, mandatory ²		453	816	1,502		2,771
FVTOCI (no recycling), designated ³		30		240		270
FVTPL – derivatives – no hedge accounting		10	91	4		105
Derivatives – hedge accounting			203			203
Lease receivables ⁵	39		[39]			39
Other receivables	326		32	82	3,169	3,609
AC	326		[325]			326
FVTPL, mandatory ²			32	82		114
Nonfinancial assets					3,169	3,169
Cash and cash equivalents	6,671					6,671
AC	6,671		[6,671]			6,671
Total financial assets	15,063	738	1,896	1,828		19,525
of which AC	15,024					15,024
of which FVTPL		708	939	1,588		3,235
of which FVTOCI		30	754	240		1,024
Financial liabilities	37,339		137		103	37,579
AC	36,053	[21,624]	[13,723]			36,053
FVTPL – derivatives – no hedge accounting			137			137
Lease liabilities ⁵	1,286					1,286
Nonfinancial liabilities					103	103
Trade accounts payable	7,081					7,081
AC	7,081					7,081
Other liabilities	2,419	6	81	648	731	3,885
AC	2,419		[2,419]			2,419
FVTPL (nonderivative), mandatory ²				607		607
FVTPL – derivatives – no hedge accounting		6	17	41		64
Derivatives – hedge accounting			64			64
Nonfinancial liabilities					731	731
Total financial liabilities	46,839	6	218	648		47,711
of which AC	45,553					45,553
of which FVTPL		6	154	648		808

¹ AC: at amortized cost

FVTOCI: at fair value through other comprehensive income

FVTPL: at fair value through profit or loss

² Measured at fair value through profit or loss as required by IFRS 9³ Measured at fair value through other comprehensive income under IFRS 9.5.7.5⁴ Fair value of the financial instruments at amortized cost under IFRS 7.29 (a)⁵ Measured in accordance with IFRS 16, with the exception of the impairment of lease receivables and derecognition of lease receivables and liabilities, for which IFRS 9 is applied

B 27.1/2

Carrying amounts and fair values of financial instruments (previous year)

Dec. 31, 2024

Measurement category (IFRS 9) ¹	Carried at fair value [fair value for information ⁴]					Total
	Carried at amortized cost	Based on quoted prices in active markets (Level 1)	Based on observable market data (Level 2)	Based on unobservable inputs (Level 3)	Nonfinancial assets/liabilities	
€ million	Carrying amount	Carrying amount	Carrying amount	Carrying amount	Carrying amount	
Trade accounts receivable	7,935	282	534		215	8,966
AC	7,935					7,935
FVTPL, mandatory ²		282				282
FVTOCI (recycling)			534			534
Nonfinancial assets					215	215
Other financial assets	297	1,122	1,303	1,804		4,526
AC	270		[266]			270
FVTPL, mandatory ²		1,060	910	1,526		3,496
FVTOCI (no recycling), designated ³		54		278		332
FVTPL – derivatives – no hedge accounting		8	290			298
Derivatives – hedge accounting			103			103
Lease receivables ⁵	27		[27]			27
Other receivables	469		30	82	3,049	3,630
AC	469		[469]			469
FVTPL, mandatory ²			30	82		112
Nonfinancial assets					3,049	3,049
Cash and cash equivalents	6,191					6,191
AC	6,191		[6,191]			6,191
Total financial assets	14,892	1,404	1,867	1,886		20,049
of which AC	14,865					14,865
of which FVTPL		1,350	1,230	1,608		4,188
of which FVTOCI		54	534	278		866
Financial liabilities	40,653		67		91	40,811
AC	39,405	[27,124]	[10,241]			39,405
FVTPL – derivatives – no hedge accounting			67			67
Lease liabilities ⁵	1,248					1,248
Nonfinancial liabilities					91	91
Trade accounts payable	7,518					7,518
AC	7,518					7,518
Other liabilities	1,587	8	111	774	853	3,333
AC	1,587		[1,587]			1,587
FVTPL (nonderivative), mandatory ²				725		725
FVTPL – derivatives – no hedge accounting		8	19	49		76
Derivatives – hedge accounting			92			92
Nonfinancial liabilities					853	853
Total financial liabilities	49,758	8	178	774		50,718
of which AC	48,510					48,510
of which FVTPL		8	86	774		868

¹ AC: at amortized cost

FVTOCI: at fair value through other comprehensive income

FVTPL: at fair value through profit or loss

² Measured at fair value through profit or loss as required by IFRS 9³ Measured at fair value through other comprehensive income under IFRS 9.5.7.5⁴ Fair value of the financial instruments at amortized cost under IFRS 7.29 (a)⁵ Measured in accordance with IFRS 16, with the exception of the impairment of lease receivables and derecognition of lease receivables and liabilities, for which IFRS 9 is applied

Due to the short maturities of most trade accounts receivable and payable, other financial receivables and liabilities, and cash and cash equivalents, their carrying amounts at the closing date do not significantly differ from the fair values. Trade accounts receivable are measured at fair value through other comprehensive income if they can potentially be transferred as part of factoring agreements. In the case of a transfer, all of the risks and opportunities contained in these agreements are transferred, resulting in complete derecognition of the receivables.

The fair values of financial assets and liabilities measured at amortized cost that are given for information are the present values of the respective future cash flows based on observable market data. The present values are determined by discounting the cash flows at a closing-date interest rate, taking into account the term of the assets or liabilities and also the creditworthiness of the counterparty in certain cases. Where a market price is available, however, this is deemed to be the fair value.

The fair values of financial assets measured at fair value correspond to quoted prices in active markets (Level 1), or are determined using valuation techniques based on observable market data as of the end of the reporting period (Level 2), or are the present values of the respective future cash flows, determined on the basis of unobservable inputs (Level 3).

The fair values of derivatives for which no publicly quoted prices exist in active markets (Level 1) are determined using valuation techniques based on observable market data as of the end of the reporting period (Level 2). In applying valuation techniques, credit or debt value adjustments are determined to account for the credit risk of the contractual party or Bayer.

Currency and commodity forward contracts are measured individually at their forward rates or forward prices on the closing date. These depend on spot rates or prices, including time spreads. The fair values of interest-rate hedging instruments and cross-currency interest-rate swaps were determined by discounting future cash flows over the remaining terms of the instruments at market rates of interest, taking into account any foreign currency translation as of the closing date in certain cases.

Fair values measured using unobservable inputs are categorized within Level 3 of the fair value hierarchy. This essentially applies to certain debt or equity instruments, in some cases to the fair values of embedded derivatives, and to obligations for contingent consideration in business combinations. Credit risk is frequently the principal unobservable input used to determine the fair values of debt instruments classified as "FVTPL – at fair value through profit or loss" by the discounted cash flow method. Here the credit spreads of comparable issuers are applied. A significant increase in credit risk could result in a lower fair value, whereas a significant decrease could result in a higher fair value. However, a relative change of 10% in the credit spread does not materially affect the fair value.

When determining the fair values of contingent consideration within the "FVTPL (nonderivative) – at fair value through profit or loss" category, the principal unobservable inputs are the estimation of the probability of achievement (such as the attainment of milestones for research and development projects or the attainment of sales targets), as well as the estimation of the timing of the payments.

Changes in these estimates may lead to significant increases or decreases in fair value.

Embedded derivatives are separated from their respective host contracts if the contracts do not represent financial assets and the embedded derivatives are not closely related to them. Such host contracts are generally sale or purchase agreements relating to the operational business. The embedded derivatives cause the cash flows from the contracts to vary with exchange-rate or price fluctuations, for example. The internal measurement of embedded derivatives is performed using appropriate valuation models, such as discounted cash flow models, which are based on unobservable inputs. The relevant models include planned sales and purchase volumes, and prices derived from market data. Regular monitoring is carried out based on these fair values as part of quarterly reporting.

A long-term, structured renewable energy credit (REC) purchase agreement is in place in the United States. The purchase agreement falls under the own use exemption in accordance with IFRS 9.2.4, but also contains a contract for difference that meets the definition of an embedded derivative measured at fair value through profit and loss. At inception, the fair value of the embedded derivative equaled the transaction price of zero. Fair value changes over the term of the agreement are mostly influenced by future energy prices and are recognized in other operating income or expenses. As of December 31, 2025, the fair value was minus €41 million (December 31, 2024: minus €41 million).

The maximum default risk from financial assets that are measured at amortized cost and are subject to the impairment model is €15,063 million (2024: €14,892 million).

The maximum default risk from financial assets that are measured at fair value through other comprehensive income and are subject to the impairment model is €754 million (2024: €534 million).

The maximum default risk from existing loan commitments that are subject to the impairment model is €1,097 million (2024: €1,097 million). In this connection, expected credit losses totaling €0 million (2024: €0 million) were reversed through profit or loss.

The maximum default risk from financial assets not subject to the impairment model is €3,708 million (2024: €4,623 million).

A Bayer subsidiary holds a share – in the form of a contractually linked instrument – in three funds with which customer finance programs were established. These funds are nonconsolidated structured entities that settle payments owed to Bayer by customers on their behalf, whereupon the contractual rights to payment from these claims expire and the associated claims are fully derecognized by Bayer upon receipt of the payment. The funds' right to payment from the customers is based on separate agreements with the customers – a promissory note or similar instrument. The funds are financed by investors who have purchased shares, with Bayer holding a 15% share (2024: 15%) in Fund 1 and shares of 13.5% (2024: 0%) each in Funds 2 and 3. The funds can acquire promissory notes or similar instruments with amounts of up to: €217 million for Fund 1 (2024: €232 million), €47 million for Fund 2 (2024: €0 million) and €77 million for Fund 3 (2024: €0 million). The shares are reported under other receivables and measured at fair value through profit or loss for Funds 1 and 2, and at amortized cost for Fund 3. The carrying amounts of the shares held by Bayer as of December 31, 2025, were €28 million for Fund 1 (December 31, 2024: €29 million), €4 million for Fund 2 (December 31, 2024: €0 million) and €9 million for Fund 3 (December 31, 2024: €0 million). The maximum default risk is equal to the respective carrying amount. If customers are unable to service their promissory notes or similar instruments, losses for Fund 1 amounting to as much as 15% of the fund volume would initially be borne by Bayer, while all other losses would be borne by a bank; for Funds 2 and 3, losses of up to 1.5% would initially be borne by an investor, while further losses of up to 13.5% would be borne by Bayer and all other losses would be borne by a bank. The funds are not consolidated as Bayer cannot exercise any control over their relevant activities.

The changes in the amount of financial assets and liabilities recognized at fair value based on unobservable inputs (Level 3) for each financial instrument category were as follows:

B 27.1/3

Development of financial assets and liabilities (Level 3)

€ million	Assets – FVTPL ¹	FVTOCI (no recycling) ¹	Derivatives (net)	Liabilities – FVTPL (non- derivative) ¹	Total
Carrying amount, January 1, 2025	1,608	278	(49)	(725)	1,112
Gains/(losses) recognized in profit or loss	12	–	4	(4)	12
of which relating to assets/liabilities held at the end of the reporting period	12	–	4	(4)	12
Gains/(losses) recognized outside profit or loss	–	(18)	–	–	(18)
Additions of assets/(liabilities)	30	9	–	–	39
Settlements of (assets)/liabilities	(47)	(3)	–	38	(12)
Changes in scope of consolidation	–	2	–	–	2
Exchange differences	(19)	(28)	8	84	45
Carrying amount, December 31, 2025	1,584	240	(37)	(607)	1,180

¹ See table B 27.1/1 for definitions of measurement categories.

B 27.1/4

Development of financial assets and liabilities (Level 3) (previous year)

€ million	Assets – FVTPL ¹	FVTOCI (no recycling) ¹	Derivatives (net)	Liabilities – FVTPL (non- derivative) ¹	Total
Carrying amount, January 1, 2024	1,576	261	31	(1,030)	838
Gains/(losses) recognized in profit or loss	23	–	(79)	151	95
of which relating to assets/liabilities held at the end of the reporting period	23	–	(79)	151	95
Gains/(losses) recognized outside profit or loss	–	(45)	–	–	(45)
Additions of assets/(liabilities)	30	38	–	(19)	49
Settlements of (assets)/liabilities	(32)	–	–	226	194
Changes in scope of consolidation	–	11	–	–	11
Exchange differences	11	13	(1)	(53)	(30)
Carrying amount, December 31, 2024	1,608	278	(49)	(725)	1,112

¹ See table B 27.1/2 for definitions of measurement categories.

The changes recognized in profit or loss were included in other operating income/expenses, as well as in the financial result in interest income, exchange gains or losses, and other financial income and expenses.

Income, expense, gains and losses on financial instruments can be assigned to the following categories:

B 27.1/5

Income, expense, gains and losses on financial instruments

2025

€ million	Assets – AC ¹	Assets – FVTPL ¹	FVTOCI (no recycling) ¹	Derivatives – no hedge accounting – FVTPL ¹	Liabilities – AC ¹	Liabilities – FVTPL (non-derivative) ¹	Total
Interest income	214	75	–	–	3	–	292
Interest expense	–	–	–	–	(1,643)	–	(1,643)
Income/(expenses) from affiliated companies	–	–	19	–	–	–	19
Changes in fair value	–	(20)	–	(41)	–	(4)	(65)
Impairment losses	(295)	–	–	–	–	–	(295)
Impairment loss reversals	113	–	–	–	–	–	113
Exchange gains/(losses)	74	–	–	(826)	729	–	(23)
Other financial income/(expenses)	(11)	–	–	–	(9)	–	(20)
Net result	95	55	19	(867)	(920)	(4)	(1,622)

¹ See table B 27.1/1 for definitions of measurement categories.

B 27.1/6

Income, expense, gains and losses on financial instruments (previous year)

2024

€ million	Assets – AC ¹	Assets – FVTPL ¹	FVTOCI (no recycling) ¹	Derivatives – no hedge accounting – FVTPL ¹	Liabilities – AC ¹	Liabilities – FVTPL (non-derivative) ¹	Total
Interest income	306	137	–	–	4	–	447
Interest expense	–	–	–	–	(1,875)	–	(1,875)
Income/(expenses) from affiliated companies	–	–	(2)	–	–	–	(2)
Changes in fair value	–	(27)	–	(34)	–	151	90
Impairment losses	(164)	–	–	–	–	–	(164)
Impairment loss reversals	97	–	–	–	–	–	97
Exchange gains/(losses)	(676)	–	–	741	(182)	–	(117)
Other financial income/(expenses)	–	–	–	–	(8)	–	(8)
Net result	(437)	110	(2)	707	(2,061)	151	(1,532)

¹ See table B 27.1/2 for definitions of measurement categories.

The interest income and expense from assets and liabilities within the AC category also included income and expenses from interest-rate derivatives that qualified for hedge accounting. Income and expenses from lease receivables and lease liabilities, respectively, are also included here.

Interest income from debt instruments within the FVPTL category is included in interest income and primarily concerns interest income from the capital provided to Bayer-Pensionskasse for its effective initial fund and from money market funds. The changes in the fair value of assets within the FVTPL category mainly included changes in the fair value of “Leaps by Bayer” investments in convertible loans as well as investments in mixed funds. Dividend income and profit and loss compensation from profit and loss transfer agreements are reported under income and expenses from affiliated companies. The changes in the fair value of derivatives that do not qualify for hedge accounting primarily related to embedded derivatives.

Changes in the fair value of (nonderivative) liabilities within the FVTPL category mainly included changes in the fair value of obligations for contingent consideration in connection with business acquisitions.

Derivatives that form part of a master netting arrangement, constitute a financial asset or liability, and can only be netted in the event of breach of contract by, or insolvency of, one of the contracting parties do not satisfy, or only partially satisfy, the criteria for offsetting in the statement of financial position according to IAS 32. The volume of such derivatives with positive fair values was €291 million (2024: €383 million), and the volume with negative fair values was €219 million (2024: €173 million). Included here is an amount of €124 million (2024: €111 million) in positive and negative fair values of derivatives concluded with the same contracting party.

27.2 Maturity analysis

The liquidity risks to which the Bayer Group was exposed through its financial instruments at the end of the reporting period comprised obligations for future interest and repayment installments on financial liabilities and the liquidity risk arising from derivatives.

There were also loan commitments of €965 million (2024: €965 million) and €132 million (2024: €132 million) relating to as yet unpaid portions of the effective initial funds of Bayer-Pensionskasse VVaG and Rheinische Pensionskasse VVaG, respectively, which may result in further payments by Bayer AG in subsequent years.

The undiscounted, contractually agreed cash inflows/outflows (notional amounts) from financial instruments are shown in the following tables:

B 27.2/1

Maturity analysis of financial instruments

	Dec. 31, 2025	2026	2027	2028	2029	2030	after 2030
€ million	Carrying amount	Interest and repayment					
Financial liabilities							
Bonds	33,310	4,593	3,054	4,724	4,960	3,559	23,241
Liabilities to banks	1,754	768	148	91	84	59	850
Remaining liabilities	2,275	1,336	348	217	155	121	469
Trade accounts payable	7,081	7,019	41	18	3	–	–
Other liabilities							
Accrued interest on liabilities	323	323	–	–	–	–	–
Remaining liabilities	2,703	1,855	595	21	135	–	607
Liabilities from derivatives	265	238	7	35	9	7	30
With gross settlement		53	4	26	3	3	12
Cash outflows		9,490	12	278	5	5	155
Cash inflows		(9,437)	(8)	(252)	(2)	(2)	(143)
With net settlement		185	3	9	6	4	18
Cash inflows/(outflows)		185	3	9	6	4	18
Loan commitments	–	1,097	–	–	–	–	–
Financial guarantees	–	23	–	–	–	–	–
Total	47,711	17,252	4,193	5,106	5,346	3,746	25,197

B 27.2/2

Maturity analysis of financial instruments (previous year)

	Dec. 31, 2024	2025	2026	2027	2028	2029	after 2029
€ million	Carrying amount	Interest and repayment					
Financial liabilities							
Bonds	38,226	5,359	5,072	2,721	4,862	5,132	28,420
Liabilities to banks	1,132	693	265	221	67	60	40
Remaining liabilities	1,295	416	301	205	145	149	356
Trade accounts payable	7,518	7,485	18	5	9	1	–
Other liabilities							
Accrued interest on liabilities	341	341	–	–	–	–	–
Remaining liabilities	1,971	1,023	456	330	98	79	547
Liabilities from derivatives	235	87	34	15	2	3	28
With gross settlement		56	(2)	–	–	–	–
Cash outflows		5,342	226	–	–	–	–
Cash inflows		(5,286)	(228)	–	–	–	–
With net settlement		31	36	15	2	3	28
Cash inflows/(outflows)		31	36	15	2	3	28
Loan commitments	–	1,097	–	–	–	–	–
Financial guarantees	–	24	–	–	–	–	–
Total	50,718	16,525	6,146	3,497	5,183	5,424	29,391

27.3 Information on derivatives

Asset and liability fair values and future cash flows are exposed to currency, interest-rate and commodity-price risks. Derivatives are used to reduce this risk. In some cases, they are designated as hedging instruments in a hedge accounting relationship.

Currency risks

Foreign currency receivables and liabilities are hedged using foreign exchange derivatives without the existence of a hedge accounting relationship. In addition, cross-currency interest-rate swaps are concluded to hedge bonds issued in foreign currency that are designated as cash flow hedges in hedge accounting.

Fluctuations in future cash flows resulting from forecasted foreign currency transactions and procurement activities are avoided partly through derivatives contracts, most of which are designated as cash flow hedges.

Interest-rate risks

Interest-rate risks in connection with the issuance of new bonds were partially hedged through interest-rate derivatives designated as cash flow hedges. The fair values of these derivatives as of the issuance date will be amortized from reserves for cash flow hedges into interest income and expense over the term of the bonds.

Commodity-price risks

Hedging contracts are also used to partly reduce exposure to fluctuations in future cash inflows and outflows resulting from price changes on procurement and selling markets for seeds and energy. Most of these contracts are designated as cash flow hedges.

Hedging of obligations under stock-based employee compensation programs (Aspire)

A portion of the obligations to make stock-based payments to employees is hedged against share price fluctuations using derivatives contracts that are settled in cash at maturity. These derivatives are designated as cash flow hedges.

Further information on cash flow hedges

Other comprehensive income from cash flow hedges increased by €186 million in 2025 (2024: declined by €16 million) due to changes in the fair values of derivatives. Total changes of €142 million in the fair values of derivatives were recognized as income in 2025 (2024: income of €85 million) through profit or loss.

The following table shows changes in reserves for cash flow hedges (before taxes) in equity, broken down by risk category:

B 27.3/1

Changes in reserves for cash flow hedges (before taxes)

€ million	Currency hedging of recorded transactions	Currency hedging of forecasted transactions	Interest-rate hedging of forecasted transactions	Commodity price hedging	Hedging of stock-based employee compensation programs	Total
January 1, 2024	–	6	72	(31)	–	47
Changes in fair values	–	129	(2)	(100)	(43)	(16)
Reclassified to profit or loss	–	(87)	(21)	5	18	(85)
Reclassified to inventories	–	–	–	55	–	55
December 31, 2024	–	48	49	(71)	(25)	1
Changes in fair values	6	17	–	12	151	186
Reclassified to profit or loss	–	(38)	(16)	1	(89)	(142)
Reclassified to inventories	–	–	–	62	–	62
December 31, 2025	6	27	33	4	37	107

An amount of €31 million relating to ineffective portions of these hedges was recognized through profit or loss in 2025, while no material ineffective portions were recognized through profit or loss in 2024.

The fair values of the main derivatives in the major categories as of year-end are indicated in the following table together with the included volumes of hedges:

B 27.3/2

Fair values of derivatives

€ million	Dec. 31, 2024			Dec. 31, 2025		
	Notional amount ¹	Fair value		Notional amount ¹	Fair value	
		Positive	Negative		Positive	Negative
Currency hedging of recorded transactions^{2, 3}	16,465	262	(67)	14,375	76	(137)
Forward exchange contracts	16,465	262	(67)	13,969	72	(137)
Cross-currency interest-rate swaps	–	–	–	406	4	–
of which cash flow hedges	–	–	–	406	4	–
Currency hedging of forecasted transactions^{2, 4}	6,168	106	(51)	6,238	96	(70)
Forward exchange contracts	3,447	83	(35)	3,019	57	(58)
of which cash flow hedges	2,932	73	(25)	2,322	47	(49)
Currency options	2,721	23	(16)	3,219	39	(12)
of which cash flow hedges	2,629	23	(16)	3,160	38	(12)
Commodity price hedging^{2, 4}	1,401	15	(11)	1,321	9	(9)
Forward commodity contracts	1,157	9	(11)	1,249	7	(9)
of which cash flow hedges	1,069	6	(7)	857	6	(3)
Commodity option contracts	244	6	–	72	2	–
of which cash flow hedges	129	1	–	–	–	–
Hedging of stock-based compensation programs^{2, 4}	216	–	(44)	298	108	–
Forward share transactions	216	–	(44)	298	108	–
of which cash flow hedges	216	–	(44)	298	108	–
Total	24,250	383	(173)	22,232	289	(216)
of which current derivatives	23,090	375	(124)	20,991	182	(190)
for currency hedging	21,863	360	(113)	19,762	156	(181)
for commodity price hedging	1,227	15	(11)	1,136	9	(9)
for hedging of stock-based compensation programs	–	–	–	93	17	–

¹ The notional amount is reported as gross volume, which also contains economically closed hedges.

² Derivatives with positive fair values are recognized under "Other financial assets" in the statement of financial position.

³ Derivatives with negative fair values are recognized under "Financial liabilities" in the statement of financial position.

⁴ Derivatives with negative fair values are recognized under "Other liabilities" in the statement of financial position.

The hedging rates for the material currency pairs of the currency hedging derivatives existing at year-end that qualified for hedge accounting were as follows:

B 27.3/3

Hedging rates of derivatives – hedge accounting

	Dec. 31, 2024		Dec. 31, 2025	
	Short-term derivatives		Short-term derivatives	
	Average hedging rate		Average hedging rate	
Currency hedging of forecasted transactions				
Forward exchange contracts – cash flow hedges				
EUR/BRL		6.35		6.97
EUR/CNH		7.76		8.05
EUR/JPY		158.61		166.72

28. Leases

The accounting policy options exercised with respect to leases are outlined in Note [3].

Lease contracts in which Bayer is the lessee mainly pertain to real estate, machinery, equipment or vehicles. Lease contracts are negotiated individually and each contain different arrangements on extension, termination or purchase options, for example.

Land and building leases in which Bayer is the lessee have average terms of 9.6 years (2024: 8.7 years). In many cases, the payments agreed under these leases are adjusted annually based on the development of the consumer price index for the respective country. Building leases generally contain clauses that prohibit subleasing except with the consent of the lessor. Leases of assets other than land or buildings have average terms of 6.9 years (2024: 6.4 years).

Like in the previous year, approximately half of all contracts (excluding vehicle leases) contain an option for Bayer as lessee to terminate the lease on a date specified in the contract. As in the prior year, roughly half of all contracts with a fixed minimum term (excluding vehicle leases) grant Bayer as lessee an extension option. Vehicle leases generally contain a right of early return and an extension option.

The carrying amounts of the following right-of-use assets are recognized under property, plant and equipment:

B 28/1		
Right-of-use assets	Dec. 31, 2024	Dec. 31, 2025
€ million		
Land and buildings	769	770
Investment property	6	5
Plant installations and machinery	89	116
Furniture, fixtures and other equipment	269	273
Construction in progress and advance payments	6	-
Total	1,139	1,164

Additions to right-of-use assets in 2025 amounted to €517 million (2024: €421 million).

The maturities of the outstanding lease payments were as follows:

B 28/2		
Maturities of lease payments	Dec. 31, 2024	Dec. 31, 2025
€ million		
Maturing within 1 year	376	332
Maturing in 1–5 years	793	835
Maturing after 5 years	356	469
Total	1,525	1,636

The depreciation of right-of-use assets in 2025 pertained to the following asset groups:

B 28/3		
Depreciation of right-of-use assets		
€ million	2024	2025
Land and buildings	207	183
Plant installations and machinery	28	30
Furniture, fixtures and other equipment	123	119
Total	358	332

In addition, the following amounts were recognized in the income statement in 2025 in connection with lease contracts in which Bayer was the lessee:

B 28/4		
Income statement impact of leases		
€ million	2024	2025
Interest expense for the unwinding of discount on lease liabilities	(77)	(77)
Expenses for short-term leases with terms longer than one month and up to 12 months	(444)	(284)
Expenses for leases with low-value underlying assets (excluding short-term leases)	(2)	(3)
Expenses for variable lease payments not included in the measurement of the lease liability	(22)	(19)
Income from subleasing of right-of-use assets	2	2
Gains or losses on sale-and-leaseback transactions	–	64
Total	(543)	(317)

Cash outflows related to lessee activities in 2025 amounted to €745 million (2024: €908 million). Unrecognized liabilities of €13 million existed as of December 31, 2025, for short-term leases that had not yet commenced (December 31, 2024: €21 million). Leases signed but not yet commenced as of December 31, 2025, (other than short-term leases) amounted to €76 million (2024: €120 million).

29. Contingent liabilities and other financial commitments

Contingent liabilities

Contingent liabilities as of December 31, 2025, amounted to €5,877 million (December 31, 2024: €7,143 million) and primarily related to tort, tax or labor law and other matters in countries including Germany, Brazil and the United States. This mainly comprised litigations related to the BASF arbitration proceeding and tax risks, as well as patent disputes pertaining to our Intacta RR2 PRO™ soybean technology. For more information on the above-mentioned matters, see Note [30], “Legal risks.” Both the assessment of the contingent liabilities and the assessment of the probability of the outflow of resources are subject to a high degree of uncertainty.

Other financial commitments

The other financial commitments were as follows:

B 29/1		
Other financial commitments		
€ million	Dec. 31, 2024	Dec. 31, 2025
Commitments under purchase agreements for property, plant and equipment	549	570
Contractual obligation to acquire intangible assets	128	113
Capital contribution commitments	237	17
Unpaid portion of the effective initial fund	1,097	1,097
Potential payment obligations under collaboration agreements and contingent payments from acquisitions that do not constitute business combinations	2,872	2,378
Revenue-based milestone payment commitments	3,339	2,736
Total	8,222	6,911

The expected maturities of payment obligations under collaboration agreements and revenue-based milestone payment commitments are as follows:

B 29/2				
Maturities of other financial liabilities				
€ million	Potential payment obligations under collaboration agreements and contingent payments from acquisitions that do not constitute business combinations		Revenue-based milestone payment commitments	
	2024	2025	2024	2025
Maturing within 1 year	258	250	–	180
Maturing in 1–5 years	850	638	473	306
Maturing after 5 years	1,764	1,490	2,866	2,250
Total	2,872	2,378	3,339	2,736

The Bayer Group has entered into cooperation agreements with third parties under which it has agreed to fund various projects or has assumed other payment obligations based on the achievement of certain milestones or other specific conditions. The amounts shown represent the maximum payments to be made, and it is unlikely that they will all fall due. Since the achievement of the conditions for payment is highly uncertain, both the amounts and the dates of the actual payments may vary considerably from those stated in the table.

30. Legal risks

As a global company with extensive business activities, the Bayer Group is exposed to numerous legal risks, particularly in the areas of product liability, competition and antitrust law, anticorruption, patent disputes, tax assessments and environmental matters. The outcome of any current or future proceedings cannot normally be predicted. It is therefore possible that legal or regulatory judgments or future settlements could give rise to expenses that are not covered, or not fully covered, by insurers' compensation payments and could significantly affect our sales and earnings. The legal proceedings referred to below do not represent an exhaustive list of all legal proceedings, but rather those legal proceedings we currently consider to be material.

Product-related litigation

Class actions over neonicotinoids in Canada: Proposed class actions against Bayer have been filed in Quebec and Ontario (Canada) concerning crop protection products containing the active substances imidacloprid and clothianidin (neonicotinoids). The plaintiffs are honey producers, who have filed a proposed nationwide class action in Ontario and a Quebec-only class action in Quebec. The plaintiffs are seeking compensatory and punitive damages and allege that Bayer and another crop protection company were negligent in the design, development, marketing and sale of neonicotinoid pesticides. The proposed Ontario class action is in a very early procedural phase. In Quebec, a court certified a class proposed by the plaintiffs in 2018. The plaintiffs failed to set the case down for trial within the required time frame. In February 2026, the court rejected their application for relief from this default, and the case was consequently discontinued. The plaintiffs still have the right to appeal against the decision. Bayer believes it has meritorious defenses and intends to defend itself vigorously.

Roundup™ (glyphosate): A large number of lawsuits from plaintiffs claiming to have been exposed to glyphosate-based products manufactured by Bayer's subsidiary Monsanto Company ("Monsanto") have been served upon Monsanto in the United States. Glyphosate is the active ingredient contained in a number of Monsanto's herbicides, including Roundup™-branded products. Plaintiffs allege personal injuries resulting from exposure to those products, including non-Hodgkin lymphoma ("NHL") and multiple myeloma, and are seeking compensatory and punitive damages. The plaintiffs are claiming, inter alia, that the glyphosate-based herbicide products are defective and that Monsanto knew, or should have known, of the risks allegedly associated with such products and failed to adequately warn its users. Additional lawsuits are anticipated. The majority of plaintiffs have brought actions in state courts in Missouri.

In February 2026, Monsanto reached agreement on two significant settlements regarding Roundup™ claims: a proposed US nationwide class settlement and a separate agreement settling certain other Roundup™ claims on mutually acceptable terms. The settlement agreements do not contain any admission of liability or wrongdoing. They are aimed at significantly containing the Roundup™ litigation.

The proposed class settlement is designed to resolve current and future glyphosate-related claims alleging NHL injuries regardless of legal theory through a long-term claims program.

The scope of the proposed settlement class covers persons who allege exposure to Roundup™ prior to the settlement date and have a medical diagnosis of NHL or receive a medical diagnosis of NHL before the end of a 16-year period following the effective date of the settlement, which occurs after final trial court approval of the class settlement agreement and exhaustion of all appellate rights.

To fund the class, Monsanto will make declining capped annual payments for up to 21 years totaling up to US\$7.25 billion.

The class settlement agreement is subject to court approval. As part of the approval process, a settlement administrator will send notice to the class, and class members will have the opportunity to object to or opt out of the settlement. Monsanto has the right to terminate the class settlement if the number of opt-outs is excessive.

If the state trial court finally approves the class settlement, such order could be appealed, with the decision on an appeal potentially taking several years. The class settlement does not become final and effective until all appeal procedures have been concluded.

The following summarizes other Roundup™ litigation developments in the United States which are not affected by the two settlements reached by Monsanto in February 2026.

As of February 2026, 28 Roundup™ trials have been concluded before both federal and state courts in California, Missouri, Oregon, Arkansas, Delaware, Illinois, Georgia and Pennsylvania. In one of these cases, a defense verdict was reversed upon appeal and a re-trial was scheduled. Another seven of these cases remain pending on appeal, including only three outstanding adverse verdicts: Anderson, Dennis and Durnell.

In 2025, four plaintiffs' verdicts (Caranci, Martel, Anderson and Dennis) were affirmed by appellate courts without further reduction of the amounts awarded at the trial court level. In August and November 2025, Monsanto agreed, without admission of liability, to settle the Martel and Caranci cases on mutually acceptable terms. In May 2025, the plaintiffs' verdict (comprised of approximately US\$61 million in compensatory damages and approximately US\$550 million in punitive damages) in Anderson, a three-plaintiff case tried in Missouri, was upheld by the appellate court. Monsanto intends to seek review by the US Supreme Court. In November 2025, the California appeals court upheld a judgment of approximately US\$28 million against Monsanto in the Dennis case. Monsanto is currently seeking review by the California Supreme Court.

In 2024, the Third Circuit Federal Court of Appeals issued its ruling in Schaffner, unanimously holding that the state-based failure-to-warn claims in this case are expressly preempted by the Federal Insecticide Fungicide and Rodenticide Act (FIFRA). This decision on federal preemption has created a circuit split with prior decisions of the Ninth (Hardeman) and Eleventh (Carson) Circuits. In April 2025, Monsanto filed a petition for a writ of certiorari with the US Supreme Court in the Durnell case, shortly after the Missouri Supreme Court denied Monsanto's appeal. In its petition, Monsanto argues that the split among federal circuit courts in the Roundup™ personal injury litigation, on the cross-cutting question of whether federal law preempts state-based failure-to-warn claims, warrants review and resolution. In June 2025, the US Supreme Court asked the Solicitor General to provide the Federal Government's view on whether the Court should hear the Durnell appeal. In December 2025, the Solicitor General filed its brief supporting the review of the petition for a writ of certiorari in the Durnell case by the US Supreme Court. In January 2026, the US Supreme Court announced that it will review the Durnell case. The US Supreme Court case is unaffected by the settlements agreed in February 2026 described above.

As of December 31, 2025, Bayer's provision and liabilities for the glyphosate litigation totaled US\$11.3 billion (€9.6 billion). Bayer continues to believe there is no reason for safety concerns in connection with the products mentioned above.

Additionally, as of February 15, 2026, a total of approximately 35 lawsuits (proposed class actions and individual actions) relating to Roundup™ have been filed against Bayer in Canada. The lead class action was partially certified and will proceed on the merits.

Bayer believes it has meritorious defenses and intends to defend the safety of glyphosate and our glyphosate-based formulations vigorously.

Dicamba: In 2016, Bader Peach Farms filed a lawsuit against Monsanto and BASF SE (“BASF”) in Missouri state court. Subsequently, lawsuits from approximately 250 plaintiffs were filed in both US state and federal courts alleging crop damage claims against Monsanto, primarily for soybeans. The general claims are that off-target movement of dicamba herbicide and/or the Xtend™ system has damaged non-dicamba-tolerant soybean and other crops. The Bader Peach Farms case was settled in 2022 without admission of liability.

Bayer continues to receive new dicamba-related claims that could result in potential future lawsuits. A mass tort settlement agreement was reached. The settlement provides for the payment of substantiated claims by soybean growers in crop years 2015 to 2020 who can demonstrate a yield loss due to the application of dicamba products to an Xtend™ crop. That portion of the settlement is capped at US\$300 million. The settlement also provides for additional funds of up to US\$100 million to pay for dicamba damage claims made by growers of other, non-soybean crops, as well as attorneys’ fees, litigation costs and settlement administration costs. The settlement claims administration process is ongoing. Taking into account the payments already made, the remaining provision for settlements amounted to approximately US\$41 million (€35 million) as of December 31, 2025.

There are lawsuits pending in Texas brought on behalf of approximately 50 grape vineyards alleging damage in the years 2017 to 2024 (Timmons). Bayer believes it has meritorious defenses and intends to defend itself vigorously.

Insurance against statutory product liability claims

In connection with the above-mentioned product-related litigations and the below-mentioned PCB proceedings, Bayer is insured against statutory product liability claims to the extent customary in the respective industries and has, based on the information currently available, taken corresponding accounting measures. However, the accounting measures relating to, in particular, Roundup™ (glyphosate) and PCB claims exceed the available insurance coverage.

Patent disputes

Bollgard II RR Flex™/Intacta RR2 PRO™: In 2019, the Cotton Producers Association of the State of Mato Grosso (“AMPA”) in Brazil filed a patent invalidity action in federal court seeking to invalidate four of Bayer’s patents covering Bollgard II RR Flex™, a cotton technology owned by Bayer. In 2020, the Brazilian patent office, in the court proceedings, acknowledged the validity of all four challenged patents. Two of the patents are also being challenged in administrative nullity proceedings before the Brazilian patent office. One of the patents, the promoter patent which expired in 2022, is also at issue in a patent invalidation action filed in Brazilian federal court by the Soybean Growers Association from the State of Mato Grosso (“Aprosoja/MT”) in 2017 regarding the Intacta RR2 PRO™ soybean technology. In addition to the patent invalidity claims, both lawsuits seek a refund of paid royalties. Both lawsuits were filed as collective actions and are proceeding before the same federal judge. Bayer’s Intacta RR2 PRO™ soybean technology is presently protected by three patents.

In addition to the action filed in 2017 regarding the promoter patent, Aprosoja/MT is also seeking a correction of the expiration dates of the three patents protecting Bayer’s Intacta RR2 PRO™ soybean technology, including the now expired promoter patent, in a separate action. In this action, Aprosoja/MT is claiming that the two other patents had already expired and is additionally seeking a corresponding refund of paid royalties and reduction of ongoing royalty payments. In 2021, the Brazilian court in Mato Grosso decided to grant the requests by further soybean grower associations and AMPA to be admitted as co-plaintiffs to this lawsuit. One of the two patents, the promoter patent, also covers Bollgard II RR Flex™ and is at issue in the disputes with AMPA. Aprosoja/MT argues that the term of the patents had been determined unconstitutionally. In 2021, a decision by the Brazilian Supreme Court – that the term of patents previously determined to be a minimum of 10 years from the patent being granted is unconstitutional, and that this term shall instead be set at 20 years from the filing of the patent application – became final. This applies retroactively to certain patents, thereby shortening their term. In 2024, the court in Mato Grosso issued a decision granting all claims by Aprosoja/MT, including an order to refrain from collecting the proportional royalties for two of the three patents. In addition, the decision included an order to reimburse royalties paid by rural producers for the two patents after their shortened term provided that eligible rural producers file individual claims in that regard proving

their entitlement to the granted reimbursement and the amount. Bayer disagrees with the decision and has appealed it. Bayer continues to believe that neither Aprosoja/MT nor other associations or rural producers are entitled to a refund of paid royalties or to a reduction of ongoing royalty payments.

MON 87429/MON 94313: In 2022, Corteva Agriscience LLC (“Corteva”) filed a complaint in a US federal court against Bayer. Corteva alleges infringement of three patents held by Corteva by Bayer’s herbicide tolerance technologies MON 87429 (corn) and MON 94313 (soybeans), respectively. However, Bayer asserts that its technologies do not infringe any valid patent claim of Corteva and that all three patents of Corteva are invalid. The litigation is stayed pending the final outcome of an Inter Partes Review (“IPR”), upon Bayer’s request, of the three patents by the Patent Trial and Appeal Board (“PTAB”) of the US Patent and Trademark Office. In 2024, we received favorable IPR decisions from the PTAB finding all three Corteva patents invalid. The decisions have been appealed by Corteva. In January 2026, Bayer and Corteva settled the dispute on mutually acceptable terms and the cases have been dismissed.

Roundup Ready™ Soybean, Event GTS40-3-2: In 2023, Bayer’s subsidiaries Monsanto and Monsanto do Brasil were served with an action filed in the Brazilian Superior Court of Justice by the rural unions of Sertão, Passo Fundo and Santiago in the State of Rio Grande do Sul. The action challenges a 2019 decision by the court that had confirmed the protection of Roundup Ready™ soybeans under Brazilian patent law independent from plant variety protection and denied claims for a refund of paid royalties.

Bayer believes it has meritorious defenses in the above patent disputes and intends to defend itself vigorously.

Further legal proceedings

BASF arbitration: In 2019, Bayer was served with a request for arbitration by BASF. BASF alleged indemnification claims under asset purchase agreements signed in 2017 and 2018 related to the divestment of certain Crop Science businesses to BASF. BASF alleged that particular cost items, including certain personnel costs, had not been appropriately disclosed and allocated to some of the divested businesses. In 2022, the arbitral tribunal dismissed BASF’s claims in their entirety. In 2023, the Higher Regional Court of Frankfurt am Main (Germany) rejected BASF’s motion to set aside the award. However, the court found that the arbitral award was technically invalid because it did not comply with a German procedural rule regarding the signatures of the tribunal members. According to the court decision, the original arbitration proceedings had not yet come to an end and still had to be concluded by a valid arbitration award that fully complies with the procedural rules. In 2024, the Federal Court of Justice (Germany) overturned the decision of the Higher Regional Court of Frankfurt am Main and remanded the case back to the Higher Regional Court of Frankfurt am Main for a decision on the alleged grounds for annulment, ruling that the procedural rule regarding the signatures of the tribunal members had not been infringed. In June 2025, the Higher Regional Court of Frankfurt am Main decided to dismiss BASF’s arguments and upheld the arbitration award. BASF appealed against the decision to the Federal Court of Justice.

Newark Bay environmental matters: In the United States, Bayer is a backup indemnitor for certain environmental liabilities in the Lower Passaic River and/or the Newark Bay Complex which are being satisfied by an unrelated company. Bayer is currently unable to determine the extent of its potential future liability for this matter.

Mine permit Idaho: In 2019, the United States Bureau of Land Management (“BLM”) granted a permit to Bayer’s subsidiary P4 Production, LLC (“P4 Production”), for a new phosphate mine in Idaho. Phosphorus is needed for glyphosate, which is contained in a number of Bayer’s herbicides, including Roundup™ agricultural herbicides. In 2021, three non-governmental organizations (“NGOs”) challenged the permit in the United States District Court for the District of Idaho. P4 Production joined the proceeding as an intervenor. In 2023, the court vacated the permit. P4 Production has submitted a new mine permit application and is evaluating other phosphate ore mining opportunities.

In 2024, we reached a settlement with the plaintiffs. The settlement ensures that the NGOs will not challenge a new permit, which we still expect the BLM to issue.

Asbestos: In many cases, plaintiffs allege that Bayer and co-defendants employed third parties on their sites in past decades without providing them with sufficient warnings or protection against the known dangers of asbestos. Additionally, a Bayer affiliate in the United States is the legal successor to companies that sold asbestos products until 1976. Union Carbide has agreed to indemnify Bayer for this liability. Similarly, Monsanto faces numerous claims based on exposure to asbestos at Monsanto premises without adequate warnings or protection and based on the manufacture and sale of asbestos-containing products. Bayer believes it has meritorious defenses and intends to defend itself vigorously.

PCBs: Bayer’s subsidiary Monsanto has been named in lawsuits brought by various governmental entities in the United States claiming that Monsanto, Pharmacia and Solutia, collectively as a manufacturer of PCBs, should be responsible for a variety of damages due to PCBs in the environment, including bodies of water, regardless of how PCBs came to be located there. PCBs are chemicals that were widely used for various purposes until the manufacture of PCBs was prohibited by the EPA in the United States in 1979.

In 2020, Bayer entered into a class settlement, valued at approximately US\$650 million, to settle claims of approximately 2,500 municipal entities. In 2022, the court issued its final approval of the class settlement. There were approximately 84 opt-outs from the class settlement, the majority of which have now filed lawsuits. In 2024, Bayer agreed, without admission of liability, to pay US\$160 million to settle the lawsuit with the City of Seattle, US\$35 million of which was devoted to PCB remediation. In the same year, Bayer agreed, without admission of liability, to pay US\$35 million to settle the lawsuit with the City of Los Angeles.

In 2024, the Maine Attorney General filed suit in state court alleging claims for damages related to PCB contamination of the state’s environment, meaning there are now five attorney general cases pending: Delaware, Maine, Maryland, New Jersey and Vermont. Prior cases filed or threatened by Washington, Washington D.C., New Mexico, New Hampshire, Ohio, Pennsylvania and Virginia were settled for a combined total of approximately US\$456 million. In December 2025, the cases filed or threatened by West Virginia and Illinois were settled on mutually acceptable terms. The company also settled a pending matter with the State of Oregon for US\$698 million, reflecting unique circumstances in that State.

The Vermont Attorney General case is different from the others in scope because it involves allegations of contamination not only of the state’s environment but also of its school buildings. There is a similar complaint (Addison Central School District) pending in federal court (District of Vermont) by private lawyers representing 93 Vermont school districts alleging PCB contamination in school buildings. In addition, there is a pending case in Vermont on behalf of the Burlington School District and related personal injury claims (see below).

Monsanto also faces numerous lawsuits claiming personal injury due to use of and exposure to PCB products in school and university buildings. One group of cases with approximately 250 plaintiffs claimed a wide variety of personal injuries allegedly due to PCBs in the building products of the school Sky Valley Education Center ("SVEC") in King County, Washington. As of January 31, 2026, 10 trials had been completed in these matters, involving a total of 80 plaintiffs. 31 of these plaintiffs were not successful as the juries decided in favor of Monsanto or a mistrial was declared after the jury was unable to reach a decision. The other 49 plaintiffs were awarded a total of approximately US\$320 million in compensatory and a multiple thereof in punitive damages. The undisputed evidence in these cases does not, in Bayer's opinion, support the conclusions that plaintiffs were exposed to unsafe levels of PCBs or that any exposure could have caused their claimed injuries. Bayer had filed post-trial motions or appealed the adverse verdicts, due to numerous significant trial errors. In June 2025, due to the specific circumstances and without admission of liability, Monsanto agreed to settle the claims of 22 plaintiffs in the Burke case on mutually acceptable terms. In August 2025, Monsanto reached an agreement in principle, without admission of liability, to settle on mutually acceptable terms all existing SVEC cases, involving more than 200 plaintiffs, except for current adverse SVEC verdicts that remained on appeal. In December 2025, Monsanto fully resolved the majority of these claims. In 2024, the Washington Court of Appeals vacated the first SVEC verdict (Erickson et al.) of US\$185 million (compensatory damages of approximately US\$50 million and punitive damages of approximately US\$135 million), based on multiple trial errors. In October 2025, the Washington Supreme Court reversed the appellate court's decision and reinstated the jury's verdict. In December 2025, without admission of liability, Monsanto agreed to settle the Erickson case on mutually acceptable terms. In January 2026, Monsanto agreed, without admission of liability, to settle the eight remaining adverse SVEC verdicts, on mutually acceptable terms.

In October 2025, a lawsuit was filed in North Carolina by NC State University seeking damages from Monsanto related to alleged PCB contamination of a building called Poe Hall (e.g., remediation costs, demolition, replacement construction). NC State University also seeks indemnification and declaratory relief, allocating responsibility to Monsanto for potential workers' compensation claims by university employees and potential exposure claims by university students. In February 2026, a lawsuit was filed by 12 former NC State University students and employees against Monsanto claiming they had developed breast cancer and other conditions due to alleged PCB exposure at Poe Hall. These plaintiffs are seeking compensatory and punitive damages.

In 2023, a putative class action lawsuit (Neddo) was filed in the District of Vermont by a mother on behalf of her three children who attended local schools. She alleges that her children are at increased risk of cancer and non-cancer health issues from PCB exposure and seeks the cost of medical monitoring. The complaint, which was amended in 2025, identifies 46 allegedly contaminated schools, and the proposed class is defined as all individuals who attended or worked at one of the contaminated schools. There are also two pending personal injury cases involving a small number of plaintiffs related to Burlington High School and Twin Valley Elementary School.

There are additional personal injury cases stemming from non-school PCB exposure. Nine cases are pending in Massachusetts state court involving 14 plaintiffs who allege various personal injuries from alleged exposure to PCBs in or near a former General Electric landfill. A personal injury and wrongful death lawsuit involving 169 current or former employees at Clark County Government Center is pending in Nevada. These plaintiffs allege that PCBs contaminated the Center through prior operations by Union Pacific Railroad at the site. The Nevada action was dismissed by the state court, and the plaintiffs appealed. In 2024, the Nevada Supreme Court reversed the dismissal. Lastly, there are three cases involving five plaintiffs claiming injury due to exposure to PCBs near Monsanto's former Krummrich plant.

We believe that we also have meritorious defenses in these matters and intend to defend ourselves vigorously.

To recover costs associated with the PCB-related litigation, Bayer filed a complaint in 2022 in the Circuit Court of St. Louis County for the State of Missouri to enforce its rights under certain indemnity contracts. Under these contracts, the companies who purchased PCBs for use in their products agreed to indemnify Monsanto for PCB-related litigation costs, including settlements.

Shareholder litigation concerning Monsanto acquisition: In Germany and the United States, investors have filed lawsuits claiming damages suffered due to the drop in Bayer AG's share price. Plaintiffs allege that Bayer AG's capital market communication in connection with the acquisition of Monsanto was flawed and that the information provided by Bayer on the risks, in particular regarding glyphosate product liability claims in the United States, was insufficient. In the German proceedings, there were approximately 55 plaintiffs with claims pending as of December 31, 2025. In 2022, the Cologne Regional Court initiated a model case proceeding in accordance with the Capital Markets Model Case Act. This does not include a decision on the merits of the matter. In the parallel proceeding in the United States, the United States District Court for the Northern District of California, San Francisco Division, certified a class in 2023. In March 2025, following a court-induced mediation procedure, the parties to the proceeding in the United States agreed to the terms of a settlement resolving this litigation, without admission of liability. The settlement was finally approved by the United States District Court for the Northern District of California, San Francisco Division, in October 2025. It provides for an amount to be paid by the defendants, most of which is covered by insurers. Bayer continues to believe it has duly complied with its capital markets law obligations at all times in connection with the acquisition of Monsanto and its disclosures concerning glyphosate product liability claims and intends to defend itself vigorously against the claims in all shareholder lawsuits.

Notes to the Statements of Cash Flows

The statement of cash flows shows how cash inflows and outflows during the fiscal year affected the cash and cash equivalents of the Bayer Group.

Of the cash and cash equivalents, there were no significant sums that had limited availability due to foreign exchange restrictions in 2025 or 2024.

The cash flows reported by consolidated companies outside the eurozone are translated at average monthly exchange rates. Cash and cash equivalents are translated at closing rates. The "Change in cash and cash equivalents due to exchange rate movements" is reported in a separate line item. For subsidiaries with a hyperinflationary functional currency, currencies are always translated at the respective closing rates.

31. Net cash provided by (used in) operating, investing and financing activities

Net operating cash flow amounted to €5,930 million in 2025 (2024: €7,368 million). Payments to resolve legal proceedings, which primarily related to the PCB and glyphosate litigations, resulted in a net outflow of €1,175 million (2024: €461 million). That total comprised payments resulting from settlement agreements as well as court judgments. The change in other working capital is largely attributable to the noncash increase in provisions and liabilities in connection with the glyphosate and PCB litigations.

Net cash used in investing activities in 2025 amounted to €1,270 million (2024: net cash of €164 million was provided by investing activities). Net cash inflows from current financial assets totaled €696 million (2024: €2,558 million). The inflows primarily arose from the sale of investments in money market funds and were partly used to repay debt. Cash outflows for property, plant and equipment and intangible assets amounted to €2,487 million (2024: €2,778 million). Cash inflows from the sale of property, plant and equipment and other assets amounted to €415 million (2024: €295 million) and mainly resulted from the sale of product rights (€146 million) for Testoviron™, Progynova™ and Cyclo-Progynova™ in Europe/Middle East/Africa, and for Ilomedin™/Ilomedine™, as well as the divestment of production facilities and office buildings at various sites. Net cash inflows from noncurrent financial assets totaled €144 million (2024: €18 million) and were largely attributable to the sale of shares in Capstan Therapeutics, Inc., United States. Cash outflows for acquisitions, less acquired cash, amounted to €196 million (2024: €184 million) and primarily related to the acquisition of the remaining 70% interest in Natsana GmbH, Germany, in the first quarter of 2025.

There was a net cash outflow of €3,884 million for financing activities (2024: €7,178 million). This figure included net debt repayments of €2,045 million (2024: €5,018 million). Net interest payments decreased to €1,698 million (2024: €1,972 million). The Bayer Group paid out €127 million in dividends (2024: €131 million), of which €108 million to Bayer AG stockholders (2024: €108 million).

The changes in liabilities arising from financing activities in 2025 are presented in the following table:

B 31/1

Liabilities from financing activities

€ million	Cash flows ¹				Noncash changes		Dec. 31, 2025
	Jan. 1, 2025		Acquisitions/ divestments	Currency/ other effects	New contracts IFRS 16	Fair value changes ²	
Bonds and notes	38,226	(2,805)	–	(2,114)	–	3	33,310
Liabilities to banks	1,223	792	–	(158)	–	–	1,857
Lease liabilities	1,248	(410)	3	(94)	462	77	1,286
Receivables/liabilities from derivatives	(204)	(609)	–	–	–	872	59
Other financial liabilities	47	885	103	(71)	–	25	989
Total	40,540	(2,147)	106	(2,437)	462	977	37,501

¹ Including paid interest resulting from the unwinding of the discount on the liabilities

² Including changes in the carrying amounts of liabilities measured at amortized cost using the effective-interest method

The changes in liabilities arising from financing activities in 2024 were as follows:

B 31/2

Liabilities from financing activities (previous year)

€ million	Cash flows ¹				Noncash changes		Dec. 31, 2024
	Jan. 1, 2024		Acquisitions/ divestments	Currency/ other effects	New contracts IFRS 16	Fair value changes ²	
Bonds and notes	40,852	(3,828)	–	1,145	–	57	38,226
Liabilities to banks	784	468	–	(29)	–	–	1,223
Lease liabilities	1,238	(434)	1	35	331	77	1,248
Receivables/liabilities from derivatives	174	406	–	–	–	(784)	(204)
Other financial liabilities	1,915	(1,874)	–	(57)	–	63	47
Total	44,963	(5,262)	1	1,094	331	(587)	40,540

¹ Including paid interest resulting from the unwinding of the discount on the liabilities

² Including changes in the carrying amounts of liabilities measured at amortized cost using the effective-interest method

Other Information

32. Audit fees

Silvia Geberth signed the Independent Auditor's Report for the first time for the year ended December 31, 2024, and Andreas Wermelt for the first time for the year ended December 31, 2022. The auditor responsible for the audit is Silvia Geberth.

The following fees for the services of the worldwide network of Deloitte or Deloitte GmbH Wirtschaftsprüfungsgesellschaft (Deloitte GmbH WPG) were recognized as expenses:

B 32/1				
Audit fees				
€ million	Deloitte		of which Deloitte GmbH WPG	
	2024	2025	2024	2025
Financial statements auditing	16	16	7	7
Audit-related services and other audit work	1	3	1	1
Tax consultancy	-	-	-	-
Other services	1	-	-	-
Total	18	19	8	8

The fees for the financial statements audit services of Deloitte GmbH Wirtschaftsprüfungsgesellschaft primarily comprised those for the audits of the Consolidated Financial Statements of the Bayer Group and of the financial statements of Bayer AG and its subsidiaries. The audit-related services and other audit work performed by Deloitte GmbH Wirtschaftsprüfungsgesellschaft in 2025 mainly concerned voluntary financial statements auditing for subsidiaries. Audit reviews of interim financial statements were also conducted.

33. Related parties

Related parties as defined in IAS 24 are those legal entities, natural persons and close members of their family that are able to exert influence on Bayer AG and its subsidiaries or over which Bayer AG or its subsidiaries exercise control or joint control or have a significant influence. They include, in particular, nonconsolidated subsidiaries accounted for at fair value, joint ventures and associates accounted for at fair value or using the equity method, and post-employment benefit plans. Related parties also include the corporate officers of Bayer AG whose compensation is reported in Note [34] and in the Compensation Report, which is available at www.bayer.com/cpr.

B 33/1

Related parties

€ million	Sales of goods and services		Purchase of goods and services		Receivables		Liabilities	
	2024	2025	2024	2025	2024	2025	2024	2025
Nonconsolidated subsidiaries, joint ventures and associates that are immaterial	49	50	1	45	71	62	28	22
Joint ventures	16	20	-	-	16	18	-	-
Associates	-	-	-	-	1	-	5	1
Post-employment benefit plans	-	-	-	-	1,438	1,444	139	165

Intercompany profits and losses for companies accounted for in the Consolidated Financial Statements using the equity method were immaterial in 2025 and 2024.

Bayer AG has undertaken to provide jouissance right capital (Genussrechtskapital) in the form of an interest-bearing loan with a nominal volume of €150 million (2024: €150 million) for Bayer-Pensionskasse VVaG. The entire amount remained drawn as of December 31, 2025. The carrying amount was €154 million (2024: €152 million). The loan capital provided to Bayer-Pensionskasse VVaG for its effective initial fund had a nominal volume of €1,135 million as of December 31, 2025 (December 31, 2024: €1,135 million). The carrying amount was €1,146 million (2024: €1,145 million). The outstanding receivables, comprised of different tranches, are each subject to a five-year interest-rate adjustment mechanism. Interest income of €39 million was recognized in 2025 (2024: €38 million) along with gains of €3 million (2024: €13 million) due to fair value changes.

There was also an effective initial fund to start up business operations (unchanged at €3 million) of Rheinische Pensionskasse VVaG as well as retroactive loan capital for its effective initial fund with a carrying amount of €62 million (2024: €60 million). Interest income of €2 million was recognized in 2025 (2024: €2 million) along with losses of €1 million (2024: €1 million) due to fair value changes.

In 2025, an amount of €323 million was reimbursed by pension vehicles, in part for pension payments made by Group companies in 2025.

In 2024, government bonds totaling €300 million were transferred to Bayer Pension Trust e. V. (BPT), Germany, and an amount of €116 million was withdrawn at BPT from the excess of assets over liabilities for long-term accounts ("BayZeit").

Other operating income of €17 million was recognized in 2024 due to fully impaired receivables from the nonconsolidated subsidiary Bayer S.A., Venezuela, having already been paid in previous years.

There were no material impairment losses on receivables from related parties in 2025 or 2024.

34. Total compensation of the Board of Management and the Supervisory Board, advances and loans

In 2025, the compensation of the Board of Management and the Supervisory Board according to the IFRS accounting standards totaled €37,240 thousand (2024: €18,797 thousand). The compensation of the Supervisory Board amounted to €5,210 thousand (2024: €5,050 thousand) and was comprised entirely of short-term non-performance-related components.

The table below shows the individual components of Board of Management compensation in accordance with the IFRS accounting standards:

	2024	2025
B 34/1		
Board of Management compensation according to IFRS		
€ thousand		
Base compensation	7,203	7,315
Fringe benefits	637	889
Pension installment	1,769	1,832
Total short-term non-performance-related compensation	9,609	10,036
Short-term performance-related cash compensation	5,040	7,956
Total short-term compensation	14,649	17,992
Stock-based compensation (Aspire) earned in the respective year	1,599	10,461
Change in value of existing entitlements to stock-based compensation (Aspire)	(1,897)	2,969
Stock-based compensation (Aspire) forfeited upon stepping down from the Board of Management	(1,133)	–
Total stock-based compensation (long-term incentive)	(1,431)	13,430
Service cost for pension entitlements earned in the respective year	529	608
Total long-term compensation	(902)	14,038
Total compensation (IFRS)	13,747	32,030

Total compensation of the Board of Management and Supervisory Board according to the German Commercial Code (HGB) amounted to €34,726 thousand (2024: €30,737 thousand), with the Board of Management accounting for €29,516 thousand (2024: €25,687 thousand) and the Supervisory Board for €5,210 thousand (2024: €5,050 thousand). The compensation of the Board of Management comprised short-term non-performance-related compensation of €10,036 thousand (2024: €9,609 thousand), short-term performance-related cash compensation of €7,956 thousand (2024: €5,040 thousand), and long-term stock-based cash compensation (Aspire) of €11,524 thousand (2024: €11,038 thousand). The compensation of the Supervisory Board comprised attendance fees of €443 thousand (2024: €357 thousand), compensation for committee duties of €1,087 thousand (2024: €1,012 thousand) and fixed compensation of €3,680 thousand (2024: €3,681 thousand).

Pension payments to former members of the Board of Management and their surviving dependents in 2025 amounted to €14,080 thousand (2024: €13,629 thousand). According to the IFRS accounting standards, the defined benefit obligation for former members of the Board of Management and their surviving dependents amounted to €171,054 thousand (2024: €184,629 thousand).

There were no advances or loans to members of the Board of Management or the Supervisory Board outstanding as of December 31, 2025, or at any time during 2025 or 2024. No contingent liabilities were entered into for these individuals.

Further information on the compensation of the Board of Management and Supervisory Board is provided in the Compensation Report, which is publicly accessible at www.bayer.com/cpr.

35. Events after the end of the reporting period

Financing activities

In January 2026, commercial paper was issued by Bayer AG with a nominal volume of €255 million and by Bayer Corporation, United States, in a nominal amount of US\$530 million (€445 million), respectively.

In February 2026, Bayer AG and Bayer US Finance LLC, United States, jointly signed an US\$8 billion bank loan facility. The facility has a tenor of one year, plus two six-month extension options. Repayment of drawings against this facility by Bayer US Finance LLC is guaranteed by Bayer AG. The participating banks are entitled to terminate the credit facility in the event of a change of control at Bayer and demand repayment of any loans that may have been granted under this credit facility up to that time.

Divestments

On February 2, 2026, we completed the sale of the Avalox™ antibiotics business. The sales price for the global Avalox™ business, with China as its main market, came to €250 million and resulted in other operating income in the same amount.

Resolution of a licensing agreement

In January 2026, Bayer reached an agreement to resolve a dispute regarding the use of its proprietary technology and received €448 million. This will be recognized as licensing revenue in the first quarter of 2026 under the Soybean Seed & Traits strategic business entity within Crop Science.

Leverkusen, February 27, 2026
Bayer Aktiengesellschaft

The Board of Management

Bill Anderson

Wolfgang Nickl

Stefan Oelrich

Heike Prinz

Rodrigo Santos

Julio Triana

Responsibility Statement

To the best of our knowledge, and in accordance with the applicable accounting principles, the Consolidated Financial Statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Bayer Group, and the Combined Management Report includes a fair review of the development and performance of the business and the position of the Bayer Group and Bayer AG, together with a description of the principal opportunities and risks associated with the expected development of the Bayer Group and Bayer AG.

Leverkusen, February 27, 2026
Bayer Aktiengesellschaft

The Board of Management



Bill Anderson



Wolfgang Nickl



Stefan Oelrich



Heike Prinz



Rodrigo Santos



Julio Triana

Independent Auditor's Report

To Bayer Aktiengesellschaft, Leverkusen/Germany

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND OF THE COMBINED MANAGEMENT REPORT

Audit Opinions

We have audited the consolidated financial statements of Bayer Aktiengesellschaft, Leverkusen/Germany, and its subsidiaries (the Group), which comprise the consolidated statements of financial position as at December 31, 2025, the consolidated income statements and the consolidated statements of comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows for the financial year from January 1 to December 31, 2025, and the notes to the consolidated financial statements, including material accounting policy information. We have not audited the content of the compensation report in accordance with Section 162 German Stock Corporation Act (AktG) referenced in sections 23, 33 and 34 of the notes to the consolidated financial statements. In addition, we have audited the combined management report for the parent and the group of Bayer Aktiengesellschaft, Leverkusen/Germany, for the financial year from January 1 to December 31, 2025. In accordance with the German legal requirements, we have not audited the content of those parts of the combined management report set out in the appendix to the auditor's report.

In our opinion, on the basis of the knowledge obtained in the audit,

- // the accompanying consolidated financial statements comply, in all material respects, with the IFRS[®] Accounting Standards issued by the International Accounting Standards Board (IASB) (hereinafter "IFRS Accounting Standards") as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) German Commercial Code (HGB) and, in compliance with these requirements, give a true and fair view of the assets, liabilities and financial position of the Group as at December 31, 2025 and of its financial performance for the financial year from January 1 to December 31, 2025; our audit opinion on the consolidated financial statements does not cover the content of the compensation report referred to above.
- // the accompanying combined management report as a whole provides an appropriate view of the Group's position. In all material respects, this combined management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our audit opinion on the combined management report does not cover the content of those parts of the combined management report set out in the appendix to the auditor's report.

Pursuant to Section 322 (3) sentence 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the combined management report.

Basis for the Audit Opinions

We conducted our audit of the consolidated financial statements and of the combined management report in accordance with Section 317 HGB and the EU Audit Regulation (No. 537/2014; referred to subsequently as "EU Audit Regulation") and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW). We performed the audit of the consolidated financial statements in supplementary compliance with the International Standards on Auditing (ISA). Our responsibilities under those requirements, principles and standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Combined Management Report" section of our auditor's report. We are independent of the group entities in accordance with the requirements of European law and German commercial and professional law and the International Code of Ethics for Professional Accountants (including International Independence Standards) of the International Ethics Standards Board for

Accountants (IESBA Code), and we have fulfilled our other German professional responsibilities in accordance with these requirements and the IESBA Code. In addition, in accordance with Article 10 (2) point (f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the consolidated financial statements and on the combined management report.

Key Audit Matters in the Audit of the Consolidated Financial Statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the financial year from January 1 to December 31, 2025. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and in forming our audit opinion thereon; we do not provide a separate audit opinion on these matters.

In the following we present the key audit matters we have determined in the course of our audit:

1. recoverability of goodwill and other intangible assets
2. presentation of risks arising from product-related legal disputes

Our presentation of these key audit matters has been structured as follows:

- a) description (including reference to corresponding information in the consolidated financial statements)
- b) auditor's response

1. Recoverability of Goodwill and Other Intangible Assets

a) In the consolidated financial statements of Bayer Aktiengesellschaft, an amount of EUR 28,061 million (27% of total assets) is reported under the "Goodwill" item of the statements of financial position. The "Other intangible assets" item includes patents and technologies of EUR 9,501 million (9% of total assets), trademarks of EUR 5,357 million (5% of total assets) and research and development projects of EUR 2,531 million (2% of total assets). In addition, there are marketing and distribution rights, production rights and other rights, as well as advance payments, of EUR 3,233 million (3% of total assets). The Company allocates goodwill to the reporting segments within the Bayer Group. Regular impairment tests of goodwill and research and development projects, as well as ad-hoc impairment tests of other intangible assets, are performed by comparing the carrying amounts with the respective recoverable amounts. The recoverable amount is generally determined on the basis of the fair value less costs to sell. The determination is based on capital value-oriented methods, as market values for the individual strategic business entities are usually not available. The fair value is calculated using discounted cash flow models based on the Bayer Group's medium-term plans prepared by the executive directors, which are extrapolated on the basis of assumptions regarding long-term growth rates. The discounting is based on the weighted average cost of capital of the respective cash-generating unit. The result of this valuation is highly dependent on the executive directors' assessment of the future cash inflows of the respective cash-generating unit (usually the strategic business unit or product family) and the discount rate applied, and is therefore subject to considerable uncertainty. Against this background and due to the underlying complexity of the valuation models, this matter was particularly relevant in the context of our audit.

The information provided by the executive directors on goodwill and other intangible assets is included in sections 3 and 14 of the notes to the consolidated financial statements.

b) As part of our audit, we reconstructed the methodology used to perform the impairment tests and assessed the determination of the weighted cost of capital, among other things. We satisfied ourselves as to the appropriateness of the future cash inflows used in the valuation by means of a walkthrough and critical assessment of the underlying planning process, among other things. We also assessed the appropriateness of the future cash flows used in the valuation in particular by comparing this information with the Company's medium-term plans and

checking selected planning assumptions against general and industry-specific market expectations. We thoroughly examined the parameters used to determine the discount rate applied and assessed the completeness and accuracy of the calculation model. In addition, due to the material significance of goodwill, we also performed our own sensitivity analyses for the reportable segments (carrying amount compared to the recoverable amount). We also consulted internal specialists from the valuation and modeling department for individual areas of the audit.

2. Presentation of Risks Arising from Product-Related Legal Disputes

- a) Entities of the Bayer Group are involved in both court and out-of-court proceedings with public authorities, competitors and other parties. These proceedings result in legal risks, in particular in the areas of product liability, competition and anti-trust law, patent law, tax law and environmental protection.

Lawsuits seeking compensatory and punitive damages have been brought in the US against Monsanto Company, St. Louis/US, (Monsanto), a subsidiary of Bayer Aktiengesellschaft, among others. In one of these litigations, the plaintiffs allege that they were exposed to glyphosate-based products manufactured by Monsanto and that the exposure to these products resulted in personal injuries. Monsanto has also been named in lawsuits brought by various governmental entities in the US, which claim that Monsanto and its predecessor companies, as manufacturers of PCBs, are responsible for a variety of damages due to PCBs in the environment, including in bodies of water. In addition, Monsanto is facing several lawsuits alleging personal injury and property damage from the use of and exposure to PCB products. In the above-mentioned litigations, Bayer has successively concluded settlement agreements of varying scope with some of the plaintiffs or plaintiffs' attorneys since 2020 to resolve parts of the litigations concerned.

Whether and to what extent it is necessary to recognize provisions to cover the risks arising from one or more of these legal disputes is highly dependent on the assessments and discretionary assumptions made by the executive directors. Against this background and due to the amounts involved in the claims asserted, we considered the above-mentioned product-related disputes of the Bayer Group particularly relevant to the audit.

The disclosures and explanations provided by the executive directors on the legal disputes referred to above are included in section 30 of the notes to the consolidated financial statements.

- b) As part of our audit, we assessed, among other things, the process established by the Company for recognizing court and out-of-court proceedings, estimating their outcomes and appropriately presenting legal disputes in the statements of financial position. In addition, we held regular discussions with the Company's internal legal department to have current developments and reasons underlying the estimates of the expected outcomes of the proceedings explained to us. We critically examined and assessed the respective explanations and the information and evidence received. We also checked the recognition and valuation of provisions for settlement agreements in the main litigations, some of which have already been concluded, by performing sample-based comparisons with the underlying settlement agreements. The developments in the main legal disputes, including estimates of the possible outcome of the proceedings, were provided to us in writing by the Company. As at the reporting date, we also obtained and critically assessed external attorney confirmations. In addition, taking into account the estimates made by the Company, we critically assessed the assumptions underlying the provisions for expected defense costs and verified the plausibility of the amount of the provisions based on experience from similar proceedings in the past and other evidence.

Other Information

The executive directors and/or the supervisory board are responsible for the other information.

The other information comprises

- // the report of the supervisory board,
- // the foreword to the compensation report,
- // the compensation report,
- // the unaudited content of the combined management report specified in the appendix to the auditor's report,
- // the executive directors' confirmations pursuant to Section 297 (2) sentence 4 and Section 315 (1) sentence 5 HGB regarding the consolidated financial statements and the combined management report,
- // all other parts of the annual report,
- // but not the consolidated financial statements, not the audited content of the disclosures in the combined management report and not our auditor's report thereon.

The supervisory board is responsible for the report of the supervisory board and the foreword to the compensation report. The executive directors and the supervisory board are responsible for the declaration on the German Corporate Governance Code in accordance with Section 161 AktG, which is part of the corporate governance statement included in the "Corporate Governance Report" section of the combined management report, and for the compensation report. Otherwise, the executive directors are responsible for the other information.

Our audit opinions on the consolidated financial statements and on the combined management report do not cover the other information, and consequently we do not express an audit opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information identified above and, in doing so, to consider whether the other information

- // is materially inconsistent with the consolidated financial statements, with the audited content of the disclosures in the combined management report or our knowledge obtained in the audit, or
- // otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Executive Directors and the Supervisory Board for the Consolidated Financial Statements and the Combined Management Report

The executive directors are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRS[®] Accounting Standards as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) HGB, and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position and financial performance of the Group. In addition, the executive directors are responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud (i.e., fraudulent financial reporting and misappropriation of assets) or error.

In preparing the consolidated financial statements, the executive directors are responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, the executive directors are responsible for the preparation of the combined management report that as a whole provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a combined management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the combined management report.

The supervisory board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and of the combined management report.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Combined Management Report

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the combined management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our audit opinions on the consolidated financial statements and on the combined management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Section 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) and in supplementary compliance with the ISA will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this combined management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also

- // identify and assess the risks of material misstatement of the consolidated financial statements and of the combined management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting a material misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- // obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures relevant to the audit of the combined management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of internal control or these arrangements and measures of the Group.
- // evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.
- // conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the combined management report or, if such disclosures are inadequate, to modify our respective audit opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.

- // evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRS® Accounting Standards as adopted by the EU and with the additional requirements of German commercial law pursuant to Section 315e (1) HGB.
- // plan and perform the audit of the consolidated financial statements in order to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group, which serves as a basis for forming audit opinions on the consolidated financial statements and on the combined management report. We are responsible for the direction, supervision and review of the audit procedures performed for the purposes of the group audit. We remain solely responsible for our audit opinions.
- // evaluate the consistency of the combined management report with the consolidated financial statements, its conformity with German law, and the view of the Group's position it provides.
- // perform audit procedures on the prospective information presented by the executive directors in the combined management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the actions taken or safeguards applied to eliminate independence threats.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the current period and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes public disclosure about the matter.

OTHER LEGAL AND REGULATORY REQUIREMENTS

Report on the Assurance on the Electronic Reproductions of the Consolidated Financial Statements and of the Combined Management Report Prepared for Publication Pursuant to Section 317 (3a) HGB

Assurance Opinion

We have performed assurance work in accordance with Section 317 (3a) HGB to obtain reasonable assurance whether the electronic reproductions of the consolidated financial statements and of the combined management report (hereinafter referred to as "ESEF documents") prepared for publication, contained in the file, which has the SHA-256 value:

d44256d14f6c9a8b27f82c204a9476a3ccc5b5ce87c76d3ebd172598a75e6b80, meet, in all material respects, the requirements for the electronic reporting format pursuant to Section 328 (1) HGB ("ESEF format"). In accordance with the German legal requirements, this assurance work only covers the conversion of the information contained in the consolidated financial statements and the combined management report into the ESEF format, and therefore covers neither the information contained in these electronic reproductions nor any other information contained in the file identified above.

In our opinion, the electronic reproductions of the consolidated financial statements and of the combined management report prepared for publication contained in the file identified above meet, in all material respects, the requirements for the electronic reporting format pursuant to Section 328 (1) HGB. Beyond this assurance opinion and our audit opinions on the accompanying consolidated financial statements and on the accompanying combined management report for the financial year from January 1 to December 31, 2025 contained in the "Report on the Audit of the Consolidated Financial Statements and of the Combined Management Report" above, we do not express any assurance opinion on the information contained within these electronic reproductions or on any other information contained in the file identified above.

Basis for the Assurance Opinion

We conducted our assurance work on the electronic reproductions of the consolidated financial statements and of the combined management report contained in the file identified above in accordance with Section 317 (3a) HGB and on the basis of the IDW Assurance Standard: Assurance Work on the Electronic Reproductions of Financial Statements and Management Reports Prepared for Publication Purposes Pursuant to Section 317 (3a) HGB (IDW AsS 410 (06.2022)) and the International Standard on Assurance Engagements 3000 (Revised). Our responsibilities in this context are further described in the "Group Auditor's Responsibilities for the Assurance Work on the ESEF Documents" section. Our audit firm has applied the requirements of the IDW Quality Management Standards.

Responsibilities of the Executive Directors and the Supervisory Board for the ESEF Documents

The executive directors of the Company are responsible for the preparation of the ESEF documents based on the electronic files of the consolidated financial statements and of the combined management report according to Section 328 (1) sentence 4 no. 1 HGB and for the tagging of the consolidated financial statements according to Section 328 (1) sentence 4 no. 2 HGB.

In addition, the executive directors of the Company are responsible for such internal control that they have considered necessary to enable the preparation of ESEF documents that are free from material intentional or unintentional non-compliance with the requirements for the electronic reporting format pursuant to Section 328 (1) HGB.

The supervisory board is responsible for overseeing the process for preparing the ESEF documents as part of the financial reporting process.

Group Auditor's Responsibilities for the Assurance Work on the ESEF Documents

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB. We exercise professional judgment and maintain professional skepticism throughout the assurance work. We also

- // identify and assess the risks of material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB, design and perform assurance procedures responsive to those risks, and obtain assurance evidence that is sufficient and appropriate to provide a basis for our assurance opinion.
- // obtain an understanding of internal control relevant to the assurance on the ESEF documents in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance opinion on the effectiveness of these controls.
- // evaluate the technical validity of the ESEF documents, i.e., whether the file containing the ESEF documents meets the requirements of the Delegated Regulation (EU) 2019/815, in the version in force at the reporting date, on the technical specification for this electronic file.
- // evaluate whether the ESEF documents enable an XHTML reproduction with content equivalent to the audited consolidated financial statements and to the audited combined management report.
- // evaluate whether the tagging of the ESEF documents with Inline XBRL technology (iXBRL) in accordance with the requirements of Articles 4 and 6 of the Delegated Regulation (EU) 2019/815, in the version in force at the reporting date, enables an appropriate and complete machine-readable XBRL copy of the XHTML reproduction.

Further Information Pursuant to Article 10 of the EU Audit Regulation

We were elected as group auditor by the stockholders' meeting on April 25, 2025. We were engaged by the supervisory board on June 4, 2025. We have been the group auditor of Bayer Aktiengesellschaft, Leverkusen/Germany, without interruption since the financial year 2017.

We declare that the audit opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

OTHER MATTER – USE OF THE AUDITOR'S REPORT

Our auditor's report must always be read together with the audited consolidated financial statements and the audited combined management report as well as with the assured ESEF documents. The consolidated financial statements and the combined management report converted into the ESEF format – including the versions to be submitted for inclusion in the Company Register – are merely electronic reproductions of the audited consolidated financial statements and the audited combined management report and do not take their place. In particular, the ESEF report and our assurance opinion contained therein are to be used solely together with the assured ESEF documents made available in electronic form.

GERMAN PUBLIC AUDITOR RESPONSIBLE FOR THE ENGAGEMENT

The German Public Auditor responsible for the engagement is Silvia Geberth.

Munich/Germany, March 2, 2026

Deloitte GmbH

Wirtschaftsprüfungsgesellschaft

Signed:
Andreas Wermelt
Wirtschaftsprüfer
(German Public Auditor)

Signed:
Silvia Geberth
Wirtschaftsprüferin
(German Public Auditor)

Appendix to the Auditor's Report:**Parts of the Combined Management Report Whose Content Is Unaudited**

We have not audited the content of the following parts of the combined management report:

- // the disclosures contained in the "About this Report" section to which reference is made in the combined management report,
- // the statements made on the appropriateness and operating effectiveness of internal control (ICS) and the risk management system (RMS) in accordance with Recommendation A.5 of the GCGC contained in section 3.2.1 of the combined management report under "Assessment of the risk management and internal control system pursuant to Section 91, Paragraph 3 of the German Stock Corporation Act,"
- // the disclosures contained in section 4 of the combined management report under "Sustainability Statement,"
- // the corporate governance statement in accordance with Section 289f and Section 315d HGB contained in section 5.1 of the combined management report,
- // the non-financial and other disclosures of Bayer AG contained in section 6.4 of the combined management report,
- // all cross-references to web pages of the Company and the information to which these cross-references refer.

Assurance report of the Independent German Public Auditor on a limited assurance engagement in relation to the Consolidated Sustainability Statement

To Bayer Aktiengesellschaft, Leverkusen/Germany

Assurance Conclusion

We have conducted a limited assurance engagement on the Consolidated Sustainability Statement of Bayer Aktiengesellschaft, Leverkusen/Germany, for the financial year from January 1 to December 31, 2025, included in section "Sustainability Statement" of the combined management report for the parent and the group. The Consolidated Sustainability Statement was prepared to fulfill the requirements of Directive (EU) 2022/2464 of the European Parliament and of the Council of December 14, 2022 (Corporate Sustainability Reporting Directive, CSRD) and Article 8 of Regulation (EU) 2020/852 and Sections 315b and 315c German Commercial Code (HGB) for a consolidated non-financial statement.

References to information provided by the Company outside the combined management report were not subject to our assurance engagement.

Based on the procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that the accompanying Consolidated Sustainability Statement is not prepared, in all material respects, in accordance with the requirements of the CSRD and Article 8 of Regulation (EU) 2020/852, Sections 315b and 315c HGB for a consolidated non-financial statement, and the specifying criteria presented by the executive directors of the Company. This assurance conclusion includes that nothing has come to our attention that causes us to believe

- // that the accompanying Consolidated Sustainability Statement does not comply, in all material respects, with the European Sustainability Reporting Standards (ESRS), including that the process carried out by the entity to identify information to be included in the Consolidated Sustainability Statement (the materiality assessment) is not, in all material respects, in accordance with the description set out in section "Description of the processes to identify and assess material impacts, risks and opportunities" of the Consolidated Sustainability Statement, or
- // that the disclosures in the Consolidated Sustainability Statement do not comply, in all material respects, with Article 8 of Regulation (EU) 2020/852.

We do not express an assurance conclusion on the above-mentioned parts of the Consolidated Sustainability Statement that were not covered by our assurance engagement.

Basis for the Assurance Conclusion

We conducted our assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised): "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information," issued by the International Auditing and Assurance Standards Board (IAASB).

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Our responsibilities under ISAE 3000 (Revised) are further described in section “German Public Auditor’s Responsibilities for the Assurance Engagement on the Consolidated Sustainability Statement.”

We are independent of the entity in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. Our audit firm has applied the requirements of the IDW Quality Management Standards and of the International Standard on Quality Management (ISQM) 1 issued by the IAASB. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our assurance conclusion.

Responsibilities of the Executive Directors and the Supervisory Board for the Consolidated Sustainability Statement

The executive directors are responsible for the preparation of the Consolidated Sustainability Statement in accordance with the requirements of the CSRD and the applicable German legal and other European requirements as well as with the specifying criteria presented by the executive directors of the Company and for designing, implementing and maintaining such internal control as they have considered necessary to enable the preparation of a consolidated sustainability statement in accordance with these requirements that is free from material misstatement, whether due to fraud (i.e., fraudulent reporting in the Consolidated Sustainability Statement) or error.

This responsibility of the executive directors includes establishing and maintaining the materiality assessment process, selecting and applying appropriate reporting policies for preparing the Consolidated Sustainability Statement as well as making assumptions and estimates and ascertaining forward-looking information for individual sustainability-related disclosures.

The supervisory board is responsible for overseeing the process for the preparation of the Consolidated Sustainability Statement.

Inherent Limitations in Preparing the Consolidated Sustainability Statement

The CSRD and the applicable German legal and other European requirements contain wording and terms that are subject to considerable interpretation uncertainties and for which no authoritative comprehensive interpretations have yet been published. The executive directors have disclosed interpretations of such wording and terms in the Consolidated Sustainability Statement. The executive directors are responsible for the reasonableness of these interpretations. As such wording and terms may be interpreted differently by regulators or courts, the legality of measurements or evaluations of the sustainability matters based on these interpretations is uncertain. The quantification of non-financial performance indicators disclosed in the Consolidated Sustainability Statement is also subject to inherent uncertainties.

These inherent limitations also affect the assurance engagement on the Consolidated Sustainability Statement.

German Public Auditor's Responsibilities for the Assurance Engagement on the Consolidated Sustainability Statement

Our objective is to express a limited assurance conclusion, based on the assurance engagement we have conducted, on whether any matters have come to our attention that cause us to believe that the Consolidated Sustainability Statement has not been prepared, in all material respects, in accordance with the CSRD, the applicable German legal and other European requirements and the specifying criteria presented by the executive directors of the Company and to issue an assurance report that includes our assurance conclusion on the Consolidated Sustainability Statement.

As part of a limited assurance engagement in accordance with ISAE 3000 (Revised), we exercise professional judgment and maintain professional skepticism. We also

- // obtain an understanding of the process used to prepare the Consolidated Sustainability Statement, including the materiality assessment process carried out by the entity to identify the disclosures to be reported in the Consolidated Sustainability Statement.
- // identify disclosures where a material misstatement due to fraud or error is likely to arise, design and perform procedures to address these disclosures and obtain limited assurance to support the assurance conclusion. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting a material misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. In addition, the risk of not detecting a material misstatement in information obtained from sources not within the entity's control (value chain information) is ordinarily higher than the risk of not detecting a material misstatement in information obtained from sources within the entity's control, as both the entity's executive directors and we as practitioners are ordinarily subject to restrictions on direct access to the sources of the value chain information.
- // consider the forward-looking information, including the appropriateness of the underlying assumptions. There is a substantial unavoidable risk that future events will differ materially from the forward-looking information.

Summary of the Procedures Performed by the German Public Auditor

A limited assurance engagement involves the performance of procedures to obtain evidence about the sustainability information. The nature, timing and extent of the selected procedures are subject to our professional judgment.

In performing our limited assurance engagement, we:

- // evaluated the suitability of the criteria as a whole presented by the executive directors in the Consolidated Sustainability Statement.
- // inquired of the executive directors and relevant employees involved in the preparation of the Consolidated Sustainability Statement about the preparation process, including the materiality assessment process carried out by the entity to identify the disclosures to be reported in the Consolidated Sustainability Statement, and about the internal controls related to this process.
- // evaluated the reporting policies used by the executive directors to prepare the Consolidated Sustainability Statement.
- // evaluated the reasonableness of the estimates and related information provided by the executive directors. If, in accordance with the ESRS, the executive directors estimate the value chain information to be reported for a case in which the executive directors are unable to obtain the information from the value chain despite making reasonable efforts, our assurance engagement is limited to evaluating whether the executive directors have undertaken these estimates in accordance with the ESRS and assessing the reasonableness of these estimates, but does not include identifying information in the value chain that the executive directors were unable to obtain.
- // performed analytical procedures or tests of details and made inquiries in relation to selected information in the Consolidated Sustainability Statement.
- // conducted site visits.
- // considered the presentation of the information in the Consolidated Sustainability Statement.
- // considered the process for identifying taxonomy-eligible and taxonomy-aligned economic activities and the corresponding disclosures in the Consolidated Sustainability Statement.

Restriction of Use

We issue this report as stipulated in the engagement letter agreed with the Company (including the “General Engagement Terms for Wirtschaftsprüferinnen, Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften (German Public Auditors and Public Audit Firms)” dated January 1, 2024 of the Institut der Wirtschaftsprüfer (IDW)). We draw attention to the fact that the assurance engagement was conducted for the Company’s purposes and that the report is intended solely to inform the Company about the result of the assurance engagement. Consequently, it may not be suitable for any other than the aforementioned purpose. Accordingly, the report is not intended to be used by third parties as a basis for making (financial) decisions.

Our responsibility is to the Company alone. We do not accept any responsibility to third parties. Our assurance conclusion is not modified in this respect.

Düsseldorf/Germany, March 2, 2026

Deloitte GmbH

Wirtschaftsprüfungsgesellschaft

Signed:
Andreas Wermelt
Wirtschaftsprüfer
(German Public Auditor)

Signed:
Silvia Geberth
Wirtschaftsprüferin
(German Public Auditor)