

Q1



Quarterly Statement First Quarter of 2023

Slow start to the year as expected

- // Group sales stable at €14.4 billion
(Fx & p adj. – 1.1%)
 - // Accelerated normalization in
glyphosate business – good price
dynamics in other Crop Science units
 - // New Pharmaceuticals products deliver
strong growth; headwinds in China
 - // Consumer Health continues to grow
- // EBITDA before special items: €4.5 billion
(– 14.9%)
 - // Glyphosate and inflation weigh
on earnings
 - // Pharmaceuticals maintains high
R&D investment
- // Core earnings per share at €2.95
(– 16.4%)
- // Net income at €2.2 billion
- // Free cash flow at minus €4.1 billion
- // Group outlook confirmed; target
attainment at lower end of guidance

Bayer Group Key Data

€ million	Q1 2022	Q1 2023	Change (%)	
			Reported	Fx & p adj.
Sales	14,639	14,389	- 1.7	- 1.1
Change in sales¹				
Volume	+ 5.6%	- 5.8%		
Price	+ 8.7%	+ 4.7%		
Currency	+ 4.2%	+ 0.7%		
Portfolio	+ 0.2%	- 1.3%		
Sales by region				
Europe/Middle East/Africa	4,514	4,639	+ 2.8	+ 5.4
North America	5,962	5,906	- 0.9	- 3.1
Asia/Pacific	2,411	2,181	- 9.5	- 4.3
Latin America	1,752	1,663	- 5.1	- 7.0
EBITDA¹	5,292	4,318	- 18.4	
Special items ¹	41	(153)		
EBITDA before special items¹	5,251	4,471	- 14.9	
EBITDA margin before special items ¹	35.9%	31.1%		
EBIT¹	4,212	2,973	- 29.4	
Special items ¹	40	(431)		
EBIT before special items¹	4,172	3,404	- 18.4	
Financial result	(490)	(367)	- 25.1	
Net income (from continuing and discontinued operations)	3,291	2,178	- 33.8	
Earnings per share from continuing and discontinued operations (€)	3.35	2.22	- 33.7	
Core earnings per share¹ from continuing operations (€)	3.53	2.95	- 16.4	
Net cash provided by (used in) operating activities (from continuing and discontinued operations)	(726)	(3,550)	.	
Free cash flow¹	(1,187)	(4,102)	.	
Net financial debt (at end of period)	34,527	36,077	+ 4.5	
Cash flow-relevant capital expenditures (from continuing and discontinued operations)	349	466	+ 33.5	
Research and development expenses	1,454	1,571	+ 8.0	
Depreciation, amortization and impairment losses/loss reversals	1,080	1,345	+ 24.5	
Number of employees (at end of period)²	100,753	101,735	+ 1.0	
Personnel expenses (including pension expenses)	3,171	3,259	+ 2.8	

Fx & p adj. = currency- and portfolio-adjusted

¹ For definition see Annual Report 2022, A 2.3 "Alternative Performance Measures Used by the Bayer Group."

² Employees calculated as full-time equivalents (FTEs)

Key Events

Innovations and product approvals

We have continued to make encouraging progress with our innovative products.

Among our projects in advanced clinical development, we submitted an application to the Japanese Ministry of Health, Labor, and Welfare in March seeking approval of aflibercept 8 mg for the treatment of two major retinal diseases, neovascular (wet) age-related macular degeneration (nAMD) and diabetic macular edema (DME). In the pivotal studies, aflibercept 8 mg achieved positive results compared with the standard of care Eylea™ (aflibercept 2 mg).

Our cancer drug Nubeqa™, which is currently in the launch phase, has been granted a label extension in Japan, the EU and China for the treatment of patients with metastatic hormone-sensitive prostate cancer (mHSPC).

Board of Management

The Supervisory Board of Bayer AG has appointed Bill Anderson to become CEO of Bayer effective June 1, 2023. He joined the company on April 1, 2023, as a member of the Board of Management. Current CEO Werner Baumann will retire at the end of May 2023.

Sustainability

In March, we unveiled our new water strategy at the UN 2023 Water Conference. The strategy involves making water an integral part of our business decisions, investments and selection of suppliers. Our activities will encompass the entire value chain, from our own operations to the farmers we serve.

In early May, we announced the signing of a long-term structured renewable energy credit (REC) purchase agreement with Cat Creek Energy (CCE), a renewable energy independent power producer. The agreement will make a significant contribution to satisfying our company's renewable electricity needs in the United States, and lead to the construction by CCE of multiple variable renewable energy resources plus energy storage facilities in the US state of Idaho.

Earnings Performance of the Bayer Group¹

First quarter of 2023

Group sales

Group sales decreased by 1.1% (Fx & portfolio adj.) to €14,389 million in the first quarter of 2023 (Q1 2022: €14,639 million; reported: -1.7%). There was a positive currency effect of €102 million (Q1 2022: €529 million). Sales in Germany amounted to €768 million (Q1 2022: €735 million).

Crop Science sales were down slightly. The division recorded a significant decline in sales of glyphosate-based products that was almost fully offset by the other parts of its business. Pharmaceuticals posted a decrease in sales. Xarelto™ sales were down, especially in China, while sales of our new products Nubeqa™ and Kerendia™ in particular advanced. Consumer Health sales increased year on year, mainly driven by the Allergy & Cold and Dermatology categories.

¹ For definition of alternative performance measures see Annual Report 2022, A 2.3 "Alternative Performance Measures Used by the Bayer Group."

EBITDA before special items

Group EBITDA before special items declined by 14.9% to €4,471 million. This figure included a negative currency effect of €4 million (Q1 2022: positive currency effect of €67 million). Crop Science registered a decline in EBITDA before special items, mainly due to the fall in sales of our glyphosate-based products. Earnings were also diminished by an increase in costs, particularly in the cost of goods sold, which was mainly due to high inflation. At Pharmaceuticals, EBITDA before special items decreased significantly due to the drop in sales, inflation-related cost increases and higher R&D investments. The moderate decline in EBITDA before special items at Consumer Health was likewise caused by inflation-related cost increases, along with higher product marketing investments. The Group EBITDA margin before special items amounted to 31.1%.

EBIT and special items

EBIT of the Bayer Group came in at €2,973 million (Q1 2022: €4,212 million) after net special charges of €431 million (Q1 2022: net special gains of €40 million). The special charges primarily comprised an impairment loss within the cash-generating unit glyphosate that was mainly due to significantly reduced market price expectations for glyphosate. EBIT before special items decreased by 18.4% to €3,404 million (Q1 2022: €4,172 million).

The following special items were taken into account in calculating EBIT and EBITDA:

A 1				
Special Items by Category¹				
€ million	EBIT Q1 2022	EBIT Q1 2023	EBITDA Q1 2022	EBITDA Q1 2023
Total special items	40	(431)	41	(153)
Restructuring	(77)	(115)	(77)	(115)
of which in the Reconciliation	(30)	(27)	(30)	(27)
Acquisition/integration	–	(2)	–	(2)
Divestments	(15)	(48)	(15)	(48)
Litigations/legal risks	87	(46)	87	(46)
of which in the Reconciliation	(5)	(60)	(5)	(60)
Impairment losses/loss reversals ²	(1)	(278)	–	–
Other	46	58	46	58

¹ For definition see Annual Report 2022, A 2.3 "Alternative Performance Measures Used by the Bayer Group."

² Where not already included in the other special items categories

Net income

After a financial result of minus €367 million (Q1 2022: minus €490 million), income before income taxes amounted to €2,606 million (Q1 2022: €3,722 million). The improvement in the financial result was largely due to higher interest income from investments in money market funds and to positive changes in the fair value of financial investments. After income tax expense of €424 million (Q1 2022: €428 million) and accounting for noncontrolling interest, net income amounted to €2,178 million (Q1 2022: €3,291 million).

A 2		
Financial Result¹		
€ million	Q1 2022	Q1 2023
Income (loss) from investments in affiliated companies	(67)	(47)
Net interest expense	(276)	(213)
Other financial income/expenses	(147)	(107)
of which interest portion of discounted provisions	(74)	(114)
of which exchange gain (loss)	(24)	15
of which miscellaneous financial income/expenses	(49)	(8)
Total	(490)	(367)
of which special items (net)	(71)	(92)

¹ Further information on the financial result is given in Note [10] of the Annual Report 2022.

Core earnings per share

Core earnings per share decreased by 16.4% to €2.95 (Q1 2022: €3.53), mainly due to the decline in earnings at the Crop Science and Pharmaceuticals divisions. By contrast, the improvement in the financial result before special items had a positive impact.

Earnings per share (total) came in at €2.22 (Q1 2022: €3.35). The difference between this figure and the one for core earnings per share is mainly due to depreciation and amortization.

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Core Earnings per Share¹

€ million	Q1 2022	Q1 2023
EBIT¹ (as per income statements)	4,212	2,973
Amortization and impairment losses/loss reversals on goodwill and other intangible assets	699	665
Impairment losses/loss reversals on property, plant and equipment, and accelerated depreciation included in special items	7	285
Special items (other than accelerated depreciation, amortization and impairment losses/loss reversals)	(41)	153
Core EBIT¹	4,877	4,076
Financial result (as per income statements)	(490)	(367)
Special items in the financial result ²	71	92
Income taxes (as per income statements)	(428)	(424)
Special items in income taxes	–	–
Tax effects related to amortization, impairment losses/loss reversals and special items	(558)	(472)
Income after income taxes attributable to noncontrolling interest (as per income statements)	(3)	(4)
Above-mentioned adjustments attributable to noncontrolling interest	–	–
Core net income from continuing operations	3,469	2,901
Shares (million)		
Weighted average number of shares	982.42	982.42
€		
Core earnings per share from continuing operations¹	3.53	2.95

¹ For definition see Annual Report 2022, A 2.3 "Alternative Performance Measures Used by the Bayer Group."

² Includes in particular the changes in the fair value of the interests in Century Therapeutics and Pyxis Oncology, as well as interest cost for the provisions for litigations/legal risks.

Business Development by Division

Crop Science

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Key Data – Crop Science

€ million	Q1 2022	Q1 2023	Change (%) ¹	
			Reported	Fx & p adj.
Sales	8,447	8,351	- 1.1	- 1.1
Change in sales¹				
Volume	+ 5.7%	- 8.2%		
Price	+ 15.9%	+ 7.1%		
Currency	+ 5.5%	+ 1.6%		
Portfolio	0.0%	- 1.6%		
Sales by region				
Europe/Middle East/Africa	2,133	2,297	+ 7.7	+ 11.8
North America	4,361	4,182	- 4.1	- 5.6
Asia/Pacific	624	632	+ 1.3	+ 10.6
Latin America	1,329	1,240	- 6.7	- 12.1
EBITDA¹	3,715	3,249	- 12.5	
Special items ¹	46	(18)		
EBITDA before special items¹	3,669	3,267	- 11.0	
EBITDA margin before special items ¹	43.4%	39.1%		
EBIT¹	3,028	2,319	- 23.4	
Special items ¹	45	(296)		
EBIT before special items¹	2,983	2,615	- 12.3	
Net cash provided by (used in) operating activities	(2,387)	(3,364)	+ 40.9	
Cash flow-relevant capital expenditures	150	208	+ 38.7	
Research and development expenses	578	600	+ 3.8	

Fx & p adj. = currency- and portfolio-adjusted

¹ For definition see Annual Report 2022, A 2.3 "Alternative Performance Measures Used by the Bayer Group."

First quarter of 2023

Sales

Sales at Crop Science declined by 1.1% (Fx & portfolio adj.) to €8,351 million in the first quarter of 2023. We recorded double-digit percentage gains in the Europe/Middle East/Africa and Asia/Pacific regions, but saw sales fall in Latin and North America, mainly due to lower volumes.

- // Sales at **Corn Seed & Traits** rose substantially, primarily driven by higher prices in the North America and Europe/Middle East/Africa regions.
- // Our **Herbicides** business saw a significant decline in sales due to lower volumes and prices for our glyphosate-based products. However, our other herbicide products registered higher sales due to increased prices.
- // Sales at **Fungicides** came in at the prior-year level, with higher prices in all regions offsetting lower volumes in Latin and North America in particular.
- // Our **Soybean Seed & Traits** business posted a slight increase in sales against the prior-year period, predominantly due to higher volumes in Latin America.
- // **Insecticides** registered significant price and volume increases in Europe/Middle East/Africa thanks to our Movento™ product and in Latin America due to our Curbix™ product. By contrast, volumes declined in North America.
- // Sales at **Cotton Seed** came in slightly below the prior-year level, mainly due to lower volumes in Latin America.
- // Business at **Vegetable Seeds** expanded mainly in Europe/Middle East/Africa thanks to higher prices and volumes.
- // Sales in the reporting unit "**Other**" were up slightly, with our SeedGrowth business mainly benefitting from higher volumes. Our remaining Environmental Science business, which encompasses Industrial Turf & Ornamental (IT&O) and Lawn & Garden, saw sales decline due to lower volumes and prices at the IT&O unit.

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Sales by Strategic Business Entity

€ million	Q1 2022	Q1 2023	Change (%) ¹	
			Reported	Fx & p adj.
Crop Science	8,447	8,351	-1.1	-1.1
Corn Seed & Traits	2,755	3,268	+18.6	+15.8
Herbicides	2,484	1,889	-24.0	-24.3
Fungicides	1,063	1,054	-0.8	-0.2
Soybean Seed & Traits	574	608	+5.9	+1.4
Insecticides	413	460	+11.4	+12.6
Cotton Seed ²	305	314	+3.0	-2.0
Vegetable Seeds	162	181	+11.7	+10.9
Other ³	691	577	-16.5	+1.5

Fx & p adj. = currency- and portfolio-adjusted

¹ For definition see Annual Report 2022, A 2.3 "Alternative Performance Measures Used by the Bayer Group."² Starting in 2023, the cash-generating unit Cotton Seed is no longer reported under "Other" and is instead presented separately.³ Following the partial sale of Environmental Science, the remaining parts of that business – Industrial Turf & Ornamental (IT&O) and Lawn & Garden – are being reported under "Other" from 2023 onwards.**Earnings**

EBITDA before special items at Crop Science decreased by 11.0% to €3,267 million in the first quarter of 2023 (Q1 2022: €3,669 million), mainly due to the fall in sales in Latin and North America. Earnings were also diminished by an increase in costs, particularly in the cost of goods sold, which was mainly due to high inflation. There was a positive currency effect of €54 million (Q1 2022: €98 million). The EBITDA margin before special items declined by 4.3 percentage points to 39.1%.

EBIT came in at €2,319 million (Q1 2022: €3,028 million) after special charges of €296 million (Q1 2022: special gains of €45 million). The special charges primarily comprised an impairment loss within the cash-generating unit glyphosate that was mainly due to significantly reduced market price expectations for glyphosate.

A 6

Special Items¹ Crop Science

€ million	EBIT	EBIT	EBITDA	EBITDA
	Q1 2022	Q1 2023	Q1 2022	Q1 2023
Restructuring	(23)	(27)	(23)	(27)
Acquisition/integration	1	(2)	1	(2)
Divestments	(19)	(18)	(19)	(18)
Litigations/legal risks	91	30	91	30
Impairment losses/loss reversals	(1)	(278)	-	-
Other	(4)	(1)	(4)	(1)
Total special items	45	(296)	46	(18)

¹ For definition see Annual Report 2022, A 2.3 "Alternative Performance Measures Used by the Bayer Group."

Pharmaceuticals

A 7

Key Data – Pharmaceuticals

€ million	Q1 2022	Q1 2023	Change (%) ¹	
			Reported	Fx & p adj.
Sales	4,624	4,407	-4.7	-3.1
Change in sales¹				
Volume	+ 3.8%	- 2.4%		
Price	- 1.2%	- 0.7%		
Currency	+ 2.8%	- 0.6%		
Portfolio	+ 0.5%	- 1.0%		
Sales by region				
Europe/Middle East/Africa	1,835	1,771	- 3.5	- 2.1
North America	1,020	1,110	+ 8.8	+ 5.4
Asia/Pacific	1,535	1,305	- 15.0	- 10.8
Latin America	234	221	- 5.6	+ 3.7
EBITDA¹	1,437	1,064	- 26.0	
Special items ¹	48	(42)		
EBITDA before special items¹	1,389	1,106	- 20.4	
EBITDA margin before special items ¹	30.0%	25.1%		
EBIT¹	1,202	806	- 32.9	
Special items ¹	48	(42)		
EBIT before special items¹	1,154	848	- 26.5	
Net cash provided by operating activities	1,024	707	- 31.0	
Cash flow-relevant capital expenditures	131	205	+ 56.5	
Research and development expenses	792	880	+ 11.1	

Fx & p adj. = currency- and portfolio-adjusted

¹ For definition see Annual Report 2022, A 2.3 "Alternative Performance Measures Used by the Bayer Group."

First quarter of 2023

Sales

Sales at Pharmaceuticals fell by 3.1% (Fx & portfolio adj.) to €4,407 million in the first quarter of 2023. The decline was primarily due to tender procedures in China, especially for Xarelto™ and Adalat™. Pandemic-related developments additionally weighed on sales in China. By contrast, significant gains continued to be generated following the successful market launch of our new products Nubeqa™ and Kerendia™, alongside ongoing strong growth in our Radiology business.

- // Sales of our oral anticoagulant **Xarelto™** decreased notably, largely due to tender procedures and pandemic-related developments in China. In addition, sales in Europe declined against a strong prior-year quarter. License revenues – recognized as sales – in the United States, where Xarelto™ is marketed by a subsidiary of Johnson & Johnson, were up against the prior-year quarter on a currency-adjusted basis.
- // Despite declining prices, business with our ophthalmology drug **Eylea™** expanded, driven by higher volumes in nearly all regions, particularly in North and Latin America.
- // Sales of our cancer drug **Nubeqa™** more than doubled, with gains in all regions. The product therefore continued its growth momentum, especially in the United States and Europe, with significant increases in volumes.
- // We also generated significant gains with **Kerendia™**, our product for the treatment of patients with chronic kidney disease associated with type 2 diabetes, particularly due to the successful market launch in the United States.

- // Sales of our **YAZ™/Yasmin™/Yasminelle™** line of oral contraceptives declined markedly, due primarily to lower volumes in China and Japan.
- // Our Radiology business, and especially the **CT Fluid Delivery, Gadovist™** and **Ultravist™** product lines, posted considerable growth driven by higher volumes and prices in Europe as well as North and Latin America.

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Best-Selling Pharmaceuticals Products

€ million	Q1 2022	Q1 2023	Change (%) ¹	
			Reported	Fx & p adj.
Xarelto™	1,087	943	-13.2	-12.8
Eylea™	774	789	+1.9	+4.5
Mirena™/Kyleena™/Jaydess™	295	303	+2.7	+0.9
Kogenate™/Kovaltry™/Jivi™	208	192	-7.7	-8.2
Aspirin™ Cardio	187	181	-3.2	-0.1
Nubeqa™	76	178	+134.2	+130.7
Adalat™	239	177	-25.9	-23.9
YAZ™/Yasmin™/Yasminelle™	198	152	-23.2	-21.3
Adempas™	153	152	-0.7	-2.6
Stivarga™	144	133	-7.6	-7.6
CT Fluid Delivery	117	124	+6.0	+3.1
Gadovist™ product family	108	118	+9.3	+10.5
Ultravist™	105	118	+12.4	+15.0
Betaferon™/Betaseron™	83	57	-31.3	-32.6
Kerendia™	11	52	+372.7	+361.7
Total best-selling products	3,785	3,669	-3.1	-2.4
Proportion of Pharmaceuticals sales	82%	83%		

Fx & p adj. = currency- and portfolio-adjusted

¹ For definition see Annual Report 2022, A 2.3 "Alternative Performance Measures Used by the Bayer Group."

Earnings

EBITDA before special items at Pharmaceuticals decreased by a substantial 20.4% to €1,106 million in the first quarter of 2023 (Q1 2022: €1,389 million) amid lower sales and higher costs due to a sharp rise in procurement prices. In addition, we increased our level of R&D investment in cell and gene therapy and chemoproteomics technologies, as well as in projects in advanced clinical development. There was a negative currency effect of €6 million (Q1 2022: €34 million). The EBITDA margin before special items declined by 4.9 percentage points to 25.1%.

EBIT came in at €806 million (Q1 2022: €1,202 million) after net special charges of €42 million (Q1 2022: net special gains of €48 million). The special charges primarily pertained to restructuring and a retrospective purchase price adjustment for the divested men's health product Nebido™, while special gains arose from the measurement of contingent considerations at fair value.

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Special Items¹ Pharmaceuticals

€ million	EBIT		EBITDA	
	Q1 2022	Q1 2023	Q1 2022	Q1 2023
Restructuring	(6)	(55)	(6)	(55)
Acquisition/integration	(1)	-	(1)	-
Divestments	4	(30)	4	(30)
Litigations/legal risks	1	(16)	1	(16)
Other	50	59	50	59
Total special items	48	(42)	48	(42)

¹ For definition see Annual Report 2022, A 2.3 "Alternative Performance Measures Used by the Bayer Group."

Consumer Health

A 10

Key Data – Consumer Health

€ million	Q1 2022	Q1 2023	Change (%) ¹	
			Reported	Fx & p adj.
Sales	1,512	1,573	+ 4.0	+ 4.1
Changes in sales¹				
Volume	+ 11.6%	- 3.9%		
Price	+ 5.6%	+ 8.0%		
Currency	+ 3.1%	- 0.1%		
Portfolio	+ 0.5%	0.0%		
Sales by region				
Europe/Middle East/Africa	491	516	+ 5.1	+ 5.7
North America	581	612	+ 5.3	+ 1.2
Asia/Pacific	252	244	- 3.2	- 1.2
Latin America	188	201	+ 6.9	+ 16.1
EBITDA¹	370	373	+ 0.8	
Special items ¹	(18)	(6)		
EBITDA before special items¹	388	379	- 2.3	
EBITDA margin before special items ¹	25.7%	24.1%		
EBIT¹	284	282	- 0.7	
Special items ¹	(18)	(6)		
EBIT before special items¹	302	288	- 4.6	
Net cash provided by operating activities	313	183	- 41.5	
Cash flow-relevant capital expenditures	23	20	- 13.0	
Research and development expenses	53	52	- 1.9	

Fx & p adj. = currency- and portfolio-adjusted

¹ For definition see Annual Report 2022, A 2.3 "Alternative Performance Measures Used by the Bayer Group."

First quarter of 2023

Sales

Consumer Health increased sales by 4.1% (Fx & portfolio adj.) year on year to €1,573 million in the first quarter of 2023, with growth slowed by temporary supply constraints. Sales of our cough, cold and allergy products advanced significantly against the very strong prior-year quarter due to continuously elevated cold incidence rates and contributions from the launch of our Astepro™ antihistamine nasal spray in the United States. We also registered double-digit percentage gains in our Dermatology business, partly thanks to continued strong demand for Bepanthen™. Sales in the Nutritionals category declined markedly but remained at a high level overall following the significant growth achieved over the past three years.

- // Our business in **Europe/Middle East/Africa** recorded strong gains, driven in part by the substantial sales growth for our Aspirin™ range of cough and cold products. Sales also increased markedly in the Dermatology category, driven by Bepanthen™ and Canesten™. The Nutritionals and Digestive Health categories saw a moderate decline in sales against the strong prior-year quarter.
- // Our business in **North America** posted a slight increase in sales year on year. Sales of our allergy products rose by a double-digit percentage, largely driven by Claritin™ and Astepro™. The Dermatology category also registered encouraging growth. By contrast, our Digestive Health business posted significant declines against a very strong prior-year quarter. Sales were also down in the Nutritionals and Pain & Cardio categories.
- // Sales in **Asia/Pacific** decreased slightly. Double-digit percentage gains in the Dermatology, Allergy & Cold, Digestive Health and Pain & Cardio categories, driven in part by Talcid™ and Saridon™, largely offset a significant decline in Nutritionals.
- // Sales in **Latin America** increased substantially. We recorded double-digit percentage growth in the Pain & Cardio, Dermatology, Allergy & Cold – driven in part by Tabcin™ – and Digestive Health categories. Sales in our Nutritionals business declined against a very strong prior-year period.

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Sales by Category

€ million	Q1 2022	Q1 2023	Change (%) ¹	
			Reported	Fx & p adj.
Consumer Health	1,512	1,573	+ 4.0	+ 4.1
Nutritionals	419	375	- 10.5	- 10.0
Allergy & Cold	344	410	+ 19.2	+ 15.9
Dermatology	313	345	+ 10.2	+ 10.3
Pain & Cardio	210	216	+ 2.9	+ 8.0
Digestive Health	213	210	- 1.4	- 2.6
Other	13	17	+ 30.8	+ 49.4

Fx & p adj. = currency- and portfolio-adjusted

¹ For definition see Annual Report 2022, A 2.3 "Alternative Performance Measures Used by the Bayer Group."**Earnings**

EBITDA before special items at Consumer Health decreased by 2.3% to €379 million in the first quarter of 2023 following a particularly strong prior-year period (Q1 2022: €388 million). The decline was mainly due to inflation-related cost increases as well as investments in marketing our innovative products, especially Astepro™. However, we were largely able to offset these effects thanks to our continuous cost and price management efforts. In addition, income from the sale of minor, nonstrategic brands was lower than in the prior-year quarter. There was a negative currency effect of €4 million (Q1 2022: positive currency effect of €6 million). The EBITDA margin before special items declined by 1.6 percentage points to 24.1%.

EBIT came in at €282 million (Q1 2022: €284 million) after special charges of €6 million relating to restructuring measures (Q1 2022: €18 million).

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Special Items¹ Consumer Health

€ million	EBIT	EBIT	EBITDA	EBITDA
	Q1 2022	Q1 2023	Q1 2022	Q1 2023
Restructuring	(18)	(6)	(18)	(6)
Total special items	(18)	(6)	(18)	(6)

¹ For definition see Annual Report 2022, A 2.3 "Alternative Performance Measures Used by the Bayer Group."

Financial Position of the Bayer Group

Statement of Cash Flows

Net cash used in operating activities

// Net operating cash flow in the first quarter of 2023 amounted to minus €3,550 million (Q1 2022: minus 726 million). The decline was partly due to the overall increase in payments to resolve proceedings in the litigations surrounding glyphosate, dicamba, Essure™ and, in particular, PCBs, with a net payout of €1,536 million (Q1 2022: €476 million).

Net cash provided by investing activities

- // Net investing cash flow in the first quarter of 2023 amounted to €1,602 million (Q1 2022: €742 million).
- // Cash outflows for acquisitions came in at €129 million (Q1 2022: €0 million). This figure included a milestone payment in connection with the acquisition of Asklepios BioPharmaceutical, Inc, United States, as well as the acquisition of Blackford Analysis Ltd., United Kingdom, a global provider of radiology AI platform technology.
- // Net cash inflows from current financial assets totaled €2,268 million (Q1 2022: €953 million) and were mainly attributable to the sale of investments in money market funds to cover operational liquidity needs.

Net cash provided by financing activities

- // There was a net cash inflow of €1,662 million from financing activities in the first quarter of 2023 (Q1 2022: €1,075 million).
- // This figure included net borrowings of €1,845 million (Q1 2022: €1,197 million).
- // Net interest payments amounted to €183 million (Q1 2022: €137 million).

Free cash flow

// Free cash flow (total) came in at minus €4,102 million in the first quarter of 2023 (Q1 2022: minus €1,187 million), mainly due to the significant decline in operating cash flow.

Net financial debt

- // Net financial debt of the Bayer Group increased by €4.3 billion to €36.1 billion in the first quarter of 2023 (December 31, 2022: €31.8 billion), mainly as a result of the negative free cash flow and the settlement payments for US litigations included therein.
- // In April 2023, Bayer AG exercised its option to extend, by an additional six months, the new €3 billion credit line with banks that it had agreed and drawn on in May 2022.

Corporate Outlook

We confirm our currency-adjusted Group outlook for the year 2023 as published in the Annual Report 2022.

However, for the remainder of the year we see potential risks mainly arising from the significantly reduced market price expectations for our glyphosate-based products within our Crop Science Division. Overall, we therefore expect target attainment to come in at the lower end of our guidance.

Bayer Group Consolidated Income Statements

B 1

€ million	Q1 2022	Q1 2023
Net sales	14,639	14,389
Cost of goods sold	(5,176)	(5,733)
Gross profit	9,463	8,656
Selling expenses	(3,284)	(3,394)
Research and development expenses	(1,454)	(1,571)
General administration expenses	(661)	(658)
Other operating income	509	384
Other operating expenses	(361)	(444)
EBIT¹	4,212	2,973
Equity-method income (loss)	(20)	(37)
Financial income	67	148
Financial expenses	(537)	(478)
Financial result	(490)	(367)
Income before income taxes	3,722	2,606
Income taxes	(428)	(424)
Income after income taxes	3,294	2,182
of which attributable to noncontrolling interest	3	4
of which attributable to Bayer AG stockholders (net income)	3,291	2,178
€		
Earnings per share		
Basic	3.35	2.22
Diluted	3.35	2.22

¹ For definition see Annual Report 2022, A 2.3 "Alternative Performance Measures Used by the Bayer Group."

Bayer Group Consolidated Statements of Financial Position

B 2

€ million	Mar. 31, 2022	Dec. 31, 2022	Mar. 31, 2023
Noncurrent assets			
Goodwill	39,789	39,648	39,254
Other intangible assets	26,066	24,183	23,352
Property, plant and equipment	12,786	13,674	13,312
Investments accounted for using the equity method	655	893	847
Other financial assets	2,022	2,049	1,959
Other receivables	1,323	1,065	1,188
Deferred taxes	4,895	5,605	5,517
	87,536	87,117	85,429
Current assets			
Inventories	10,869	13,636	13,531
Trade accounts receivable	14,601	10,312	14,559
Other financial assets	2,409	5,208	3,121
Other receivables	1,699	1,923	2,084
Claims for income tax refunds	1,524	1,507	1,471
Cash and cash equivalents	5,785	5,171	4,854
Assets held for sale	1,359	3	3
	38,246	37,760	39,623
Total assets	125,782	124,877	125,052
Equity			
Capital stock	2,515	2,515	2,515
Capital reserves	18,261	18,261	18,261
Other reserves	16,661	17,997	20,088
Equity attributable to Bayer AG stockholders	37,437	38,773	40,864
Equity attributable to noncontrolling interest	170	153	153
	37,607	38,926	41,017
Noncurrent liabilities			
Provisions for pensions and other post-employment benefits	6,920	4,388	3,931
Other provisions	8,709	8,591	8,347
Refund liabilities	83	10	98
Contract liabilities	754	561	550
Financial liabilities	36,648	33,791	33,571
Income tax liabilities	1,631	1,672	1,446
Other liabilities	1,485	1,127	987
Deferred taxes	926	727	714
	57,156	50,867	49,644
Current liabilities			
Other provisions	6,832	5,092	5,137
Refund liabilities	7,144	5,583	7,847
Contract liabilities	1,635	4,163	1,522
Financial liabilities	5,899	7,861	9,728
Trade accounts payable	5,847	7,545	6,268
Income tax liabilities	961	1,056	1,224
Other liabilities	2,610	3,784	2,665
Liabilities directly related to assets held for sale	91	-	-
	31,019	35,084	34,391
Total equity and liabilities	125,782	124,877	125,052

Bayer Group Consolidated Statements of Cash Flows

B 3

€ million	Q1 2022	Q1 2023
Income after income taxes	3,294	2,182
Income taxes	428	424
Financial result	490	367
Income taxes paid	(442)	(466)
Depreciation, amortization and impairment losses (loss reversals)	1,080	1,345
Change in pension provisions	(71)	(108)
(Gains) losses on retirements of noncurrent assets	(43)	(22)
Decrease (increase) in inventories	444	(31)
Decrease (increase) in trade accounts receivable	(4,186)	(4,388)
(Decrease) increase in trade accounts payable	(1,058)	(1,158)
Changes in other working capital, other noncash items	(662)	(1,695)
Net cash provided by (used in) operating activities	(726)	(3,550)
Cash outflows for additions to property, plant, equipment and intangible assets	(349)	(466)
Cash inflows from the sale of property, plant, equipment and other assets	196	42
Cash inflows from divestments less divested cash	-	6
Income tax payments related to divestments and asset sales	-	(65)
Cash outflows for noncurrent financial assets	(83)	(151)
Cash outflows for acquisitions less acquired cash	-	(129)
Interest and dividends received	25	97
Cash inflows from (outflows for) current financial assets	953	2,268
Net cash provided by (used in) investing activities	742	1,602
Capital contributions	15	-
Issuances of debt	2,279	2,186
Retirements of debt	(1,082)	(341)
Interest paid including interest-rate swaps	(173)	(183)
Interest received from interest-rate swaps	36	-
Net cash provided by (used in) financing activities	1,075	1,662
Change in cash and cash equivalents due to business activities	1,091	(286)
Cash and cash equivalents at beginning of period	4,564	5,171
Change in cash and cash equivalents due to changes in scope of consolidation	3	-
Change in cash and cash equivalents due to exchange rate movements	132	(31)
Cash and cash equivalents at end of period	5,790	4,854

Legal Risks

To find out more about the Bayer Group's legal risks, please see Note 30 to the consolidated financial statements in the Bayer Annual Report 2022, which can be downloaded free of charge at www.bayer.com. Since the Bayer Annual Report 2022, the following significant changes have occurred in respect of the legal risks:

Dicamba: Since 2016, a number of lawsuits were filed against Bayer's subsidiary Monsanto in the United States. The general claims are that off-target movement from the dicamba herbicide and/or the Xtend™ system has damaged non-dicamba-tolerant soybean and other crops. We continue to receive new dicamba-related claims that could be potential future lawsuits. The most significant of those was a claim by Frey Farms, which is a producer of watermelons, pumpkins and other vegetables. In April 2023, the parties entered into an agreement to resolve all of the claims of Frey Farms.

BASF arbitration: In 2019, Bayer was served with a request for arbitration by BASF SE. BASF alleged indemnification claims under asset purchase agreements related to the divestment of certain Crop Science businesses to BASF. In August 2022, the arbitral tribunal dismissed BASF's claims in their entirety and awarded Bayer approximately two-thirds of its arbitration fees and costs. In April 2023, the Higher Regional Court of Frankfurt (Main) issued a decision rejecting BASF's motion to set aside the award. However, the court found that the arbitral award technically was 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 have not yet come to an end and still have to be concluded by a valid arbitration award that fully complies with the procedural rules. Bayer disagrees with the court decision and is considering its legal options.

Financial Calendar

2023 Half-Year Report	<i>August 8, 2023</i>
Q3 2023 Quarterly Statement	<i>November 8, 2023</i>
2023 Annual Report	<i>March 5, 2024</i>
Annual Stockholders' Meeting 2024	<i>April 26, 2024</i>
Q1 2024 Quarterly Statement	<i>May 14, 2024</i>

Reporting Principles

The present document is a Quarterly Statement pursuant to Section 53 of the Exchange Rules of the Frankfurt Stock Exchange (as of April 3, 2023) and does not constitute an interim report according to the International Accounting Standard (IAS) 34. This Quarterly Statement should be read in conjunction with the Annual Report for the 2022 fiscal year and the additional information about the company provided therein. The Annual Report 2022 is available on our website at www.bayer.com. The accounting policies and measurement principles applied in this Quarterly Statement are based on those used in the consolidated financial statements of the Bayer Group for fiscal 2022.

Masthead

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Forward-Looking Statements

This Quarterly Statement 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.

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