

Q1



Quarterly Statement First Quarter of 2022

Very good start to the year – strong sales and earnings growth

- // Group sales of €14.6 billion
(Fx & p adj. + 14.3%)
- // EBITDA before special items increases
to €5.3 billion (+ 27.5%)
- // Substantial sales and earnings growth
at Crop Science and Consumer Health
- // Sales up slightly at Pharmaceuticals –
earnings lower than prior-year quarter
due to investments in our future
- // Core earnings per share €3.53 (+ 36.3%)
- // Net income at €3.3 billion
- // Free cash flow of minus €1.2 billion
- // Outlook for 2022 – confident about the
full year despite uncertainty due to
global crises

Bayer Group Key Data

€ million	Q1 2021	Q1 2022	Change %	
			Reported	Fx. & p adj.
Sales	12,328	14,639	+ 18.7	+ 14.3
Change in sales¹				
Volume	+ 3.1%	+ 5.6%		
Price	- 0.3%	+ 8.7%		
Currency	- 7.3%	+ 4.2%		
Portfolio	+ 0.5%	+ 0.2%		
Sales by region				
Europe/Middle East/Africa	4,073	4,514	+ 10.8	+ 13.3
North America	4,898	5,962	+ 21.7	+ 13.0
Asia/Pacific	2,179	2,411	+ 10.6	+ 6.1
Latin America	1,178	1,752	+ 48.7	+ 37.7
EBITDA¹	4,169	5,292	+ 26.9	
Special items ¹	51	41		
EBITDA before special items¹	4,118	5,251	+ 27.5	
EBITDA margin before special items ¹	33.4%	35.9%		
EBIT¹	3,083	4,212	+ 36.6	
Special items ¹	15	40		
EBIT before special items¹	3,068	4,172	+ 36.0	
Financial result	(348)	(490)	+ 40.8	
Net income (from continuing and discontinued operations)	2,089	3,291	+ 57.5	
Earnings per share¹ from continuing and discontinued operations (€)	2.13	3.35	+ 57.3	
Core earnings per share¹ from continuing operations (€)	2.59	3.53	+ 36.3	
Net cash provided by operating activities (from continuing and discontinued operations)	(2,765)	(726)	- 73.7	
Free cash flow¹	(3,226)	(1,187)	- 63.2	
Net financial debt (at end of period)	33,937	34,527	+ 1.7	
Cash outflows for capital expenditures and intangible assets (from continuing and discontinued operations)	329	349	+ 6.1	
Research and development expenses	1,198	1,454	+ 21.4	
Depreciation, amortization and impairment losses/loss reversals	1,086	1,080	- 0.6	
Number of employees (at end of period)²	99,329	100,753	+ 1.4	
Personnel expenses (including pension expenses)	2,820	3,171	+ 12.4	

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

¹ For definition see Annual Report 2021, 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 made encouraging progress with our innovative products in the first quarter. This included product approvals in the EU and Japan of our treatment Kerendia™ (finerenone) for adult patients with chronic kidney disease associated with type 2 diabetes, and the application for an extension to the regulatory approval in the EU. Moreover, based on the positive data of the Phase III ARASENS trial, we submitted applications in the United States, the EU, Japan and China for our cancer drug Nubeqa™ for approval of an additional indication in patients with metastatic hormone-sensitive prostate cancer (mHSPC). We also presented positive results from the first Phase 2b trial on the safety of asundexian in patients with atrial fibrillation.

Portfolio changes

In March, we announced the sale of our Environmental Science Professional business to Cinven for US\$2.6 billion, with the transaction expected to close in the second half of this year. The assets were recognized as assets held for sale and the liabilities as liabilities directly related to assets held for sale. Environmental Science Professional offers solutions to control pests, diseases and weeds in nonagricultural areas. The transaction ensures greater focus on our Crop Science Division's core agricultural business.

To enable our Pharmaceuticals Division to focus on our core activities, we sold our lormetazepam products for the treatment of sleeping disorders to Neopharmed Gentili. The products are sold under the brand names Minias™ and Noctamid™ in Italy and Evamy!™ in Japan. The transaction was completed in April.

Russia's invasion of Ukraine

Since Russia's invasion of Ukraine, we have continued to prioritize the safety of our approximately 700 colleagues in Ukraine and provide them and their families with financial aid, shelter, and evacuation assistance. In business terms, Russia and Ukraine do not rank among our top ten key countries. In total, both countries account for around 3 percent of our sales. Group sales and earnings were not negatively impacted by this situation in the first quarter.

Earnings Performance of the Bayer Group¹

First quarter of 2022

Group sales

Group sales in the first quarter of 2022 increased by 14.3% (Fx & portfolio adj.) to €14,639 million (Q1 2021: €12,328 million; reported: +18.7%). There was a positive currency effect of €529 million (Q1 2021: minus €938 million). Sales in Germany amounted to €735 million (Q1 2021: €661 million).

Sales at Crop Science increased significantly due to substantial price and volume growth. Our Pharmaceuticals business grew slightly in the first quarter; good ophthalmology and radiology growth offset price-related declines in sales due to tender procedures in China, particularly for Xarelto™. At Consumer Health, sales advanced substantially against a weaker prior-year quarter driven by the pandemic, with gains achieved in all regions and categories.

¹ For definition of alternative performance measures see Annual Report 2021, A 2.3 "Alternative Performance Measures Used by the Bayer Group."

EBITDA before special items

Group EBITDA before special items increased by 27.5% to €5,251 million. This figure included a positive currency effect of €67 million (Q1 2021: minus €337 million). At Crop Science, EBITDA before special items rose significantly, mainly due to price increases. At Pharmaceuticals, EBITDA before special items was primarily held back by an increase in marketing costs for product launches. EBITDA before special items at Consumer Health was up significantly, mainly driven by our excellent sales performance and continuous cost management efforts. The EBITDA margin before special items was 35.9%; currency effects had a dilutive effect of 0.9 percentage points.

EBIT and special items

EBIT of the Bayer Group came in at €4,212 million (Q1 2021: €3,083 million). This figure included net special gains of €40 million (Q1 2021: €15 million). These primarily related to provisions in connection with the Roundup™ litigation as part of the glyphosate litigations. EBIT before special items increased by 36.0% to €4,172 million (Q1 2021: €3,068 million).

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

A 1				
Special Items by Category¹				
€ million	EBIT Q1 2021	EBIT Q1 2022	EBITDA Q1 2021	EBITDA Q1 2022
Total special items	15	40	51	41
Restructuring	(89)	(77)	(82)	(77)
of which in the Reconciliation	(66)	(30)	(66)	(30)
Acquisition/integration	3	–	3	–
Divestments	(10)	(15)	(10)	(15)
Litigations/legal risks	141	87	141	87
of which in the Reconciliation	14	(5)	14	(5)
Impairment losses/loss reversals ²	(30)	(1)	(1)	–
Other	–	46	–	46

¹ For definition see Annual Report 2021, 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 €490 million (Q1 2021: minus €348 million), income before income taxes amounted to €3,722 million (Q1 2021: €2,735 million). The financial result mainly comprised an expense of €67 million from investments in affiliated companies (Q1 2021: income of €8 million), net interest expense of €276 million (Q1 2021: €268 million) and interest expense of €74 million (Q1 2021: €19 million) for pension and other provisions. The financial result included net special charges of €71 million (Q1 2021: net special gains of €37 million). After income tax expense of €428 million (Q1 2021: €645 million) and accounting for noncontrolling interest, net income amounted to €3,291 million (Q1 2021: €2,089 million).

Core earnings per share

Core earnings per share advanced by 36.3% to €3.53 (Q1 2021: €2.59), mainly due to very good business development at the Crop Science Division. Earnings per share (total) amounted to €3.35 (Q1 2021: €2.13).

A 2

Core Earnings per Share¹

€ million	Q1 2021	Q1 2022
EBIT¹ (as per income statements)	3,083	4,212
Amortization and impairment losses/loss reversals on goodwill and other intangible assets	672	699
Impairment losses/loss reversals on property, plant and equipment, and accelerated depreciation included in special items	43	7
Special items (other than accelerated depreciation, amortization and impairment losses/loss reversals)	(51)	(41)
Core EBIT¹	3,747	4,877
Financial result (as per income statements)	(348)	(490)
Special items in the financial result ²	(37)	71
Income taxes (as per income statements)	(645)	(428)
Special items in income taxes	–	–
Tax effects related to amortization, impairment losses/loss reversals and special items	(171)	(558)
Income after income taxes attributable to noncontrolling interest (as per income statements)	(1)	(3)
Above-mentioned adjustments attributable to noncontrolling interest	–	–
Core net income from continuing operations	2,545	3,469
Shares (million)		
Weighted average number of shares	982.42	982.42
€		
Core earnings per share from continuing operations¹	2.59	3.53

¹ For definition see Annual Report 2021, A 2.3 "Alternative Performance Measures Used by the Bayer Group."

² Primarily comprising changes in the fair value of our interests in Century Therapeutics and Pyxis Oncology, respectively. The prior-year figure mainly comprises changes in the fair value of our interests in Elanco and Covestro.

Business Development by Division

Crop Science

A 3

Key Data – Crop Science

€ million	Q1 2021	Q1 2022	Change (%) ¹	
			Reported	Fx & p adj.
Sales	6,646	8,447	+ 27.1	+ 21.6
Change in sales¹				
Volume	+ 4.7%	+ 5.7%		
Price	+ 1.7%	+ 15.9%		
Currency	- 9.2%	+ 5.5%		
Portfolio	0.0%	0.0%		
Sales by region				
Europe/Middle East/Africa	1,881	2,133	+ 13.4	+ 17.0
North America	3,431	4,361	+ 27.1	+ 18.2
Asia/Pacific	515	624	+ 21.2	+ 18.0
Latin America	819	1,329	+ 62.3	+ 48.4
EBITDA¹	2,427	3,715	+ 53.1	
Special items ¹	(21)	46	-	
EBITDA before special items¹	2,448	3,669	+ 49.9	
EBITDA margin before special items ¹	36.8%	43.4%		
EBIT¹	1,753	3,028	+ 72.7	
Special items ¹	(52)	45	-	
EBIT before special items¹	1,805	2,983	+ 65.3	
Net cash provided by (used in) operating activities	(4,137)	(2,387)	- 42.3	
Cash-flow relevant capital expenditures	116	150	+ 29.3	
Research and development expenses	463	578	+ 24.8	

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

¹ For definition see Annual Report 2021, A 2.3 "Alternative Performance Measures Used by the Bayer Group."

First quarter of 2022

Sales

Sales at Crop Science increased significantly in the first quarter of 2022, rising by 21.6% (Fx & portfolio adj.) to €8,447 million thanks to substantial price and volume growth. We achieved double-digit percentage growth in all regions.

- // **Corn Seed & Traits** posted sales gains, primarily due to price increases in all regions. We also benefited from volume gains in the Europe/Middle East/Africa, Latin America, and Asia/Pacific regions, while volumes declined in North America due to lower planted acres.
- // **Herbicides** recorded significant growth in all regions, especially in North America. Sales growth of glyphosate-based products was particularly strong due to price increases despite lower volumes. We also achieved higher volumes and prices for our other herbicide products.
- // **Fungicides** generated double-digit percentage sales growth in all regions, mainly driven by higher volumes, partially attributable to shifts in demand. We also benefited from higher prices in all regions.
- // Sales at **Soybean Seed & Traits** were level with the prior-year period. In North America, we benefited from price increases, while business was down in Latin America due to lower volumes.
- // Sales at **Insecticides** increased due to higher volumes and prices. In Latin America sales advanced through our Curbix™ product, while sales declined in North America due to shifts in demand.

- // **Environmental Science** recorded significant business growth, particularly in North America due to higher volumes and prices for glyphosate-based products.
- // Sales at **Vegetable Seeds** remained at the prior-year level. Shifts in demand from the previous quarter had a positive effect in North America, while business declined in Europe/Middle East/Africa.
- // The reporting unit **Other** recorded growth, largely due to higher prices and higher volumes in our cotton seed business.

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Sales by Strategic Business Entity

€ million	Q1 2021	Q1 2022	Change (%) ¹	
			Reported	Fx & p adj.
Crop Science	6,646	8,447	+ 27.1	+ 21.6
Corn Seed & Traits	2,394	2,755	+ 15.1	+ 9.9
Herbicides	1,488	2,484	+ 66.9	+ 59.8
Fungicides	880	1,063	+ 20.8	+ 18.6
Soybean Seed & Traits	529	574	+ 8.5	+ 0.8
Insecticides	360	413	+ 14.7	+ 11.6
Environmental Science	285	377	+ 32.3	+ 24.3
Vegetable Seeds	157	162	+ 3.2	+ 0.8
Other	553	619	+ 11.9	+ 5.1

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

¹ For definition see Annual Report 2021, A 2.3 "Alternative Performance Measures Used by the Bayer Group."

Earnings

EBITDA before special items at Crop Science increased to €3,669 million in the first quarter of 2022 (Q1 2021: €2,448 million), driven mainly by higher prices. We also benefited from higher volumes, as well as contributions from ongoing efficiency programs. By contrast, earnings were diminished by an increase in costs, particularly in the cost of goods sold, which was mainly due to high inflation. We recorded a positive currency effect of €98 million (Q1 2021: minus €252 million). The EBITDA margin before special items increased by 6.6 percentage points to 43.4%; currency effects had a dilutive effect of 0.8 percentage points.

EBIT amounted to €3,028 million (Q1 2021: €1,753 million), including special gains of €45 million (Q1 2021: special charges of €52 million). These primarily related to provisions in connection with the Roundup™ litigation as part of the glyphosate litigations.

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Special Items¹ Crop Science

€ million	EBIT	EBIT	EBITDA	EBITDA
	Q1 2021	Q1 2022	Q1 2021	Q1 2022
Restructuring	4	(23)	6	(23)
Acquisition/integration	3	1	3	1
Divestments	(10)	(19)	(10)	(19)
Litigations/legal risks	(19)	91	(19)	91
Impairment losses/loss reversals	(30)	(1)	(1)	-
Other	-	(4)	-	(4)
Total special items	(52)	45	(21)	46

¹ For definition see Annual Report 2021, A 2.3 "Alternative Performance Measures Used by the Bayer Group."

Pharmaceuticals

A 6

Key Data – Pharmaceuticals

€ million	Q1 2021	Q1 2022	Change (%) ¹	
			Reported	Fx & p adj.
Sales	4,365	4,624	+ 5.9	+ 2.6
Change in sales¹				
Volume	+ 4.0%	+ 3.8%		
Price	- 4.4%	- 1.2%		
Currency	- 4.8%	+ 2.8%		
Portfolio	+ 1.2%	+ 0.5%		
Sales by region				
Europe/Middle East/Africa	1,695	1,835	+ 8.3	+ 9.4
North America	996	1,020	+ 2.4	- 5.9
Asia/Pacific	1,455	1,535	+ 5.5	+ 0.7
Latin America	219	234	+ 6.8	+ 1.9
EBITDA¹	1,628	1,437	- 11.7	
Special items ¹	130	48		
EBITDA before special items¹	1,498	1,389	- 7.3	
EBITDA margin before special items ¹	34.3%	30.0%		
EBIT¹	1,369	1,202	- 12.2	
Special items ¹	125	48		
EBIT before special items¹	1,244	1,154	- 7.2	
Net cash provided by operating activities	811	1,024	+ 26.3	
Cash flow-relevant capital expenditures	156	131	- 16.0	
Research and development expenses	681	792	+ 16.3	

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

¹ For definition see Annual Report 2021, A 2.3 "Alternative Performance Measures Used by the Bayer Group."

First quarter of 2022

Sales

Sales at Pharmaceuticals rose in the first quarter of 2022, increasing by 2.6% (Fx & portfolio adj.) to €4,624 million. We were able to offset price-related declines in sales due to tender procedures in China, especially for Xarelto™ and Nexavar™, by continuing to expand our business with our ophthalmology drug Eylea™ and through gains in the Radiology category. We also posted encouraging growth in volumes of our cancer drug Nubeqa™. In addition, the market launch of Kerendia™, our product for the treatment of patients with chronic kidney disease and type 2 diabetes, had a positive impact as of the third quarter of 2021.

- // Sales of our oral anticoagulant **Xarelto™** decreased. Higher volumes in Europe did not fully offset a price-related decline in China. License revenues – recognized as sales – in the United States, where Xarelto™ is marketed by a subsidiary of Johnson & Johnson, were down against the prior-year quarter.
- // Sales of our ophthalmology drug **Eylea™** advanced markedly in all regions. We also recorded a strong increase in volumes as we expanded our market share in a growing market, particularly in Europe and China, with the ongoing launch of Eylea™ prefilled syringes also providing an encouraging contribution. Moreover, our business continued to recover from the pandemic-related restrictions of the prior year.
- // The sales decline of our long-term contraceptives in the **Mirena™** product family was largely due to lower volumes in the United States, partly as a result of shifts in demand.

- // Sales of our pulmonary hypertension treatment **Adempas™** advanced against the prior-year period, partly due to growth in the United States. As in the past, sales reflected the proportionate recognition of the upfront and milestone payments resulting from the sGC collaboration with Merck & Co., United States.
- // We posted sales gains for our cancer drug **Stivarga™** that were mainly attributable to higher volumes in China.
- // Our Radiology business with the **CT Fluid Delivery, Gadovist™** and **Ultravist™** product lines expanded significantly, against a weaker pandemic-induced prior year, thanks to a normalization in the number of radiological treatments being carried out.
- // Our cancer drug **Nexavar™** experienced a decrease in volumes, particularly in China, where we faced strong competition and modified tender procedures for various classes of active ingredients.
- // We also registered significant gains for our cancer drug **Nubeqa™**, driven by higher volumes in the United States, Europe and Japan.

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Best-Selling Pharmaceuticals Products

€ million	Q1 2021	Q1 2022	Change (%) ¹	
			Reported	Fx & p adj.
Xarelto™	1,138	1,087	- 4.5	- 5.0
Eylea™	671	774	+ 15.4	+ 13.9
Mirena™/Kyleena™/Jaydess™	319	295	- 7.5	- 12.7
Adalat™	175	239	+ 36.6	+ 26.0
Kogenate™/Kovaltry™/Jivi™	185	208	+ 12.4	+ 7.2
YAZ™/Yasmin™/Yasminelle™	185	198	+ 7.0	+ 5.6
Aspirin™ Cardio	184	187	+ 1.6	- 3.4
Adempas™	128	153	+ 19.5	+ 14.9
Stivarga™	121	144	+ 19.0	+ 13.0
CT Fluid Delivery	103	117	+ 13.6	+ 7.9
Gadovist™ product family	100	108	+ 8.0	+ 8.0
Ultravist™	80	105	+ 31.3	+ 26.4
Betaferon™/Betaseron™	89	83	- 6.7	- 9.4
Nexavar™	121	82	- 32.2	- 34.7
Nubeqa™	44	76	+ 72.7	+ 61.5
Total best-selling products	3,643	3,856	+ 5.8	+ 3.0
Proportion of Pharmaceuticals sales	83%	83%		

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

¹ For definition see Annual Report 2021, A 2.3 "Alternative Performance Measures Used by the Bayer Group."

Earnings

EBITDA before special items at Pharmaceuticals declined by 7.3% to €1,389 million in the first quarter of 2022 (Q1 2021: €1,498 million). The main drivers for this development were increased investments in future growth, primarily marketing costs for new products such as Kerendia™, Nubeqa™ and Verquvo™. We also registered higher research and development expenses compared to the prior-year quarter, which benefited from the proportionate recognition of €52 million in proceeds from the sale of a priority review voucher in the United States. Negative currency effects of €34 million (Q1 2021: €57 million) also weighed on earnings. The EBITDA margin before special items was 30.0%; currency effects had a dilutive effect of 1.6 percentage points.

EBIT came in at €1,202 million (Q1 2021: €1,369 million). This included net special gains of €48 million (Q1 2021: €125 million) that primarily related to the measurement of contingent considerations at fair value.

A 8

Special Items¹ Pharmaceuticals

€ million	EBIT Q1 2021	EBIT Q1 2022	EBITDA Q1 2021	EBITDA Q1 2022
Restructuring	(21)	(6)	(16)	(6)
Acquisition/integration	–	(1)	–	(1)
Divestments	–	4	–	4
Litigations/legal risks	146	1	146	1
Other	–	50	–	50
Total special items	125	48	130	48

¹ For definition see Annual Report 2021, A 2.3 "Alternative Performance Measures Used by the Bayer Group."

Consumer Health

A 9

Key Data – Consumer Health

€ million	Q1 2021	Q1 2022	Reported	Change (%) ¹ Fx & p adj.
Sales	1,252	1,512	+ 20.8	+ 17.2
Changes in sales¹				
Volume	– 7.5%	+ 11.6%		
Price	+ 3.1%	+ 5.6%		
Currency	– 6.9%	+ 3.1%		
Portfolio	+ 0.9%	+ 0.5%		
Sales by region				
Europe/Middle East/Africa	433	491	+ 13.4	+ 16.7
North America	470	581	+ 23.6	+ 15.0
Asia/Pacific	209	252	+ 20.6	+ 14.1
Latin America	140	188	+ 34.3	+ 30.9
EBITDA¹	286	370	+ 29.4	
Special items ¹	(6)	(18)		
EBITDA before special items¹	292	388	+ 32.9	
EBITDA margin before special items ¹	23.3%	25.7%		
EBIT¹	201	284	+ 41.3	
Special items ¹	(6)	(18)		
EBIT before special items¹	207	302	+ 45.9	
Net cash provided by operating activities	241	313	+ 29.9	
Cash flow-relevant capital expenditures	24	23	– 4.2	
Research and development expenses	45	53	+ 17.8	

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

¹ For definition see Annual Report 2021, A 2.3 "Alternative Performance Measures Used by the Bayer Group."

First quarter of 2022**Sales**

Sales at Consumer Health advanced significantly by 17.2% (Fx & portfolio adj.) to €1,512 million in the first quarter of 2022, against a weaker prior-year quarter driven by the pandemic. Business grew in all regions and categories, with market-based demand shifts also contributing to this development. In addition, the strong recovery of our business with cough and cold products also had a positive impact. The trend towards a greater focus on health and prevention also led to a substantial growth in demand in the Nutritionals category. Business in the Dermatology category again benefited from the Bepanthen™ product line extension for daily treatment of dry skin.

- // Sales in **Europe/Middle East/Africa** were up year on year in all categories. Growth was mainly driven by high demand in the Dermatology category, particularly due to our Bepanthen™ product line extension. Our business with cough and cold products registered encouraging sales gains following the easing of stricter protection and hygiene measures. Sales of Nutritionals were also particularly strong.
- // Sales in **North America** increased substantially. Here, our business with cough and cold products made a significant contribution due to the aforementioned effects. We also registered sales gains in the Digestive Health category, particularly for MiraLAX™.
- // Sales in **Asia/Pacific** rose significantly. Business performance in the Nutritionals category was especially strong, partly due to Elevit™. The integration of our Consumer Health business in India as part of our growth strategy also had a positive impact.
- // We recorded strong sales growth in **Latin America**, mainly as a result of high demand for products in the Allergy & Cold and Nutritionals categories, especially for Redoxon™. We were also able to grow our business in the Pain & Cardio category.

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Sales by Category

€ million	Q1 2021	Q1 2022	Change (%) ¹	
			Reported	Fx & p adj.
Consumer Health	1,252	1,512	+ 20.8	+ 17.2
Nutritionals	353	419	+ 18.7	+ 15.4
Allergy & Cold	235	344	+ 46.4	+ 38.7
Dermatology	280	313	+ 11.8	+ 11.5
Pain & Cardio	191	210	+ 9.9	+ 7.2
Digestive Health	178	213	+ 19.7	+ 15.6
Other	15	13	- 13.3	- 21.2

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

¹ For definition see Annual Report 2021, A 2.3 "Alternative Performance Measures Used by the Bayer Group."

Earnings

EBITDA before special items increased by 32.9% to €388 million (Q1 2021: €292 million). This was particularly due to our exceptional sales growth and continuous price and cost management efforts. We also recorded one-time gains that related to the sale of a minor, nonstrategic brand. By contrast, investments associated with the launch of innovative products and inflation-related increases in costs weighed on earnings. We recorded positive currency effects of €6 million (Q1 2021: minus €26 million). The EBITDA margin before special items improved significantly by 2.4 percentage points to 25.7%; currency effects had a dilutive effect of 0.3 percentage points.

EBIT came in at €284 million (Q1 2022: €201 million). This included special charges of €18 million (Q1 2021: €6 million) relating to restructuring measures.

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Special Items¹ Consumer Health

€ million	EBIT	EBIT	EBITDA	EBITDA
	Q1 2021	Q1 2022	Q1 2021	Q1 2022
Restructuring	(6)	(18)	(6)	(18)
Total special items	(6)	(18)	(6)	(18)

¹ For definition see Annual Report 2021, 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 in the first quarter of 2022 amounted to minus €726 million (Q1 2021: minus €2,765 million). This figure included settlement payments of €470 million (Q1 2021: €2,278 million) in connection with the glyphosate and Essure™ litigations.
- // The expanded business volume in the first quarter of 2022 resulted in a high increase in trade accounts receivable. The cash flows currently still tied up in working capital will cause the operating cash flow to increase in the future, thereby reducing net financial debt.

Net cash provided by investing activities

- // Net investing cash flow in the first quarter of 2022 amounted to €742 million (Q1 2021: €3,945 million).
- // Net cash inflows from current financial assets totaled €953 million (Q1 2021: €3,961 million). The high inflows in 2021 resulted partly from the divestment of investments in money market funds.

Net cash used in financing activities

- // There was a net cash inflow of €1,075 million from financing activities in the first quarter of 2022 (Q1 2021: €113 million).
- // This figure included net borrowings of €1,197 million (Q1 2021: €255 million).
- // Net interest payments amounted to €137 million (Q1 2021: €142 million).

Free cash flow

- // Free cash flow (total) came in at minus €1,187 million in the first quarter of 2022 (Q1 2021: minus €3,226 million).

Net financial debt

- // Net financial debt of the Bayer Group increased by €1.4 billion in the first quarter of 2022 to €34.5 billion (December 31, 2021: €33.1 billion), mainly as a result of cash outflows from operating activities and negative currency effects.
- // Bayer AG placed new hybrid bonds with a total volume of €1.3 billion in March 2022. The issuance comprised two tranches, each with a final maturity of 60 years. The first tranche in the amount of €500 million with a non-call period of 5.5 years pays a coupon of 4.5%. The second tranche in the amount of €800 million with a non-call period of 8.5 years pays a coupon of 5.375%. The proceeds were used for general corporate purposes including financing an early repayment for Bayer's €1.3 billion 2.375% hybrid bond, which was callable on October 2, 2022. The repayment took place in April and May 2022.
- // Bayer U.S. Finance II LLC, United States, and Monsanto Company, United States, made early repayment of two bonds with a combined volume of US\$250 million (€229 million) in April 2022.

Corporate Outlook

We got off to a successful start in 2022. Our forecast going forward this year remains confident despite the great uncertainties, including the stability of supply chains and energy supplies, and we confirm the currency-adjusted Group outlook for the full year published in March.

Bayer Group Consolidated Income Statements

B 1

€ million	Q1 2021	Q1 2022
Net sales	12,328	14,639
Cost of goods sold	(4,698)	(5,176)
Gross profit	7,630	9,463
Selling expenses	(2,879)	(3,284)
Research and development expenses	(1,198)	(1,454)
General administration expenses	(642)	(661)
Other operating income	350	509
Other operating expenses	(178)	(361)
EBIT¹	3,083	4,212
Equity-method income (loss)	(26)	(20)
Financial income	98	67
Financial expenses	(420)	(537)
Financial result	(348)	(490)
Income before income taxes	2,735	3,722
Income taxes	(645)	(428)
Income after income taxes	2,090	3,294
of which attributable to noncontrolling interest	1	3
of which attributable to Bayer AG stockholders (net income)	2,089	3,291
€		
Earnings per share		
Basic	2.13	3.35
Diluted	2.13	3.35

¹ For definition see Annual Report 2021, A 2.3 "Alternative Performance Measures Used by the Bayer Group."

Bayer Group Consolidated Statements of Financial Position

B 2

€ million	Mar. 31, 2021	Dec. 31, 2021	Mar. 31, 2022
Noncurrent assets			
Goodwill	37,580	40,106	39,789
Other intangible assets	25,798	26,258	26,066
Property, plant and equipment	11,823	12,688	12,786
Investments accounted for using the equity method	549	629	655
Other financial assets	1,693	2,026	2,022
Other receivables	1,049	1,376	1,323
Deferred taxes	4,222	4,580	4,895
	82,714	87,663	87,536
Current assets			
Inventories	10,457	11,314	10,869
Trade accounts receivable	12,969	10,047	14,601
Other financial assets	3,762	3,342	2,409
Other receivables	1,766	1,709	1,699
Claims for income tax refunds	1,175	1,526	1,524
Cash and cash equivalents	5,550	4,564	5,785
Assets held for sale	135	76	1,359
	35,814	32,578	38,246
Total assets	118,528	120,241	125,782
Equity			
Capital stock	2,515	2,515	2,515
Capital reserves	18,261	18,261	18,261
Other reserves	13,813	12,244	16,661
Equity attributable to Bayer AG stockholders	34,589	33,020	37,437
Equity attributable to noncontrolling interest	161	148	170
	34,750	33,168	37,607
Noncurrent liabilities			
Provisions for pensions and other post-employment benefits	7,504	7,175	6,920
Other provisions	4,566	8,776	8,709
Refund liabilities	75	283	83
Contract liabilities	682	770	754
Financial liabilities	37,923	36,481	36,648
Income tax liabilities	1,624	1,601	1,631
Other liabilities	1,220	1,653	1,485
Deferred taxes	1,207	931	926
	54,801	57,670	57,156
Current liabilities			
Other provisions	8,096	6,823	6,832
Refund liabilities	6,352	4,564	7,144
Contract liabilities	1,168	4,052	1,635
Financial liabilities	4,946	4,391	5,899
Trade accounts payable	5,185	6,792	5,847
Income tax liabilities	981	686	961
Other liabilities	2,249	2,095	2,610
Liabilities directly related to assets held for sale	-	-	91
	28,977	29,403	31,019
Total equity and liabilities	118,528	120,241	125,782

2021 figures restated

Bayer Group Consolidated Statements of Cash Flows

B 3

€ million	Q1 2021	Q1 2022
Income after income taxes	2,090	3,294
Income taxes	645	428
Financial result	348	490
Income taxes paid	(453)	(442)
Depreciation, amortization and impairment losses (loss reversals)	1,086	1,080
Change in pension provisions	(115)	(71)
(Gains) losses on retirements of noncurrent assets	(15)	(43)
Decrease (increase) in inventories	533	444
Decrease (increase) in trade accounts receivable	(3,271)	(4,186)
(Decrease) increase in trade accounts payable	(617)	(1,058)
Changes in other working capital, other noncash items	(2,996)	(662)
Net cash provided by (used in) operating activities	(2,765)	(726)
Cash outflows for additions to property, plant, equipment and intangible assets	(329)	(349)
Cash inflows from the sale of property, plant, equipment and other assets	157	196
Cash outflows for divestments less divested cash	(57)	-
Cash inflows from noncurrent financial assets	353	-
Cash outflows for noncurrent financial assets	(146)	(83)
Cash outflows for acquisitions less acquired cash	(4)	-
Interest and dividends received	10	25
Cash inflows from (outflows for) current financial assets	3,961	953
Net cash provided by (used in) investing activities	3,945	742
Capital contributions	-	15
Issuances of debt	4,213	2,279
Retirements of debt	(3,958)	(1,082)
Interest paid including interest-rate swaps	(156)	(173)
Interest received from interest-rate swaps	14	36
Net cash provided by (used in) financing activities	113	1,075
Change in cash and cash equivalents due to business activities	1,293	1,091
Cash and cash equivalents at beginning of period	4,191	4,564
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	66	132
Cash and cash equivalents at end of period	5,550	5,790

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 2021, which can be downloaded free of charge at www.bayer.com. Since the Bayer Annual Report 2021, the following significant changes have occurred in respect of the legal risks:

PCBs: Bayer's subsidiary Monsanto has been named in lawsuits brought by various governmental entities in the United States claiming that Monsanto, Pharmacia and Solutia, collectively as a manufacturer of PCBs, should be responsible for a variety of damages due to PCBs in the environment, including bodies of water, regardless of how PCBs came to be located there. In 2020, Bayer reached an agreement for a nationwide class settlement to settle claims of approximately 2,500 municipal government entities across the United States for a total payment, including class benefits and attorney fees, of approximately US\$650 million. In March 2022, the Court preliminarily approved the settlement. Both in the alleged personal injury and in the environmental cases, some trials are scheduled in the upcoming weeks, including one involving the state of Oregon which is scheduled for May 2022.

Shareholder litigation concerning Monsanto acquisition: In Germany and the United States, investors have filed lawsuits against Bayer claiming damages based on allegedly flawed capital market communication in connection with the acquisition of Monsanto Company. In Germany, as of March 31, 2022, 28 claims by approximately 330 plaintiffs were filed and served upon Bayer.

Financial Calendar

2022 Half-Year Report	<i>August 4, 2022</i>
Q3 2022 Quarterly Statement	<i>November 8, 2022</i>
2022 Annual Report	<i>February 28, 2023</i>
Annual Stockholders' Meeting 2023	<i>April 28, 2023</i>
Q1 2023 Quarterly Statement	<i>May 11, 2023</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 1, 2022) 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 2021 fiscal year and the additional information about the company provided therein. The Annual Report 2021 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 2021.

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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