2021, a year of record growth and margin expansion

Group FY 2021 results

Presentation for the media

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Marcus Kuhnert, CFO

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Disclaimer

Cautionary Note Regarding Forward-Looking Statements and financial indicators

This communication may include “forward-looking statements.” Statements that include words such as “anticipate,” “expect,” “should,” “would,” “intend,” “plan,” “project,” “seek,” “believe,” “will,” and other words of similar meaning in connection with future events or future operating or financial performance are often used to identify forward-looking statements. All statements in this communication, other than those relating to historical information or current conditions, are forward-looking statements. We intend these forward-looking statements to be covered by the safe harbor provisions for forward-looking statements in the Private Securities Litigation Reform Act of 1995. These forward-looking statements are subject to a number of risks and uncertainties, many of which are beyond control of Merck KGaA, Darmstadt, Germany, which could cause actual results to differ materially from such statements.

Risks and uncertainties include, but are not limited to: the risks of more restrictive regulatory requirements regarding drug pricing, reimbursement and approval; the risk of stricter regulations for the manufacture, testing and marketing of products; the risk of destabilization of political systems and the establishment of trade barriers; the risk of a changing marketing environment for multiple sclerosis products in the European Union; the risk of greater competitive pressure due to biosimilars; the risks of research and development; the risks of discontinuing development projects and regulatory approval of developed medicines; the risk of a temporary ban on products/production facilities or of non-registration of products due to non-compliance with quality standards; the risk of an import ban on products to the United States due to an FDA warning letter; the risks of dependency on suppliers; risks due to product-related crime and espionage; risks in relation to the use of financial instruments; liquidity risks; counterparty risks; market risks; risks of impairment on balance sheet items; risks from pension obligations; risks from product-related and patent law disputes; risks from antitrust law proceedings; risks from environmental, health and safety risks; risks from supply chain emergencies; risks due to product-related crime and espionage; risks in relation to the use of financial instruments; liquidity risks; counterparty risks; market risks; risks of impairment on balance sheet items; risks from pension obligations; risks from product-related and patent law disputes; risks from antitrust law proceedings; risks from environmental, health and safety risks; risks from supply chain emergencies; risks due to product-related crime and espionage; risks in relation to the use of financial instruments; liquidity risks; counterparty risks; market risks; risks of impairment on balance sheet items; risks from pension obligations; risks from product-related and patent law disputes; risks from antitrust law proceedings; 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These financial indicators should not be taken into account in order to assess the performance of Merck KGaA, Darmstadt, Germany in isolation or used as an alternative to the financial indicators presented in the consolidated financial statements and determined in accordance with IFRS. The figures presented in this statement have been rounded. This may lead to individual values not adding up to the totals presented.
Agenda

01  Executive summary
02  Strategic review
03  Financial overview
04  ESG update
05  Outlook & Guidance
Executive Summary
Highlights 2021

Operations

Life Science:
- Record growth (+21% org.) driven by strong core business (~12pp.) and COVID-19 demand (~9pp)
- Largest sales contribution to group (org. +€1.6 bn)
- Process Solutions main driver; all business units grow well above mid-term guidance

Healthcare:
- +8.5% org. growth (+€565 m) vs. impacted comps
- +144% org. growth in Bavencio® and +33% org. Mavenclad® ramp up amid muted high efficacy market
- Fertility recovery drives growth in established portfolio despite China VBP impact

Electronics:
- Semiconductor Solutions growing +15% org. contributing ~ €280 m org. growth to the group
- Above mid-term guidance org. growth of +8% (+€259 m)

Financials

FY organic sales: growth of +13.8%
FY organic EBITDA pre: growing +27.0% (+18.1% org. incl. 2020 reversal of Biogen provision)

Guidance delivered:
Net sales: €19.7 bn
EBITDA pre: €6.1 bn
EPS pre: €8.72

Net financial debt to EBITDA pre:
Declines further to 1.4 on December 31, 2021

Totals may not add up due to rounding
Guidance delivered

2021 Guidance

Net Sales
€19.3 – 19.85 bn

EBITDA pre
€6.00 – 6.30 bn

EPS pre
€8.50 – 9.00

2021 Results

Net Sales
€19.7 bn

EBITDA pre
€6.10 bn

EPS pre
€8.72
Strong Life Science continues to be primary growth driver across all regions

Regional breakdown of net sales [€m]

- **APAC:** Process & Semiconductor Solutions, drive +11% growth
- **Europe:** Process Solutions and Research Solutions remain primary growth drivers, Fertility and recent Healthcare launches also contributing
- **North America:** Process Solutions, Research Solutions, and Bavencio® top three growth drivers, further supported by Fertility & Semiconductor Solutions
- **LATAM:** growth driven primarily by CM&E, Applied Solutions and Fertility
- **Fertility** continues driving ME&A growth

**Regional organic development**

- **Europe:** +14.5% org.
- **Asia-Pacific:** +11.3% org.
- **North America:** +17.7% org.
- **Latin America:** +12.9% org.
- **Middle East & Africa:** +5.1% org.
- **FY 2021 Net sales:** €19,687 m

Totals may not add up due to rounding
Strong company performance drives all time high payment to shareholders

Dividend\(^1\) development 2015 - 2021

2021 dividend

- Dividend of €1.85 (+32% YoY) per share proposed\(^1\) for 2021
- Payout ratio of 21.2% of EPS pre in 2021; aiming for 20% to 25%
- Dividend yield\(^2\) of 0.8%

\(^1\)Final decision is subject to Annual General Meeting approval
\(^2\)Calculated with 2021 year-end share price of €227.00 per share.
Life Science: +12% org. growth from core business driven by strong industry position, further supported by +9% org. growth from COVID-19

Business performance

- Successfully delivering record sales (+21% org.) and EBITDA pre (+38% org.) with Process Solutions as key driver
- Strong core business drives majority of growth in 2021 (+12% org.), supported by double-digit performance in all businesses
- Additional business from COVID-19, almost tripling y-o-y to total sales of €1.15 bn, growth leveling out in H2 as anticipated
- Strong EBITDA pre growth and exceptional margin level reflect favorable mix, positive pricing, and operating leverage
- Margin further normalizing in H2 with planned strategic investments ramping up

Sector focus

- Continuous focus on key growth trends as leading diversified life science player
- Strengthening the core
  - Significant capacity and regional network expansion to enable growth of key portfolios
  - Driving productivity to maximize output from existing assets amid surging demand
  - Go-to-market optimization including upgraded e-commerce platform and collaboration centers
- Expanding in high growth segments
  - Organic & inorganic scale up to become leading multimodality CDMO (mAbs, ADCs, hp-APIs, viral vectors, mRNA); Ampotec & Exelead1 M&A
  - Increasing focus on innovation and digital to complement holistic offering (e.g. AI, Bio4C)
  - Driving growth in emerging regions, esp. China

<table>
<thead>
<tr>
<th>2020</th>
<th>2021</th>
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<tbody>
<tr>
<td>sales [€ bn]</td>
<td>7.5</td>
</tr>
<tr>
<td>EBITDA pre Margin</td>
<td>32.0%</td>
</tr>
<tr>
<td>+21.3% organic</td>
<td>+19.6%</td>
</tr>
</tbody>
</table>

1Transaction is expected to close in the first quarter of 2022
Healthcare: +8.5% org. growth driven by recent launches, complemented by strong Fertility recovery

Business performance

- Strongest organic growth in past 5 years
- Oncology up +28% org. mainly driven by Bavencio® mUC 1L and supported by strong Erbitux performance
- Mavenclad® drives slight Neurology & Immunology franchise growth, despite continued Rebif® decline and suppressed dynamic high-efficacy market
- Established portfolio up +3% org. as Fertility recovery more than offsets Rebif®; around flat CM&E business with fading China VBP impact (as of Q4)
- Sales growth, Bavencio® milestones and stringent cost management drive +17% EBITDA pre growth and margin expansion¹

Sector focus

- Well positioned in a dynamic environment, focused leadership in R&D
- Pipeline with transformative potential
  - Novel mechanisms with potential to redefine SoC in MS, Lupus and several cancer types
  - 14 clinical development programs underway
  - Evobrutinib and Xevinapant PhIII assets with first-in-class opportunities
- Recent Launches
  - Significant opportunity to drive further growth of Bavencio® in mUC 1L
  - Mavenclad® holding or gaining share in most markets amid muted high-efficacy market
- Established Portfolio
  - Resilient CM&E business across diversified geographies; strengthened Fertility leadership & China resume growth

¹Excluding €365 m Biogen Provision Release, the reported margin is 34.1%; Acronyms: mUC = metastatic urothelial cancer, CM&E = Cardiology Metabolism & Endocrinology, HE = High Efficacy
Business performance

- Strong organic sales growth of +8% delivers on “Bright Future” turn-around commitment
- Semiconductor Solutions growth accelerating above mid-term guidance well into double-digits, with additional support from DS&S project business
- Display Solutions rate of decline nearly halves to -6% org. vs. COVID-19-impacted LY; OLED increasingly compensates decline
- Surface Solutions with double-digit organic growth amid market recovery
- Margin expansion to 31% supported by Versum synergies, despite raw materials & logistic headwinds in H2

Sector focus

- Successful “Bright Future” transformation; €85 m Versum cost synergies 2022 target already delivered in 2021
- Ready for growth with “Level Up” program
- Fueling accelerated growth ambitions
  - Aiming to invest more than €2 bn capex from 2021 to 2025, primarily to support capacity expansion of Semi customers
  - Driving profitable innovation & partnerships accelerating use of Big Data, AI & IoT
  - Strengthening manufacturing sites and opening new facilities to continue localizing footprint close to customers
  - Supporting node transitions and accelerating customer innovations in leading edge technologies
## FY 2021: Overview

### Key figures

<table>
<thead>
<tr>
<th></th>
<th>FY 2020</th>
<th>FY 2021</th>
<th>Δ</th>
<th>FY 2020</th>
<th>Δ</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales</td>
<td>17,534</td>
<td>19,687</td>
<td>12.3%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>EBITDA pre</td>
<td>5,201</td>
<td>6,103</td>
<td>17.3%</td>
<td>4,836</td>
<td>26.2%</td>
</tr>
<tr>
<td>Margin (in % of net sales)</td>
<td>29.7%</td>
<td>31.0%</td>
<td>1.3pp</td>
<td>27.6%</td>
<td>3.4 pp</td>
</tr>
<tr>
<td>EPS pre</td>
<td>6.70</td>
<td>8.72</td>
<td>30.1%</td>
<td>6.07</td>
<td>43.7%</td>
</tr>
<tr>
<td>Operating cash flow</td>
<td>3,477</td>
<td>4,616</td>
<td>32.7%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Comments

- Sales up +12%, driven by strong growth across all sectors, particularly Life Science
- 340 bps uplift in underlying EBITDA pre margin\(^1\) fueled by strong Life Science performance and operating leverage
- EPS pre growth of +44%\(^1\) mainly driven by EBIT pre contribution, further supported by better financial result
- Operating cash flow up +33% supporting strong net debt reduction of €2 bn
- Sound working capital management ensures growth significantly below sales
- Headcount mainly driven by Life Science

\(^1\)Excluding €365 m Biogen Provision Release

Totals may not add up due to rounding
FY 2021: +14% org. growth mainly driven by double-digit growth of Life Science, supported by strong Healthcare and Electronics performance

- **Life Science**: Record growth across all business units; +31% org. in Process Solutions driven by strong core business and COVID-19 demand; Research and Applied grow +15% org. and +9% org.

- **Healthcare**: Recent launches up +60% org. on top of growing established portfolio (+3% org.) supported by Fertility recovery; driving strong +8.5% org. growth in the sector

- **Electronics**: Double digit growth of Semiconductor Solutions (+15% org.) and Surface recovery (+13% org.) more than offset Display decline (-6% org.), driving +8% org. growth overall

- **EBITDA pre up +18% org. (+27% org. excl. 2020 Biogen provision reversal), ahead of sales**

- **Life Science operating leverage main driver for margin expansion, supported by stringent cost management across the enterprise**

- **Slight negative FX effects driven primarily by USD, JPY & TRY, partly offset by positive effects from CNY**
FY 2021: Reported figures – comps impacted by Biogen provision reversal

### Reported results

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<tr>
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<th>FY 2020</th>
<th>FY 2021</th>
<th>Δ</th>
</tr>
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<tbody>
<tr>
<td><strong>EBIT</strong></td>
<td>2,985</td>
<td>4,179</td>
<td>40.0%</td>
</tr>
<tr>
<td><strong>Financial result</strong></td>
<td>-354</td>
<td>-255</td>
<td>-28.1%</td>
</tr>
<tr>
<td><strong>Profit before tax</strong></td>
<td>2,630</td>
<td>3,924</td>
<td>49.2%</td>
</tr>
<tr>
<td><strong>Income tax</strong></td>
<td>-637</td>
<td>-859</td>
<td>34.9%</td>
</tr>
<tr>
<td><strong>Effective tax rate (%)</strong></td>
<td>24.2%</td>
<td>21.9%</td>
<td>-2.3pp</td>
</tr>
<tr>
<td><strong>Net income</strong></td>
<td>1,987</td>
<td>3,055</td>
<td>53.7%</td>
</tr>
<tr>
<td><strong>EPS (€)</strong></td>
<td>4.57</td>
<td>7.03</td>
<td>53.8%</td>
</tr>
</tbody>
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**Comments**

- EBIT growth of +40% mainly driven by leveraged business growth, understated by €365 m for Biogen provision reversal in 2020.
- Improved financial result reflects lower interest expenses driven by continuous deleveraging.
- Lower effective tax rate due to favorable country mix, primarily in Life Science.
- Net income and EPS reflect EBIT growth and improved financial result.
FY Life Science: Largest group contributor with +21.3% org. sales growth driven by all three business units

Life Science P&L

<table>
<thead>
<tr>
<th>[€m]</th>
<th>IFRS</th>
<th>Pre adjustments</th>
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<tbody>
<tr>
<td></td>
<td>FY 2020</td>
<td>FY 2021</td>
</tr>
<tr>
<td>Net sales</td>
<td>7,515</td>
<td>8,990</td>
</tr>
<tr>
<td>M&amp;S*</td>
<td>-1,995</td>
<td>-2,119</td>
</tr>
<tr>
<td>Admin</td>
<td>-354</td>
<td>-352</td>
</tr>
<tr>
<td>R&amp;D</td>
<td>-313</td>
<td>-312</td>
</tr>
<tr>
<td>EBIT</td>
<td>1,599</td>
<td>2,479</td>
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<tr>
<td>EBITDA</td>
<td>2,387</td>
<td>3,257</td>
</tr>
<tr>
<td>EBITDA pre</td>
<td>2,405</td>
<td>3,286</td>
</tr>
<tr>
<td>(in % of net Sales)</td>
<td>32.0%</td>
<td>36.6%</td>
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Net sales bridge

- €7,515 m to €8,990 m, 21.3% growth
- M&S as a % of sales down from 27% to 24% due to strong operating leverage; absolute increase mainly driven by logistics cost
- Increased R&D costs primarily due to investments in strategic projects
- Outstanding operating leverage and favorable product mix lead to exceptional EBITDA pre margin level of 36.6%

Comments

- +31% organic growth of Process Solutions with close to mid-teens growth in the core business and significant COVID-19 contributions; bioprocessing and formulation portfolios are the key drivers
- Research Solutions growing +15% org. due to strong core business and supported by additional growth opportunities from COVID in H1
- Applied Solutions growing +9% org. with robust performance across all business lines and customers segments

Net sales bridge

- FY 2020: €7,515 m to 21.3% growth
- Organic: €2,405 m to 37.7% growth
- Currency: -1.6% decrease
- Portfolio: 0.0% change
- FY 2021: €8,990 m

- FY 2020: €3,286 m to -0.2% change
- Organic: €2,405 m to -0.9% change
- Currency: -0.9% decrease
- Portfolio: 0.0% change

Net sales bridge

- FY 2020: €7,515 m to 21.3% growth
- Organic: €2,405 m to 37.7% growth
- Currency: -1.6% decrease
- Portfolio: 0.0% change
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- FY 2020: €3,286 m to -0.2% change
- Organic: €2,405 m to -0.9% change
- Currency: -0.9% decrease
- Portfolio: 0.0% change
- FY 2021: €3,286 m

* Marketing and selling expenses
Total may not add up due to rounding
FY Healthcare: 8.5% org. growth driven by recent launches and Fertility recovery; underlying EBITDA pre growing +17% organically

Healthcare P&L

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<tr>
<td></td>
<td>FY 2020</td>
<td>FY 2021</td>
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<tr>
<td>Net sales</td>
<td>6,639</td>
<td>7,089</td>
</tr>
<tr>
<td>M&amp;S*</td>
<td>-1,664</td>
<td>-1,600</td>
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<td>Admin</td>
<td>-320</td>
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<tr>
<td>R&amp;D</td>
<td>-1,640</td>
<td>-1,712</td>
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<tr>
<td>EBIT</td>
<td>1,804</td>
<td>1,823</td>
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<tr>
<td>EBITDA</td>
<td>2,184</td>
<td>2,146</td>
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<tr>
<td>EBITDA pre (in % of net sales)</td>
<td>2,267</td>
<td>2,153</td>
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Net sales bridge

€6,639 m 8.5% -1.4% -0.3% €7,089 m

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<th>Currency</th>
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<td>€6,639 m</td>
<td>€2,153 m</td>
<td>€4,486 m</td>
<td>-</td>
<td>€7,089 m</td>
</tr>
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</table>

EBITDA pre bridge

€2,267 m -1.7% -3.2% -0.1% €2,153 m

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<th>Currency</th>
<th>Portfolio</th>
<th>FY 2021</th>
</tr>
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<tbody>
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<td>€2,267 m</td>
<td>€2,153 m</td>
<td>-</td>
<td>-</td>
<td>€2,153 m</td>
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</tbody>
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Comments

- Sales of Bavencio® more than double, growing +144% org. driven by ramp-up in the U.S., EU and Japan. Erbitux® up +12% organically, boosted by ~€60 m Eli Lilly supply agreement
- Mavenclad® growing +33% organically, offsetting Rebif® decline despite a suppressed dynamic market driving slight org. growth in N&I overall
- Established portfolio growing +3% org., as +26% org. growth in Fertility from a strong recovery more than offsets CM&E VBP impact
- Ongoing rigorous cost management drives absolute M&S decrease despite higher level of activities vs. 2020
- Increase in R&D primarily driven by Bintrafusp termination provision set up in Q3 2021
- EBITDA pre impacted by Biogen provision reversal; underlying EBITDA pre growth of +17.1%\(^1\) driven by sales growth and stringent cost management

\(^1\)Excluding €365 m Biogen Provision Release, the reported 2020 margin would have been 28.7%

\(^*\) Marketing and selling expenses
Totals may not add up due to rounding
FY Electronics: organic top-line growth of +8% driven by strong Semiconductor Solutions performance & Surface Solutions recovery

Electronics P&L

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<tbody>
<tr>
<td></td>
<td>FY 2020</td>
<td>FY 2021</td>
</tr>
<tr>
<td>Net sales</td>
<td>3,380</td>
<td>3,608</td>
</tr>
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<td>M&amp;S*</td>
<td>-539</td>
<td>-573</td>
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<td>Admin</td>
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<tr>
<td>R&amp;D</td>
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<td>-278</td>
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<td>240</td>
<td>509</td>
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<tr>
<td>EBITDA</td>
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<tr>
<td>EBITDA pre (in % of net Sales)</td>
<td>30.3%</td>
<td>31.3%</td>
</tr>
</tbody>
</table>

Net sales bridge

- **€3,380 m** (7.7% Organic, -0.9% Currency, 0.0% Portfolio)

- **€3,608 m**

EBITDA pre bridge

- **€1,024 m** (9.7% Organic, 0.5% Currency, 0.0% Portfolio)

- **€1,128 m**

Comments

- Semiconductor Solutions: growing +15% org.; strong underlying demand for materials with double digit organic growth, further supported by DS&S project business
- Display Solutions: high OLED growth partially compensates LC decline with overall -6% org. growth in the business unit
- Surface Solutions: +13% org. growth mainly driven by market recovery after pandemic impact on automotive and cosmetic end markets in 2020
- M&S at a flat 16% of sales; logistic costs main driver for absolute increase in cost line
- R&D flat in % of sales; absolute increase mainly driven by investments in Semiconductor Solutions
- EBITDA pre growing faster than sales at +9.7% org. despite first raw materials and logistics price pressures in H2

* Marketing and selling expenses
Totals may not add up due to rounding
**Balance sheet**

- Higher cash level driven by strong operating cash flow
- Receivables & inventories driven by strong sales growth and FX effects
- Increase in intangible assets primarily driven by FX effects
- PP&E reflects ongoing investments supporting growth ambitions
- Lower financial debt reflects deleveraging driven by strong performance
- Reduction in provisions for employee benefits driven by actuarial gains from higher interest rates
- Equity ratio up to 47% (vs. 41% in 2020) driven by retained earnings and translational FX effects

### Assets [€bn]

<table>
<thead>
<tr>
<th>Description</th>
<th>Dec. 31 2020</th>
<th>Dec. 31 2021</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash &amp; cash equivalents</td>
<td>41.8</td>
<td>45.4</td>
<td>3.6</td>
</tr>
<tr>
<td>Receivables</td>
<td>3.2</td>
<td>3.6</td>
<td>0.4</td>
</tr>
<tr>
<td>Inventories</td>
<td>3.3</td>
<td>3.9</td>
<td>0.6</td>
</tr>
<tr>
<td>Intangible assets</td>
<td>23.6</td>
<td>24.6</td>
<td>1.0</td>
</tr>
<tr>
<td>Property, plant &amp; equipment</td>
<td>6.4</td>
<td>7.2</td>
<td>0.8</td>
</tr>
<tr>
<td>Other assets</td>
<td>3.9</td>
<td>4.1</td>
<td>0.2</td>
</tr>
</tbody>
</table>

### Liabilities [€bn]

<table>
<thead>
<tr>
<th>Description</th>
<th>Dec. 31 2020</th>
<th>Dec. 31 2021</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial debt</td>
<td>10.8</td>
<td>12.1</td>
<td>1.3</td>
</tr>
<tr>
<td>Payables/refund liabilities</td>
<td>3.2</td>
<td>3.6</td>
<td>0.4</td>
</tr>
<tr>
<td>Provisions for employee benefits</td>
<td>6.3</td>
<td>6.2</td>
<td>0.1</td>
</tr>
<tr>
<td>Other liabilities</td>
<td>6.2</td>
<td>4.0</td>
<td>2.2</td>
</tr>
<tr>
<td>Net equity</td>
<td>21.4</td>
<td>17.0</td>
<td>-4.4</td>
</tr>
</tbody>
</table>

Totals may not add up due to rounding.
## Cash flow statement

### Q4 2021 – Cash flow statement

<table>
<thead>
<tr>
<th></th>
<th>Q4 2020</th>
<th>Q4 2021</th>
<th>Δ</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profit after tax</td>
<td>440</td>
<td>807</td>
<td>366</td>
</tr>
<tr>
<td>D&amp;A</td>
<td>496</td>
<td>475</td>
<td>-21</td>
</tr>
<tr>
<td>Changes in provisions</td>
<td>185</td>
<td>-50</td>
<td>-235</td>
</tr>
<tr>
<td>Changes in other assets/liabilities</td>
<td>-48</td>
<td>-192</td>
<td>-144</td>
</tr>
<tr>
<td>Other operating activities</td>
<td>-60</td>
<td>16</td>
<td>76</td>
</tr>
<tr>
<td>Changes in working capital</td>
<td>275</td>
<td>-11</td>
<td>-285</td>
</tr>
<tr>
<td><strong>Operating cash flow</strong></td>
<td>1,288</td>
<td>1,045</td>
<td>-243</td>
</tr>
<tr>
<td>Investing cash flow</td>
<td>-98</td>
<td>-352</td>
<td>-254</td>
</tr>
<tr>
<td>thereof Capex on PPE</td>
<td>-609</td>
<td>-199</td>
<td>409</td>
</tr>
<tr>
<td>Financing cash flow</td>
<td>-1,381</td>
<td>-319</td>
<td>1,062</td>
</tr>
</tbody>
</table>

**Cash flow drivers**

- +83% growth in profit after tax driven by strong business performance, lower tax rate and improved financial result
- Changes in provisions primarily driven by lower restructuring provisions
- Other assets & liabilities mainly driven by Life Science tax prepayments in U.S.
- Working capital primarily driven by higher inventories to support sales and supply security in Life Science and Electronics
- Lower operating cashflow reflects working capital and tax prepayment
- 2020 investing cash flow suppressed by reversal of Q3 temporary excess cash investment, 2020 PPE elevated by Burlington and Tempe purchases
- LY financing cash flow reflects bank loans and commercial paper repayment

Totals may not add up due to rounding
ESG Update
Improved transparency on sustainability following major standards

Today

- Combined Annual Reporting
- EU Taxonomy
- Set of Sustainability Metrics
- LTIP Sustainability Factor

Apr 12

- Sustainability Report incl. GRI
- TCFD Reporting
- SASB Reporting for all 3 sectors
- Science-based target commitment

LTIP: Long-Term Incentive Plan
GRI: Global Reporting Initiative
TCFD: Task Force on Climate-related Financial Disclosures
SASB: Sustainability Accounting Standards Board
SBTi: Science-based Target Initiative

1Result from SBTi valuation expected in Q2 2022
Delivered on all 2021 goals; optimally positioned to accomplish 2030 ESG ambition

<table>
<thead>
<tr>
<th>Tasks</th>
<th>Development</th>
<th>In place</th>
<th>Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>Analysis of requirements: Strategy, business, regulation, stakeholders</td>
<td></td>
<td></td>
<td>Ongoing due to developing field of ESG stakeholder expectations and new regulations</td>
</tr>
<tr>
<td>Build effective <strong>data platform</strong> for internal steering</td>
<td></td>
<td>✔️</td>
<td>Feed in internal &amp; external data, industry benchmarks, <strong>modelling projects</strong> in 2021</td>
</tr>
<tr>
<td>Develop <strong>SBV tool</strong>(^1) to measure <strong>product sustainability value</strong></td>
<td></td>
<td>✔️</td>
<td>SBV tool <strong>developed and tested</strong> in 8 cases by 2021</td>
</tr>
<tr>
<td>Develop <strong>ESG KPIs</strong> for reporting</td>
<td></td>
<td>✔️</td>
<td><strong>ESG KPIs</strong> developed and evaluated for reporting in 2021</td>
</tr>
<tr>
<td>Link ESG(^2) to <strong>Board compensation</strong> with 20% sustainability factor from 2022 on</td>
<td></td>
<td>✔️</td>
<td>Approved by AGM, qualitatively included, <strong>quantitative factor developed in 2021</strong></td>
</tr>
<tr>
<td><strong>Further incorporate</strong> ESG in R&amp;D, Controlling, M&amp;A and Supply Chain</td>
<td></td>
<td>✔️</td>
<td><strong>ESG-Framework M&amp;A/Capex</strong> in 2021, progress in supply chain, controlling, R&amp;D</td>
</tr>
<tr>
<td>Decide on <strong>dedicated investments and initiatives</strong> to achieve targets</td>
<td></td>
<td>✔️</td>
<td>Business strategies and priorities: <strong>decisions &amp; budgeting</strong> in 2021</td>
</tr>
</tbody>
</table>

\(^1\)Sustainable Business Value: Dive deeper and read the research article on the **SBV method**; \(^2\)ESG: Environmental, Social, Governance
Group

Full-year 2022 guidance

**Net sales:**
Strong organic growth
Positive FX of 1% to 4% YoY

**EBITDA pre:**
Strong organic growth
Positive FX of 2% to 5% YoY
Group

2022 business sector guidance

### Life Science
- **Net sales**
  - Strong organic growth
  - Strong core business, Process Solutions
  - COVID-19 sales of up to ~€900 m
  - Process Solutions as main growth driver
- **EBITDA pre**
  - Strong organic growth
  - Slight to moderate positive FX

### Healthcare
- **Net sales**
  - Solid organic growth
  - Mainly driven by Mavenclad® and Bavencio®
  - CM&E back to growth post VBP
- **EBITDA pre**
  - Moderate to solid organic growth
  - Mainly driven by Mavenclad® sales
  - Solid to strong positive FX

### Electronics
- **Net sales**
  - Solid to strong organic growth
  - Strong contribution by Semiconductor Solutions
  - Continuous strong OLED performance
- **EBITDA pre**
  - Solid organic growth
  - Solid to strong positive FX

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1Divisional guidances are only support to the group guidance and do not have to add up