News Release

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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:

Thanks to all of you for joining us. It's a privilege to represent the work of Team Bayer today. Wolfgang and I will highlight the progress we've made in the past quarter and take your questions. We hope you get a picture of what we see when we look at the company. An organization that is focused on the biggest challenges and opportunities ahead of us, that is committed to delivering what we promise, and is making progress in each of the areas we outlined at our Capital Market's Day at the beginning of March. One of the central commitments we made on that day is that this organization will consistently perform, while simultaneously addressing the longer term roadblocks holding us back. The 154 days since March 5th have been pretty good evidence that we can do both. Our businesses are competitive. We're overhauling bureaucracy, ramping up our efforts on litigation, stepping up our cash generation, advancing the Pharma pipeline. Particularly on the last one we're making a lot of progress. Just yesterday, we got great news on Kerendia™, which I'll touch on later in my remarks. We still have a lot of work to do, but I like our momentum. And we can confidently say that Team Bayer is up to the task.

Let's start by looking at our performance. Here, the key message is: we remain on track to deliver. We're confirming our outlook for the group. Revenues are up slightly in currency and portfolio-adjusted terms, which we will use throughout the remarks. Core earnings per share came in at 3.76 euros. And free cash flow improved from minus 2.6 billion euros in Q1 to minus 1.4 billion euros at the half-year mark.

I'll touch on key highlights from the divisions, and Wolfgang will give you more detail on the numbers and what's behind them. It's no secret that the agriculture market has been challenging. We've felt that as well. But our Crop Science business nearly offset headwinds with corn pricing, as well as increased soybean and glyphosate volumes. We saw margin pressure in the first half, but our team has shown discipline in recovering costs and improving inventories to improve our cash generation throughout the first half of the year. We'll continue to make that a priority in the second half.

Pharmaceuticals posted another very solid quarter in Q2. The team has good momentum and I'm impressed by how we're managing the LoE transition. Xarelto™ declined 11 percent in Q2, which doesn't come as a big surprise given increasing pressure from generics. On the other hand, our launch products Nubeqa™ and Kerendia™ are

continuing their impressive momentum, with sales of each up 70 percent or more year-to-date. Eylea™ is growing in all regions, and the 8mg launch underway in the first markets. And our base business has proven to be robust. In fact, if you exclude the Xarelto™ business, our Pharma sales would be up 9 percent in Q2 and 7 percent in the first half of the year. That kind of growth would position us at the upper end of the industry. And year over year, we've managed to expand our margin in the first half of 2024.

Consumer Health returned to growth in Q2, bringing H1 sales to 2 percent, with most categories up. We see great growth coming from our Dermatology category, thanks largely to the Bepanthen™ brand family. And I've heard from pharmacists in Europe firsthand that they're happy to see supply improvements for Iberogast™, which is driving growth in our digestive health category. Our EBITDA margin came in at 22.3 percent.

These results put us in a good spot to confirm our full-year guidance. We still have plenty to do, but we're going to continue building on our momentum quarter by quarter. I speak for my colleagues – and all of Team Bayer – when I say that we know what we need to do to deliver. And that's what we plan on doing.

Let's move on to our strategic priorities.

First, growth and innovation: There's a lot happening on our Pharma pipeline. We'll cover that in a minute on a dedicated slide. But I see important things happening in other divisions as well: In Crop Science, we continue rolling out short stature corn. It's in the ground in fields in the United States, with pilots running in Italy and Spain. But that's not the only innovation we're working on in this important crop. This year, we've launched a new generation of VT4PRO corn in the US. The technology helps the corn plant protect itself from one of agriculture's most perilous pests – the corn rootworm. With a demonstrated yield advantage of more than five bushels per acre, we expect it to reach up to 1 million acres in its first year in the market.

In Consumer Health: We have articulated a vision to reach billions of consumers with trusted self-care. That's a step change from where we are today, and it will require quality growth through innovation, expansion of new brands, and the right portfolio choices. That's why we're taking brands like Iberogast™, a beloved gut health treatment, and expanding it to the US – or launching One-A-Day™ into the emerging field of cellular health.

Now to litigation. On PCB, we had some news at the end of July that I'd like to put in context. You might remember that in 2020 we communicated a nationwide class settlement with 2,500 local governments. Some municipalities opted out. Seattle was one of them – a unique case with special circumstances as it involved claims not present in the other opt-outs, so reaching a settlement here is significant. Overall, there are nine environmental cases involving municipal plaintiffs still pending and each case is different. If we choose to pursue settlements, we expect them to come in at lower terms. Beyond that, we have ramped up our efforts to enforce the indemnity agreements signed with Monsanto.

In the Roundup™ litigation, we achieved a very favorable decision from Down Under, where The Federal Court of Australia dismissed a class action. Once again: when it's really about science in the court room, we win. We've also seen positive developments in the US. Even the Philadelphia Court of Common Pleas, which is the most difficult court for companies as defendants in the U.S., made some decisions in our favor in the most recent Roundup™ case. This ultimately led the plaintiff to dismiss the case, which we consider a great success. Outside of the courts, we continue to explore measures to contain litigation risk. This involves partnering with American farmers, who understand glyphosate's great importance for their livelihoods and global food security. We continue to focus on legislation at both the state and federal level – including advocating for the passage of a Farm Bill in Congress as early as possible. We want to see a bill passed that gives American farmers the reliability and science-based regulation they deserve. We will continue to champion their voices.

Further, we continue to evaluate every appropriate measure to bring closure to the situation, both for our company and for US farmers, because we need our revenues to go to funding the company's mission – not the litigation industry.

Third, cash: We're advancing toward our target of 2 to 3 billion euros in free cash flow this year. We're also putting a strong focus on managing inventories and optimizing working capital. Expect more progress here in the second half of 2024.

Finally, Dynamic Shared Ownership: Two weeks ago, Julio and his team announced the architecture of our Consumer Health division. They're combining roles and removing multiple layers – for more focus, bigger impact, and stronger integration of the consumer

in the way we work. We've expanded the scope of leadership roles – combining our Head of R&D and Head of Marketing, for example – consolidated regions, and extended the span of coaching. These are bold decisions. We will continue making them. All three of our businesses now have an organizational blueprint that's leaner, less hierarchical, more focused on customers and products – and we'll continually improve toward that standard, with the goal of orienting everything around our mission. We're systematically installing a new way of operating across the company – and it's proceeding apace. We have 3,200 fewer jobs in the company than we did to start the year. And we have stood up 900 teams, working on some of our most important missions. Our Nubeqa™ team is fully schooled in the new model – and the business is growing in all regions, ahead of expectations quarter-over-quarter and year-to-date. Our Crop Science team plans to roll out 10 blockbusters over the next 10 years. Those teams are among the 50 product teams we've activated in Crop Science, each with the lone goal of improving the solutions we develop for the world's farmers.

I just teased the progress in our Pharma pipeline. Let's take a closer look at it. In just the past 90 days, we've taken big steps toward filling the mid-stage pipeline, expanding labels and advancing late-stage assets.

I'll start with our most recent piece of news on Kerendia™. Just yesterday we released positive topline results from the Phase III trial FINEARTS-HF. That's important news, especially in a high stakes, innovation-driven business like ours. And we're happy to be able to say that each of our past five Phase III clinical trials have yielded successful results. This trial evaluates the medicine in patients with Heart failure with left ventricular ejection fraction of 40% and higher. Let me put that in context. Heart failure is the leading cause of hospitalization for people over 65. Mortality rates are comparable – or even worse than – most common cancers. Of the 60 million people who suffer from heart failure worldwide, approximately half of them meet the parameters that this study evaluated. We look forward to sharing detailed data from the study in less than four weeks at the upcoming congress of the European Society of Cardiology on September 1st. And we are hopeful that these results can lead to a significant expansion of the patient population we reach with Kerendia™.

We are also making progress in the fight against Parkinson's, a devastating disease that hasn't seen significant advancements in the standard of care for far too long. The FDA gave Fast Track designation to AB-1005, a gene therapy to treat the disease. The therapy

was also awarded the Innovation Passport, the UK Medicines and Healthcare products Regulatory Agency's innovative medicine designation. A Phase II trial including 87 patients is underway. This is already the second investigational gene therapy from AskBio to reach mid-stage clinical development.

In addition, the FDA also gave a Regenerative Medicine Advanced Therapy designation to Bemdaneprocel, the most clinically advanced investigational cell therapy in the U.S. for treating Parkinson's disease. It has the potential to help patients living with Parkinson's regain functions they have lost to this terrible disease.

Finally, we're working to be able to treat patients with non-small cell lung cancer whose tumors have HER2 mutations. This work was recently backed by FDA's Breakthrough Therapy designation. Our Phase I results were so promising that we were able to advance the program directly to late-stage, and enrollment of the first patient in a Phase III trial is just around the corner.

Beyond these pipeline advancements, we're also seeing good momentum in commercializing our portfolio.

We got positive topline results out of the ARANOTE study for Nubeqa™ in mid-July. We expect the data to pave the way for a broader label in the metastatic hormone-sensitive setting of prostate cancer, now including the use of the medicine without concomitant chemotherapy.

Looking ahead to 2025, we are preparing to launch both Elinzanetant, a potential novel non-hormonal solution for women suffering from vasomotor symptoms associated with menopause, and Acoramidis, a cardiology drug we have exclusive marketing rights for in Europe. We recently submitted the regulatory filing of Elinzanetant in the US.

And Acoramidis was already filed in Europe in January of this year. Since then, new data confirmed this medicine's potential for a best-in-class clinical profile.

Our Pharma pipeline is one of our biggest levers for value creation. There's certainly much more work to do here, but it's been a productive 2024 and we can be optimistic about what's ahead.

Before handing over to Wolfgang, I want to close my remarks by looking at the remainder of the year. As I said earlier, we have some work to do to hit our targets. Let me assure you that we're keeping our eye on the ball, and we're going to deliver. Here are a few priorities we're focused on across each business.

In Pharmaceuticals, we're going to make the most out of our growth opportunities. Expect us to keep writing the Eylea™ growth story, powered in part by the continued rollout of 8mg. And we'll keep growing our Nubeqa™ and Kerendia™ franchises.

In Crop Science, we expect to see strong growth in our core, particularly from our core crop protection business, including innovative products like the Fox™ family and Curbix™ in Latin America. In addition, we are stewarding our costs very carefully, and assessing how to respond to increasing generic crop protection pricing pressure. We believe this will require a tailored approach, similar to how we manage Glyphosate today. We continue to explore options to mitigate price pressures we see in crop protection. Further, we want to expand our margins in the second half of the year, leaning on Dynamic Shared Ownership.

In Consumer Health, we're going to drive demand and accelerate our growth through effective launches and science-based innovation.

We're going to go after each of these priorities in the near term, while continuing to address our longer-term challenges. If we want to earn back trust, we have to do both. And I know that we have what it takes. Thanks for your attention, and I'll turn it over to Wolfgang.

Wolfgang Nickl,
Chief Financial Officer of Bayer AG:

Thank you, Bill, and hello also from my side. I'd like to provide a bit more color on the drivers of our second quarter results before I turn to our outlook for the year.

Let's first look at our group results.

Q2 sales increased by 3 percent on a currency and portfolio adjusted basis to 11.1 billion euros. We faced a 240 million euros foreign exchange headwind. Therefore, as reported sales growth was 1 percent.

Our EBITDA before special items came in at 2.1 billion euros which is 16 percent or about 420 million euros below the prior year quarter. This was largely driven by an unfavorable mix effect in Crop Science, and a higher provision for short-term incentives compared to a significant reversal in the prior year quarter.

We also saw about 130 million euros of FX headwinds in our EBITDA before special items. Altogether, EBITDA margin before special items came in at 18.9 percent for the quarter.

Lower EBITDA before special items earnings translated into core earnings per share of 94 cents in Q2 which is 28 cents or 23 percent below the prior year period. Our core financial result came in at minus 0.5 billion euros and was in line with the prior year.

Despite lower earnings, our free cash flow came in at 1.3 billion euros compared to a negative 0.5 billion euros in last year's quarter. Two major effects drove the improvement. Due to active working capital management, we improved our earnings conversion into cash. Our Q2 free cash flow for instance includes positive results from our inventory optimization efforts. In addition, we had lower incentive payouts versus prior year of about one billion euros.

The positive cash contribution in the quarter reduced our net financial debt to 36.8 billion euros by the end of Q2.

Moving now to the divisional full year outlook. With the first six months behind us we have a better visibility for the full year. So let me talk a little bit about the business drivers for each division.

Starting with Crop Science. Given the market driven headwinds, we now expect our Crop Science division to come in at the lower end of our sales growth and margin guidance. For the second half of the year, we expect strong growth in our core business to be muted by significant volume declines in glyphosate following the phasing patterns in 2023. On the profitability side, growth in the core business, COGS recovery, DSO and efficiency savings are expected to mitigate inflation and merit increases. This will lead to expanded margins compared to the second half of the prior year. In addition, we updated our FX estimation based on June end spot rates. Compared to March end spot rates, we now anticipate for Crop Science an increased currency headwind on sales of about 2 percentage points compared to about 1 percentage point previously.

Moving on to Pharma. Based on the good performance in the first half year we now foresee year-on-year sales growth between 0 percent and 3 percent for the full year. This is up from the previous minus 4 percent to 0 percent. For the remainder of the year, we anticipate increasing pressure on Xarelto™. This headwind is expected to be partly compensated by ongoing strong performance of our launch assets and Eylea™. For the latter we expect a low single-digit percentage sales growth for full year. Our guidance on EBITDA margin before special items remains unchanged, illustrating a sequential margin decline in half year 2 versus half year 1 that is largely driven by an unfavorable product mix and continued investments in launches as well as R&D investments into the pipeline.

In Consumer Health, we confirm our full year guidance at constant currencies. We expect to accelerate growth in the second half, driven by innovation and targeted pricing coupled with further improvement of our supply situation. We see continued cost pressure, which is weighing on our profitability. Together with enhanced operational efficiencies, targeted price management and a speedy implementation of DSO we are actively offsetting these effects.

Let’s now look at the group outlook. We reaffirm our full year guidance for the group. FX group estimates based on June end spot rates remain unchanged compared to the March spot rates used previously.

Forward-Looking Statements
These explanations may contain forward-looking statements based on current assumptions and forecasts made by Bayer management. Various known and unknown risks, uncertainties and other factors could lead to material differences between the actual future results, financial situation, development or performance of the company and the estimates given here. These factors include those discussed in Bayer's public reports which are available on the Bayer website at www.bayer.com. The company assumes no liability whatsoever to update these forward-looking statements or to conform them to future events or developments.