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News Release

Bayer Q2 Media Update
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Address by

Board of Management

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Bill Anderson,
Chairman of the Board of Management (CEO) of Bayer AG:

The past ninety days have been important for Bayer. Operationally, we're on track for the year and we've made decisive progress on our long-term strategic priorities. We will cover both of those things today.

Let's start with our performance in the first half of 2026. Across the Group, our businesses are delivering what we committed. Sales are at 24 billion euros, growing 3 percent on a currency and portfolio-adjusted basis, which we will refer to throughout the call today. Core EPS is at 3.66 euros, also up 3 percent from last year at this time. Our free cash flow in the first half is at negative 2.7 billion euros. This compares with minus 1.4 billion euros last year at this point and is due to the litigation-related payouts we've previously communicated.

On to our businesses. Crop Science delivered sales growth of 5.5 percent. This was driven by strong momentum in seeds and traits, including the additional licensing revenue we posted in the first quarter. EBITDA margin expanded to 31 percent, a considerable improvement over last year, reflecting higher margin sales, the licensing revenue I just mentioned, and disciplined execution.

In Pharmaceuticals, we demonstrated continued resilience. Sales remained flat, with Nubeqa™ and Kerendia™ combining to grow 66 percent, overcoming significant and expected declines in Xarelto™. Eylea™ is down 27 percent, driven by pressures from biosimilars, with the 8mg business now representing half of our Eylea™ sales. Beyonttra™ continues to progress well, and our base business is growing in part due to strong volume growth in radiology. Our EBITDA margin is at 26 percent. This puts us in line with expectations as we continue to invest in future growth in the second half of the year.

Finally, Consumer Health posted growth of 3.5 percent with contributions from all but one category and particularly strong growth in Nutritionals and Dermatology. EBITDA margin is trailing prior year, but on track to meet our outlook.

Overall, we are pleased with our trajectory. Despite an uncertain environment, we're pacing well to meet our targets. We'll continue executing our plan, and Team Bayer has what it takes to deliver.

Now I'll touch on our strategic priorities, including some recent highlights. In Pharmaceuticals, we've received priority review for asundexian in both US and China and are preparing for a planned launch in the end of 2026 or beginning of 2027. Further, we closed the acquisition of Perfuse Therapeutics, which we announced last quarter. This is a novel development medicine in glaucoma and diabetic retinopathy.

Crop Science continues to execute its Five-Year Framework, and our efforts here are beginning to deliver tangible results, as seen in the expansion of our margins. We're also optimizing our business set-up. Last month, we consolidated our U.S. glyphosate business into Ruveon, a distinct entity that will be nimbler and better positioned in a commodity-driven market. Further, we continue to build our innovative portfolio. For instance, we announced a license agreement for broad commercialization of hybrid wheat, one of the world's most important staple crops.

Across the company, we continue to push for productivity gains with our operating model. Teams working on launches in Pharmaceuticals, driving profitability gains in Crop Science, and those making investment decisions in Consumer Health have much more ownership over their work. We think our lean, entrepreneurial operating model positions us well to capitalize on the opportunities of artificial intelligence. And we're investing in AI – in both enterprise systems and tools for our people – so each person at Bayer can extend their productivity, making the greatest impact at the fastest pace and the lowest cost.

Finally, litigation. The last 90 days have been decisive in the company's yearslong efforts to contain the litigation uncertainty. On June 25th, in Monsanto v. Durnell, the US Supreme Court announced a landmark ruling for the cause of regulatory clarity, for American agriculture, and for the company. The decision was in no way ideological, with a majority of justices nominated by both Republicans and Democrats siding with the company. Further, the opinion was unequivocal. The Environmental Protection Agency is the authority when it comes to regulating crop protection products. Claims grounded in states' failure-to-warn theories are preempted and should be dismissed. Lower courts have already started acting on the Supreme Court's ruling.

What does the decision mean for the company's multi-pronged strategy? The proposed class settlement between Monsanto and leading plaintiff firms is moving ahead, and we remain convinced it is the best path to resolution, including for plaintiffs, whose primary legal theory was deemed without merit by the nation's highest court.

We are in a stronger position following the court's ruling. The Final Approval Hearing in the state court in Missouri is now scheduled for August 19^{th}, with a final decision expected later this year. During the interim, the company will participate in the class process, including briefing the court regarding objections and assessing the quantity and quality of opt-outs.

On PCBs, as previously communicated, we aim to enforce the indemnity agreements Monsanto had in place, and there's a case moving forward in federal court.

Overall, our containment strategy is in a strong place, with some important milestones ahead. We remain focused on making the right decisions for the company, both in the moment and for the long-term.

Over the past two and a half years, we've been laser focused on a clear set of priorities. Rejuvenating the Pharma pipeline. Significantly containing litigation. Deleveraging. Improving profitability at Crop Science. Making Bayer leaner, more dynamic, and more productive. We've progressed in each of these areas, and each of them has demanded intense focus. It's imperative that we maintain that focus. So, we're concentrating on delivering our commitments and ensuring the best future for Bayer.

With that, I will hand it over to Judith to walk you through the financials as well as her first impressions of the company. She has joined at a pivotal moment for Bayer and has been all in from day one.

Dr. Judith Hartmann,
Chief Financial Officer of Bayer AG:

I am delighted to have joined Bayer at such an exciting time. The team has made significant progress on litigation, and we remain firmly focused on containing this overhang. The goal remains that Bayer is increasingly valued for the strength of its businesses, innovation, and its growth potential. Having spent my first months listening to customers, colleagues, and investors, three themes stand out.

First, Bayer's innovation engine is a fundamental competitive advantage. Our leadership positions are built on long-standing R&D capabilities that farmers, patients and consumers rely on. Our teams are committed to innovate for our mission.

Second, we have attractive growth opportunities ahead of us supported by powerful long-term trends and strong positions in large markets with growing and aging populations. Our new operating model has made us leaner and more customer focused.

Third, our financial priorities are clear:

- to continue to strengthen the balance sheet,
- to improve productivity and cash generation,
- and to create flexibility to invest for future growth in next generation medicines, ag technologies and consumer health.

While we have made good progress on the transformation, there is still important work ahead. I see a clear opportunity to build on the momentum with strong execution and financial discipline, to deliver sustainable value.

With that, let me turn to our financial results. Net sales increased by 3 percent to 24.3 billion euros in the first six months. In Q2 sales increased by 2 percent to 10.9 billion euros. EBITDA before special items rose 7 percent to 6.6 billion euros in the first half, including an increase of 2 percent to 2.1 billion euros in the second quarter. Foreign exchange effects were not a material headwind this quarter.

Core earnings per share came in at 3.66 euros for the first six months. This is consistent with the underlying business seasonality and our expectations for the year. If you look at Q2 specifically, core EPS of 95 cents was 17 percent below prior year, given non-recurring benefits in taxes and the reconciliation result in 2025. Both items show a more normalized pattern this year, in line with our expectations.

Let’s move on to free cash flow. This year, material litigation-related payouts, amounting to 2.5 billion euros in the first half, drove the negative cash flow and explain the decline versus the prior year. For the second quarter, we saw higher incentive payouts compared to prior year.

Finally, net financial debt remained rather stable with a slight increase to 33.6 billion euros compared to the second quarter of 2025. Compared to the end of the first quarter this year, net financial debt increased by 1.1 billion euros driven by litigation payouts, the Perfuse acquisition for our Pharma business and foreign exchange.

In recent weeks, we successfully completed two important financing transactions. The 3 billion euro equity investment from Apollo marks an important strategic milestone. It strengthens our capital structure and provides additional flexibility for future financing needs. Upon closing, it will reduce our net financial debt in the second half of the year. We have since successfully placed 5 billion in U.S. dollar bonds, further demonstrating our ability to access the capital markets.

These achievements have been an important team effort, and I would like to sincerely thank all colleagues who contributed to this and, importantly, to our first half results. Overall, our performance puts us well on track to deliver our full-year guidance.

On our outlook for 2026. We reiterate our Group outlook on sales, earnings and free cash flow at constant currencies for the full year 2026. Our outlook reflects the strong performance in the first half but also the anticipated dynamics for the remainder of the year. In addition, we remain mindful of the dynamic external environment.

On Net Financial Debt, we have reflected the minority equity investment by Apollo, with closing expected in the second half of this year. With that, we now anticipate Net Financial Debt in the range of 29 billion euros to 30 billion euros, down from previously guided 32 billion euros to 33 billion euros.

Overall, we currently see a balanced risk and opportunity profile for our full year outlook, which continues to include our latest assessments on several external factors and geopolitics. Looking ahead, we continue to closely follow several key topics that remain fluid:

For Crop Science, we continue to monitor geopolitical and weather-related developments, including potential El Niño impacts. Weather volatility could affect planting and yields in some regions. Our technology-based seed and crop protection solutions are helping growers to manage these challenges.

For our Pharma business, we do not expect tariffs to materially affect our outlook this year. At the same time, we remain focused on developments in global drug pricing, particularly around MFN policies, and continue to evaluate their potential implications for our pricing and launch strategies.

For Consumer Health, key variables in the second half of the year remain the trajectory of consumer sentiment in the U.S. and other key markets, the performance of seasonal categories, and developments in the macroeconomic environment.

Finally on Foreign Exchange Rates: In line with our practice, we have updated the foreign exchange estimate based on June month-end spot rates. Compared to constant currencies, this leads to a slightly lower headwind to net sales and to core earnings per share, compared to the last estimate.