

Q3



Quarterly Statement Third Quarter of 2021

Bayer grows sales and earnings significantly

- // Group sales at €9.8 billion (Fx & p adj. +14.3%)
- // EBITDA before special items increases to €2.1 billion (+16.4%)
- // Crop Science reports strong increase in sales and earnings
- // Pharmaceuticals and Consumer Health again post considerable sales growth
- // Core earnings per share at €1.05 (+29.6%)
- // Net income at €0.1 billion
- // Free cash flow remains strong at €2.0 billion
- // Revised outlook confirms good business performance

Bayer Group Key Data

€ million	Q3 2020	Q3 2021	Change %		9M 2020	9M 2021	Change %	
			Reported	Fx & p adj.			Reported	Fx & p adj.
Sales	8,506	9,781	+ 15.0	+ 14.3	31,405	32,963	+ 5.0	+ 9.2
Change in sales¹								
Volume	- 1.6%	+ 10.6%			+ 2.2%	+ 7.8%		
Price	- 3.5%	+ 3.7%			- 2.3%	+ 1.4%		
Currency	- 7.7%	+ 0.8%			- 2.8%	- 4.4%		
Portfolio	- 0.7%	- 0.1%			- 1.3%	+ 0.2%		
Sales by region								
Europe/Middle East/Africa	2,705	3,075	+ 13.7	+ 13.0	9,885	10,393	+ 5.1	+ 7.4
North America	2,150	2,587	+ 20.3	+ 21.1	11,325	11,551	+ 2.0	+ 7.8
Asia/Pacific	1,955	2,092	+ 7.0	+ 5.6	6,226	6,573	+ 5.6	+ 7.3
Latin America	1,696	2,027	+ 19.5	+ 17.9	3,969	4,446	+ 12.0	+ 20.3
EBITDA¹	894	1,400	+ 56.6		(4,934)	4,678		
Special items ¹	(901)	(689)			(14,003)	(4,106)		
EBITDA before special items¹	1,795	2,089	+ 16.4		9,069	8,784	- 3.1	
EBITDA margin before special items ¹	21.1%	21.4%			28.9%	26.6%		
EBIT¹	(9,399)	530			(17,684)	1,332		
Special items ¹	(10,181)	(694)			(23,331)	(4,580)		
EBIT before special items¹	782	1,224	+ 56.5		5,647	5,912	+ 4.7	
Financial result	(11)	(336)			(939)	(783)	- 16.6	
Net income (from continuing and discontinued operations)	(2,744)	85			(10,803)	(161)	- 98.5	
Earnings per share¹ from continuing and discontinued operations (€)	(2.79)	0.09			(11.00)	(0.16)	- 98.5	
Core earnings per share¹ from continuing operations (€)	0.81	1.05	+ 29.6		5.07	5.25	+ 3.6	
Net cash provided by operating activities (from continuing and discontinued operations)	1,967	2,811	+ 42.9		4,152	2,043	- 50.8	
Free cash flow	1,237	1,954	+ 58.0		1,846	(120)		
Net financial debt (at end of period)	28,268	33,981	+ 20.2		28,268	33,981	+ 20.2	
Cash outflows for capital expenditures and intangible assets (from continuing and discontinued operations)	549	649	+ 18.2		1,525	1,471	- 3.5	
Research and development expenses²	3,366	1,564	- 53.5		5,835	4,400	- 24.6	
Depreciation, amortization and impairment losses/loss reversals	10,293	870	- 91.5		12,750	3,346	- 73.8	
Number of employees³ (at end of period)	100,618	99,814	- 0.8		100,618	99,814	- 0.8	
Personnel expenses (including pension expenses)	2,307	3,031	+ 31.4		7,490	8,782	+ 17.2	

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

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

² The high research and development expenses in the prior-year period were due to noncash impairment charges.

³ Employees calculated as full-time equivalents (FTEs)

Key Events

Start of Phase III clinical development program OASIS with elinzanetant

In late August, we announced the start of the Phase III clinical development program OASIS, which aims to evaluate the efficacy and safety of elinzanetant in the treatment of vasomotor symptoms during menopause. Elinzanetant is a first in class, nonhormonal, once-daily, oral, dual neurokinin-1,3 receptor antagonist that is currently under development.

Extension of clinical development program for finerenone with Phase III study to investigate use in patients with nondiabetic chronic kidney disease

In September, we announced the initiation of the FIND-CKD Phase III study, which aims to evaluate the efficacy and safety of finerenone in addition to guideline-directed therapy to delay the progression of chronic kidney disease (CKD) in patients with nondiabetic CKD.

Earnings Performance of the Bayer Group¹

Third quarter of 2021

Group sales

Group sales in the third quarter of 2021 increased by 14.3% (Fx & portfolio adj.) to €9,781 million (Q3 2020: €8,506 million; reported: +15.0%), with all divisions registering growth. There was a positive currency effect of €67 million. Sales in Germany amounted to €581 million (Q3 2020: €428 million).

Crop Science posted a significant increase in volumes and prices. Sales also rose markedly at Pharmaceuticals, especially in the ophthalmology business. At Consumer Health, sales advanced substantially against the very strong prior-year quarter, with gains achieved in all regions and categories.

EBITDA before special items

Group EBITDA before special items increased by 16.4% to €2,089 million. This figure included a negative currency effect of €44 million. At Crop Science, EBITDA before special items was up year on year, driven by higher prices and volumes along with contributions from ongoing efficiency programs. At Pharmaceuticals, EBITDA before special items was primarily held back by investments in U.S. market launches and by an increase in research and development expenses that was partly acquisition-related. EBITDA before special items at Consumer Health was up year on year, driven by strong business performance and continuous cost management efforts.

EBIT and special items

EBIT of the Bayer Group came in at €530 million (Q3 2020: minus €9,399 million) after net special charges of €694 million (Q3 2020: €10,181 million) that primarily related to restructuring measures at all three divisions. EBIT before special items rose by 56.5% to €1,224 million (Q3 2020: €782 million).

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

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

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Special Items by Category^{1, 2}

€ million	EBIT Q3 2020	EBIT Q3 2021	EBIT 9M 2020	EBIT 9M 2021	EBITDA Q3 2020	EBITDA Q3 2021	EBITDA 9M 2020	EBITDA 9M 2021
Total special items	(10,181)	(694)	(23,331)	(4,580)	(901)	(689)	(14,003)	(4,106)
Restructuring	(177)	(606)	(674)	(907)	(177)	(605)	(675)	(897)
of which in the Reconciliation	(128)	(198)	(441)	(408)	(140)	(198)	(440)	(408)
Acquisition/integration	(11)	(20)	(37)	(24)	(10)	(20)	(36)	(24)
of which in the Reconciliation	(2)	1	(2)	–	(1)	1	(1)	–
Divestments	(21)	(22)	(42)	46	(21)	(22)	(42)	46
of which in the Reconciliation	(21)	–	(34)	–	(21)	–	(34)	–
Litigations/legal risks	(717)	(18)	(13,136)	(3,211)	(717)	(18)	(13,136)	(3,211)
of which in the Reconciliation	(4)	(13)	(831)	46	(4)	(13)	(831)	46
Impairment losses/loss reversals ³	(9,255)	(5)	(9,442)	(468)	24	(1)	(114)	(4)
Other	–	(23)	–	(16)	–	(23)	–	(16)

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

² 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.

³ Where not already included in the other special items categories

Income from discontinued operations after income taxes

Income from discontinued operations after income taxes amounted to €0 million (Q3 2020: €4,958 million).

Net income

After a financial result of minus €336 million (Q3 2020: minus €11 million), income before income taxes amounted to €194 million (Q3 2020: minus €9,410 million). The financial result mainly comprised a loss of €79 million from investments in affiliated companies (Q3 2020: income of €339 million) and net interest expense of €215 million (Q3 2020: €274 million). The financial result included net special charges of €11 million (Q3 2020: net special gains of €364 million). After tax expense of €104 million (Q3 2020: tax income of €1,705 million) and accounting for noncontrolling interest, net income amounted to €85 million (Q3 2020: minus €2,744 million).

Core earnings per share

Core earnings per share advanced by 29.6% to €1.05 (Q3 2020: €0.81), mainly due to the development of business within the Crop Science Division. Earnings per share (total) amounted to €0.09 (Q3 2020: minus €2.79).

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Core Earnings per Share¹

€ million	Q3 2020	Q3 2021	9M 2020	9M 2021
EBIT (as per income statements)	(9,399)	530	(17,684)	1,332
Amortization and impairment losses/loss reversals on goodwill and other intangible assets	9,883	436	11,316	2,133
Impairment losses/loss reversals on property, plant and equipment, and accelerated depreciation included in special items	35	62	139	108
Special items (other than accelerated depreciation, amortization and impairment losses/loss reversals)	900	689	14,003	4,106
Core EBIT	1,419	1,717	7,774	7,679
Financial result (as per income statements)	(11)	(336)	(939)	(783)
Special items in the financial result ²	(364)	11	(272)	(42)
Income taxes (as per income statements)	1,705	(104)	2,676	(697)
Special items in income taxes	-	-	-	-
Tax effects related to amortization, impairment losses/loss reversals and special items	(1,947)	(249)	(4,240)	(983)
Income after income taxes attributable to noncontrolling interest (as per income statements)	3	(5)	(5)	(13)
Above-mentioned adjustments attributable to noncontrolling interest	(11)	-	(12)	-
Core net income from continuing operations	794	1,034	4,982	5,161
Shares (million)				
Weighted average number of shares	982.42	982.42	982.42	982.42
€				
Core earnings per share from continuing operations	0.81	1.05	5.07	5.25

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

² 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	Q3 2020	Q3 2021	Change % ¹		9M 2020	9M 2021	Change % ¹	
			Reported	Fx & p adj.			Reported	Fx & p adj.
Sales	3,028	3,850	+ 27.1	+ 25.8	14,664	15,517	+ 5.8	+ 11.8
Change in sales¹								
Volume	- 10.3%	+ 13.9%			+ 0.8%	+ 7.5%		
Price	- 1.3%	+ 11.9%			- 0.4%	+ 4.3%		
Currency	- 11.7%	+ 1.3%			- 3.8%	- 6.0%		
Portfolio	0.0%	0.0%			0.0%	0.0%		
Sales by region								
Europe/Middle East/Africa	656	748	+ 14.0	+ 11.3	3,508	3,632	+ 3.5	+ 6.6
North America	598	1,063	+ 77.8	+ 78.7	6,812	7,026	+ 3.1	+ 10.6
Asia/Pacific	427	427	0.0	- 0.3	1,418	1,569	+ 10.6	+ 13.4
Latin America	1,347	1,612	+ 19.7	+ 17.7	2,926	3,290	+ 12.4	+ 20.0
EBITDA¹	(726)	294	.	.	(7,138)	225	.	.
Special items ¹	(692)	(177)			(11,080)	(3,712)		
EBITDA before special items¹	(34)	471	.	.	3,942	3,937	- 0.1	
EBITDA margin before special items ¹	- 1.1%	12.2%			26.9%	25.4%		
EBIT¹	(10,620)	(200)	- 98.1		(18,720)	(1,930)	- 89.7	
Special items ¹	(9,983)	(181)			(20,474)	(4,178)		
EBIT before special items¹	(637)	(19)	- 97.0		1,754	2,248	+ 28.2	
Net cash provided by (used in) operating activities	900	1,340	+ 48.9		676	(1,063)	.	
Cash-flow relevant capital expenditures	214	246	+ 15.0		699	549	- 21.5	
Research and development expenses ²	2,664	609	- 77.1		3,735	1,891	- 49.4	

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

¹ For definition see Annual Report 2020, A 2.3 "Alternative Performance Measures Used by the Bayer Group."² The high research and development expenses in the prior-year period were due to noncash impairment charges.

Third quarter of 2021

Sales

Sales at Crop Science increased significantly in the third quarter of 2021, rising 25.8% (Fx & portfolio adj.) to €3,850 million thanks to substantial volume and price growth in the North America, Latin America and Europe/Middle East/Africa regions. Sales in Asia/Pacific were level with the prior-year period.

- // **Corn Seed & Traits** posted substantial gains, with business growing in North America in particular due to lower product returns and the later receipt of license revenues. As expected, these license revenues were recorded in the third quarter this year as opposed to in the second quarter as in 2020. Sales in Latin America rose year on year thanks to the launch of a new trait as well as higher volumes and prices.
- // **Herbicides** recorded encouraging gains in the North America and Europe/Middle East/Africa regions, driven by an increase in prices for our glyphosate-based products and higher volumes. However, sales were down in Latin America as a result of lower volumes.
- // **Fungicides** achieved double-digit percentage growth in the Latin America, Asia/Pacific and Europe/Middle East/Africa regions, mainly due to an increase in volumes. In North America, by contrast, we registered a decline in volumes.
- // The increase in sales at **Soybean Seeds & Traits** was primarily attributable to significant growth in North America due to lower product returns and higher license revenues. Sales also rose substantially in Latin America thanks to higher prices and volumes.

- // **Insecticides** posted a significant increase in sales in Latin America, largely due to volume expansion in Brazil.
- // **Environmental Science** registered a decline in sales due to lower volumes in its consumer business.
- // Sales at **Vegetable Seeds** advanced year on year, driven by higher volumes in Latin America and Asia/Pacific.
- // The reporting unit "**Other**" recorded an increase in sales, largely due to higher license revenues for cotton seed in North America.

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Sales by Strategic Business Entity

€ million	Q3 2020	Q3 2021	Change % ¹		9M 2020	9M 2021	Change % ¹	
			Reported	Fx & p adj.			Reported	Fx & p adj.
Crop Science	3,028	3,850	+ 27.1	+ 25.8	14,664	15,517	+ 5.8	+ 11.8
Corn Seed & Traits	392	764	+ 94.9	+ 92.6	3,990	4,120	+ 3.3	+ 10.9
Herbicides	922	1,070	+ 16.1	+ 15.2	3,666	4,026	+ 9.8	+ 14.8
Fungicides	537	564	+ 5.0	+ 3.5	1,970	2,218	+ 12.6	+ 17.2
Soybean Seed & Traits	351	561	+ 59.8	+ 58.0	1,451	1,620	+ 11.6	+ 18.7
Insecticides	290	320	+ 10.3	+ 9.1	1,058	1,044	- 1.3	+ 3.5
Environmental Science	254	243	- 4.3	- 4.9	833	844	+ 1.3	+ 6.7
Vegetable Seeds	148	157	+ 6.1	+ 6.3	461	482	+ 4.6	+ 8.6
Other	134	171	+ 27.6	+ 25.5	1,235	1,163	- 5.8	+ 0.4

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

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

Earnings

EBITDA before special items rose to €471 million in the third quarter of 2021 (Q3 2020: minus €34 million), resulting in a margin of 12.2%. The improvement in earnings was mainly attributable to higher prices and volumes, the receipt of license revenues that in 2020 were recorded in the second quarter, and contributions from ongoing efficiency programs. By contrast, earnings were diminished by an increase in costs, particularly in the cost of goods sold, as well as by negative currency effects of €28 million.

EBIT came in at minus €200 million (Q3 2020: minus €10,620 million) after net special charges of €181 million (Q3 2020: €9,983 million) that primarily related to efficiency programs and to the damage to production facilities caused by Hurricane Ida along with the costs associated with halting glyphosate production at our site in Luling, United States, for five weeks as a result.

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Special Items^{1,2} Crop Science

€ million	EBIT Q3 2020	EBIT Q3 2021	EBIT 9M 2020	EBIT 9M 2021	EBITDA Q3 2020	EBITDA Q3 2021	EBITDA 9M 2020	EBITDA 9M 2021
Restructuring	(44)	(134)	(174)	(174)	(32)	(134)	(162)	(172)
Acquisition/integration	(9)	(3)	(35)	(4)	(9)	(3)	(35)	(4)
Divestments	-	(22)	(8)	(40)	-	(22)	(8)	(40)
Litigations/legal risks	(676)	5	(10,762)	(3,472)	(676)	5	(10,762)	(3,472)
Impairment losses/loss reversals	(9,254)	(4)	(9,495)	(465)	25	-	(113)	(1)
Other	-	(23)	-	(23)	-	(23)	-	(23)
Total special items	(9,983)	(181)	(20,474)	(4,178)	(692)	(177)	(11,080)	(3,712)

¹ For definition see Annual Report 2020, A 2.3 "Alternative Performance Measures Used by the Bayer Group."² 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	Q3 2020	Q3 2021	Change % ¹		9M 2020	9M 2021	Change % ¹	
			Reported	Fx & p adj.			Reported	Fx & p adj.
Sales	4,229	4,539	+ 7.3	+ 7.1	12,767	13,398	+ 4.9	+ 7.3
Change in sales¹								
Volume	+ 4.9%	+ 9.1%			+ 3.7%	+ 9.6%		
Price	- 6.7%	- 2.0%			- 5.9%	- 2.3%		
Currency	- 4.3%	+ 0.7%			- 1.7%	- 2.8%		
Portfolio	0.0%	- 0.5%			0.0%	+ 0.4%		
Sales by region								
Europe/Middle East/Africa	1,669	1,842	+ 10.4	+ 10.1	5,022	5,311	+ 5.8	+ 7.3
North America	1,010	994	- 1.6	+ 0.5	2,880	3,022	+ 4.9	+ 8.3
Asia/Pacific	1,350	1,459	+ 8.1	+ 6.4	4,241	4,374	+ 3.1	+ 4.8
Latin America	200	244	+ 22.0	+ 21.2	624	691	+ 10.7	+ 20.4
EBITDA¹	1,479	1,070	- 27.7		2,889	4,262	+ 47.5	
Special items ¹	(36)	(296)			(1,588)	(11)		
EBITDA before special items¹	1,515	1,366	- 9.8		4,477	4,273	- 4.6	
EBITDA margin before special items ¹	35.8%	30.1%			35.1%	31.9%		
EBIT¹	1,235	850	- 31.2		2,159	3,531	+ 63.5	
Special items ¹	(36)	(296)			(1,574)	(19)		
EBIT before special items¹	1,271	1,146	- 9.8		3,733	3,550	- 4.9	
Net cash provided by operating activities	1,318	1,517	+ 15.1		2,806	2,898	+ 3.3	
Cash flow-relevant capital expenditures	240	270	+ 12.5		547	662	+ 21.0	
Research and development expenses	646	904	+ 39.9		1,927	2,347	+ 21.8	

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

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

Third quarter of 2021

Sales

Sales at Pharmaceuticals rose substantially in the third quarter of 2021, increasing by 7.1% (Fx & portfolio adj.) to €4,539 million. Our ophthalmology business was able to grow market share and continued to recover from the COVID-19 restrictions, especially in Europe. We also registered significant gains for our cancer drug Nubeqa™, driven by higher volumes in the United States. In addition, we initiated the market launch of Kerendia™, our product for the treatment of patients with chronic kidney disease and type 2 diabetes, in the United States.

- // Sales of our oral anticoagulant **Xarelto™** advanced year on year, with substantial volume growth in Russia and Germany in particular offsetting 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 up against the prior-year quarter.
- // Sales of our ophthalmology drug **Eylea™** advanced markedly in all regions. We recorded a strong increase in volumes as we expanded market share in a growing market, with the ongoing launch of Eylea™ prefilled syringes also providing an encouraging contribution. The recovery of our business from the COVID-19 restrictions, as outlined above, also had a positive impact.
- // Business with **Adalat™**, our product for the treatment of heart disease, benefited from higher volumes in China.
- // Sales of our pulmonary hypertension treatment **Adempas™** advanced against the prior-year period, partly due to higher volumes 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.

- // 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.
- // Our radiology business with the **CT Fluid Delivery** and **Ultravist™** product lines expanded significantly due to a normalization in the number of radiological treatments being carried out following the substantial COVID-19 restrictions in the prior-year quarter.
- // Sales of our multiple sclerosis treatment **Betaferon™/Betaseron™** declined, especially in the United States, due to continued competitive pressure.

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Best-Selling Pharmaceuticals Products

€ million	Q3 2020	Q3 2021	Change % ¹		9M 2020	9M 2021	Change % ¹	
			Reported	Fx & p adj.			Reported	Fx & p adj.
Xarelto™	1,131	1,186	+ 4.9	+ 4.3	3,303	3,488	+ 5.6	+ 7.7
Eylea™	638	763	+ 19.6	+ 19.0	1,799	2,145	+ 19.2	+ 20.6
Mirena™/Kyleena™/Jaydess™	289	276	- 4.5	- 4.7	793	888	+ 12.0	+ 17.4
Kogenate™/Kovaltry™/Jivi™	208	208	0.0	+ 0.5	650	604	- 7.1	- 3.9
YAZ™/Yasmin™/Yasminelle™	167	186	+ 11.4	+ 10.8	502	562	+ 12.0	+ 16.5
Adalat™	159	207	+ 30.2	+ 24.2	475	556	+ 17.1	+ 15.8
Aspirin™ Cardio	154	165	+ 7.1	+ 3.8	470	508	+ 8.1	+ 9.3
Adempas™	119	142	+ 19.3	+ 21.0	367	410	+ 11.7	+ 16.4
Stivarga™	116	124	+ 6.9	+ 5.9	366	357	- 2.5	+ 1.1
Nexavar™	148	113	- 23.6	- 27.8	480	344	- 28.3	- 27.5
CT Fluid Delivery ²	99	115	+ 16.2	+ 17.8	287	329	+ 14.6	+ 19.8
Gadovist™ product family	104	102	- 1.9	- 0.8	283	306	+ 8.1	+ 12.2
Ultravist™	76	90	+ 18.4	+ 17.7	223	260	+ 16.6	+ 19.2
Betaferon™/Betaseron™	104	75	- 27.9	- 28.0	318	244	- 23.3	- 19.9
Xofigo™	62	65	+ 4.8	+ 6.2	201	195	- 3.0	+ 2.2
Total best-selling products	3,574	3,817	+ 6.8	+ 6.0	10,517	11,196	+ 6.5	+ 9.0
Proportion of Pharmaceuticals sales	85%	84%			82%	84%		

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

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

² 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 declined by 9.8% to €1,366 million in the third quarter of 2021 (Q3 2020: €1,515 million), resulting in a margin of 30.1%. Earnings were diminished by an increase in marketing costs, which was largely attributable to the launch of Kerendia™ and Nubeqa™, and by a rise in research and development expenses, which was partly related to our cell and gene therapy unit. An increase in the cost of goods sold and negative currency effects of €13 million also weighed on earnings.

EBIT came in at €850 million (Q3 2020: €1,235 million) after special charges of €296 million (Q3 2020: €36 million) that primarily arose in connection with restructuring measures.

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Special Items¹ Pharmaceuticals

€ million	EBIT Q3 2020	EBIT Q3 2021	EBIT 9M 2020	EBIT 9M 2021	EBITDA Q3 2020	EBITDA Q3 2021	EBITDA 9M 2020	EBITDA 9M 2021
Restructuring	2	(267)	(30)	(304)	2	(267)	(44)	(296)
Acquisition/integration	-	(18)	-	(20)	-	(18)	-	(20)
Divestments	-	-	-	86	-	-	-	86
Litigations/legal risks	(37)	(10)	(1,543)	215	(37)	(10)	(1,543)	215
Impairment losses/loss reversals	(1)	(1)	(1)	(3)	(1)	(1)	(1)	(3)
Other	-	-	-	7	-	-	-	7
Total special items	(36)	(296)	(1,574)	(19)	(36)	(296)	(1,588)	(11)

¹ 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	Q3 2020	Q3 2021	Change % ¹		9M 2020	9M 2021	Change % ¹	
			Reported	Fx & p adj.			Reported	Fx & p adj.
Sales	1,205	1,346	+ 11.7	+ 10.9	3,804	3,888	+ 2.2	+ 5.9
Changes in sales¹								
Volume	+ 5.5%	+ 7.6%			+ 4.1%	+ 3.1%		
Price	+ 0.7%	+ 3.3%			+ 1.8%	+ 2.8%		
Currency	- 7.2%	- 0.2%			- 3.2%	- 4.6%		
Portfolio	- 5.4%	+ 1.0%			- 10.5%	+ 0.9%		
Sales by region								
Europe/Middle East/Africa	413	441	+ 6.8	+ 7.2	1,287	1,293	+ 0.5	+ 3.9
North America	466	529	+ 13.5	+ 11.7	1,534	1,502	- 2.1	+ 1.1
Asia/Pacific	178	206	+ 15.7	+ 13.3	566	629	+ 11.1	+ 11.4
Latin America	148	170	+ 14.9	+ 15.9	417	464	+ 11.3	+ 22.1
EBITDA¹	294	302	+ 2.7		827	857	+ 3.6	
Special items ¹	(7)	(6)			(29)	(21)		
EBITDA before special items¹	301	308	+ 2.3		856	878	+ 2.6	
EBITDA margin before special items ¹	25.0%	22.9%			22.5%	22.6%		
EBIT¹	215	219	+ 1.9		640	607	- 5.2	
Special items ¹	(7)	(7)			25	(21)		
EBIT before special items¹	222	226	+ 1.8		615	628	+ 2.1	
Net cash provided by operating activities	178	308	+ 73.0		711	714	+ 0.4	
Cash flow-relevant capital expenditures	33	40	+ 21.2		84	107	+ 27.4	
Research and development expenses	46	46	0.0		142	138	- 2.8	

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

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

Third quarter of 2021

Sales

Sales at Consumer Health advanced by 10.9% (Fx & portfolio adj.) to €1,346 million in the third quarter of 2021, as the division once again reported substantial gains across all regions against a very strong prior-year quarter. Business in this quarter primarily benefited from continued high demand in Nutritionals and the launch of innovative products in all categories throughout the year.

- // Sales in **Europe/Middle East/Africa** were up in all categories. Growth was driven by high demand in Nutritionals, supported by product line extensions. We also registered encouraging performance in the Dermatology category, which also included the product line extension for Bepanthen™ for daily treatment of dry skin.
- // Sales in **North America** increased substantially year on year. The growth in sales in the Pain & Cardio category was also driven by the product line extension for Aleve™, marking our entry into the segment for topical pain relief. We also benefited from continued high demand in Nutritionals. By contrast, a one-time effect arising from the precautionary recall issued for the Dermatology spray products Lotrimin™ and Tinactin™ had a negative impact.
- // Sales in **Asia/Pacific** rose significantly. Business performance in the Nutritionals category was especially strong, with significant gains recorded in particular for Elevit™ in China. 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 continued high demand for products in the Nutritionals and Pain & Cardio categories. Business in the Dermatology category again benefited from the product line extension for Bepanthen™.

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Sales by Category

€ million	Q3 2020	Q3 2021	Change % ¹		9M 2020	9M 2021	Change % ¹	
			Reported	Fx & p adj.			Reported	Fx & p adj.
Consumer Health	1,205	1,346	+ 11.7	+ 10.9	3,804	3,888	+ 2.2	+ 5.9
Nutritionals	313	387	+ 23.6	+ 20.1	982	1,097	+ 11.7	+ 13.2
Allergy & Cold	241	258	+ 7.1	+ 6.5	827	737	- 10.9	- 6.9
Dermatology	268	270	+ 0.7	+ 0.2	827	838	+ 1.3	+ 4.4
Pain & Cardio	193	224	+ 16.1	+ 17.4	600	613	+ 2.2	+ 9.5
Digestive Health	179	197	+ 10.1	+ 9.5	531	560	+ 5.5	+ 9.3
Other	11	10	- 9.1	+ 7.6	37	43	+ 16.2	+ 18.4

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

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

EBITDA before special items increased by 2.3% to €308 million in the third quarter of 2021 (Q3 2020: €301 million), resulting in a margin of 22.9%. This was driven by our strong business performance and continuous cost management efforts. By contrast, investments associated with the launch of innovative products, inflation-related increases in costs, and the product mix weighed on earnings. A one-time effect arising from the precautionary recall of the spray products Lotrimin™ and Tinactin™ also had a negative impact.

EBIT amounted to €219 million (Q3 2020: €215 million) after special charges of €7 million (Q3 2020: €7 million) relating to restructuring measures.

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Special Items¹ Consumer Health

€ million	EBIT Q3 2020	EBIT Q3 2021	EBIT 9M 2020	EBIT 9M 2021	EBITDA Q3 2020	EBITDA Q3 2021	EBITDA 9M 2020	EBITDA 9M 2021
Restructuring	(7)	(7)	(29)	(21)	(7)	(6)	(29)	(21)
Impairment losses/loss reversals	-	-	54	-	-	-	-	-
Total special items	(7)	(7)	25	(21)	(7)	(6)	(29)	(21)

¹ 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**Net cash provided by operating activities**

// Net operating cash flow from continuing operations in the third quarter of 2021 amounted to €2,811 million (Q3 2020: €1,810 million). This figure included payments of €600 million to resolve litigations.

Net cash used in investing activities

- // Net investing cash flow in the third quarter of 2021 amounted to minus €2,549 million (Q3 2020: minus €2,860 million).
- // The outflow of €1,264 million for acquisitions (Q3 2020: €376 million) mainly related to the acquisition of U.S. biopharmaceutical company Vividion Therapeutics, Inc., on August 19, 2021.
- // Net cash outflows for current financial assets amounted to €682 million (Q3 2020: €6,219 million). The high cash outflow in the previous year was mainly attributable to investments in money market funds.

Net cash provided by financing activities

- // There was a net cash inflow of €643 million from financing activities in the third quarter of 2021 (Q3 2020: €2,867 million).
- // This figure included net borrowings of €900 million (Q3 2020: €3,104 million).
- // Net interest payments amounted to €253 million (Q3 2020: €220 million).

Free cash flow

- // Free cash flow (total) came in at €1,954 million in the third quarter of 2021 (Q3 2020: €1,237 million).

Net financial debt

- // Net financial debt of the Bayer Group declined by €0.4 billion to €34.0 billion in the third quarter of 2021 (June 30, 2021: €34.4 billion).
- // Cash inflows from operating activities stood against the outflow for the acquisition of U.S. biopharmaceutical company Vividion Therapeutics, Inc., and settlement payments for the litigations in the United States, as well as negative currency effects.
- // In July 2021, Bayer U.S. Finance II LLC, United States, and Monsanto Company, United States, repaid two bonds with a combined volume of US\$500 million (€423 million).

Corporate Outlook

Following the very good business performance in the third quarter of 2021, we are revising the upgraded Group outlook for 2021 that we issued in August of this year as follows (based on the closing rates on September 30, 2021):

We are now anticipating currency- and portfolio-adjusted sales growth of around 9% (previously: around 7%) for Crop Science and around 6% (previously: around 3–4%) for Consumer Health. For Pharmaceuticals, we continue to expect sales to increase by around 6% on a currency- and portfolio-adjusted basis. As a result, we continue to anticipate Group sales of approximately €43 billion. Adjusted for currency effects, this would continue to correspond to sales of approximately €44 billion. This now translates into currency- and portfolio-adjusted growth of approximately 7% (previously: approximately 6%).

In addition, we are now targeting a Group EBITDA margin before special items of approximately 25.5% (previously: approximately 25%). Adjusted for currency effects, this would continue to correspond to an EBITDA margin before special items of around 26%.

Core earnings per share are now expected to come in at approximately €6.10 to €6.30 (previously: approximately €6.00 to €6.20). Adjusted for currency effects, this would now correspond to core earnings per share of approximately €6.50 to €6.70 (previously: approximately €6.40 to €6.60).

We are now anticipating free cash flow of between approximately minus €0.5 billion and minus €1.5 billion (previously: between approximately minus €2 billion and minus €3 billion) as a portion of the settlement payments for the glyphosate litigations are now scheduled to be made in 2022 instead of 2021.

We continue to expect net financial debt to come in at around €35 billion. Adjusted for currency effects, this would now correspond to net financial debt of around €35.5 billion (previously: around €36 billion).

Bayer Group Consolidated Income Statements

B 1

€ million	Q3 2020	Q3 2021	9M 2020	9M 2021
Net sales	8,506	9,781	31,405	32,963
Cost of goods sold	(6,795)	(3,887)	(15,469)	(13,131)
Gross profit	1,711	5,894	15,936	19,832
Selling expenses	(4,296)	(3,015)	(10,226)	(8,858)
Research and development expenses	(3,366)	(1,564)	(5,835)	(4,400)
General administration expenses	(632)	(751)	(2,215)	(2,176)
Other operating income	560	313	1,282	1,200
Other operating expenses	(3,376)	(347)	(16,626)	(4,266)
EBIT¹	(9,399)	530	(17,684)	1,332
Equity-method income (loss)	(44)	(33)	(68)	46
Financial income	395	29	475	399
Financial expenses	(362)	(332)	(1,346)	(1,228)
Financial result	(11)	(336)	(939)	(783)
Income before income taxes	(9,410)	194	(18,623)	549
Income taxes	1,705	(104)	2,676	(697)
Income from continuing operations after income taxes	(7,705)	90	(15,947)	(148)
of which attributable to noncontrolling interest	(3)	5	5	13
of which attributable to Bayer AG stockholders	(7,702)	85	(15,952)	(161)
Income from discontinued operations after income taxes	4,958	–	5,149	–
of which attributable to noncontrolling interest	–	–	–	–
of which attributable to Bayer AG stockholders	4,958	–	5,149	–
Income after income taxes	(2,747)	90	(10,798)	(148)
of which attributable to noncontrolling interest	(3)	5	5	13
of which attributable to Bayer AG stockholders (net income)	(2,744)	85	(10,803)	(161)
€				
Earnings per share				
From continuing operations				
Basic	(7.84)	0.09	(16.24)	(0.16)
Diluted	(7.84)	0.09	(16.24)	(0.16)
From discontinued operations				
Basic	5.05	0.00	5.24	0.00
Diluted	5.05	0.00	5.24	0.00
From continuing and discontinued operations				
Basic	(2.79)	0.09	(11.00)	(0.16)
Diluted	(2.79)	0.09	(11.00)	(0.16)

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

Bayer Group Consolidated Statements of Financial Position

B 2

€ million	Sept. 30, 2020	Dec. 31, 2020	Sept. 30, 2021
Noncurrent assets			
Goodwill	35,143	36,395	39,421
Other intangible assets	25,433	25,416	24,970
Property, plant and equipment	11,502	11,710	12,036
Investments accounted for using the equity method	526	491	611
Other financial assets	1,545	1,555	1,668
Other receivables	925	835	1,289
Deferred taxes	5,107	4,684	4,609
	80,181	81,086	84,604
Current assets			
Inventories	10,452	10,961	10,644
Trade accounts receivable	10,161	9,555	10,048
Other financial assets	10,473	7,940	3,903
Other receivables	1,766	1,684	1,635
Claims for income tax refunds	1,377	1,233	1,369
Cash and cash equivalents	5,067	4,191	4,316
Assets held for sale	43	113	30
	39,339	35,677	31,945
Total assets	119,520	116,763	116,549
Equity			
Capital stock	2,515	2,515	2,515
Capital reserves	18,261	18,261	18,261
Other reserves	10,551	9,747	10,327
Equity attributable to Bayer AG stockholders	31,327	30,523	31,103
Equity attributable to noncontrolling interest	150	152	170
	31,477	30,675	31,273
Noncurrent liabilities			
Provisions for pensions and other post-employment benefits	7,801	8,454	7,349
Other provisions	5,683	4,245	7,453
Refund liabilities	9	8	213
Contract liabilities	598	720	650
Financial liabilities	35,190	33,196	36,974
Income tax liabilities	1,622	247	1,573
Other liabilities	516	1,311	1,597
Deferred taxes	834	1,142	740
	52,253	49,323	56,549
Current liabilities			
Other provisions	12,571	10,119	8,061
Refund liabilities	5,291	4,455	5,797
Contract liabilities	786	3,592	1,300
Financial liabilities	8,260	8,570	4,792
Trade accounts payable	5,461	5,683	5,587
Income tax liabilities	1,358	2,290	885
Other liabilities	2,063	2,056	2,305
Liabilities directly related to assets held for sale	–	–	–
	35,790	36,765	28,727
Total equity and liabilities	119,520	116,763	116,549

2020 figures restated

Bayer Group Consolidated Statements of Cash Flows

B 3

€ million	Q3 2020	Q3 2021	9M 2020	9M 2021
Income from continuing operations after income taxes	(7,705)	90	(15,947)	(148)
Income taxes	(1,705)	104	(2,676)	697
Financial result	11	336	939	783
Income taxes paid	(336)	(526)	(625)	(1,666)
Depreciation, amortization and impairment losses (loss reversals)	10,293	870	12,750	3,346
Change in pension provisions	(59)	(53)	(203)	(238)
(Gains) losses on retirements of noncurrent assets	(62)	(44)	(66)	(163)
Decrease (increase) in inventories	(483)	(414)	(264)	427
Decrease (increase) in trade accounts receivable	2,273	3,185	239	(150)
(Decrease) increase in trade accounts payable	559	337	(697)	(343)
Changes in other working capital, other noncash items	(976)	(1,074)	10,422	(502)
Net cash provided by (used in) operating activities from continuing operations	1,810	2,811	3,872	2,043
Net cash provided by (used in) operating activities from discontinued operations	157	–	280	–
Net cash provided by (used in) operating activities	1,967	2,811	4,152	2,043
Cash outflows for additions to property, plant, equipment and intangible assets	(549)	(649)	(1,525)	(1,471)
Cash inflows from the sale of property, plant, equipment and other assets	115	34	236	306
Cash inflows from (outflows for) divestments less divested cash	4,237	18	4,172	(39)
Cash inflows from noncurrent financial assets	5	3	326	360
Cash outflows for noncurrent financial assets	(112)	(54)	(189)	(321)
Cash outflows for acquisitions less acquired cash	(376)	(1,264)	(482)	(1,287)
Interest and dividends received	39	45	76	86
Cash inflows from (outflows for) current financial assets	(6,219)	(682)	(6,493)	4,209
Net cash provided by (used in) investing activities	(2,860)	(2,549)	(3,879)	1,843
Dividend payments	(17)	(4)	(2,768)	(1,969)
Issuances of debt	6,070	1,536	10,801	6,031
Retirements of debt	(2,966)	(636)	(5,399)	(7,131)
Interest paid including interest-rate swaps	(224)	(253)	(878)	(800)
Interest received from interest-rate swaps	4	–	21	22
Net cash provided by (used in) financing activities	2,867	643	1,777	(3,847)
Change in cash and cash equivalents due to business activities	1,974	905	2,050	39
Cash and cash equivalents at beginning of period	3,155	3,389	3,185	4,191
Change in cash and cash equivalents due to changes in scope of consolidation	–	48	(7)	48
Change in cash and cash equivalents due to exchange rate movements	(62)	(26)	(161)	38
Cash and cash equivalents at end of period	5,067	4,316	5,067	4,316

Reporting Principles

The present document is a Quarterly Statement pursuant to Section 53 of the Exchange Rules of the Frankfurt Stock Exchange (as of June 28, 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. 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.

The purchase price allocation for Asklepios BioPharmaceutical, Inc. (AskBio), which was acquired on December 1, 2020, was adjusted in the third quarter of 2021. The effects on assets and liabilities are shown in the table below. These assets and liabilities were retroactively restated to the date of acquisition pursuant to IFRS 3.45ff.

B 4			
Acquired Assets and Assumed Liabilities (Fair Values at the Respective Acquisition Dates)			
€ million	Prior to adjustment of the purchase price allocation	Adjustment of the purchase price allocation	After adjustment of the purchase price allocation
Goodwill	1,678	315	1,993
Patents and technologies	1,122	(577)	545
Research and development projects	239	(44)	195
Other rights	1	8	9
Property, plant and equipment	50	–	50
Other financial assets	75	–	75
Inventories	9	–	9
Trade accounts receivable	40	–	40
Other current assets	10	17	27
Cash and cash equivalents	25	–	25
Deferred tax assets	8	(2)	6
Provisions for pensions and other post-employment benefits	(18)	–	(18)
Provisions for collaborations	(114)	85	(29)
Tax provisions	–	(20)	(20)
Financial liabilities	(12)	–	(12)
Lease liabilities	(16)	–	(16)
Trade accounts payable	(123)	–	(123)
Other liabilities	(3)	4	1
Deferred tax liabilities	(340)	190	(150)
Net assets	2,631	(24)	2,607

The prior-year figures were restated accordingly. The adjustments to the purchase price allocation had no material impact on the income statements.

The purchase price allocation has not yet been concluded as the underlying financial information is still being compiled and reviewed. As such, the allocation of the purchase price to individual assets and liabilities may still be subject to change.

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. 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 have 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. Monsanto continues to make progress and as of October 22, 2021, has reached settlements and/or is close to settling in a substantial number of cases; including non-eligible cases this amounts to approximately 98,000 cases out of the approximately 125,000 cases reported in the Annual Report 2020.

The mechanism to resolve potential future claims involved a class settlement agreement between Monsanto and plaintiffs' counsel. This agreement required approval by Judge Chhabria of the U.S. District Court for the Northern District of California. In May 2021, Judge Chhabria denied the class agreement. Following the judge's denial, in May 2021 Bayer announced a series of measures to resolve potential future glyphosate litigation, combining both legal and commercial actions. In July 2021, Bayer provided an update on the progress made and announced additional details. Bayer has developed two scenarios based on a potential ruling by the Supreme Court of the United States in the Hardeman case. If the Supreme Court accepts the petition filed by Bayer in August 2021 for review and rules in favor of Bayer, it would effectively end potential future litigation. The second scenario assumes that the Supreme Court either refuses to hear the Hardeman case or issues a ruling in favor of the plaintiff, in which case Bayer would activate its own claims administration program. Bayer has implemented corresponding accounting measures for this scenario, resulting in a discounted allocation to provisions for litigations of €3.5 billion in the second quarter of 2021 on top of the existing provisions.

Bayer is confident that this provides an effective path to manage and address any risks from potential future Roundup™ litigation, while simultaneously giving Bayer more control going forward. Bayer continues to believe there is no reason for safety concerns in connection with these products.

The three adverse verdicts – Johnson, Hardeman and Pilliod – are not covered by the settlement. In May 2021, the 9th Circuit ruled against Monsanto in the Hardeman appeal. The company has petitioned the Supreme Court of the United States for review in Hardeman. In August 2021, the California Court of Appeal ruled against Monsanto in the Pilliod appeal. The company has filed a petition for appeal to the California Supreme Court. The Johnson case was concluded with payment of the US\$20.5 million final judgment plus interest in March 2021.

In October 2021, the jury in another trial, Clark, issued a verdict in Monsanto's favor. The jury determined that Roundup™ did not cause the plaintiff's child's lymphoma. The Clark trial took place in the Superior Court of the State of California for the County of Los Angeles. It is unknown whether the plaintiffs will appeal this case.

Another trial, Stephens, is underway in San Bernardino, California. The case involves a single plaintiff who alleges her exposure to Roundup™ caused her non-Hodgkin lymphoma. A verdict is expected during the fourth quarter of 2021.

As of October 22, 2021, a total of 22 Canadian lawsuits relating to Roundup™ and 11 seeking class action certification had been served upon Bayer.

Dicamba: As of October 22, 2021, lawsuits from approximately 230 plaintiffs had been served upon Bayer's subsidiary Monsanto and co-defendant BASF in both state and federal courts in the United States alleging that Monsanto's XtendiMax™ herbicide as well as other products containing dicamba caused crop damage from off-target movement. In 2020, Monsanto reached a global agreement with the plaintiffs to settle the dicamba litigation. One case that has not yet settled is the King case in Tennessee which claims damage to a tobacco field caused by dicamba, and is set for trial in April 2022. Following the dicamba settlement, two additional dicamba lawsuits were filed and served upon Bayer: In May 2021, a honey producer (Coy's Honey Farms) filed suit in the Eastern District of Arkansas against Bayer and BASF alleging damages to his honey business caused by dicamba. The case will be transferred to the Dicamba MDL in Missouri. In June 2021, approximately 60 Texas vineyard growers filed a single lawsuit in Jefferson County, Texas state court alleging dicamba damage to their vineyards. The lawsuit names Bayer, Monsanto and BASF as defendants. In July 2021, the lawsuit was removed to the Eastern District of Texas and transferred to the Dicamba MDL. Plaintiffs filed a motion to remand the case from the Dicamba MDL to Texas state court and that motion is currently pending determination by the MDL court.

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. In May 2021, Bayer, Baxalta and Nektar agreed to settle their patent disputes. Bayer and Baxalta will both be able to continue to market their respective hemophilia treatments.

Intacta™/Bollgard II RR Flex™: In addition to the action filed in 2017 regarding the promoter patent, the Soybean Growers Association from the State of Mato Grosso (Aprosoja/MT) is now also seeking a correction of the expiration dates of all three patents protecting Bayer's Intacta™ soybean technology in a separate action claiming that two of these patents had already expired, and is additionally seeking a corresponding refund of paid royalties and reduction of ongoing royalty payments. Further soybean grower associations and the Cotton Producers Association of the State of Mato Grosso (AMPA) have requested to be admitted as co-plaintiffs to this lawsuit. One of the two patents, the promoter patent, also covers Bollgard II RR Flex™ and is at issue in the disputes with AMPA. Aprosoja/MT argues that the term of the patents had been determined unconstitutionally. In September 2021, a decision by the Brazilian Supreme Court – that the term of patents previously determined to be a minimum of 10 years from the patent being granted is unconstitutional, and that this term shall instead be set at 20 years from the filing of the patent application – became final. This will apply retroactively to certain patents, thereby shortening their term. However, Bayer believes that neither Aprosoja/MT nor other associations are entitled to a refund of paid royalties or to a reduction of ongoing royalty payments.

Further legal proceedings

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. PCBs are chemicals that were widely used for various purposes until the manufacture of PCBs was prohibited by the EPA in the United States in 1979. Monsanto also faces numerous lawsuits claiming personal injury and/or property damage due to use of and exposure to PCB products. In July 2021, a jury in King County, Washington, awarded a total amount of US\$185 million (compensatory and punitive damages) to three plaintiffs alleging personal injury from allegedly being exposed to PCBs in their workplace, the Sky Valley Education Center. Bayer disagrees with the verdict and plans to appeal. The undisputed evidence in this case does not support the conclusions that plaintiffs were exposed to unsafe levels of PCBs or that any exposure could have possibly caused their claimed injuries. There are approximately 200 plaintiffs in connection with the relevant building. Another trial related to the building is currently underway, with a jury verdict expected in November 2021. We believe that we also have meritorious defenses in these matters and intend to defend ourselves vigorously.

Shareholder litigation concerning Monsanto acquisition: In Germany and the United States, investors have filed lawsuits claiming damages suffered due to the drop in the company's share price. Plaintiffs allege that the company's capital market communication in connection with the acquisition of Monsanto Company was flawed and that the information provided by Bayer on the risks, in particular regarding glyphosate product liability claims in the United States, was insufficient. In Germany, two proceedings have been initiated, which are still at an early stage. In the United States, one lawsuit seeking class action certification has been served upon Bayer. In October 2021, the United States District Court for the Northern District of California, San Francisco Division, decided that the lawsuit shall move forward with regard to some of the allegations. Bayer believes it has meritorious defenses and intends to defend itself vigorously.

Events after the reporting period

Repayment of financial liabilities

In October 2021, Bayer US Finance LLC, United States, repaid a bond with a volume of US\$1.5 billion (€1.3 billion).

Change on the Board of Management

The Supervisory Board of Bayer AG has appointed Rodrigo Santos to the company's Board of Management and the position of President of the Crop Science division, effective January 1, 2022. Santos will succeed Liam Condon, who has informed the Supervisory Board that he wishes to bring forward the end date of his contract with the company from December 31, 2023 to December 31, 2021.

Financial Calendar

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>
2022 Half-Year Report _____	<i>August 4, 2022</i>

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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