

# Q1

## Quarterly Statement First Quarter of 2021



### **Bayer: successful start to 2021**

- // Good operational performance – sales and earnings negatively impacted by currency of €0.9 billion and €0.3 billion
- // Group sales at €12.3 billion (Fx & p adj. +2.8%)
- // EBITDA before special items falls 6.2% to €4.1 billion due to currency
- // Strong sales growth at Crop Science (Fx & p adj.) in improved market environment
- // Sales at Pharmaceuticals (Fx & p adj.) at prior-year level
- // Consumer Health ahead of competition with continuous good performance
- // Net income increases to €2.1 billion
- // Core earnings per share €2.59 (–3.0%)
- // Outlook for 2021 confirmed

## Bayer Group Key Data

€ million	Q1 2020	Q1 2021	Change	
			nominal	Fx & p adj.
<b>Sales</b>	<b>12,845</b>	<b>12,328</b>	<b>- 4.0</b>	<b>+ 2.8</b>
<b>Change in sales<sup>1</sup></b>				
Volume	+ 6.6%	+ 3.1%		
Price	- 0.6%	- 0.3%		
Currency	+ 0.3%	- 7.3%		
Portfolio	- 1.5%	+ 0.5%		
<b>Sales by region</b>				
Europe / Middle East / Africa	4,238	4,073	- 3.9	+ 0.5
North America	5,317	4,898	- 7.9	- 1.5
Asia / Pacific	2,112	2,179	+ 3.2	+ 6.3
Latin America	1,178	1,178	0.0	+ 23.6
<b>EBITDA<sup>1</sup></b>	<b>3,776</b>	<b>4,169</b>	<b>+ 10.4</b>	
Special items <sup>1</sup>	(615)	51		
<b>EBITDA before special items<sup>1</sup></b>	<b>4,391</b>	<b>4,118</b>	<b>- 6.2</b>	
EBITDA margin before special items <sup>1</sup>	34.2%	33.4%		
<b>EBIT<sup>1</sup></b>	<b>2,499</b>	<b>3,083</b>	<b>+ 23.4</b>	
Special items <sup>1</sup>	(639)	15		
<b>EBIT before special items<sup>1</sup></b>	<b>3,138</b>	<b>3,068</b>	<b>- 2.2</b>	
<b>Financial result</b>	<b>(652)</b>	<b>(348)</b>		
<b>Net income (from continuing and discontinued operations)</b>	<b>1,489</b>	<b>2,089</b>	<b>+ 40.3</b>	
<b>Earnings per share<sup>1</sup> from continuing and discontinued operations (€)</b>	<b>1.52</b>	<b>2.13</b>	<b>+ 40.1</b>	
<b>Core earnings per share<sup>1</sup> from continuing operations (€)</b>	<b>2.67</b>	<b>2.59</b>	<b>- 3.0</b>	
<b>Net cash provided by operating activities (from continuing and discontinued operations)</b>	<b>(229)</b>	<b>(2,765)</b>		
<b>Free cash flow</b>	<b>(793)</b>	<b>(3,226)</b>		
<b>Net financial debt</b>	<b>35,399</b>	<b>33,933</b>	<b>- 4.1</b>	
<b>Cash outflows for capital expenditures and intangible assets (from continuing and discontinued operations)</b>	<b>391</b>	<b>329</b>	<b>- 15.9</b>	
<b>Research and development expenses</b>	<b>1,302</b>	<b>1,198</b>	<b>- 8.0</b>	
<b>Depreciation, amortization and impairment losses / loss reversals</b>	<b>1,277</b>	<b>1,086</b>	<b>- 15.0</b>	
<b>Number of employees<sup>2</sup> (at end of period)</b>	<b>102,201</b>	<b>99,329</b>	<b>- 2.8</b>	
<b>Personnel expenses (including pension expenses)</b>	<b>2,760</b>	<b>2,820</b>	<b>+ 2.2</b>	

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

<sup>1</sup> For definition see Annual Report 2020, A 2.3 "Alternative Performance Measures Used by the Bayer Group."

<sup>2</sup> Employees calculated as full-time equivalents (FTEs)

## Key Events

To enable our Crop Science Division to focus on its core agricultural business, we are planning to divest our Environmental Science Professional business. Environmental Science is a global leader offering solutions to control pests, disease and weeds in non-agricultural areas such as vector control, professional pest management, industrial vegetation management, forestry, and turf and ornamentals. The business, which is to be divested, reported sales in the region of €0.6 billion in 2020.

## Earnings Performance of the Bayer Group<sup>1</sup>

### First quarter of 2021

#### Group sales

Group sales in the first quarter of 2021 increased by 2.8% (Fx & portfolio adj.) to €12,328 million (Q1 2020: €12,845 million; reported: –4.0%). As expected, sales were diminished by a negative currency effect of €938 million. Sales in Germany amounted to €661 million (Q1 2020: €743 million).

Crop Science posted encouraging sales growth. We achieved strong currency- and portfolio-adjusted sales growth in Latin America and Asia/Pacific in particular. Sales at Pharmaceuticals were level with the prior-year period. In China, lower sales attributable to the new tender procedures implemented in 2020 for Glucobay™ and Avelox™ were compensated by growth in other products, especially Xarelto™. Following an exceptionally strong prior-year quarter, sales at Consumer Health declined, with the high level of protective and hygiene measures and ongoing lockdowns having a negative impact, particularly on cough and cold products.

#### EBITDA before special items

Group EBITDA before special items fell by 6.2% to €4,118 million. This figure included a negative currency effect of €337 million. At Crop Science, EBITDA before special items declined. Negative currency effects could not be fully offset by the good operating performance. EBITDA before special items at Pharmaceuticals receded due to price declines in sales and a negative currency effect. Higher volumes, lower costs and a positive effect in research and development expenses were not sufficient to fully offset this development. EBITDA before special items at Consumer Health came in below the very good level reported in the prior-year period. At the same time, the margin improved.

#### EBIT and special items

EBIT of the Bayer Group came in at €3,083 million (Q1 2020: €2,499 million). This figure included net special gains of €15 million (Q1 2020: net special charges of €639 million) that mainly comprised income from a patent dispute related to Jivi™ and expenses for the ongoing restructuring program. EBIT before special items declined by 2.2% to €3,068 million (Q1 2020: €3,138 million).

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

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#### Special Items by Category<sup>1, 2</sup>

€ million	EBIT Q1 2020	EBIT Q1 2021	EBITDA Q1 2020	EBITDA Q1 2021
<b>Total special items</b>	<b>(639)</b>	<b>15</b>	<b>(615)</b>	<b>51</b>
Restructuring	(210)	(89)	(209)	(82)
of which in the Reconciliation	(129)	(66)	(129)	(66)
Acquisition/integration <sup>2</sup>	(23)	3	(23)	3
Divestments	(14)	(10)	(14)	(10)
of which in the Reconciliation	(9)	–	(9)	–
Litigations/legal risks	(368)	141	(368)	141
of which in the Reconciliation	(13)	14	(13)	14
Impairment losses/loss reversals <sup>3</sup>	(24)	(30)	(1)	(1)

<sup>1</sup> For definition see Annual Report 2020, A 2.3 "Alternative Performance Measures Used by the Bayer Group."

<sup>2</sup> Prior to December 31, 2020, special items pertaining to the integration of Monsanto Functions were reported in the category "acquisition and integration costs." Effective January 1, 2021, these special items have been included in the category "restructuring." The prior-year figures have been restated accordingly.

<sup>3</sup> Where not already included in the other special items categories

<sup>1</sup> For definition of alternative performance measures see Annual Report 2020, A 2.3 "Alternative Performance Measures Used by the Bayer Group."

### Income from discontinued operations after income taxes

Income from discontinued operations after income taxes amounted to €0 million (Q1 2020: €120 million).

### Net income

After a financial result of minus €348 million (Q1 2020: minus €652 million), income before income taxes amounted to €2,735 million (Q1 2020: €1,847 million). The financial result mainly comprised income of €8 million from investments in affiliated companies (Q1 2020: loss of €166 million), net interest expense of €268 million (Q1 2020: €364 million) and interest cost of €19 million (Q1 2020: €65 million) for pension and other provisions. The financial result included net special gains of €37 million (Q1 2020: net special charges of €159 million) that mainly resulted from changes in the fair value of our interests in Elanco and Covestro. After income tax expense of €645 million (Q1 2020: €479 million) and accounting for noncontrolling interest, net income amounted to €2,089 million (Q1 2020: €1,489 million).

### Core earnings per share

Core earnings per share fell by 3.0% to €2.59 (Q1 2020: €2.67). Earnings per share (total) climbed to €2.13 (Q1 2020: €1.52).

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#### Core Earnings per Share<sup>1</sup>

€ million	Q1 2020	Q1 2021
<b>EBIT (as per income statements)</b>	<b>2,499</b>	<b>3,083</b>
Amortization and impairment losses/loss reversals on goodwill and other intangible assets	767	672
Impairment losses/loss reversals on property, plant and equipment, and accelerated depreciation included in special items	80	43
Special items (other than accelerated depreciation, amortization and impairment losses/loss reversals)	615	(51)
<b>Core EBIT</b>	<b>3,961</b>	<b>3,747</b>
Financial result (as per income statements)	(652)	(348)
Special items in the financial result <sup>2</sup>	159	(37)
Income taxes (as per income statements)	(479)	(645)
Special items in income taxes	–	–
Tax effects related to amortization, impairment losses/loss reversals and special items	(366)	(171)
Income after income taxes attributable to noncontrolling interest (as per income statements)	1	(1)
Above-mentioned adjustments attributable to noncontrolling interest	(1)	–
<b>Core net income from continuing operations</b>	<b>2,623</b>	<b>2,545</b>
Shares (million)		
Weighted average number of shares	982.42	982.42
€		
<b>Core earnings per share from continuing operations</b>	<b>2.67</b>	<b>2.59</b>

<sup>1</sup> For definition see Annual Report 2020, A 2.3 "Alternative Performance Measures Used by the Bayer Group."

<sup>2</sup> Primarily comprising changes in the fair value of our interests in Elanco and Covestro

## Business Development by Division

### Crop Science

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#### Key Data – Crop Science

€ million	Q1 2020	Q1 2021	Change % <sup>1</sup>	
			Reported	Fx & p adj.
<b>Sales</b>	<b>6,834</b>	<b>6,646</b>	<b>-2.8</b>	<b>+6.4</b>
<b>Change in sales<sup>1</sup></b>				
Volume	+5.5%	+4.7%		
Price	+0.2%	+1.7%		
Currency	+0.4%	-9.2%		
Portfolio	0.0%	0.0%		
<b>Sales by region</b>				
Europe/Middle East/Africa	1,894	1,881	-0.7	+5.0
North America	3,713	3,431	-7.6	+0.3
Asia/Pacific	416	515	+23.8	+28.7
Latin America	811	819	+1.0	+26.2
<b>EBITDA<sup>1</sup></b>	<b>2,410</b>	<b>2,427</b>	<b>+0.7</b>	
Special items <sup>1</sup>	(201)	(21)		
<b>EBITDA before special items<sup>1</sup></b>	<b>2,611</b>	<b>2,448</b>	<b>-6.2</b>	
EBITDA margin before special items <sup>1</sup>	38.2%	36.8%		
<b>EBIT<sup>1</sup></b>	<b>1,500</b>	<b>1,753</b>	<b>+16.9</b>	
Special items <sup>1</sup>	(279)	(52)		
<b>EBIT before special items<sup>1</sup></b>	<b>1,779</b>	<b>1,805</b>	<b>+1.5</b>	
<b>Net cash provided by (used in) operating activities</b>	<b>(1,761)</b>	<b>(4,137)</b>		
Cash-flow relevant capital expenditures	163	116	-28.8	
Research and development expenses	560	463	-17.3	

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

<sup>1</sup> For definition see Annual Report 2020, A 2.3 "Alternative Performance Measures Used by the Bayer Group."

#### First quarter of 2021

##### Sales

Sales at Crop Science rose by 6.4% (Fx & portfolio adj.) to €6,646 million in the first quarter of 2021. We achieved strong currency- and portfolio-adjusted sales growth in Latin America and Asia/Pacific in particular.

- // Business at **Corn Seed & Traits** remained at the level of the prior-year quarter. We grew sales in the Europe/Middle East/Africa region thanks to higher demand in Eastern Europe and price increases. Business in the Latin America region also developed positively due to an increase in acreages and prices. By contrast, we recorded a decline in sales in North America. This was in part attributable to the expiration of a license agreement amounting to around €50 million.
- // Sales at **Herbicides** advanced mainly as a result of volume gains in all regions, as well as higher prices, particularly for Roundup™.
- // **Fungicides** posted encouraging business development on account of volume and price increases in Latin America, particularly for our product Fox Xpro™. In addition, business expanded in Asia/Pacific as the market situation normalized following the previous year's restrictions related to the COVID-19 pandemic.
- // The sales increase for **Soybean Seed & Traits** mainly resulted from volume gains in North America.
- // Sales at **Insecticides** increased due to seasonal effects, especially in Asia/Pacific and Latin America. Business declined in the Europe/Middle East/Africa region following a loss of registrations for thiacloprid-based crop protection products.
- // Sales at **Environmental Science** advanced in all regions, particularly in North America due to our business with professional users.
- // Sales at **Vegetable Seeds** also rose in all regions.

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**Sales by Strategic Business Entity**

€ million	Q1 2020	Q1 2021	Change % <sup>1</sup>	
			Reported	Fx & p adj.
<b>Crop Science</b>	<b>6,834</b>	<b>6,646</b>	<b>-2.8</b>	<b>+6.4</b>
Corn Seed & Traits	2,650	2,394	-9.7	-0.4
Herbicides	1,420	1,488	+4.8	+13.3
Fungicides	785	880	+12.1	+22.0
Soybean Seed & Traits	568	529	-6.9	+3.4
Insecticides	382	360	-5.8	+4.1
Environmental Science	283	285	+0.7	+9.5
Vegetable Seeds	146	157	+7.5	+13.9
Other	600	553	-7.8	+0.2

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

<sup>1</sup> For definition see Annual Report 2020, A 2.3 "Alternative Performance Measures Used by the Bayer Group."**Earnings**

**EBITDA before special items** at Crop Science decreased to €2,448 million in the first quarter of 2021 (Q1 2020: €2,611 million), giving a margin of 36.8%. Positive effects from higher prices and volume gains as well as the contributions from the current efficiency programs were not sufficient to fully compensate for the negative currency effects of €252 million.

**EBIT** amounted to €1,753 million (Q1 2020: €1,500 million), after special charges of €52 million (Q1 2020: €279 million).

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**Special Items<sup>1</sup> Crop Science**

€ million	EBIT	EBIT	EBITDA	EBITDA
	Q1 2020	Q1 2021	Q1 2020	Q1 2021
Restructuring	(80)	4	(79)	6
Acquisition/integration <sup>2</sup>	(23)	3	(23)	3
Divestments	(5)	(10)	(5)	(10)
Litigations/legal risks	(94)	(19)	(94)	(19)
Impairment losses/loss reversals	(77)	(30)	-	(1)
<b>Total special items</b>	<b>(279)</b>	<b>(52)</b>	<b>(201)</b>	<b>(21)</b>

<sup>1</sup> For definition see Annual Report 2020, A 2.3 "Alternative Performance Measures Used by the Bayer Group."<sup>2</sup> Prior to December 31, 2020, special items pertaining to the integration of Monsanto Functions were reported in the category "acquisition and integration costs." Effective January 1, 2021, these special items have been included in the category "restructuring." The prior-year figures have been restated accordingly.

## Pharmaceuticals

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### Key Data – Pharmaceuticals

€ million	Q1 2020	Q1 2021	Change % <sup>1</sup>	
			Reported	Fx & p adj.
<b>Sales</b>	<b>4,546</b>	<b>4,365</b>	<b>-4.0</b>	<b>-0.4</b>
<b>Change in sales<sup>1</sup></b>				
Volume	+ 6.7%	+ 4.0%		
Price	- 2.8%	- 4.4%		
Currency	+ 0.5%	- 4.8%		
Portfolio	0.0%	+ 1.2%		
<b>Sales by region</b>				
Europe/Middle East/Africa	1,799	1,695	- 5.8	- 2.7
North America	1,009	996	- 1.3	+ 0.8
Asia/Pacific	1,504	1,455	- 3.3	- 0.5
Latin America	234	219	- 6.4	+ 13.2
<b>EBITDA<sup>1</sup></b>	<b>1,342</b>	<b>1,628</b>	<b>+ 21.3</b>	
Special items <sup>1</sup>	(252)	130		
<b>EBITDA before special items<sup>1</sup></b>	<b>1,594</b>	<b>1,498</b>	<b>- 6.0</b>	
EBITDA margin before special items <sup>1</sup>	35.1%	34.3%		
<b>EBIT<sup>1</sup></b>	<b>1,088</b>	<b>1,369</b>	<b>+ 25.8</b>	
Special items <sup>1</sup>	(252)	125		
<b>EBIT before special items<sup>1</sup></b>	<b>1,340</b>	<b>1,244</b>	<b>- 7.2</b>	
<b>Net cash provided by operating activities</b>	<b>957</b>	<b>811</b>	<b>- 15.3</b>	
Capital expenditures	120	156	+ 30.0	
Research and development expenses	686	681	- 0.7	

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

<sup>1</sup> For definition see Annual Report 2020, A 2.3 "Alternative Performance Measures Used by the Bayer Group."

### First quarter of 2021

#### Sales

Sales at Pharmaceuticals in the first quarter of 2021 came in at €4,365 million and were thus level with the prior-year period on a currency and portfolio adjusted basis (Fx & portfolio adj. -0.4%). In China, lower sales of Glucobay™ and Avelox™ attributable to the tender procedures implemented in 2020 were offset by growth in other products, especially Xarelto™. In the United States, we benefited from the launch of our cancer drug Nubeqa™.

In addition, we registered sales of our new cell and gene therapy unit for the first time. These were attributable to the AskBio business acquired in the previous year and reported under portfolio effects. This includes a milestone payment from a development collaboration.

- // We registered an increase in sales of our oral anticoagulant **Xarelto™**, largely as a result of significantly expanded volumes in China and Russia. Sales in Germany were down substantially. License revenues – recognized as sales – in the United States, where Xarelto™ is marketed by a subsidiary of Johnson & Johnson, were up year on year.
- // Sales of our ophthalmology drug **Eylea™** increased considerably against the previous year. This was driven primarily by the positive development in Japan that resulted from both a change in ordering behavior and growth in volumes, as well as by markedly higher volumes in Europe, China and Canada.
- // We posted encouraging sales gains for our **YAZ™/Yasmin™/Yasminelle™** oral contraceptives, particularly in China, Japan and the Middle East.
- // Sales of our **Kogenate™/Kovaltry™/Jivi™** blood-clotting medicines were down, particularly in the United States and Germany due to competition from other products. The declines for Kogenate™ and Kovaltry™ were only partly offset by gains for Jivi™.

- // We registered continued growth for **Aspirin™ Cardio**, our product for secondary prevention of heart attacks. This was mainly attributable to growth in Mexico, which was partly due to the use of this product in the treatment of COVID-19 patients, as well as to a sharp increase in demand in China.
- // Sales of our cancer drug **Nexavar™** fell substantially, mainly due to a decline in volumes in the United States as a result of strong competition.

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**Best-Selling Pharmaceuticals Products**

€ million	Q1 2020	Q1 2021	Change % <sup>1</sup>	
			Reported	Fx & p adj.
Xarelto™	1,115	1,138	+ 2.1	+ 6.5
Eylea™	593	671	+ 13.2	+ 15.8
Mirena™ / Kyleena™ / Jaydess™	319	319	0.0	+ 7.9
YAZ™ / Yasmin™ / Yasminelle™	177	185	+ 4.5	+ 12.3
Kogenate™ / Kovaltry™ / Jivi™	237	185	- 21.9	- 17.9
Aspirin™ Cardio	171	184	+ 7.6	+ 12.2
Adalat™	162	175	+ 8.0	+ 10.5
Adempas™	123	128	+ 4.1	+ 10.7
Nexavar™	163	121	- 25.8	- 21.7
Stivarga™	121	121	0.0	+ 6.4
CT Fluid Delivery <sup>2</sup>	101	103	+ 2.0	+ 8.4
Gadovist™ product family	112	100	- 10.7	- 5.7
Betaferon™ / Betaseron™	102	89	- 12.7	- 7.3
Ultravist™	79	80	+ 1.3	+ 6.6
Xofigo™	78	65	- 16.7	- 10.6
<b>Total best-selling products</b>	<b>3,653</b>	<b>3,664</b>	<b>+ 0.3</b>	<b>+ 5.1</b>
Proportion of Pharmaceuticals sales	80%	84%		

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

<sup>1</sup> For definition see Annual Report 2020, A 2.3 "Alternative Performance Measures Used by the Bayer Group."<sup>2</sup> 2020 figures restated; The CT Fluid Delivery product family comprises injection systems marketed primarily under the Stellant™ brand.**Earnings**

**EBITDA before special items** at Pharmaceuticals decreased by 6.0% to €1,498 million in the first quarter of 2021 (Q1 2020: €1,594 million). This was attributable to price declines in sales and a negative currency effect of €57 million. Volume gains and lower costs, which were in part attributable to the ongoing restrictions related to the COVID-19 pandemic, were able to partially offset this effect. We also registered a positive effect for research and development expenses due partly to the proportionate recognition of €52 million in proceeds from the sale of a priority review voucher in the United States. The EBITDA margin before special items receded by 0.8 percentage points to 34.3%.

**EBIT** climbed by 25.8% to €1,369 million (Q1 2020: €1,088 million) after net special gains of €125 million (Q1 2020: net special charges €252 million) that were mainly related to a patent dispute involving our product Jivi™.

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**Special Items<sup>1</sup> Pharmaceuticals**

€ million	EBIT	EBIT	EBITDA	EBITDA
	Q1 2020	Q1 2021	Q1 2020	Q1 2021
Restructuring	10	(21)	10	(16)
Litigations/legal risks	(261)	146	(261)	146
Impairment losses/loss reversals	(1)	-	(1)	-
<b>Total special items</b>	<b>(252)</b>	<b>125</b>	<b>(252)</b>	<b>130</b>

<sup>1</sup> For definition see Annual Report 2020, A 2.3 "Alternative Performance Measures Used by the Bayer Group."

## Consumer Health

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### Key Data – Consumer Health

€ million	Q1 2020	Q1 2021	Change % <sup>1</sup>	
			Reported	Fx & p adj.
<b>Sales</b>	<b>1,398</b>	<b>1,252</b>	<b>-10.4</b>	<b>-4.4</b>
<b>Changes in sales<sup>1</sup></b>				
Volume	+ 11.3%	- 7.5%		
Price	+ 2.2%	+ 3.1%		
Currency	- 0.1%	- 6.9%		
Portfolio	- 13.2%	+ 0.9%		
<b>Sales by region</b>				
Europe/Middle East/Africa	490	433	- 11.6	- 6.5
North America	583	470	- 19.4	- 14.6
Asia/Pacific	192	209	+ 8.9	+ 11.1
Latin America	133	140	+ 5.3	+ 25.5
<b>EBITDA<sup>1</sup></b>	<b>290</b>	<b>286</b>	<b>- 1.4</b>	
Special items <sup>1</sup>	(11)	(6)		
<b>EBITDA before special items<sup>1</sup></b>	<b>301</b>	<b>292</b>	<b>- 3.0</b>	
EBITDA margin before special items <sup>1</sup>	21.5%	23.3%		
<b>EBIT<sup>1</sup></b>	<b>263</b>	<b>201</b>	<b>- 23.6</b>	
Special items <sup>1</sup>	43	(6)		
<b>EBIT before special items<sup>1</sup></b>	<b>220</b>	<b>207</b>	<b>- 5.9</b>	
<b>Net cash provided by operating activities</b>	<b>147</b>	<b>241</b>	<b>+ 63.9</b>	
Capital expenditures	27	24	- 11.1	
Research and development expenses	50	45	- 10.0	

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

<sup>1</sup> For definition see Annual Report 2020, A 2.3 "Alternative Performance Measures Used by the Bayer Group."

### First quarter of 2021

#### Sales

Following an exceptionally strong prior-year quarter in which the division saw double-digit percentage growth, sales at Consumer Health in the first quarter of 2021 registered a 4.4% (Fx & portfolio adj.) decline to €1,252 million. The continuing high level of protective and hygiene measures and ongoing lockdowns had a negative impact on sales, particularly on cough and cold products. Growth momentum remained positive in the Dermatology and Nutritionals categories. Overall, this placed our performance ahead of the competition.

- // Sales in **Europe/Middle East/Africa** were below the very strong prior-year period, with decreases due to the protective and hygiene measures and ongoing lockdowns, especially in the Allergy & Cold category. Sales in the Dermatology category showed positive development, partly on account of high demand for Bepanthen™. Business in Nutritionals also expanded with continued focus on self-care and a strong immune system.
- // Sales in **North America** fell considerably compared with the outstandingly good prior-year period in a challenging market environment. Business was impacted by increased protective and hygiene measures, with our cough and cold products being particularly affected. The Digestive Health category continued to develop positively, thanks especially to MiraLAX™.
- // Sales in **Asia/Pacific** rose substantially, driven by continuing strong development in the Nutritionals category, including Elevit™ in China and Redoxon™ in Southeast Asia, among others. We also posted encouraging growth in the Dermatology category.
- // In **Latin America**, sales advanced significantly, mainly as a result of high demand for products in the Pain & Cardio category, especially Aspirin™. Business also expanded in the Dermatology category, where a product line extension for Bepanthen™ had a positive impact.

A10

**Sales by Category**

€ million	Q1 2020	Q1 2021	Change % <sup>1</sup>	
			Reported	Fx & p adj.
<b>Consumer Health</b>	<b>1,398</b>	<b>1,252</b>	<b>- 10.4</b>	<b>- 4.4</b>
Nutritionals	351	353	+ 0.6	+ 4.7
Allergy & Cold	361	235	- 34.9	- 30.1
Dermatology	278	280	+ 0.7	+ 6.6
Pain & Cardio	214	191	- 10.7	- 0.1
Digestive Health	181	178	- 1.7	+ 4.5
Other	13	15	+ 15.4	+ 30.2

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

<sup>1</sup> For definition see Annual Report 2020, A 2.3 "Alternative Performance Measures Used by the Bayer Group."**Earnings**

**EBITDA before special items** declined to €292 million (Q1 2020: €301 million) in the first quarter of 2021. This included a negative currency effect of €26 million. At the same time, the EBITDA margin before special items improved by 1.8 percentage points to 23.3%, largely on account of lower marketing expenses due to the currently volatile market environment as well as one-time gains from the divestment of non-core brands.

**EBIT** amounted to €201 million (Q1 2020: €263 million) after special charges of €6 million that primarily related to the restructuring measures (Q1 2020: positive net special items of €43 million).

A11

**Special Items<sup>1</sup> Consumer Health**

€ million	EBIT	EBIT	EBITDA	EBITDA
	Q1 2020	Q1 2021	Q1 2020	Q1 2021
Restructuring	(11)	(6)	(11)	(6)
Impairment losses/loss reversals	54	-	-	-
<b>Total special items</b>	<b>43</b>	<b>(6)</b>	<b>(11)</b>	<b>(6)</b>

<sup>1</sup> For definition see Annual Report 2020, A 2.3 "Alternative Performance Measures Used by the Bayer Group."

## Financial Position of the Bayer Group

### Statement of Cash Flows

#### Cash flows from operating activities

// Net operating cash flow from continuing operations in the first quarter of 2021 amounted to minus €2,765 million (Q1 2020: minus €189 million). The decline compared with the prior-year period was due in particular to payments made to resolve litigations, which amounted to €2.2 billion on balance.

#### Net cash used in investing activities

- // Net investing cash flow in the first quarter of 2021 amounted to €3,945 million (Q1 2020: minus €598 million).
- // Cash outflows for divestments came to €57 million (Q1 2020: €3 million) and were attributable to the final purchase price adjustment from the sale of the Animal Health business.
- // Net cash inflows for current financial assets totaled €3,961 million (Q1 2020: net outflow of €340 million) and resulted partly from the divestment of investments in money market funds.

#### Net cash used in financing activities

- // There was a net cash inflow of €113 million for financing activities (Q1 2020: €36 million).
- // Net borrowings led to a cash inflow of €255 million (Q1 2020: €232 million).
- // Net interest payments amounted to €142 million (Q1 2020: €196 million).

#### Free cash flow

// Free cash flow (total), which is the total operating cash flow less capital expenditures plus interest and dividends received less interest paid, came in at minus €3,226 million in the first quarter of 2021 (Q1 2020: minus €793 million).

#### Net financial debt

- // As at the beginning of the two preceding years, net financial debt of the Bayer Group increased in the first quarter of 2021. This figure increased by €3.9 billion to €33.9 billion (December 31, 2020: €30.0 billion), partly because of the settlement payments for litigations in the United States.
- // Bayer AG placed bonds with a total volume of €4 billion on January 7, 2021. Furthermore, on January 25, 2021, Bayer AG redeemed at maturity a bond with a nominal volume of €750 million.
- // The remaining US\$3.8 billion of the syndicated credit facility drawn in June 2018 as bridge financing for the acquisition of Monsanto was fully repaid on January 20, 2021.

## Corporate Outlook

We got off to a successful start in 2021. We confirm the outlook published in February 2021.

## Bayer Group Consolidated Income Statements

B1

€ million	Q1 2020	Q1 2021
<b>Net sales</b>	<b>12,845</b>	<b>12,328</b>
Cost of goods sold	(4,656)	(4,698)
<b>Gross profit</b>	<b>8,189</b>	<b>7,630</b>
Selling expenses	(3,023)	(2,879)
Research and development expenses	(1,302)	(1,198)
General administration expenses	(814)	(642)
Other operating income	423	350
Other operating expenses	(974)	(178)
<b>EBIT<sup>1</sup></b>	<b>2,499</b>	<b>3,083</b>
Equity-method income (loss)	(8)	(26)
Financial income	36	98
Financial expenses	(680)	(420)
<b>Financial result</b>	<b>(652)</b>	<b>(348)</b>
Income before income taxes	1,847	2,735
Income taxes	(479)	(645)
<b>Income from continuing operations after income taxes</b>	<b>1,368</b>	<b>2,090</b>
of which attributable to noncontrolling interest	(1)	1
of which attributable to Bayer AG stockholders	1,369	2,089
<b>Income from discontinued operations after income taxes</b>	<b>120</b>	<b>-</b>
of which attributable to noncontrolling interest	-	-
of which attributable to Bayer AG stockholders	120	-
<b>Income after income taxes</b>	<b>1,488</b>	<b>2,090</b>
of which attributable to noncontrolling interest	(1)	1
<b>of which attributable to Bayer AG stockholders (net income)</b>	<b>1,489</b>	<b>2,089</b>
€		
<b>Earnings per share</b>		
<b>From continuing operations</b>		
Basic	1.39	2.13
Diluted	1.39	2.13
<b>From discontinued operations</b>		
Basic	0.13	0.00
Diluted	0.13	0.00
<b>From continuing and discontinued operations</b>		
Basic	1.52	2.13
Diluted	1.52	2.13

<sup>1</sup> For definition see Annual Report 2020, A 2.3 "Alternative Performance Measures Used by the Bayer Group."

## Bayer Group Consolidated Statements of Financial Position

B2

€ million	Mar. 31, 2020	Dec. 31, 2020	Mar. 31, 2021
<b>Noncurrent assets</b>			
Goodwill	39,254	36,080	37,224
Other intangible assets	34,834	26,029	26,430
Property, plant and equipment	12,103	11,710	11,810
Investments accounted for using the equity method	524	491	549
Other financial assets	1,566	1,555	1,693
Other receivables	663	835	1,049
Deferred taxes	3,533	4,686	4,225
	<b>92,477</b>	<b>81,386</b>	<b>82,980</b>
<b>Current assets</b>			
Inventories	10,006	10,961	10,457
Trade accounts receivable	14,305	9,555	12,973
Other financial assets	2,762	7,940	3,762
Other receivables	1,431	1,667	1,745
Claims for income tax refunds	940	1,233	1,175
Cash and cash equivalents	2,289	4,191	5,550
Assets held for sale	1,264	113	135
	<b>32,997</b>	<b>35,660</b>	<b>35,797</b>
<b>Total assets</b>	<b>125,474</b>	<b>117,046</b>	<b>118,777</b>
<b>Equity</b>			
Capital stock	2,515	2,515	2,515
Capital reserves	18,261	18,261	18,261
Other reserves	27,833	9,748	13,812
<b>Equity attributable to Bayer AG stockholders</b>	<b>48,609</b>	<b>30,524</b>	<b>34,588</b>
Equity attributable to noncontrolling interest	172	175	184
	<b>48,781</b>	<b>30,699</b>	<b>34,772</b>
<b>Noncurrent liabilities</b>			
Provisions for pensions and other post-employment benefits	7,564	8,454	7,504
Other provisions	3,700	4,322	4,647
Refund liabilities	157	8	75
Contract liabilities	703	720	682
Financial liabilities	36,812	33,196	37,918
Income tax liabilities	1,719	247	1,624
Other liabilities	623	1,341	1,252
Deferred taxes	3,095	1,331	1,371
	<b>54,373</b>	<b>49,619</b>	<b>55,073</b>
<b>Current liabilities</b>			
Other provisions	3,460	10,127	8,116
Refund liabilities	6,133	4,455	6,352
Contract liabilities	957	3,592	1,166
Financial liabilities	3,200	8,570	4,947
Trade accounts payable	5,331	5,683	5,190
Income tax liabilities	660	2,269	960
Other liabilities	1,938	2,032	2,201
Liabilities directly related to assets held for sale	641	-	-
	<b>22,320</b>	<b>36,728</b>	<b>28,932</b>
<b>Total equity and liabilities</b>	<b>125,474</b>	<b>117,046</b>	<b>118,777</b>

2020 figures restated

## Bayer Group Consolidated Statements of Cash Flows

B3

€ million	Q1 2020	Q1 2021
Income from continuing operations after income taxes	1,368	2,090
Income taxes	479	645
Financial result	652	348
Income taxes paid	25	(453)
Depreciation, amortization and impairment losses (loss reversals)	1,277	1,086
Change in pension provisions	(66)	(115)
(Gains) losses on retirements of noncurrent assets	8	(15)
Decrease (increase) in inventories	396	533
Decrease (increase) in trade accounts receivable	(2,949)	(3,271)
(Decrease) increase in trade accounts payable	(1,072)	(617)
Changes in other working capital, other noncash items	(307)	(2,996)
<b>Net cash provided by (used in) operating activities from continuing operations</b>	<b>(189)</b>	<b>(2,765)</b>
Net cash provided by (used in) operating activities from discontinued operations	(40)	–
<b>Net cash provided by (used in) operating activities</b>	<b>(229)</b>	<b>(2,765)</b>
Cash outflows for additions to property, plant, equipment and intangible assets	(391)	(329)
Cash inflows from the sale of property, plant, equipment and other assets	39	157
Cash outflows for divestments less divested cash	(3)	(57)
Cash inflows from noncurrent financial assets	207	353
Cash outflows for noncurrent financial assets	(27)	(146)
Cash outflows for acquisitions less acquired cash	(106)	(4)
Interest and dividends received	23	10
Cash inflows from (outflows for) current financial assets	(340)	3,961
<b>Net cash provided by (used in) investing activities</b>	<b>(598)</b>	<b>3,945</b>
Issuances of debt	1,455	4,213
Retirements of debt	(1,223)	(3,958)
Interest paid including interest-rate swaps	(206)	(156)
Interest received from interest-rate swaps	10	14
<b>Net cash provided by (used in) financing activities</b>	<b>36</b>	<b>113</b>
<b>Change in cash and cash equivalents due to business activities</b>	<b>(791)</b>	<b>1,293</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>3,185</b>	<b>4,191</b>
Change in cash and cash equivalents due to changes in scope of consolidation	(7)	–
Change in cash and cash equivalents due to exchange rate movements	(68)	66
<b>Cash and cash equivalents at end of period</b>	<b>2,319</b>	<b>5,550</b>

## 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 2020, which can be downloaded free of charge at [www.bayer.com](http://www.bayer.com). Since the Bayer Annual Report 2020, the following significant changes have occurred in respect of the legal risks:

### Product-related litigation

**Roundup™ (Glyphosate):** A large number of lawsuits from plaintiffs claiming to have been exposed to glyphosate-based products manufactured by Bayer's subsidiary Monsanto had 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 seek compensatory and punitive damages. Additional lawsuits are anticipated.

In 2020, Monsanto reached an agreement in principle with plaintiffs, without admission of liability, to settle most of the current Roundup™ litigation and to put in place a mechanism to resolve potential future claims.

The mechanism to resolve potential future claims involves a class settlement agreement between Monsanto and plaintiffs' counsel. This agreement requires approval by Judge Chhabria of the U.S. District Court for the Northern District of California. In February 2021, Monsanto and plaintiffs' counsel filed a new class structure, and in response to objections filed in March 2021 by various plaintiffs' firms, the parties submitted a slightly modified class structure to the court in April 2021. The hearing is currently scheduled for May 2021.

The three cases that have so far gone to trial – Johnson, Hardeman and Pilliod – are not covered by the settlement. Hardeman and Pilliod are continuing through the appeals process. The Johnson case was concluded with payment of US\$20.5 million final judgment plus interest in March 2021.

As of May 3, 2021, a total of 22 Canadian lawsuits relating to Roundup™ and 14 seeking class action certification had been served upon Bayer.

### Patent disputes

**Betaferon™ / Betaseron™:** In Bayer's patent litigation against Biogen MA Inc. in a U.S. federal court regarding Betaseron™, Bayer's drug product for the treatment of multiple sclerosis, the U.S. federal court entered final judgment in favor of EMD Serono, Inc. and Pfizer Inc. and, separately, in favor of Bayer and Novartis Pharmaceuticals Corporation ("Novartis") in March 2021. This terminates the patent dispute regarding Betaseron™ and Extavia™, another drug product for the treatment of multiple sclerosis which is manufactured by Bayer, but distributed in the United States by Novartis.

**Jivi™ (BAY94-9027):** In 2018, Nektar Therapeutics ("Nektar"), Baxalta Incorporated and Baxalta U.S., Inc. (together "Baxalta") filed a complaint in a U.S. federal court against Bayer alleging that BAY94-9027, approved as Jivi™ in the United States for the treatment of hemophilia, infringes five patents by Nektar. In parallel proceedings before the same U.S. federal court over infringement of a Bayer patent by Baxalta's hemophilia treatment Adynovate™, the court ordered Baxalta in 2019 to pay US\$182 million to Bayer. In March 2021, the U.S. Court of Appeals for the Federal Circuit affirmed the order in favor of Bayer. Baxalta may seek a review of the appeal decision by the U.S. Supreme Court.

## Financial Calendar

2021 Half-Year Report _____	<i>August 5, 2021</i>
Q3 2021 Quarterly Statement _____	<i>November 9, 2021</i>
2021 Annual Report _____	<i>March 1, 2022</i>
Annual Stockholders' Meeting 2022 _____	<i>April 29, 2022</i>
Q1 2022 Quarterly Statement _____	<i>May 10, 2022</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 12, 2021) 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 2020 fiscal year and the additional information about the company provided therein. The Annual Report 2020 is available on our website at [www.bayer.com](http://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 2020.

## 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](http://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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