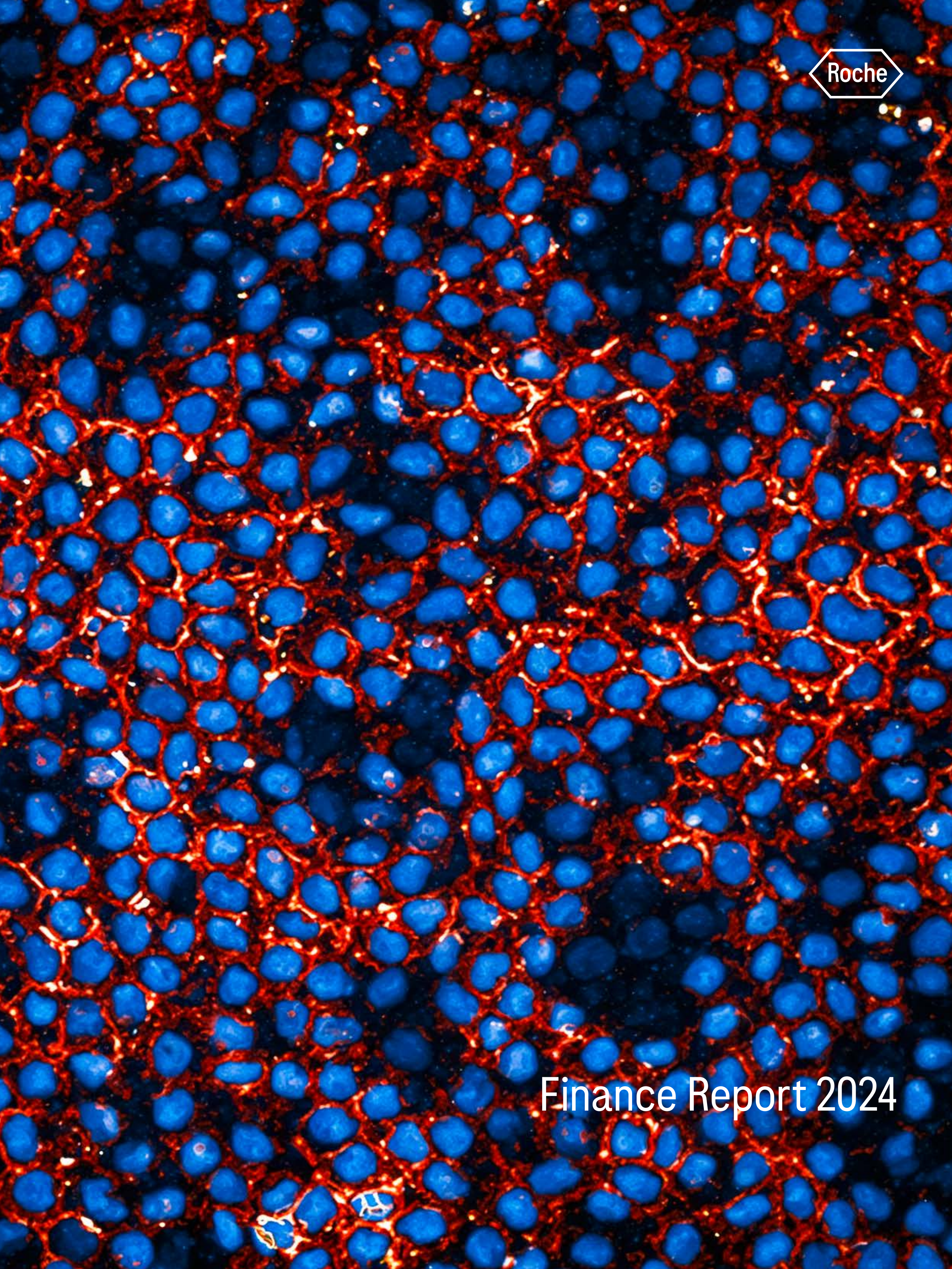
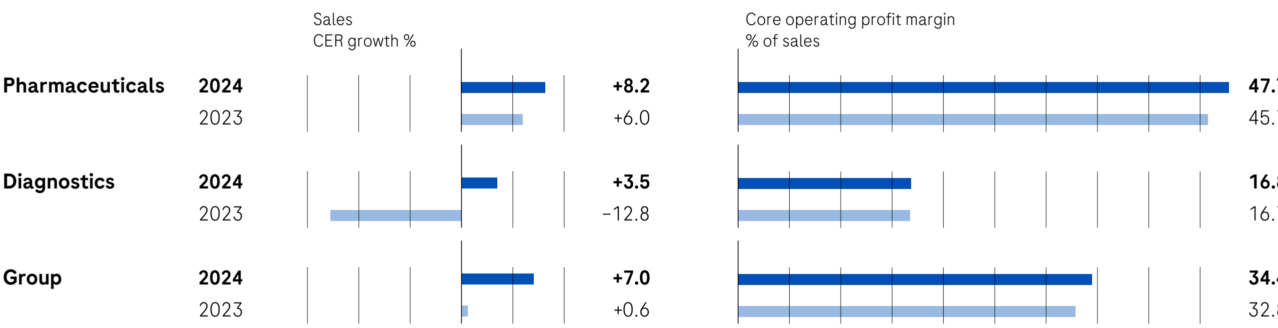


Finance Report 2024

Finance in Brief

Key results



	2024 (CHF m)	2023 (CHF m)	% change (CHF)	% change (CER)	% of sales 2024	% of sales 2023
IFRS results						
Sales	60,495	58,716	+3	+7		
Operating profit	13,417	15,395	−13	−6	22.2	26.2
Net income	9,187	12,358	−26	−19	15.2	21.0
Net income attributable to Roche shareholders	8,277	11,498	−28	−21	13.7	19.6
Diluted EPS (CHF)	10.31	14.31	−28	−20		
Dividend per share (CHF)	9.70 [a]	9.60	+1			
Core results						
Research and development	13,042	13,237	−1	+1	21.6	22.5
Core operating profit	20,823	19,240	+8	+14	34.4	32.8
Core EPS (CHF)	18.80	18.57	+1	+7		
Free cash flow						
Operating free cash flow	20,121	15,768	+28	+34	33.3	26.9
Free cash flow	15,336	11,288	+36	+43	25.4	19.2

	2024 (CHF m)	2023 (CHF m)	% change (CHF)	% change (CER)
Net debt	(17,337)	(18,699)	−7	−16
Capitalisation	70,815	62,472	+13	+10
– Debt	34,654	29,209	+19	+13
– Equity	36,161	33,263	+9	+8

a) Proposed by the Board of Directors.

CER (Constant Exchange Rates). The percentage changes at constant exchange rates are calculated using simulations by reconsolidating both the 2024 and 2023 results at constant exchange rates (the average rates for the year ended 31 December 2023). For the definition of CER see page 177.

Core results and Core EPS (earnings per share). These exclude non-core items such as global restructuring plans and amortisation and impairment of goodwill and intangible assets. This allows an assessment of both the actual results and the underlying performance of the business. A full income statement for the Group and the operating results of the divisions are shown on both an IFRS and core basis. The core concept is fully described on pages 170–173 and reconciliations between the IFRS and core results are given there.

Free cash flow is used to assess the Group's ability to generate the cash required to conduct and maintain its operations. It also indicates the Group's ability to generate cash to finance dividend payments, to repay debt and to undertake merger and acquisition activities. The free cash flow concept is used in the internal management of the business. The free cash flow concept is fully described on pages 173–175 and reconciliations between the IFRS cash flow and free cash flow are given there.

Effective 1 January 2024, the operational responsibility for the Foundation Medicine business was moved to the Diagnostics Division from the Pharmaceuticals Division. Accordingly from 1 January 2024 the results of the Foundation Medicine business are reported as part of the Diagnostics Division, and the comparative 2023 results have been restated in the financial statements in 2024. Details are given on page 45.

Finance – 2024 in Brief

Roche in 2024

The **Roche Group** sales grew by 7% at constant exchange rates (CER). IFRS net income decreased by 19% (CER) and core earnings per share increased by 7% (CER). The **appreciation of the Swiss franc** had a significant adverse impact on the results expressed in Swiss francs.

Sales

Group sales were CHF 60.5 billion, an increase of 7% at CER (3% increase in CHF terms). **Pharmaceuticals sales** increased by 8% (CER) driven by the growing demand for newer medicines, which more than offset the negative impact from biosimilar and generic competition. **Diagnostics sales** increased by 4% (CER), while sales excluding COVID-19-related products grew by 8% driven by higher demand for immunodiagnostic products.

Operating results

Core operating profit increased by 14% (CER) to CHF 20.8 billion (8% increase in CHF terms). **Research and development** expenditure grew by 1% (CER) to CHF 13.0 billion on a core basis, with continued investment being partially offset by portfolio prioritisation and restructuring to improve productivity. **IFRS operating profit** was 6% lower (CER) and included non-core expenses, notably CHF 3.2 billion of goodwill impairment in 2024 for Flatiron Health and Spark Therapeutics.

Non-operating results

Financing costs (core) increased by 46% at CER to CHF 1.4 billion due to the issuance of new debt. **Income tax expenses** (core) increased by 56% at CER to CHF 3.2 billion due to the base effect of the resolution of tax disputes in 2023. The effective core tax rate for 2024 increased to 16.7%.

Net income

IFRS net income was CHF 9.2 billion, a decrease of 19% at CER (decrease of 26% in CHF terms), due to the goodwill impairment in 2024. **Core earnings per share** increased by 7% at CER to CHF 18.80 (increase of 1% in CHF terms). The Core EPS growth included a negative impact of approximately 5 percentage points from the base effect of the resolution of tax disputes in 2023.

Cash flows

Operating free cash flow was CHF 20.1 billion, an increase of 34% at CER (increase of 28% in CHF terms). **Free cash flow** increased by 43% at CER (increase of 36% in CHF terms) to CHF 15.3 billion. This growth reflected the underlying cash generation of the business.

Financial position

Net working capital decreased by 25% at CER (decrease of 26% in CHF terms) driven by increase in payables and accruals. **Net debt** decreased by CHF 1.4 billion to CHF 17.3 billion due primarily to the free cash flow, partly offset by the dividend payments and the payments for the Carmot acquisition. **Credit ratings** remained high: AA by Standard & Poor's, Aa2 by Moody's and AA by Fitch.

Shareholder return

A proposal will be made to **increase dividends** by 1% to CHF 9.70 per share and non-voting equity security. This would represent the 38th consecutive year of dividend growth and would result in a pay-out ratio of 51.6%, subject to AGM approval. **Total Shareholder Return** (TSR) was plus 8.6% representing the combined performance of share and non-voting equity security.

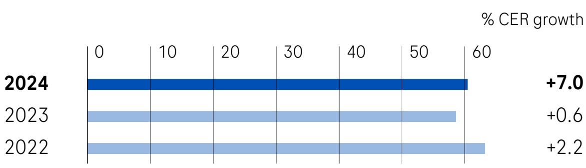
Roche Group

Roche Holding Ltd, Basel

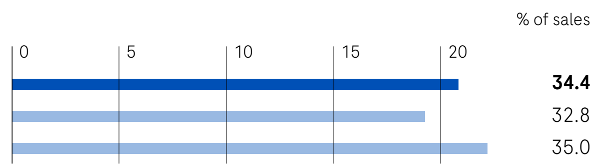
Financial Review

Roche Group results

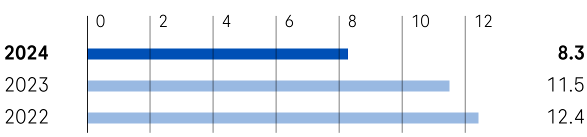
Sales in billions of CHF



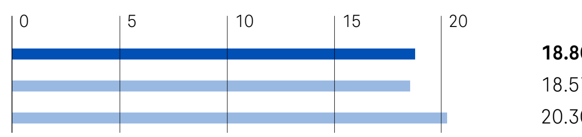
Core operating profit in billions of CHF



Net income attributable to Roche shareholders in billions of CHF



Core EPS in CHF



In 2024 the Roche Group reported sales growth of 7% and a core operating profit growth of 14% at CER. IFRS net income decreased by 19% while Core EPS increased by 7% at CER. The appreciation of the Swiss franc against many currencies relative to 2023 had an adverse net impact on the results expressed in Swiss francs of 4 percentage points on sales, 6 percentage points on core operating profit and Core EPS, and 7 percentage points on IFRS net income.

Sales in the Pharmaceuticals Division were CHF 46.2 billion (2023: CHF 44.3 billion), an increase of 8% at CER, driven primarily by increased sales of Vabysmo, with growing demand also for Phesgo, Ocrevus and Hemlibra. These four medicines in total contributed an additional CHF 3.3 billion (CER) of sales. Sales of Avastin, Herceptin, MabThera/Rituxan, Esbriet, Lucentis and Actemra/RoActemra decreased by a combined CHF 1.0 billion (CER), as the impact of biosimilar and generic competition continued. Sales of the COVID-19 medicine Ronapreve were minimal compared to sales in Japan of CHF 0.5 billion in 2023.

The Diagnostics Division reported sales of CHF 14.3 billion (2023: CHF 14.5 billion), an increase of 4% at CER. This growth was impacted by the continued expected sales decline of the division's portfolio of COVID-19 tests, which generated sales of CHF 0.2 billion in 2024, a fall of 73% at CER. Excluding COVID-19-related products, sales grew by 8% at CER across all regions, primarily due to increased demand for immunodiagnostic products.

Divisional operating results for 2024

	Pharmaceuticals (CHF m)	Diagnostics (CHF m)	Corporate (CHF m)	Group (CHF m)
Sales	46,171	14,324	–	60,495
Core operating profit	22,014	2,402	(3,593)	20,823
– Margin, % of sales	47.7	16.8	–	34.4
Operating profit	15,587	1,946	(4,116)	13,417
– Margin, % of sales	33.8	13.6	–	22.2
Operating free cash flow	22,288	1,734	(3,901)	20,121
– Margin, % of sales	48.3	12.1	–	33.3

Divisional operating results – Development of results compared to 2023

	Pharmaceuticals	Diagnostics	Corporate	Group
Sales				
– % change at CER	+8	+4	–	+7
Core operating profit				
– % change at CER	+13	+12	+6	+14
– Margin: percentage point change	+2.1	+1.3	–	+2.1
Operating profit				
– % change at CER	–8	+62	+6	–6
– Margin: percentage point change	–6.3	+5.2	–	–3.2
Operating free cash flow				
– % change at CER	+28	+48	+8	+34
– Margin: percentage point change	+7.4	+3.9	–	+6.8

Effective 1 January 2024, the operational responsibility for the Foundation Medicine business was moved to the Diagnostics Division from the Pharmaceuticals Division. Accordingly from 1 January 2024 the results of the Foundation Medicine business are reported as part of the Diagnostics Division, and the comparative 2023 results have been restated in the financial statements in 2024. Details are given on page 45.

The Pharmaceuticals Division's core operating profit increased by 13% at CER (increase of 9% in CHF). Cost of sales increased by 8%, in line with the sales increase. The higher manufacturing costs reflected the increase in sales volumes and included a base effect resulting from the release of unutilised provisions in 2023, while costs of collaboration and profit-sharing agreements decreased. Research and development costs increased by 1%, with oncology as the major area of spending. There was an increase in spending in relation to the recent acquisitions and collaborations, which was offset by savings from portfolio prioritisation initiatives. Selling, general and administration costs increased by 5% due to marketing and distribution costs for ongoing launches, notably for Vabysmo, along with higher distribution costs in the US as a result of increased sales. Other operating income (expense) included CHF 0.4 billion of gains from disposals of products, which were lower by CHF 0.2 billion compared to 2023.

In the Diagnostics Division, core operating profit increased by 12% at CER (decrease of 1% in CHF) to CHF 2.4 billion. This was significantly higher than the 4% increase in sales, due to favourable product mix effects notably from the lower sales volumes of SARS-CoV-2 Rapid Antigen tests. Research and development costs increased by 2% with continued focus on high medical value assays, notably in the oncology disease area, as well as on digital solutions and sequencing. Selling, general and administration costs increased by 3% driven by higher personnel expenses and distribution costs.

The Group's core operating profit was 14% higher at CER (increase of 8% in CHF), reflecting the increased sales in both divisions coupled with the improved cost of sales margin in the Diagnostics Division and controlled spending on research and development and on selling, general and administration.

The core basis excludes non-core items such as global restructuring costs, amortisation and impairment of goodwill and intangible assets, legal and environmental cases, and mergers and acquisitions, and alliance transactions. The IFRS operating profit decreased by 8% (CER) in the Pharmaceuticals Division, due to the impairment of goodwill for Flatiron Health and Spark Therapeutics. In the Diagnostics Division, IFRS operating profit increased by 62% (CER), driven by lower charges for restructuring costs and the 12% growth in core operating profit. The 2024 results for the Group included CHF 3.2 billion for goodwill impairment, CHF 1.9 billion of charges for restructuring costs, CHF 1.4 billion for intangible asset impairment, and CHF 0.7 billion for intangible asset amortisation. Group IFRS operating profit decreased by 6% at CER (decrease of 13% in CHF).

Financing costs increased by 45% (IFRS basis at CER) to CHF 1.4 billion mainly due to additional interest expenses from new debt. Other financial income (expense) was a net expense of CHF 0.2 billion, with the major items being net foreign exchange losses. The Group's effective core tax rate increased to 16.7% from 11.9% in 2023, driven by the base effect of the resolution of tax disputes in 2023. There was also an increase in 2024 due to the impact of Pillar Two income taxes, which increased the Group's effective core tax rate in 2024 by 1 percentage point.

Net income decreased by 19% at CER (decrease of 26% in CHF) on an IFRS basis to CHF 9.2 billion, which included the impact of the goodwill impairment of CHF 3.2 billion for Flatiron Health and Spark Therapeutics, while it increased by 7% at CER (increase of 1% in CHF) on a core basis to CHF 16.0 billion. Core EPS increased by 7% at CER (increase of 1% in CHF) to CHF 18.80. The Core EPS growth included a negative impact of approximately 5 percentage points from the base effect of the resolution of tax disputes in 2023.

Operating free cash flow was CHF 20.1 billion, an increase of 34% at CER (increase of 28% in CHF) which was due to the underlying cash generation of the business. The free cash flow was CHF 15.3 billion, an increase of 43% at CER (increase of 36% in CHF), with the increased operating free cash flow being the main driver.

Income statement

	2024 (CHF m)	2023 (CHF m)	% change (CHF)	% change (CER)
IFRS results				
Sales	60,495	58,716	+3	+7
Other revenue	1,900	1,725	+10	+12
Revenue	**62,395**	**60,441**	**+3**	**+7**
Cost of sales	(16,283)	(16,357)	0	+3
Research and development	(15,304)	(14,200)	+8	+10
Selling, general and administration	(14,896)	(14,881)	0	+3
Other operating income (expense)	(2,495)	392	–	–
Operating profit	**13,417**	**15,395**	**-13**	**-6**
Financing costs	(1,412)	(996)	+42	+45
Other financial income (expense)	(212)	(320)	-34	-18
Profit before taxes	**11,793**	**14,079**	**-16**	**-9**
Income taxes	(2,606)	(1,721)	+51	+58
Net income	**9,187**	**12,358**	**-26**	**-19**
Attributable to				
– Roche shareholders	8,277	11,498	-28	-21
– Non-controlling interests	910	860	+6	+8
EPS – Basic (CHF)	10.39	14.40	-28	-20
EPS – Diluted (CHF)	10.31	14.31	-28	-20
Core results [a]				
Sales	60,495	58,716	+3	+7
Other revenue	1,900	1,725	+10	+12
Revenue	**62,395**	**60,441**	**+3**	**+7**
Cost of sales	(15,398)	(15,251)	+1	+5
Research and development	(13,042)	(13,237)	-1	+1
Selling, general and administration	(13,758)	(13,518)	+2	+5
Other operating income (expense)	626	805	-22	-21
Operating profit	**20,823**	**19,240**	**+8**	**+14**
Financing costs	(1,398)	(980)	+43	+46
Other financial income (expense)	(212)	(320)	-34	-18
Profit before taxes	**19,213**	**17,940**	**+7**	**+13**
Income taxes	(3,202)	(2,136)	+50	+56
Net income	**16,011**	**15,804**	**+1**	**+7**
Attributable to				
– Roche shareholders	15,081	14,927	+1	+7
– Non-controlling interests	930	877	+6	+9
Core EPS – Basic (CHF)	18.93	18.69	+1	+7
Core EPS – Diluted (CHF)	18.80	18.57	+1	+7

a) See pages 170–173 for the definition of core results and Core EPS.

Competition from biosimilar and generic medicines

The Group's pharmaceutical products are generally protected by patent rights, which are intended to provide the Group with exclusive marketing rights in various countries. However, patent rights are of varying scope and duration, and the Group may be required to enter into costly litigation to enforce its patent and other intellectual property rights. Loss of market exclusivity for one or more major products – either due to patent expiration, challenges from generic medicines, biosimilars and non-comparable biologics or other reasons – could have a material adverse effect on the Group's business, results of operations or financial condition. The introduction of a generic, biosimilar or non-comparable biologic version of the same or a similar medicine usually results in a significant reduction in net sales for the relevant product, as other manufacturers typically offer their versions at lower prices.

Patents and their expiry are, and always have been, an integral part of the Group's business model and future growth will remain driven by innovation. The latest information from clinical studies is included in the Annual Report and details of the Group's product development portfolio are available for download at https://www.roche.com/solutions/pipeline.

Avastin, Herceptin and MabThera/Rituxan. The Group's basic, primary patents for these three products have expired worldwide. Sales, including regional breakdowns, for Avastin, Herceptin and MabThera/Rituxan are disclosed in the Pharmaceuticals Division's operating results and are summarised in the table below. The year-on-year movements were also driven by regular price and volume changes. Biosimilar competition is only one factor in the overall picture.

Total Avastin, Herceptin and MabThera/Rituxan sales

	2024 (CHF m)	2023 (CHF m)	% change (CER)	% divisional sales (2024)	% divisional sales (2023)
United States	1,490	1,802	–16	3.2	4.1
Europe	538	631	–13	1.2	1.4
Japan	228	372	–33	0.5	0.8
International	1,737	2,024	–8	3.7	4.6
Total sales	**3,993**	**4,829**	**–14**	**8.6**	**10.9**

The first biosimilar versions of Herceptin and Avastin were launched in the US from mid-2019 and the first biosimilar versions of MabThera/Rituxan in late 2019. In Europe the first biosimilar versions of MabThera/Rituxan and Herceptin were launched from mid-2017 and from mid-2018, respectively, and are now marketed in most EU countries. The first biosimilar versions of Avastin came to market in Europe from mid-2020. The first biosimilar versions of MabThera/Rituxan and Herceptin were launched in Japan in 2018 and the first biosimilar versions of Avastin in late 2019. Sales of these three products in Japan were impacted by government price cuts as well as biosimilar competition. In the International region, biosimilar versions of all three products have been launched in many countries and this, together with the impacts of regular price and volume changes, has led to the decline in sales.

Esbriet. The first generic versions of Esbriet came to market in the second quarter of 2022. Sales of Esbriet were CHF 94 million (2023: CHF 202 million), a decline of 52% at CER.

Lucentis. The Group's basic, primary patents have expired in the US. The first biosimilar version of Lucentis with a restricted label came to market in the US in the third quarter of 2022. US sales of Lucentis were CHF 144 million (2023: CHF 460 million), a decline of 68% at CER due to the ongoing switch of patients from Lucentis to Vabysmo, as well as competitive pressure.

Actemra/RoActemra. The Group's basic, primary patents have expired in the US and the EU. The first biosimilar versions of Actemra/RoActemra came to market in the EU in the fourth quarter of 2023 and in the US in the second quarter of 2024. Global sales of Actemra/RoActemra were CHF 2,645 million (2023: CHF 2,630 million), an increase of 5% at CER. Sales increased due to increased demand from patients with rheumatoid arthritis.

Xolair. The Group's basic, primary patents have expired and the formulation patent will expire in the US in late 2025. Based on publicly available information, the Group currently anticipates that the first biosimilar versions could come to market in the US in 2026. Sales of Xolair in the US in 2024 were CHF 2,470 million.

Perjeta. The Group's basic, primary patents in the US and the EU will expire in 2025. Based on publicly available information, the Group currently anticipates that the first biosimilar versions could come to market in the US and Europe in 2026. Global sales of Perjeta in 2024 were CHF 3,616 million.

Mergers and acquisitions

Carmot. On 26 January 2024 the Group completed the acquisition of Carmot Therapeutics, Inc. ('Carmot'). With the acquisition, the Group obtained access to three clinical-stage product candidates to treat obesity and diabetes, as well as a number of preclinical programmes. The purchase consideration was USD 2.9 billion in cash and up to USD 0.4 billion from a contingent consideration arrangement.

LumiraDx. On 26 July 2024 the Group completed the acquisition of selected subsidiaries of LumiraDx Limited ('LumiraDx'). With the acquisition, the Group obtained access to LumiraDx's point-of-care technology which combines multiple diagnostic modalities on a single platform. The purchase consideration was USD 0.4 billion in cash.

AntlerA. On 26 July 2024 the Group completed the acquisition of AntlerA Therapeutics, Inc. ('AntlerA'). With the acquisition, the Group gained access to a preclinical Wnt agonist antibody (ANT-638) in ophthalmology. The initial cash consideration was USD 0.2 billion and additional contingent payments may be made based upon the achievement of performance-related milestones.

Divestment of Vacaville site. On 20 March 2024, the Group announced a definitive agreement with Lonza Group AG ('Lonza'), under which Lonza would acquire this facility for USD 1.2 billion in conjunction with a manufacturing agreement and related quality services and warehousing. On 1 October 2024 the divestment transaction was completed, with a gain of CHF 0.2 billion and a cash inflow of CHF 1.0 billion, net of disposal costs.

Future business combinations. On 8 January 2025 the Group acquired a 100% controlling interest in Poseida Therapeutics, Inc. ('Poseida') for a total transaction value of approximately USD 1.0 billion, which was paid in cash at closing in January 2025, and up to USD 1.5 billion in total including milestone payments. With this acquisition, the Group obtained access to Poseida's research and development portfolio, which includes various preclinical and clinical-stage CAR-T therapies across several therapeutic areas, as well as manufacturing capabilities and technology platforms.

Further details are given in Note 6 to the Annual Financial Statements.

Alliance transactions

In 2024 in-licensing and alliance transactions as well as intangible asset purchase agreements resulted in intangible assets of CHF 1.4 billion being recognised (2023: CHF 1.0 billion). Transactions in 2024 included the purchase from Regor Pharmaceuticals ('Regor') of their research and development portfolio of next-generation CDK inhibitors for the treatment of breast cancer. The initial payment resulted in the recognition of CHF 0.7 billion of intangible assets.

Global restructuring plans

During 2024 the Group launched different productivity initiatives to reinvest in strategic areas and continued the implementation of various global restructuring plans initiated in prior years.

Global restructuring plans: costs incurred in millions of CHF

	2024	2023
Global restructuring costs		
– Employee-related costs	492	577
– Site closure and other costs related to physical assets	827	925
– Divestment of products and businesses	(240)	0
– Other reorganisation expenses	812	536
Total global restructuring costs	**1,891**	**2,038**

The Pharmaceuticals Division incurred restructuring costs of CHF 1,161 million, primarily for research and development optimisation initiatives, manufacturing network strategy and a business process transformation to simplify the systems landscape. The manufacturing network initiatives include a gain of CHF 240 million on divestment of the Vacaville biologics manufacturing site in the US. Plans at Flatiron Health and Spark Therapeutics incurred total costs of CHF 677 million, which include CHF 502 million for impairments of property, plant and equipment and right-of-use assets and commercial software intangible assets resulting from the impairment of goodwill at these two businesses.

The Diagnostics Division incurred costs of CHF 210 million for manufacturing and supply chain optimisations, research and development productivity initiatives and business transformations to drive organisational and commercial effectiveness. This was partly offset by reversals of unused restructuring provisions following the completion of certain optimisation plans within the division.

Corporate costs were CHF 520 million and included a business process transformation to simplify the systems landscape as well as to reduce process complexity. This transformation is a multi-year cross-divisional programme to drive efficiency gains through system and process optimisation.

Further details are given in Note 7 to the Annual Financial Statements.

Impairment of goodwill and intangible assets

Pharmaceuticals Division. The Pharmaceuticals Division recorded impairment charges to goodwill of CHF 3.2 billion and to intangible assets of CHF 1.4 billion.

The impairment charges to goodwill consisted of CHF 1.1 billion for the full write-off of the goodwill from the Flatiron Health acquisition and CHF 2.1 billion for the full write-off of the goodwill from the Spark Therapeutics acquisition. These impairments were triggered by strategic reassessments carried out in the second half of 2024, as described in more detail in Note 9 to the Annual Financial Statements. Other assets at these businesses were separately assessed and consequently impairments have been recorded to property, plant and equipment and to right-of-use assets for CHF 0.5 billion, which have been recorded as part of the respective global restructuring plans at these businesses, and also an impairment to intangible assets of CHF 0.1 billion.

The impairment charges to intangible assets included CHF 1.0 billion related to the impairment of several product and technology intangible assets in research or development phase following decisions to stop the development or terminate the collaborations and CHF 0.3 billion for the partial impairment of the product intangible asset for Rozlytrek, acquired as part of the Ignyta acquisition.

Diagnostics Division. There were no significant impairments of goodwill or intangible assets.

In 2023 there were impairment charges to intangible assets of CHF 0.6 billion and impairment charges to goodwill of CHF 0.6 billion in the Pharmaceuticals Division. There were no significant impairments in the Diagnostics Division.

Further details are given in Notes 9 and 10 to the Annual Financial Statements.

Legal and environmental cases

There were no significant developments in 2024. Further details are given in Note 20 to the Annual Financial Statements.

Net income and earnings per share

IFRS net income, which included the goodwill impairment of CHF 3.2 billion for Flatiron Health and Spark Therapeutics, decreased by 19% at CER (decrease of 26% in CHF) while net income on a core basis increased by 7% at CER. Core EPS increased by 7% at CER to CHF 18.80. The Core EPS growth included a negative impact of approximately 5 percentage points from the base effect of the resolution of tax disputes in 2023. The core basis excludes non-core items such as global restructuring costs, amortisation and impairment of goodwill and intangible assets, legal and environmental cases, and mergers and acquisitions, and alliance transactions. The amount of net income attributable to non-controlling interests increased by 8% on an IFRS basis and by 9% on a core basis driven by the operating results. The net income attributable to non-controlling interests was not impacted by the goodwill impairment and the resolution of tax disputes.

Net income

	2024 (CHF m)	2023 (CHF m)	% change (CHF)	% change (CER)
IFRS net income	**9,187**	**12,358**	**–26**	**–19**
Reconciling items (net of tax)				
– Global restructuring plans	1,502	1,635	–8	–7
– Intangible asset amortisation	724	667	+9	+10
– Goodwill and intangible asset impairment	4,405	1,128	+291	+291
– Mergers and acquisitions and alliance transactions	67	21	+219	+218
– Legal and environmental cases	67	(73)	–	–
– Normalisation of equity compensation plan tax benefit	59	68	–13	–12
Core net income	**16,011**	**15,804**	**+1**	**+7**

Supplementary net income and EPS information is given on pages 170 to 173. This includes calculations of Core EPS and reconciles the core results to the Group's published IFRS results.

Financial position

Financial position

	2024 (CHF m)	2023 (CHF m)	% change (CHF)	% change (CER)
Pharmaceuticals				
Net working capital	2,230	3,440	–35	–33
Other net operating assets	32,217	32,787	–2	–6
Diagnostics				
Net working capital	3,023	3,254	–7	–7
Other net operating assets	14,506	12,963	+12	+8
Corporate				
Net working capital	(653)	(487)	+34	+32
Other net operating assets	192	158	+22	+18
Net operating assets	**51,515**	**52,115**	**–1**	**–4**
Net debt	(17,337)	(18,699)	–7	–16
Lease liabilities	(1,700)	(1,573)	+8	+4
Pensions	(2,125)	(3,360)	–37	–37
Income taxes	5,229	4,376	+19	+13
Other net non-operating assets	579	404	+43	+42
Total net assets	**36,161**	**33,263**	**+9**	**+8**

Effective 1 January 2024, the operational responsibility for the Foundation Medicine business was moved to the Diagnostics Division from the Pharmaceuticals Division. Accordingly from 1 January 2024 the results of the Foundation Medicine business are reported as part of the Diagnostics Division, and the comparative 2023 results have been restated in the financial statements in 2024. Details are given on page 45.

Compared to the start of the year the Swiss franc depreciated against the US dollar, which had a significant effect on the carrying value of the Group's net operating assets as reported in Swiss francs. This positive translation effect was partially offset by the appreciation of the Swiss franc against the Japanese yen and by the natural hedge from the Group's US dollar-denominated debt. The exchange rates used are given on page 32.

Net working capital in the Pharmaceuticals Division decreased by 33% at CER, driven by higher accruals for rebates and chargebacks and higher employee-related accruals. There was a 3% increase in trade receivables driven primarily by the relatively high sales towards the end of 2024. This was partially offset by a decrease in inventories of 9% as a result of lower inventories of products exposed to biosimilar erosion as well the inventory disposed of as part of the divested Vacaville site. In the Diagnostics Division, net working capital decreased by 7% at CER. Trade receivables decreased by 5% due to tender revenues from late 2023 that were collected in 2024. There were also higher payables and accruals, including higher employee-related accruals. These factors were partly offset by higher inventories, which increased by 6% driven by a stock-up of the latest generation of serum work area systems.

The decrease in net debt was due to the free cash flow of CHF 15.3 billion, partly offset by dividend payments of CHF 8.0 billion and the payments of CHF 2.5 billion for the acquisition of Carmot. The net pension liability was lower as a result of increased fair value of plan assets and changes in discount rates. The net tax assets increased mainly due to the deferred tax impacts from the global restructuring plans and intangible asset impairments.

Free cash flow

Free cash flow

	2024 (CHF m)	2023 (CHF m)	% change (CHF)	% change (CER)
Pharmaceuticals	22,288	18,055	+23	+28
Diagnostics	1,734	1,350	+28	+48
Corporate	(3,901)	(3,637)	+7	+8
Operating free cash flow	**20,121**	**15,768**	**+28**	**+34**
Treasury activities	(1,058)	(860)	+23	+27
Taxes paid	(3,727)	(3,620)	+3	+6
Free cash flow	**15,336**	**11,288**	**+36**	**+43**

See pages 173–175 for the definition of free cash flow and a detailed breakdown.

Effective 1 January 2024, the operational responsibility for the Foundation Medicine business was moved to the Diagnostics Division from the Pharmaceuticals Division. Accordingly from 1 January 2024 the results of the Foundation Medicine business are reported as part of the Diagnostics Division, and the comparative 2023 results have been restated in the financial statements in 2024. Details are given on page 45.

Operating free cash flow was CHF 20.1 billion, an increase of 34% at CER (increase of 28% in CHF), which was due to the underlying results in both divisions. Included in the 2024 operating free cash flow was CHF 1.0 billion of cash received from the divestment of the Vacaville site, net of disposal costs. Net working capital decreased, compared to increases in previous years. Investments in intangible assets were higher due to the assets purchased from Regor. The free cash flow of CHF 15.3 billion, an increase of 43% at CER (increase of 36% in CHF), was a result of the higher operating free cash flow, partly offset by higher interest and tax payments.

Pharmaceuticals Division operating results

Pharmaceuticals Division operating results

	2024 (CHF m)	2023 (CHF m)	% change (CHF)	% change (CER)
IFRS results				
Sales	46,171	44,265	+4	+8
Other revenue	1,871	1,648	+14	+16
Revenue	**48,042**	**45,913**	**+5**	**+8**
Cost of sales	(9,150)	(8,933)	+2	+7
Research and development	(13,299)	(12,115)	+10	+13
Selling, general and administration	(7,533)	(7,190)	+5	+8
Other operating income (expense)	(2,473)	236	–	–
Operating profit	**15,587**	**17,911**	**–13**	**–8**
– Margin, % of sales	33.8	40.5	–6.7	–6.3
Core results[a]				
Sales	46,171	44,265	+4	+8
Other revenue	1,871	1,648	+14	+16
Revenue	**48,042**	**45,913**	**+5**	**+8**
Cost of sales	(8,457)	(8,194)	+3	+8
Research and development	(11,096)	(11,286)	–2	+1
Selling, general and administration	(7,036)	(6,952)	+1	+5
Other operating income (expense)	561	759	–26	–25
Core operating profit	**22,014**	**20,240**	**+9**	**+13**
– Margin, % of sales	47.7	45.7	+2.0	+2.1
Financial position				
Net working capital	2,230	3,440	–35	–33
Other net operating assets	32,217	32,787	–2	–6
Net operating assets	**34,447**	**36,227**	**–5**	**–8**
Free cash flow[b]				
Operating free cash flow	22,288	18,055	+23	+28
– Margin, % of sales	48.3	40.8	+7.5	+7.4

a) See pages 170–173 for the definition of core results.
b) See pages 173–175 for the definition of free cash flow.

Effective 1 January 2024, the operational responsibility for the Foundation Medicine business was moved to the Diagnostics Division from the Pharmaceuticals Division. Accordingly from 1 January 2024 the results of the Foundation Medicine business are reported as part of the Diagnostics Division, and the comparative 2023 results have been restated in the financial statements in 2024, including in the detailed results of both divisions. Details are given on page 45.

Sales overview

Pharmaceuticals Division – Sales by therapeutic area

	2024 (CHF m)	2023 (CHF m)	% change (CER)	% of sales (2024)	% of sales (2023)
Oncology/Haematology	23,744	23,234	+7	51.4	52.4
– *of which Oncology*	*15,835*	*16,092*	*+3*	*34.3*	*36.3*
– *of which Haematology*	*7,909*	*7,142*	*+15*	*17.1*	*16.1*
Neurology	9,267	8,445	+13	20.1	19.1
Immunology	6,329	6,242	+5	13.7	14.1
Ophthalmology	4,030	2,865	+44	8.7	6.5
Other therapeutic areas	2,801	3,479	−16	6.1	7.9
Total sales	**46,171**	**44,265**	**+8**	**100**	**100**

Sales in the Pharmaceuticals Division were CHF 46.2 billion (2023: CHF 44.3 billion), an increase of 8% at CER. Vabysmo was the major growth driver, with increased sales of CHF 1.6 billion (CER), of which CHF 1.1 billion (CER) in the US alone. There was also growing demand for Phesgo, Ocrevus and Hemlibra, and these products, together with Vabysmo, contributed an additional CHF 3.3 billion (CER) of sales. This growth was partly offset by lower combined sales of Avastin, Herceptin, MabThera/Rituxan, Esbriet, Lucentis and Actemra/RoActemra which decreased by a total of CHF 1.0 billion (CER), as the impact of biosimilar and generic competition continued.

Sales in the oncology/haematology therapeutic area increased by 7%, with the growth being driven by Phesgo, Hemlibra and Polivy, partially offset by the biosimilar competition for Avastin, Herceptin and MabThera/Rituxan. In oncology, Tecentriq sales were flat at CHF 3.6 billion, with the growth in the International region and in Europe being offset by a decrease in the US due to continued pressure from competition. Sales of Perjeta were CHF 3.6 billion, an increase of 1% due to higher sales in the International region, while in the US the lower sales resulting from the conversion to Phesgo were more than offset by the base effect of an adjustment made in 2023 related to the reserves for US governmental plans. Sales of Phesgo were CHF 1.7 billion, showing a growth of 62%. In haematology, Hemlibra sales increased by 12% to CHF 4.5 billion due in part to inventory stocking from US distributors in the fourth quarter of 2024, as well as growth from expanded access to the non-inhibitor indication. Polivy sales increased by 39% to CHF 1.1 billion, notably in the US.

Sales in neurology grew by 13% mainly due to Ocrevus, Evrysdi and Elevidys. Ocrevus continued as the Pharmaceuticals Division's highest-selling medicine with sales of CHF 6.7 billion, an increase of 9%, which included 5% growth in the US. Evrysdi sales grew in all regions and Elevidys reported a high initial uptake where launched.

In the immunology therapeutic area, Actemra/RoActemra sales increased by 5%, resulting from increased demand from patients with rheumatoid arthritis. Xolair sales in the US were 16% higher driven by growth in the chronic spontaneous urticaria indication and the launch of the medicine in the food allergy indication.

Sales in ophthalmology significantly increased reflecting the growth in Vabysmo sales, partially offset by the decrease in Lucentis sales. Sales of Vabysmo were CHF 3.9 billion with growing demand across all regions, especially in the US. For other therapeutic areas, Ronapreve sales were minimal compared to 2023.

Product sales

Pharmaceuticals Division – Sales

	2024 (CHF m)	2023 (CHF m)	% change (CER)	% of sales (2024)	% of sales (2023)
Oncology/Haematology					
Tecentriq	3,640	3,766	0	7.9	8.5
Perjeta	3,616	3,768	+1	7.8	8.5
Kadcyla	1,998	1,966	+7	4.3	4.4
Phesgo	1,740	1,120	+62	3.8	2.5
Alecensa	1,548	1,502	+7	3.4	3.4
Herceptin	1,381	1,626	–11	3.0	3.7
Avastin	1,233	1,573	–17	2.7	3.6
Erivedge	260	245	+12	0.6	0.6
Others	419	526	–17	0.8	1.1
Total Oncology	***15,835***	***16,092***	***+3***	***34.3***	***36.3***
Hemlibra	4,503	4,147	+12	9.8	9.4
Polivy	1,121	837	+39	2.4	1.9
MabThera/Rituxan[a)]	1,116	1,261	–8	2.4	2.8
Gazyva/Gazyvaro	910	811	+16	2.0	1.8
Columvi	172	28	Over +500	0.4	0.1
Others	87	58	+55	0.1	0.1
Total Haematology	***7,909***	***7,142***	***+15***	***17.1***	***16.1***
Total Oncology/Haematology	**23,744**	**23,234**	**+7**	**51.4**	**52.4**
Neurology					
Ocrevus	6,744	6,381	+9	14.6	14.4
Evrysdi	1,631	1,419	+18	3.5	3.2
Madopar	368	355	+8	0.8	0.8
Enspryng	311	256	+30	0.7	0.6
Elevidys	189	0	–	0.4	0.0
Others	24	34	–19	0.1	0.1
Total Neurology	**9,267**	**8,445**	**+13**	**20.1**	**19.1**
Immunology					
Actemra/RoActemra	2,645	2,630	+5	5.7	5.9
Xolair	2,470	2,176	+16	5.3	4.9
Pulmozyme	455	452	+4	1.0	1.0
CellCept	399	393	+7	0.9	0.9
MabThera/Rituxan[a)]	263	369	–27	0.6	0.8
Others	97	222	–55	0.2	0.6
Total Immunology	**6,329**	**6,242**	**+5**	**13.7**	**14.1**
Ophthalmology					
Vabysmo	3,864	2,357	+68	8.4	5.3
Lucentis	144	460	–68	0.3	1.0
Others	22	48	–52	0.0	0.2
Total Ophthalmology	**4,030**	**2,865**	**+44**	**8.7**	**6.5**

a) Total MabThera/Rituxan sales of CHF 1,379 million (2023: CHF 1,630 million) split between oncology/haematology and immunology therapeutic areas.

Pharmaceuticals Division – Sales *(continued)*

	2024 (CHF m)	2023 (CHF m)	% change (CER)	% of sales (2024)	% of sales (2023)
Other therapeutic areas					
Activase/TNKase	1,202	1,173	+5	2.6	2.6
Mircera	397	426	−3	0.9	1.0
Ronapreve	3	525	−99	0.0	1.2
Others	1,199	1,355	−6	2.6	3.1
Total other therapeutic areas	**2,801**	**3,479**	**−16**	**6.1**	**7.9**
Total sales	**46,171**	**44,265**	**+8**	**100**	**100**

Ocrevus. For relapsing forms of multiple sclerosis (RMS) and primary progressive multiple sclerosis (PPMS).

Ocrevus regional sales

	2024 (CHF m)	2023 (CHF m)	% change (CER)	% of sales (2024)	% of sales (2023)
United States	4,819	4,684	+5	71.5	73.4
Europe	1,306	1,166	+14	19.4	18.3
International	619	531	+29	9.1	8.3
Total sales	**6,744**	**6,381**	**+9**	**100**	**100**

Ocrevus sales grew across all regions driven by continuous and increasing demand in both indications. In the US, Ocrevus remained the market leader despite increased competition, driven by growth from the treatment of both new and existing patients. Ocrevus demonstrated a higher retention rate than other multiple sclerosis medications in the US, a trend observed in other regions as well. Sales also increased outside of the US, notably in the UK, Germany, Canada and Brazil.

Hemlibra. For haemophilia A.

Hemlibra regional sales

	2024 (CHF m)	2023 (CHF m)	% change (CER)	% of sales (2024)	% of sales (2023)
United States	2,654	2,493	+9	58.9	60.1
Europe	926	845	+11	20.6	20.4
Japan	367	373	+8	8.2	9.0
International	556	436	+41	12.3	10.5
Total sales	**4,503**	**4,147**	**+12**	**100**	**100**

Hemlibra sales grew as the medicine is being increasingly established as the standard of care in the treatment of haemophilia A. The US remains the largest market for Hemlibra and sales there grew by 9% resulting in part from inventory stocking from US distributors in the fourth quarter of 2024. The growth in Europe and the International region resulted from expanded access in the non-inhibitor indication notably in France, the UK, Saudi Arabia and Brazil. The sales growth in Japan was driven by steady market penetration.

HER2 franchise (Perjeta, Kadcyla, Herceptin and Phesgo). For HER2-positive breast cancer and HER2-positive metastatic (advanced) gastric cancer (Herceptin only).

Perjeta regional sales

	2024 (CHF m)	2023 (CHF m)	% change (CER)	% of sales (2024)	% of sales (2023)
United States	1,345	1,336	+3	37.2	35.5
Europe	646	776	–15	17.9	20.6
Japan	116	215	–40	3.2	5.7
International	1,509	1,441	+15	41.7	38.2
Total sales	**3,616**	**3,768**	**+1**	**100**	**100**

Kadcyla regional sales

	2024 (CHF m)	2023 (CHF m)	% change (CER)	% of sales (2024)	% of sales (2023)
United States	765	757	+3	38.3	38.5
Europe	564	577	–1	28.2	29.3
Japan	98	102	+5	4.9	5.2
International	571	530	+23	28.6	27.0
Total sales	**1,998**	**1,966**	**+7**	**100**	**100**

Herceptin regional sales

	2024 (CHF m)	2023 (CHF m)	% change (CER)	% of sales (2024)	% of sales (2023)
United States	265	331	–18	19.2	20.4
Europe	303	353	–13	21.9	21.7
Japan	14	30	–50	1.0	1.8
International	799	912	–6	57.9	56.1
Total sales	**1,381**	**1,626**	**–11**	**100**	**100**

Phesgo regional sales

	2024 (CHF m)	2023 (CHF m)	% change (CER)	% of sales (2024)	% of sales (2023)
United States	570	423	+38	32.8	37.8
Europe	738	534	+40	42.4	47.7
Japan	136	4	Over +500	7.8	0.4
International	296	159	+111	17.0	14.1
Total sales	**1,740**	**1,120**	**+62**	**100**	**100**

Sales in the HER2 franchise increased by 8% to CHF 8.7 billion. Sales of Perjeta were 1% higher driven by the International region in countries where Phesgo is either not yet launched or not yet reimbursed, such as China and Brazil. There was also an increase in US sales due to the base effect of adjustments made in 2023 related to the reserves for US governmental plans, although this was partially offset by a decline from the ongoing conversion of patients to Phesgo. Sales of Kadcyla increased by 7%, with the main growth driver being the International region, notably China. Phesgo sales increased by 62% with growth across all regions due to the ongoing conversion of patients to Phesgo as the preferred treatment over Perjeta and Herceptin. Herceptin sales were 11% lower primarily as a result of biosimilar erosion.

Vabysmo. For neovascular or 'wet' age-related macular degeneration (nAMD), diabetic macular oedema (DME) and macular oedema following retinal vein occlusion (RVO).

Vabysmo regional sales

	2024 (CHF m)	2023 (CHF m)	% change (CER)	% of sales (2024)	% of sales (2023)
United States	2,940	1,914	+57	76.1	81.2
Europe	622	276	+128	16.1	11.7
Japan	125	98	+40	3.2	4.2
International	177	69	+168	4.6	2.9
Total sales	**3,864**	**2,357**	**+68**	**100**	**100**

Vabysmo was the major growth driver in the Pharmaceuticals Division in 2024. Sales in the US showed a continuing high uptake and there was further growth of market share in all indications, driven by newly diagnosed patients as well as patients transitioning from other treatment options. The rollout of Vabysmo in Europe continued and there was significant uptake in recently launched markets such as France and Spain, as well as in the UK and Germany. Sales also increased in the International region driven by Canada and China.

Tecentriq. For extensive-stage small cell lung cancer (SCLC), initial therapy of non-squamous non-small cell lung cancer (NSCLC), advanced lung cancer, unresectable or metastatic hepatocellular carcinoma (HCC), advanced bladder cancer and PD-L1-positive triple-negative breast cancer (TNBC).

Tecentriq regional sales

	2024 (CHF m)	2023 (CHF m)	% change (CER)	% of sales (2024)	% of sales (2023)
United States	1,763	1,941	–7	48.4	51.5
Europe	863	845	+4	23.7	22.4
Japan	380	419	0	10.4	11.1
International	634	561	+23	17.5	15.0
Total sales	**3,640**	**3,766**	**0**	**100**	**100**

Sales were flat as the growth in the International region, especially in China, and also in Europe was offset by a decline in the US, where there was continued pressure from competition in the HCC and NSCLC indications.

Actemra/RoActemra. For rheumatoid arthritis, forms of juvenile idiopathic arthritis, giant cell arteritis, CAR-T cell-induced severe or life-threatening cytokine release syndrome and COVID-19.

Actemra/RoActemra regional sales

	2024 (CHF m)	2023 (CHF m)	% change (CER)	% of sales (2024)	% of sales (2023)
United States	1,331	1,223	+11	50.3	46.5
Europe	658	775	–14	24.9	29.5
Japan	309	311	+9	11.7	11.8
International	347	321	+19	13.1	12.2
Total sales	**2,645**	**2,630**	**+5**	**100**	**100**

Sales increased by 5%, led by the US, resulting from increased demand from patients with rheumatoid arthritis. The first biosimilar versions of Actemra/RoActemra came to market in the EU in the fourth quarter of 2023, which drove the sales decline in Europe. In the US, the first biosimilar versions entered the market in the second quarter of 2024.

Xolair. For chronic spontaneous urticaria, allergic asthma and food allergies.

Xolair regional sales

	2024 (CHF m)	2023 (CHF m)	% change (CER)	% of sales (2024)	% of sales (2023)
United States	2,470	2,176	+16	100	100
Total sales	**2,470**	**2,176**	**+16**	**100**	**100**

Sales increased by 16% driven by growth in the chronic spontaneous urticaria indication and the launch of the medicine in the food allergy indication. Xolair is the only biologic medicine approved for chronic spontaneous urticaria and food allergies and remains a market leader in the larger allergic asthma indication.

Evrysdi. For spinal muscular atrophy (SMA).

Evrysdi regional sales

	2024 (CHF m)	2023 (CHF m)	% change (CER)	% of sales (2024)	% of sales (2023)
United States	588	505	+19	36.1	35.6
Europe	572	509	+14	35.1	35.9
Japan	93	93	+10	5.7	6.6
International	378	312	+25	23.1	21.9
Total sales	**1,631**	**1,419**	**+18**	**100**	**100**

Sales increased by 18% due to continuous gains in patient share across all regions. The sales growth in the US was led by the treatment of new patients, including previously untreated adults. Sales growth continued in Europe, notably in Spain. In the International region, Brazil was a major growth driver. In both Europe and the International region there was growth from newly treated patients and patients transitioning from other treatment options.

Alecensa. For ALK-positive non-small cell lung cancer (NSCLC) in both the metastatic and adjuvant settings.

Alecensa regional sales

	2024 (CHF m)	2023 (CHF m)	% change (CER)	% of sales (2024)	% of sales (2023)
United States	525	467	+15	33.9	31.1
Europe	284	292	–1	18.3	19.4
Japan	198	212	+3	12.8	14.1
International	541	531	+7	35.0	35.4
Total sales	**1,548**	**1,502**	**+7**	**100**	**100**

Sales growth of 7% came mainly from the US and the International region. In the US, Alecensa remains the standard of care, and the growth was driven by new and continuing patients. Growth in the International region was led by China following the renewed inclusion of the medicine in the National Reimbursement Drug List (NRDL) for the metastatic indication.

MabThera/Rituxan. For non-Hodgkin lymphoma (NHL), chronic lymphocytic leukaemia (CLL), follicular lymphoma (FL), pemphigus vulgaris (PV), rheumatoid arthritis (RA) as well as certain types of antineutrophil cytoplasmic antibody (ANCA)-associated vasculitis.

MabThera/Rituxan regional sales

	2024 (CHF m)	2023 (CHF m)	% change (CER)	% of sales (2024)	% of sales (2023)
United States	842	987	–13	61.1	60.6
Europe	150	180	–15	10.9	11.0
Japan	17	24	–25	1.2	1.5
International	370	439	–10	26.8	26.9
Total sales	**1,379**	**1,630**	**–13**	**100**	**100**

Sales were 13% lower due to biosimilar erosion across all regions. Sales in the US decreased by 13%, with a decline in both the oncology and immunology businesses.

Avastin. For advanced colorectal, breast, lung, kidney, cervical and ovarian cancer, relapsed glioblastoma and liver cancer in combination with Tecentriq.

Avastin regional sales

	2024 (CHF m)	2023 (CHF m)	% change (CER)	% of sales (2024)	% of sales (2023)
United States	383	484	–19	31.1	30.8
Europe	85	98	–11	6.9	6.2
Japan	197	318	–32	16.0	20.2
International	568	673	–10	46.0	42.8
Total sales	**1,233**	**1,573**	**–17**	**100**	**100**

Sales decreased by 17% across all regions due to the continuing impact of biosimilars. The decrease was particularly marked in Japan and the US, where there was continued market penetration of biosimilars as well as government price cuts in Japan.

Activase/TNKase. For acute ischaemic stroke (AIS) and acute myocardial infarction (AMI).

Activase/TNKase regional sales

	2024 (CHF m)	2023 (CHF m)	% change (CER)	% of sales (2024)	% of sales (2023)
United States	1,140	1,112	+5	94.8	94.8
International	62	61	+5	5.2	5.2
Total sales	**1,202**	**1,173**	**+5**	**100**	**100**

Sales were 5% higher mainly due to increasing demand in AIS.

Polivy. For first-line treatment of diffuse large B-cell lymphoma (1L DLBCL).

Polivy regional sales

	2024 (CHF m)	2023 (CHF m)	% change (CER)	% of sales (2024)	% of sales (2023)
United States	568	340	+70	50.7	40.6
Europe	192	173	+13	17.1	20.7
Japan	198	227	–4	17.7	27.1
International	163	97	+76	14.5	11.6
Total sales	**1,121**	**837**	**+39**	**100**	**100**

Polivy reported 39% sales growth, led by accelerated uptake in the US. There was also market access expansion in Europe, notably in the UK, and in the International region, particularly in China.

Pharmaceuticals Division – Sales by region

	2024 (CHF m)	2023 (CHF m)	% change (CER)	% of sales (2024)	% of sales (2023)
United States	24,774	23,259	+9	53.7	52.5
Europe	8,832	8,306	+8	19.1	18.8
Japan	2,874	3,745	–16	6.2	8.5
International	9,691	8,955	+17	21.0	20.2
– *of which China*	*2,926*	*2,875*	*+6*	*6.3*	*6.5*
Total sales	**46,171**	**44,265**	**+8**	**100**	**100**

United States. Sales grew by 9%, due primarily to the continued growth of Vabysmo which added CHF 1.1 billion (CER) of sales. Other major growth drivers were Ocrevus, Xolair and Polivy. This growth more than offset the combined 16% fall in the sales of Avastin, Herceptin and MabThera/Rituxan. Ocrevus remained the division's highest-selling product in the US and sales increased by 5% driven by both new and retained patients. Vabysmo showed a high uptake, with both newly diagnosed patients as well as patients transitioning from other treatment options, and achieved CHF 2.9 billion of sales. Hemlibra sales grew by 9%, reaching CHF 2.7 billion. The growth was due in part to inventory stocking by US distributors in the last quarter of 2024. Xolair sales increased by 16% based on the growth in the chronic spontaneous urticaria indication and the launch of the medicine in the food allergy indication. Sales of Tecentriq were CHF 1.8 billion, with the decline in sales due to the competitive environment in the HCC and NSCLC indications. Polivy sales increased to CHF 0.6 billion as a result of higher demand for the first-line treatment of diffuse large B-cell lymphoma. Sales of Lucentis were 68% lower due to the ongoing switch of patients to Vabysmo, as well as biosimilar pressure.

Europe. Sales increased by 8% driven by the rollout of Vabysmo and the uptake of Phesgo, Ocrevus, Hemlibra and Evrysdi, partially offset by a combined sales decline of 13% for Avastin, Herceptin and MabThera/Rituxan along with the 14% sales decrease of Actemra/RoActemra due to biosimilar competition. There was also a sales decline of 15% for Perjeta due to ongoing conversion of patients to Phesgo. Ocrevus sales increased by 14% due to continued growth in both relapsing and primary progressive multiple sclerosis, primarily in the UK and Germany. Hemlibra sales grew 11% due to expanded market penetration in the non-inhibitor indication mainly in France and the UK. The high uptake of Phesgo resulted in a 40% sales growth, with Spain, the UK and Italy being the key drivers. The sales increase of Vabysmo of 128% was driven by the recent launches in France and Spain together with the growing demand in the UK and Germany. There was sales growth of 14% for Evrysdi resulting from increased patient share, with the main driver being Spain.

Japan. Sales decreased by 16% due to Ronapreve sales in the first half of 2023 of CHF 0.5 billion that did not reoccur in 2024. Excluding this, sales in Japan fell by 2% mainly driven by price cuts and increased market penetration of biosimilar and generic medicines. There was sales growth of Phesgo and Vabysmo, as well as continued sales growth of Hemlibra.

International. Sales increased by 17%, led by Perjeta, Hemlibra, Phesgo and Elevidys. Perjeta sales in the International region reported continued growth, in part due to Phesgo not yet being launched or reimbursed in some major markets, and therefore the impact of conversion from Perjeta to Phesgo being relatively lower in the International region. Sales in China increased by 6%, driven by continued sales growth of Perjeta, Alecensa and Avastin, as well as higher sales of Xofluza and growth from the rollout of Polivy. This was partially offset by the minimal sales of Xeloda, which was divested in China in 2023. Canada, Brazil and Mexico were the other major growth markets in the International region, with rising demand for Ocrevus across all three markets, as well as growth of Vabysmo (Canada), Perjeta (Brazil and Mexico) and Evrysdi (Brazil).

Operating results

Effective 1 January 2024, the operational responsibility for the Foundation Medicine business was moved to the Diagnostics Division from the Pharmaceuticals Division. Accordingly from 1 January 2024 the results of the Foundation Medicine business are reported as part of the Diagnostics Division, and the comparative 2023 results have been restated in the financial statements in 2024, including in the detailed results of both divisions. Details are given on page 45.

Pharmaceuticals Division – Other revenue

	2024 (CHF m)	2023 (CHF m)	% change (CER)
Royalty income	804	835	–3
Profit-share income	785	676	+18
Other income from collaboration and out-licensing agreements	269	124	+129
Other	13	13	+3
Total – IFRS and Core basis	**1,871**	**1,648**	**+16**

Other revenue increased by 16% at CER mainly driven by higher milestone income from out-licensing agreements, together with the increase in profit-share income from the higher sales of Venclexta/Venclyxto in the US and Xolair outside the US.

Pharmaceuticals Division – Cost of sales

	2024 (CHF m)	2023 (CHF m)	% change (CER)
Manufacturing cost of goods sold and period costs	(5,246)	(4,898)	+14
Royalty expenses	(1,801)	(1,726)	+7
Collaboration and profit-sharing agreements	(1,357)	(1,545)	–10
Amortisation of commercial software intangible assets	(3)	(3)	0
Impairment of property, plant and equipment and right-of-use assets	(50)	(22)	+123
Cost of sales – Core basis	**(8,457)**	**(8,194)**	**+8**
Global restructuring plans	(89)	(316)	–70
Amortisation of intangible assets	(246)	(240)	+4
Impairment of intangible assets	(358)	(183)	+100
Total – IFRS basis	**(9,150)**	**(8,933)**	**+7**

Core costs increased by 8% at CER, and cost of sales was 18.3% as a percentage of sales. The 14% increase in manufacturing costs of goods sold and period costs was driven by increased sales volumes as well as a base effect resulting from the release of unutilised provisions in 2023. Royalty expenses were 7% higher, driven by increased sales of certain royalty-bearing products, notably Ocrevus and Evrysdi, partially offset by lower expenses for Tecentriq based on a reduced royalty rate from 2024. Expenses for collaboration and profit-sharing agreements decreased by 10% as a result of lower sales of Ronapreve in Japan and MabThera/Rituxan in the US together with the base effect of milestone payments for Evrysdi in 2023, partially offset by increased expenses for Xolair as a result of higher sales in the US.

Global restructuring expenses decreased due to lower costs for the manufacturing network strategy review affecting sites in the US. There was a further partial impairment recorded for Rozlytrek, in addition to that recorded in 2023, triggered by reduced sales expectations.

Pharmaceuticals Division – Research and development

	2024 (CHF m)	2023 (CHF m)	% change (CER)
Research and development – Core basis	**(11,096)**	**(11,286)**	**+1**
Global restructuring plans	(838)	(122)	Over +500
Amortisation of intangible assets	(325)	(301)	+10
Impairment of intangible assets	(1,040)	(406)	+161
Total – IFRS basis	**(13,299)**	**(12,115)**	**+13**

Core costs increased by 1% at CER and, as a percentage of sales, decreased by 1.5 percentage points to 24.0%. Oncology continued to be the primary area of research and development. The increase in spending mainly came from investments in the therapeutic areas of immunology and cardiovascular, renal and metabolism. Investments in immunology grew, predominantly due to anti-TL1A from the Telavant acquisition for the treatment of inflammatory bowel disease and for the study of astegolimab in chronic obstructive pulmonary disease. The increased investments in cardiovascular, renal and metabolism were primarily attributed to the molecules from the Carmot acquisition for the achievement and maintenance of weight loss and for zilebesiran for patients with hypertension. These increases were offset by portfolio prioritisation and restructuring to improve productivity. In research and early-stage development, investments continued in various areas including computational biology and the Institute of Human Biology. These investments also extended to new facilities such as the research and development centre in Basel, Switzerland, which began operations in 2024.

Additionally, in-licensing transactions, asset purchase agreements, business combinations and asset acquisitions resulted in intangible assets of CHF 3.4 billion (2023: CHF 7.2 billion) being recognised, of which CHF 1.8 billion arose from the Carmot acquisition and CHF 0.7 billion from the assets purchased from Regor. See the above sections on 'Mergers and acquisitions' and 'Alliance transactions' for further details.

The increase in global restructuring plan expenses was primarily due to impairments of property, plant and equipment in US locations, notably at Flatiron Health and Spark Therapeutics, as well as employee-related expenses for new research and development productivity and portfolio prioritisation initiatives. Amortisation of intangible assets increased reflecting recent research collaborations. The impairment charges for intangible assets of CHF 1.0 billion were mainly triggered by the decision to discontinue certain programmes.

Pharmaceuticals Division – Selling, general and administration

	2024 (CHF m)	2023 (CHF m)	% change (CER)
Marketing and distribution	(5,744)	(5,672)	+5
Administration	(996)	(1,004)	+3
Business taxes and capital taxes	(197)	(173)	+20
Other general items	(99)	(103)	–3
Selling, general and administration – Core basis	**(7,036)**	**(6,952)**	**+5**
Global restructuring plans	(470)	(229)	+109
Amortisation of intangible assets	(6)	(9)	–36
Impairment of intangible assets	(21)	0	–
Total – IFRS basis	**(7,533)**	**(7,190)**	**+8**

Core costs increased by 5% at CER, and as a percentage of sales decreased by 0.5 percentage points to 15.2%. Marketing and distribution costs increased by 5% reflecting the investments in ongoing launches, notably for Vabysmo and Phesgo, as well as for Xolair for the treatment of food allergy. There were also higher distribution costs mainly in the US driven by the increased sales and higher rates from distributors. The higher administration costs were a result of the increase in personnel-related expenses, partly offset by the organisational shifts of certain costs to the Corporate operating results. Business taxes and capital taxes increased mainly due to higher US excise tax. The increase in costs for global restructuring plans was primarily driven by employee-related expenses for commercial operations initiatives in the US, projects on the Basel and South San Francisco campuses, as well as business process transformations.

Pharmaceuticals Division – Other operating income (expense)

	2024 (CHF m)	2023 (CHF m)	% change (CER)
Gains (losses) on disposal of products	376	558	–32
Gains (losses) on disposal of property, plant and equipment and right-of-use assets	8	7	+27
Other income (expense)	177	194	–4
Other operating income (expense) – Core basis	**561**	**759**	**–25**
Global restructuring plans	236	79	+214
Impairment of goodwill	(3,209)	(591)	+440
Mergers and acquisitions, and alliance transactions	(43)	(13)	+223
Legal and environmental cases	(18)	2	–
Total – IFRS basis	**(2,473)**	**236**	**–**

Core other operating income (expense) decreased by 25% at CER due to lower gains on disposal of products in 2024 compared to 2023. Gains from disposals in 2024 included the sale of rights for Roaccutane/Accutane for CHF 250 million and in 2023 included the sale of rights for Rocephin in China for CHF 260 million and the sale of rights for Xeloda in China and Japan for CHF 235 million.

Income from global restructuring plans was from the gain from the divestment of the Vacaville biologics manufacturing site in the US. Impairment of goodwill consisted of CHF 1.1 billion for Flatiron Health and CHF 2.1 billion for Spark Therapeutics. In 2023 the goodwill resulting from the Foundation Medicine acquisition was impaired.

Roche Pharmaceuticals and Chugai subdivisional operating results

Pharmaceuticals subdivisional operating results in millions of CHF

	Roche Pharmaceuticals 2024	2023	Chugai 2024	2023	Pharmaceuticals Division 2024	2023
Sales						
– External customers	43,297	40,520	2,874	3,745	46,171	44,265
– Within division	1,274	1,943	2,927	2,490	4,201	4,433
Core operating profit	18,693	16,915	3,283	2,976	22,014	20,240
– Margin, % of sales to external customers	43.2	41.7	114.2	79.5	47.7	45.7
Operating profit	12,337	14,647	3,212	2,915	15,587	17,911
– Margin, % of sales to external customers	28.5	36.1	111.8	77.8	33.8	40.5
Operating free cash flow	19,328	14,560	2,946	3,542	22,288	18,055
– Margin, % of sales to external customers	44.6	35.9	102.5	94.6	48.3	40.8

Pharmaceuticals Division total core operating profit and operating profit both include the elimination of plus CHF 38 million of unrealised intercompany gains between Roche Pharmaceuticals and Chugai (2023: plus CHF 349 million).

The appreciation of the Swiss franc in 2024 relative to 2023 against the Japanese yen had an adverse impact of approximately 4 percentage points on the Chugai core results when expressed in Swiss francs for the Group's consolidated results. At CER (as reported in Japanese yen), sales by Chugai to external customers decreased by 16%, driven by the base effect of Ronapreve sales in 2023, while sales within the division increased by 29% due to higher sales of Hemlibra. Chugai's core operating profit increased by 14% due to the higher profit from sales within the division. This was partially offset by lower profit from sales to external customers and higher research and development costs. Operating free cash flow at Chugai decreased by 14% mainly due to the base effect of the receipt of the proceeds in 2023 for Ronapreve sales recorded in 2022 and 2023.

Financial position

Pharmaceuticals Division – Net operating assets

	2024 (CHF m)	2023 (CHF m)	% change (CHF)	% change (CER)	Movement: Transactions (CHF m)	Movement: CTA and other (CHF m)
Trade receivables	8,371	7,948	+5	+3	219	204
Inventories	4,442	4,813	–8	–9	(419)	48
Trade payables	(2,240)	(2,072)	+8	+6	(122)	(46)
Net trade working capital	**10,573**	**10,689**	**–1**	**–3**	**(322)**	**206**
Other receivables (payables)	(8,343)	(7,249)	+15	+11	(858)	(236)
Net working capital	**2,230**	**3,440**	**–35**	**–33**	**(1,180)**	**(30)**
Property, plant and equipment	14,437	14,381	0	–1	(199)	255
Right-of-use assets	608	650	–6	–9	(66)	24
Goodwill and intangible assets	18,380	17,992	+2	–4	(784)	1,172
Provisions	(2,038)	(1,799)	+13	+10	(175)	(64)
Other assets (liabilities)	830	1,563	–47	–48	(742)	9
Other net operating assets	**32,217**	**32,787**	**–2**	**–6**	**(1,966)**	**1,396**
Net operating assets	**34,447**	**36,227**	**–5**	**–8**	**(3,146)**	**1,366**

The absolute amount of the movement between the 2024 and 2023 consolidated balances reported in Swiss francs is split between actual 2024 transactions (translated at average rates for 2023) and the currency translation adjustment (CTA) that arises on consolidation. The 2024 transactions include non-cash movements and therefore the movements in this table are not the same as the amounts shown in the operating free cash flow (which only includes the cash movements). A full consolidated balance sheet is given on page 49 of the Annual Financial Statements, and a reconciliation between that balance sheet and the information given above is on page 176.

Currency translation effects on balance sheet amounts. Compared to the start of the year the Swiss franc depreciated against the US dollar, which had a significant positive effect on the net operating assets of the Pharmaceuticals Division, notably the goodwill and intangible assets. This was partially offset by the appreciation of the Swiss franc against the Japanese yen. The exchange rates used are given on page 32.

Net working capital. The decrease of 33% (CER) was driven by a significant increase in other payables. The increase of 3% in trade receivables was primarily driven by the relatively high sales towards the end of 2024, partially offset by the discontinuation of extended payment terms for certain products in the US. Inventories decreased by 9% as a result of lower inventory levels of products exposed to biosimilar erosion, and also for inventory disposed of as part of the divestment of the Vacaville site. The 6% increase in trade payables mainly related to research and development in the US. The net liability position for other receivables (payables) increased by 11%, driven primarily by higher other accounts payables and accrued liabilities related to various rebate programs in the US caused by higher sales in 2024. There were also higher accruals for other allowances and chargebacks as well as higher employee-related accruals.

Other net operating assets. Property, plant and equipment decreased by 1% due to depreciation expenses and impairments partially offset by additions in manufacturing facilities in the US, Japan and Switzerland, as well as site developments in Switzerland and the US. Right-of-use assets decreased due to depreciation and impairments. Goodwill was reduced by CHF 3.2 billion due to the impairments at Flatiron Health and Spark Therapeutics. The Carmot acquisition increased goodwill by CHF 1.0 billion and intangible assets by CHF 1.8 billion. The assets purchased from Regor increased intangible assets by CHF 0.7 billion. This increase in intangible assets was partially offset by impairment charges as previously mentioned in the 'Group results' section. Provisions increased by 10% due to a provision for contingent consideration for the Carmot acquisition. The net asset position for other assets (liabilities) decreased due to the divestment of the Vacaville site.

Free cash flow

Pharmaceuticals Division – Operating free cash flow

	2024 (CHF m)	2023 (CHF m)	% change (CHF)	% change (CER)
Operating profit	**15,587**	**17,911**	**–13**	**–8**
Depreciation, amortisation and impairment	7,277	3,220	+126	+128
Provisions	17	(506)	–	–
Equity compensation plans	605	589	+3	+4
Other	1,041	397	+162	+178
Operating profit cash adjustments	**8,940**	**3,700**	**+142**	**+145**
Operating profit, net of operating cash adjustments	**24,527**	**21,611**	**+13**	**+18**
(Increase) decrease in net working capital	1,002	(721)	–	–
Investments in property, plant and equipment	(1,659)	(1,787)	–7	–4
Principal portion of lease liabilities paid	(195)	(193)	+1	+6
Investments in intangible assets	(1,387)	(855)	+62	+64
Operating free cash flow	**22,288**	**18,055**	**+23**	**+28**
– as % of sales	48.3	40.8	+7.5	+7.4

See pages 173–175 for the definition of free cash flow and a detailed breakdown.

The Pharmaceuticals Division's operating free cash flow increased by 28% at CER (increase of 23% in CHF) to CHF 22.3 billion. The cash generation of the business, measured by the operating profit, net of operating cash adjustments, increased by 18%. This was above the 13% increase in core operating profit due to the CHF 1.0 billion of cash received for the divestment of the Vacaville site, net of disposal costs, and a base effect resulting from the release of unutilised provisions in 2023. Net working capital had a positive cash impact of CHF 1.0 billion, driven by the reasons described above in the 'Financial position' section, notably the higher net liability position for other receivables (payables). Capital expenditure was lower mainly due to the large investments at the manufacturing sites in Japan in 2023. Investments in intangible assets were higher in 2024 due to the assets purchased from Regor. Cash outflows for mergers and acquisitions, such as the Carmot acquisition, are not included in the definition of free cash flow.

Diagnostics Division operating results

Diagnostics Division operating results

	2024 (CHF m)	2023 (CHF m)	% change (CHF)	% change (CER)
IFRS results				
Sales	14,324	14,451	–1	+4
Other revenue	29	77	–62	–61
Revenue	**14,353**	**14,528**	**–1**	**+3**
Cost of sales	(7,133)	(7,424)	–4	–1
Research and development	(2,005)	(2,085)	–4	–2
Selling, general and administration	(3,257)	(3,797)	–14	–11
Other operating income (expense)	(12)	170	–	–
Operating profit	**1,946**	**1,392**	**+40**	**+62**
– Margin, % of sales	13.6	9.6	+4.0	+5.2
Core results [a]				
Sales	14,324	14,451	–1	+4
Other revenue	29	77	–62	–61
Revenue	**14,353**	**14,528**	**–1**	**+3**
Cost of sales	(6,941)	(7,057)	–2	+1
Research and development	(1,946)	(1,951)	0	+2
Selling, general and administration	(3,136)	(3,162)	–1	+3
Other operating income (expense)	72	59	+22	+27
Core operating profit	**2,402**	**2,417**	**–1**	**+12**
– Margin, % of sales	16.8	16.7	+0.1	+1.3
Financial position				
Net working capital	3,023	3,254	–7	–7
Other net operating assets	14,506	12,963	+12	+8
Net operating assets	**17,529**	**16,217**	**+8**	**+5**
Free cash flow [b]				
Operating free cash flow	1,734	1,350	+28	+48
– Margin, % of sales	12.1	9.3	+2.8	+3.9

a) See pages 170–173 for the definition of core results.
b) See pages 173–175 for the definition of free cash flow.

Effective 1 January 2024, the operational responsibility for the Foundation Medicine business was moved to the Diagnostics Division from the Pharmaceuticals Division. Accordingly from 1 January 2024 the results of the Foundation Medicine business are reported as part of the Diagnostics Division, and the comparative 2023 results have been restated in the financial statements in 2024, including in the detailed results of both divisions. Details are given on page 45.

Sales

The Diagnostics Division reported sales of CHF 14.3 billion, an increase of 4% at CER. This growth was impacted by the expected sales decline from COVID-19-related products, which generated sales of CHF 0.2 billion in 2024, a decline of 73% at CER. Excluding COVID-19-related products, sales increased by 8% at CER and across all regions, led by the increased demand for immunodiagnostic products and by higher sales of clinical chemistry tests, advanced staining solutions and companion diagnostics.

Diagnostics Division – Sales by customer area

	2024 (CHF m)	2023 (CHF m)	% change (CER)	% of sales (2024)	% of sales (2023)
Core Lab	8,004	7,750	+8	55.9	53.6
Molecular Lab	2,590	2,567	+4	18.1	17.8
Near Patient Care	2,167	2,746	–17	15.1	19.0
Pathology Lab	1,563	1,388	+17	10.9	9.6
Total sales	**14,324**	**14,451**	**+4**	**100**	**100**

Core Lab. This customer area focuses on central labs and provides diagnostics solutions in the areas of immunoassays, clinical chemistry and custom biotech. Sales increased by 8% due to the 9% growth across the portfolio of immunodiagnostic products, such as cardiac and oncology tests, as well as the 8% growth in the clinical chemistry business. Sales grew across all regions, with the largest contribution to the sales growth coming from the Europe, Middle East and Africa (EMEA) region, which grew by 10%.

Molecular Lab. This customer area focuses on molecular labs and provides diagnostics solutions for the detection and monitoring of pathogens, donor screening, sexual health and genomics and includes the Foundation Medicine business. The 4% sales increase included growth from blood screening and from the virology business as well as higher sales of Foundation Medicine's genomic profiling tests. This was partially offset by lower COVID-19-related sales of SARS-CoV-2 assays on the cobas 6800/8800 systems.

Near Patient Care. This customer area provides diagnostics solutions in decentralised settings such as in emergency rooms, general practitioners' practices and directly with patients, and includes integrated personalised diabetes management solutions. Lower sales of the SARS-CoV-2 Rapid Antigen test were the main driver of the 17% sales decrease. The underlying business included growth from the cobas liat molecular point-of-care product line. This was offset by the continued contraction of the blood glucose monitoring market.

Pathology Lab. This customer area focuses on pathology labs and provides diagnostics solutions for tissue biopsies and companion diagnostics. These are targeted diagnostics to aid in the choice of specific therapies for each patient. Sales increased by 17% and across all regions due to growth in the advanced staining and the companion diagnostics businesses.

Diagnostics Division – Sales by region

	2024 (CHF m)	2023 (CHF m)	% change (CER)	% of sales (2024)	% of sales (2023)
Europe, Middle East and Africa (EMEA)	4,822	4,768	+5	33.7	33.0
North America	4,335	4,173	+6	30.3	28.9
– *of which US*	*3,852*	*3,771*	*+4*	*26.9*	*26.1*
Asia-Pacific	4,099	4,496	–5	28.6	31.1
– *of which China*	*2,402*	*2,475*	*+1*	*16.8*	*17.1*
Latin America	1,068	1,014	+22	7.4	7.0
Total sales	**14,324**	**14,451**	**+4**	**100**	**100**

Sales in the Europe, Middle East and Africa (EMEA) region increased by 5% driven by higher sales of immunodiagnostic products and by the clinical chemistry portfolio and advanced staining solutions. This was partly offset by the continued contraction of the blood glucose monitoring market and the decline in demand for COVID-19 tests. In North America there was growth in the underlying business across customer areas, with the largest contribution to the sales growth coming from immunodiagnostic products and companion diagnostics. These factors more than offset the decrease of COVID-19-related sales in North America. In the Asia-Pacific region sales decreased by 5% with higher sales of immunodiagnostic products being offset by the drop in demand for COVID-19-related tests. In China sales grew by 1% and were impacted in the second half of the year by macroeconomic impacts on the Chinese economy.

Operating results

Effective 1 January 2024, the operational responsibility for the Foundation Medicine business was moved to the Diagnostics Division from the Pharmaceuticals Division. Accordingly from 1 January 2024 the results of the Foundation Medicine business are reported as part of the Diagnostics Division, and the comparative 2023 results have been restated in the financial statements in 2024, including in the detailed results of both divisions. Details are given on page 45.

Diagnostics Division – Other revenue

	2024 (CHF m)	2023 (CHF m)	% change (CER)
Royalty income	22	43	–47
Profit-share income	0	19	–100
Other income from collaboration and out-licensing agreements	0	2	–100
Other	7	13	–45
Total – IFRS and Core basis	**29**	**77**	**–61**

Other revenue decreased due to lower royalty income following the expiry of patents on out-licensed products.

Diagnostics Division – Cost of sales

	2024 (CHF m)	2023 (CHF m)	% change (CER)
Manufacturing cost of goods sold and period costs	(6,812)	(6,918)	+1
Royalty expenses	(122)	(128)	–4
Collaboration and profit-sharing agreements	(2)	(2)	+4
Amortisation of commercial software intangible assets	(3)	(2)	+18
Impairment of property, plant and equipment and right-of-use assets	(2)	(7)	–64
Cost of sales – Core basis	**(6,941)**	**(7,057)**	**+1**
Global restructuring plans	(53)	(232)	–77
Amortisation of intangible assets	(139)	(135)	+6
Total – IFRS basis	**(7,133)**	**(7,424)**	**–1**

Core cost of sales increased by 1% at CER, while sales increased by 4%. This was due to favourable product mix effects across the portfolio with lower sales volumes of SARS-CoV-2 Rapid Antigen tests as a major factor. As a percentage of sales, the core cost of sales ratio decreased by 0.3 percentage points to 48.5%. Global restructuring plan costs were mainly comprised of site closure costs in continuation of productivity measures and manufacturing and supply chain optimisation programmes. In 2023, global restructuring plans included employee-related costs and impairments of property, plant and equipment.

Diagnostics Division – Research and development

	2024 (CHF m)	2023 (CHF m)	% change (CER)
Research and development – Core basis	**(1,946)**	**(1,951)**	**+2**
Global restructuring plans	(51)	(108)	–52
Amortisation of intangible assets	(5)	(7)	–31
Impairment of intangible assets	(3)	(19)	–85
Total – IFRS basis	**(2,005)**	**(2,085)**	**–2**

Core research and development costs increased by 2% at CER driven by higher project spending. The main areas of activity included the development of high medical value assays, notably in oncology, as well as sequencing and digital laboratory and digital clinical solutions. In addition, there were continuing investments in cardiometabolic diseases, particularly for continuous blood glucose monitoring. As a percentage of sales, research and development core costs increased to 13.6% from 13.5% in 2023. Global restructuring costs mainly related to the consolidation of technologies and digital platforms within the division. In 2023 global restructuring costs comprised of portfolio prioritisation and productivity initiatives within the research and development organisation.

Diagnostics Division – Selling, general and administration

	2024 (CHF m)	2023 (CHF m)	% change (CER)
Marketing and distribution	(2,632)	(2,641)	+3
Administration	(491)	(500)	+1
Business taxes and capital taxes	(16)	(22)	–27
Other general items	3	1	+181
Selling, general and administration – Core basis	**(3,136)**	**(3,162)**	**+3**
Global restructuring plans	(106)	(616)	–82
Amortisation of intangible assets	(15)	(19)	–17
Total – IFRS basis	**(3,257)**	**(3,797)**	**–11**

Marketing and distribution costs increased by 3% at CER due to higher personnel expenses and higher distribution costs following increased sales volumes. Administration costs increased by 1% driven by increased costs from the LumiraDx acquisition and the lease of the Foundation Medicine offices in Boston. These factors were partly offset by the organisational shifts of certain costs to the Corporate operating results. On a core basis, selling, general and administration costs as a percentage of sales remained stable at 21.9%. Costs for global restructuring plans were primarily comprised of the division's participation in the Group's plan to simplify the systems landscape and reduce process complexity as well as costs for the integration of the Diabetes Care business, partly offset by the reversal of unused restructuring provisions following the completion of plans that were initiated in previous years. In 2023, global restructuring costs mainly consisted of impairment of property, plant and equipment at Foundation Medicine.

Diagnostics Division – Other operating income (expense)

	2024 (CHF m)	2023 (CHF m)	% change (CER)
Gains (losses) on disposal of property, plant and equipment and right-of-use assets	(1)	3	–
Gains (losses) on divestment of subsidiaries	1	1	–22
Other income (expense)	72	55	+38
Other operating income (expense) – Core basis	**72**	**59**	**+27**
Global restructuring plans	0	(5)	–100
Mergers and acquisitions and alliance transactions	(29)	(6)	+419
Legal and environmental cases	(55)	122	–
Total – IFRS basis	**(12)**	**170**	**–**

Core other operating income (expense) was an income of CHF 72 million in 2024. Merger and acquisitions and alliance transactions included the costs of increases in contingent consideration provisions. The income from legal and environmental cases in 2023 was due to the reversal of legal provisions, notably related to the Meso litigation.

Financial position

Diagnostics Division – Net operating assets

	2024 (CHF m)	2023 (CHF m)	% change (CHF)	% change (CER)	Movement: Transactions (CHF m)	Movement: CTA and other (CHF m)
Trade receivables	3,052	3,179	–4	–5	(180)	53
Inventories	3,164	2,936	+8	+6	174	54
Trade payables	(1,295)	(1,135)	+14	+12	(135)	(25)
Net trade working capital	**4,921**	**4,980**	**–1**	**–3**	**(141)**	**82**
Other receivables (payables)	(1,898)	(1,726)	+10	+6	(109)	(63)
Net working capital	**3,023**	**3,254**	**–7**	**–7**	**(250)**	**19**
Property, plant and equipment	7,801	7,039	+11	+9	616	146
Right-of-use assets	543	531	+2	–2	(10)	22
Goodwill and intangible assets	6,799	6,226	+9	+4	234	339
Provisions	(620)	(766)	–19	–21	166	(20)
Other assets (liabilities)	(17)	(67)	–75	–77	53	(3)
Other net operating assets	**14,506**	**12,963**	**+12**	**+8**	**1,059**	**484**
Net operating assets	**17,529**	**16,217**	**+8**	**+5**	**809**	**503**

The absolute amount of the movement between the 2024 and 2023 consolidated balances reported in Swiss francs is split between actual 2024 transactions (translated at average rates for 2023) and the currency translation adjustment (CTA) that arises on consolidation. The 2024 transactions include non-cash movements and therefore the movements in this table are not the same as the amounts shown in the operating free cash flow (which only includes the cash movements). A full consolidated balance sheet is given on page 49 of the Annual Financial Statements, and a reconciliation between that balance sheet and the information given above is on page 176.

Currency translation effects on balance sheet amounts. Compared to the start of the year the Swiss franc depreciated against the US dollar, which had a positive translation effect on the net operating assets of the Diagnostics Division. The Diagnostics Division does not have a significant net asset position in Japanese yen and so the appreciation of the Swiss franc against the Japanese yen had only a minor impact. The exchange rates used are given on page 32.

Net working capital. Net working capital decreased by 7% at CER. The 5% decrease in trade receivables was due to the relatively high sales recorded in the last quarter of 2023 compared to the last quarter of 2024, including tender revenues from late 2023 that were only collected in the first quarter of 2024. Inventories increased by 6% driven by a stock-up of the latest generation of serum work area systems, which more than offset inventory write-offs. The 12% increase in trade payables was driven by the phasing of year-end payments as well as an increase in payables for capital expenditure. The increase in net liability for other receivables (payables) came from higher employee-related accruals.

Other net operating assets. Property, plant and equipment increased by 9% as a result of higher instrument placements and site investments in Germany, the US and Switzerland. Goodwill and intangible assets increased due to the acquisition of LumiraDx, partly offset by regular intangible asset amortisation charges. Provisions were lower following the release and utilisation of restructuring provisions.

Free cash flow

Diagnostics Division – Operating free cash flow

	2024 (CHF m)	2023 (CHF m)	% change (CHF)	% change (CER)
Operating profit	**1,946**	**1,392**	**+40**	**+62**
Depreciation, amortisation and impairment	1,488	2,035	–27	–25
Provisions	(112)	(1)	Over +500	Over +500
Equity compensation plans	163	158	+3	+5
Other	295	367	–20	–18
Operating profit cash adjustments	**1,834**	**2,559**	**–28**	**–26**
Operating profit, net of operating cash adjustments	**3,780**	**3,951**	**–4**	**+4**
(Increase) decrease in net working capital	(8)	(544)	–99	–97
Investments in property, plant and equipment	(1,801)	(1,871)	–4	–1
Principal portion of lease liabilities paid	(144)	(134)	+7	+11
Investments in intangible assets	(93)	(52)	+79	+82
Operating free cash flow	**1,734**	**1,350**	**+28**	**+48**
– as % of sales	12.1	9.3	+2.8	+3.9

For the definition of free cash flow and a detailed breakdown see pages 173–175.

The operating free cash flow of the Diagnostics Division increased to CHF 1.7 billion driven by the improved development of net working capital, as described above in the ‘Financial position’ section, and the operating results of the business. The cash generation of the business, measured by the operating profit, net of operating cash adjustments, increased by 4% at CER compared to the 12% increase in the core operating profit because of lower inventory write-offs and higher utilisation of provisions. Capital expenditure included higher instrument placements as well as site investments in Germany, the US and Switzerland.

Corporate operating results

Corporate – Selling, general and administration

	2024 (CHF m)	2023 (CHF m)	% change (CER)
Administration	(3,555)	(3,389)	+6
Business taxes and capital taxes	(30)	(15)	+100
Other general items	(1)	0	–
Selling, general and administration – Core basis	**(3,586)**	**(3,404)**	**+6**
Global restructuring plans	(520)	(490)	+7
Total – IFRS basis	**(4,106)**	**(3,894)**	**+6**

Selling, general and administration costs increased by 6% at CER on a core basis. Administration expenses increased as a result of targeted investments in digital transformations towards areas such as cloud-based solutions and artificial intelligence projects. In addition there was a further centralisation of administration costs for clearer control and optimisation, following organisational changes in the Pharmaceuticals and Diagnostics Divisions. Total costs on an IFRS basis also increased by 6% at CER and included restructuring activities for a business process transformation to simplify the systems landscape and reduce process complexity.

Corporate – Other operating income (expense)

	2024 (CHF m)	2023 (CHF m)	% change (CER)
Other operating income (expense) – Core basis	**(7)**	**(13)**	**–40**
Global restructuring plans	0	1	–
Legal and environmental cases	(3)	(2)	+56
Total – IFRS basis	**(10)**	**(14)**	**–28**

Corporate financial position and free cash flow

	2024 (CHF m)	2023 (CHF m)	% change (CER)
Financial position			
Net working capital	(653)	(487)	+32
Other net operating assets	192	158	+18
Net operating assets	**(461)**	**(329)**	**+39**
Free cash flow			
Operating free cash flow	(3,901)	(3,637)	+8

The change in net working capital was due to higher payables. Other net operating assets increased due to higher utilisation of restructuring provisions. The operating free cash flow includes costs of global functions such as informatics, human resources, finance and procurement, and also restructuring costs for the business process transformation. There was an increased outflow mainly due to higher administration costs and higher restructuring costs for the business process transformation.

Foreign exchange impact on operating results

The Group's exposure to movements in foreign currencies affecting its operating results, as expressed in Swiss francs, is summarised by the following key figures and comments.

Growth (reported in Swiss francs and at CER)

	% change (CHF)	% change (CER)
Pharmaceuticals Division		
Sales	+4	+8
Core operating profit	+9	+13
Operating free cash flow	+23	+28
Diagnostics Division		
Sales	−1	+4
Core operating profit	−1	+12
Operating free cash flow	+28	+48
Group		
Sales	+3	+7
Core operating profit	+8	+14
Operating free cash flow	+28	+34

Exchange rates against the Swiss franc

	31 December 2024	Average 2024	31 December 2023	Average 2023
1 USD	0.90	0.88	0.84	0.90
1 EUR	0.94	0.95	0.93	0.97
100 JPY	0.58	0.58	0.60	0.64

The results expressed in Swiss francs were negatively impacted by the appreciation of the Swiss franc against many currencies. The sensitivity of Group sales and core operating profit to a 1% change in average foreign currency exchange rates against the Swiss franc during 2024 is shown in the table below.

Currency sensitivities

Impact of 1% increase in average exchange rate versus the Swiss franc	Sales (CHF m)	Core operating profit (CHF m)
US dollar	297	105
Euro	89	29
Japanese yen	33	41
All other currencies	166	90

The Group's revenues are primarily generated from sales of products to customers. Such revenues are mainly received in the local currency of the customer's home market, although in certain emerging markets invoicing is made in major international currencies such as the US dollar and euro. Cost of sales, marketing and some administration costs follow the same currency pattern as sales. The majority of research and development activities take place at the Group's global research facilities, and therefore the costs are mainly concentrated in US dollars, Swiss francs and euros. Administration costs are incurred at central locations in the US, Switzerland and Germany, and increasingly at shared service centres in other locations. Chugai's revenues and costs are primarily denominated in Japanese yen.

Treasury and taxation results

Treasury and taxation results

	2024 (CHF m)	2023 (CHF m)	% change (CHF)	% change (CER)
IFRS results				
Operating profit	13,417	15,395	–13	–6
Financing costs	(1,412)	(996)	+42	+45
Other financial income (expense)	(212)	(320)	–34	–18
Profit before taxes	**11,793**	**14,079**	**–16**	**–9**
Income taxes	(2,606)	(1,721)	+51	+58
Net income	**9,187**	**12,358**	**–26**	**–19**
Attributable to				
– Roche shareholders	8,277	11,498	–28	–21
– Non-controlling interests	910	860	+6	+8
Core results [a]				
Operating profit	20,823	19,240	+8	+14
Financing costs	(1,398)	(980)	+43	+46
Other financial income (expense)	(212)	(320)	–34	–18
Profit before taxes	**19,213**	**17,940**	**+7**	**+13**
Income taxes	(3,202)	(2,136)	+50	+56
Net income	**16,011**	**15,804**	**+1**	**+7**
Attributable to				
– Roche shareholders	15,081	14,927	+1	+7
– Non-controlling interests	930	877	+6	+9
Financial position				
Net debt	(17,337)	(18,699)	–7	–16
Lease liabilities	(1,700)	(1,573)	+8	+4
Pensions	(2,125)	(3,360)	–37	–37
Income taxes	5,229	4,376	+19	+13
Equity investments	600	547	+10	+10
Derivatives, net	(12)	(272)	–96	–92
Collateral, net	(42)	50	–	–
Interest payable	(298)	(187)	+59	+52
Associated companies and other, net	331	266	+24	+16
Total net assets (liabilities)	**(15,354)**	**(18,852)**	**–19**	**–26**
Free cash flow [b]				
Treasury activities	(1,058)	(860)	+23	+27
Taxes paid	(3,727)	(3,620)	+3	+6
Total	**(4,785)**	**(4,480)**	**+7**	**+10**

a) See pages 170–173 for the definition of core results.
b) See pages 173–175 for the definition of free cash flow.

Financing costs

Core financing costs were CHF 1.4 billion, an increase of 46% at CER compared to 2023. Interest expenses on debt increased by 54% at CER to CHF 1.2 billion due to the issuance of new debt. A full analysis of financing costs is given in Note 4 to the Annual Financial Statements.

Other financial income (expense)

Core other financial income (expense) was a net expense of CHF 212 million compared to a net expense of CHF 320 million in 2023. The core income from equity securities, which reflects the fair value changes in the Roche Venture Fund investments as well as gains or losses realised upon sale of those investments, was a gain of CHF 32 million compared to a gain of CHF 4 million in 2023. Interest income from debt securities was CHF 263 million (2023: CHF 196 million) with the increase being due to higher available liquid funds. The net foreign exchange results, which reflect hedging costs and gains and losses on unhedged positions, were net losses of CHF 291 million (2023: net losses of CHF 243 million) with the increase primarily due to foreign exchange losses on unhedged exposures in Egyptian pounds. Losses on the net monetary positions in hyperinflationary economies in Argentina and Türkiye were CHF 163 million (2023: losses of CHF 233 million). A full analysis of other financial income (expense) is given in Note 4 to the Annual Financial Statements.

Income taxes

Analysis of the Group's effective tax rate

	2024			2023		
	Profit before tax (CHF m)	Income taxes (CHF m)	Tax rate (%)	Profit before tax (CHF m)	Income taxes (CHF m)	Tax rate (%)
Group's effective tax rate – Core basis	**19,213**	**(3,202)**	**16.7**	**17,940**	**(2,136)**	**11.9**
Global restructuring plans	(1,891)	389	20.6	(2,038)	403	19.8
Goodwill and intangible assets	(5,367)	238	4.4	(1,910)	115	6.0
Mergers and acquisitions and alliance transactions	(79)	12	15.2	(25)	4	16.0
Legal and environmental cases	(83)	16	19.3	112	(39)	34.8
Normalisation of equity compensation plan tax benefit	0	(59)	–	0	(68)	–
Group's effective tax rate – IFRS basis	**11,793**	**(2,606)**	**22.1**	**14,079**	**(1,721)**	**12.2**

The Group's effective core tax rate increased by 4.8 percentage points to 16.7% in 2024. The increase was due to the impact from the resolution of tax disputes which reduced the Group's effective core tax rate by 1.4 percentage points in 2024 compared to 4.3 percentage points in 2023. In addition, the Pillar Two income taxes, which have been effective from 1 January 2024 in various countries where the Group operates, increased the Group's effective core tax rate in 2024 by 1 percentage point.

The effective tax rate on an IFRS basis increased to 22.1% compared to 12.2% in 2023 due to the same impacts mentioned above and due to the impairments of certain goodwill and intangible assets that are not tax deductible.

The Organisation for Economic Co-operation and Development (OECD) has published Global Anti-Base Erosion (GloBE) Model Rules (Pillar Two) which aim to ensure that large multinational enterprises pay a minimum level of tax on the income arising in each of the jurisdictions where they operate. The Model Rules provide for a template that jurisdictions can translate into domestic law as part of a common approach to applying top-up taxes on profits arising in a jurisdiction whenever the effective tax rate, determined on a jurisdictional basis in accordance with the Model Rules, is below the minimum rate of 15%. Various countries have enacted tax legislation to either fully or partially comply with Pillar Two, including Switzerland from 1 January 2024.

Further details of the Group's income tax expenses and related balance sheet positions, as well as the implementation of the Pillar Two Model Rules, are given in Note 5 to the Annual Financial Statements.

Financial position

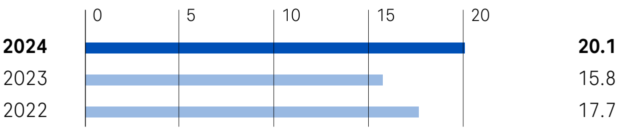
The decrease in net debt was due to the free cash flow of CHF 15.3 billion, partly offset by dividend payments of CHF 8.0 billion and the payments for the Carmot acquisition of CHF 2.5 billion. Lease liabilities increased due to new lease agreements, including a new property at Genentech in South San Francisco. The net pension liability was 37% lower at CER as a result of an increased fair value of plan assets and changes in discount rates. The net tax assets increased mainly due to the deferred tax impacts from global restructuring plans and intangible asset impairments. At 31 December 2024 the Group held equity investments with a market value of CHF 0.5 billion, which consist mostly of holdings in biotechnology and other pharmaceuticals companies which were acquired as part of licensing transactions and scientific collaborations or as investments of the Roche Venture Fund. The net derivative liabilities decreased to CHF 12 million as a result of interest rate and exchange rate movements.

Free cash flow

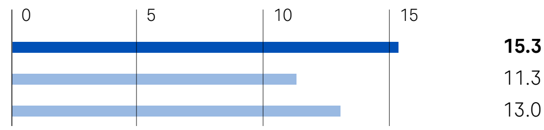
The net cash outflow from treasury activities was CHF 1.1 billion compared to an outflow of CHF 0.9 billion in 2023. This increase was due to higher interest payments as a result of the newly issued debt. Total taxes paid were higher at CHF 3.7 billion.

Cash flows and net debt

Operating free cash flow in billions of CHF



Free cash flow in billions of CHF



Free cash flow in millions of CHF

	Pharmaceuticals	Diagnostics	Corporate	Group
2024				
Operating profit – IFRS basis	15,587	1,946	(4,116)	13,417
Operating profit cash adjustments	8,940	1,834	128	10,902
Operating profit, net of operating cash adjustments	**24,527**	**3,780**	**(3,988)**	**24,319**
(Increase) decrease in net working capital	1,002	(8)	167	1,161
Investments in property, plant and equipment	(1,659)	(1,801)	(69)	(3,529)
Principal portion of lease liabilities paid	(195)	(144)	(11)	(350)
Investments in intangible assets	(1,387)	(93)	0	(1,480)
Operating free cash flow	**22,288**	**1,734**	**(3,901)**	**20,121**
Treasury activities				(1,058)
Taxes paid				(3,727)
Free cash flow				**15,336**
2023				
Operating profit – IFRS basis	17,911	1,392	(3,908)	15,395
Operating profit cash adjustments	3,700	2,559	209	6,468
Operating profit, net of operating cash adjustments	**21,611**	**3,951**	**(3,699)**	**21,863**
(Increase) decrease in net working capital	(721)	(544)	158	(1,107)
Investments in property, plant and equipment	(1,787)	(1,871)	(84)	(3,742)
Principal portion of lease liabilities paid	(193)	(134)	(12)	(339)
Investments in intangible assets	(855)	(52)	0	(907)
Operating free cash flow	**18,055**	**1,350**	**(3,637)**	**15,768**
Treasury activities				(860)
Taxes paid				(3,620)
Free cash flow				**11,288**

For the definition of free cash flow and a detailed breakdown see pages 173–175.

Effective 1 January 2024, the operational responsibility for the Foundation Medicine business was moved to the Diagnostics Division from the Pharmaceuticals Division. Accordingly from 1 January 2024 the results of the Foundation Medicine business are reported as part of the Diagnostics Division, and the comparative 2023 results have been restated in the financial statements in 2024. Details are given on page 45.

Both divisions reported continued cash generation from the underlying business. The operating free cash flow in 2024 also included CHF 1.0 billion of cash received from the divestment of the Vacaville site, net of disposal costs. Net working capital for the Group decreased, mainly due to higher payable balances. Investments in intangible assets were higher in 2024 due to the assets purchased from Regor. Interest payments were higher, driven by the newly issued debt.

Net debt in millions of CHF

At 1 January 2024	
Cash and cash equivalents	5,376
Marketable securities	5,134
Long-term debt	(24,809)
Short-term debt	(4,400)
Net debt at beginning of period	**(18,699)**
Change in net debt during 2024	
Free cash flow	15,336
Dividend payments	(8,043)
Transactions in own equity instruments	(1,130)
Mergers and acquisitions, net of divestments of subsidiaries	(3,135)
Hedging and collateral arrangements	30
Currency translation, fair value and other movements	(1,696)
Change in net debt	**1,362**
At 31 December 2024	
Cash and cash equivalents	6,975
Marketable securities	10,342
Long-term debt	(30,722)
Short-term debt	(3,932)
Net debt at end of period	**(17,337)**

For the definition of net debt see page 177.

Net debt – currency profile in millions of CHF

	Cash and marketable securities 2024	2023	Debt 2024	2023
US dollar	2,223	1,583	(24,129)	(20,072)
Euro	4,166	1,918	(4,930)	(3,489)
Swiss franc	4,793	2,098	(5,320)	(5,101)
Japanese yen	5,231	4,001	0	0
Other	904	910	(275)	(547)
Total	**17,317**	**10,510**	**(34,654)**	**(29,209)**

The net debt position of the Group at 31 December 2024 was CHF 17.3 billion, a decrease of CHF 1.4 billion from 31 December 2023. The decrease was primarily due to the free cash flow of CHF 15.3 billion, partly offset by the dividend payments of CHF 8.0 billion and the CHF 2.5 billion payment for the Carmot acquisition. The CHF 1.1 billion for transactions in own equity instruments related to purchases in connection with the Group's equity compensation plans. The negative currency translation effect was due to the depreciation of the Swiss franc against the US dollar during the year, which increased the carrying value in Swiss francs of the Group's US dollar-denominated debt.

Contractual obligations and commitments

The Group has obligations and commitments as set out in the table below. Carrying values are as shown in the consolidated balance sheet. The potential obligations shown are not discounted and are not risk-adjusted, unless otherwise noted below. Any amounts denominated in foreign currencies are translated into Swiss francs at the 31 December 2024 exchange rates. Provisions for legal and environmental matters are not included as the timing and amount of any cash outflow is uncertain and contingent on the development of the matters in question.

Contractual obligations and commitments as at 31 December 2024 in millions of CHF

	Potential obligation					
	Less than 1 year	1–2 years	2–5 years	Over 5 years	Total	Carrying value
On-balance sheet						
Debt [21]						
– Bonds and notes	5,018	4,210	12,432	23,632	45,292	34,199
– Other debt	455	0	0	0	455	455
Contingent consideration [20, 31]	45	113	298	82	538	227
Accounts payable [17]	4,894	0	0	0	4,894	4,894
Other non-current liabilities [18]	0	495	582	700	1,777	1,603
Other current liabilities [19]	13,544	42	0	0	13,586	13,548
Unfunded defined benefit plans [26]	226	225	685	5,655	6,791	3,980
Total on-balance sheet commitments	**24,182**	**5,085**	**13,997**	**30,069**	**73,333**	**58,906**
Off-balance sheet						
Capital commitments for property, plant and equipment [8]	940	152	212	14	1,318	0
Leasing commitments [28]	2	4	17	65	88	0
Contract manufacturing commitments [31]	1,084	426	658	50	2,218	0
Alliance collaboration commitments [10]	1,208	824	1,316	1,973	5,321	0
Total off-balance sheet commitments	**3,234**	**1,406**	**2,203**	**2,102**	**8,945**	**0**
Total contractual commitments	**27,416**	**6,491**	**16,200**	**32,171**	**82,278**	**58,906**

References are to the Notes in the Annual Financial Statements.

Debt. This consists mainly of bonds and notes and includes the principal and interest on the Group's debt instruments. Other debt is mainly commercial paper. The carrying values are discounted based on the interest rates inherent in the instruments.

Contingent consideration. This consists of potential payments arising from mergers and acquisitions. The carrying values are risk-adjusted and discounted.

Unfunded defined benefit plans. These are mainly the pension plans in the Group's German affiliates, where the fully reserved pension obligations are used for self-financing of the local affiliates' operations. The carrying values are discounted. Future company contributions to the Group's funded plans are not shown in the above table.

Capital commitments for property, plant and equipment. These are non-cancellable commitments for the purchase and construction mainly at the Roche sites in Basel and Rotkreuz, Switzerland, South San Francisco, US, and Penzberg, Germany, and also at Chugai's new manufacturing facilities in Japan.

Leasing commitments. These are the major non-cancellable commitments for signed lease agreements where the lease term has not yet started.

Contract manufacturing commitments. These are the future minimum take-or-pay commitments to purchase inventories arising from the Group's major long-term agreements with external Contract Manufacturing Organisations (CMOs).

Alliance collaboration commitments. These are potential upfront and milestone payments that may become due from the Group's in-licensing and alliance arrangements and intangible asset purchase agreements, including asset acquisitions. Potential payments to alliance partners and for asset purchase agreements within the next three years are included assuming all projects currently in development are successful. Potential payments beyond three years are only included for asset purchase agreements.

Pensions and other post-employment benefits

Post-employment benefit plans are classified by IFRS Accounting Standards as ‘defined contribution plans’ if the Group pays fixed contributions into a separate fund or to a third-party financial institution and will have no further legal or constructive obligation to pay further contributions. In 2024 expenses for the Group’s defined contribution plans were CHF 462 million (2023: CHF 469 million). All other plans are classified as ‘defined benefit plans’, even if the Group’s potential obligation is minor or has a relatively remote possibility of arising. Plans are usually established as trusts which are independent of the Group and are funded by payments from the Group and by employees, but in some cases the plan is unfunded and the Group pays pensions to retired employees directly from its own financial resources. In 2024 expenses for the Group’s defined benefit plans were CHF 642 million (2023: CHF 603 million).

Defined benefit plans

Funding status and balance sheet position

	2024 (CHF m)	2023 (CHF m)
Funded plans		
– Fair value of plan assets	18,561	17,083
– Defined benefit obligation	(16,724)	(15,495)
Over (under) funding	**1,837**	**1,588**
Unfunded plans		
– Defined benefit obligation	(3,980)	(3,965)
Total funding status	**(2,143)**	**(2,377)**
Limit on asset recognition	(18)	(1,032)
Reimbursement rights	36	49
Net recognised asset (liability)	**(2,125)**	**(3,360)**

Overall the funding status on an IFRS basis of the Group’s funded defined benefit plans increased to 111% compared to 110% at the start of the year. There was an increase in the fair value of plan assets which was partly offset by an increase in the defined benefit obligation due to lower discount rates in Switzerland compared to the end of 2023. These lower discount rates also led to a reduction of the limit on asset recognition. The funding status of the pension funds is monitored by the local pension fund governance bodies as well as being closely reviewed at a Group level.

The unfunded plans are mainly those in the Group’s German affiliates, where the fully reserved pension obligations are invested in the local affiliates’ operations. The defined benefit obligations for unfunded plans remained stable compared to the end of 2023.

Full details of the Group’s pensions and other post-employment benefits are given in Note 26 to the Annual Financial Statements.

Roche shares

Share price and market capitalisation (at 31 December)

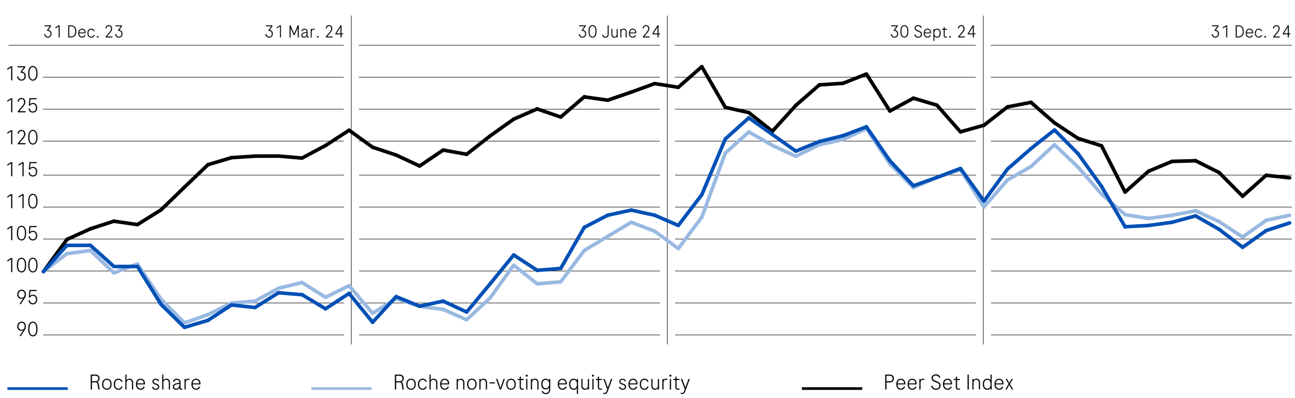
	2024	2023	% change (CHF)
Share price (CHF)	270.60	261.40	+3.5
Non-voting equity security (*Genussschein*) price (CHF)	255.50	244.50	+4.5
Market capitalisation (billions of CHF)	205	197	+4.1

In 2024 Roche ranked number 6 among a peer group consisting of Roche and 15 other healthcare companies[a] for Total Shareholder Return (TSR), defined as share price growth plus dividends, measured in Swiss francs at actual exchange rates. At constant exchange rates (CER) Roche ranked number 5, with the year-end return being plus 7.6% for Roche shares and plus 8.8% for Roche non-voting equity securities. The combined performance of Roche shares and non-voting equity securities was plus 8.6% compared to a weighted average return for the peer group of plus 14.6% in CHF terms and plus 7.9% at CER. The development of the Roche share price during 2024 was primarily driven by business performance, particularly sales and earnings growth as well as positive clinical trial results.

In 2024 the healthcare sector experienced slower growth when compared to the global equity markets, which improved performance as economic growth, favourable monetary policies and resilient labour markets mitigated recession fears. The Swiss Market Index (SMI) experienced positive growth, although it significantly lagged behind major US indices. Roche shares and non-voting equity securities performed in line with the SMI.

a) Peer group for 2024: Abbott, AbbVie, Amgen, AstraZeneca, Bristol-Myers Squibb, Danaher, Eli Lilly, GlaxoSmithKline, Johnson & Johnson, Medtronic, Merck & Co., Novartis, Novo Nordisk, Pfizer, Roche and Sanofi.

Total Shareholder Return development



Source: Bloomberg. Data for Roche and the peer index has been re-based to 100 at 1 January 2024. The Peer Index was converted into Swiss francs at daily actual exchange rates. Currency fluctuations have an influence on the representation of the relative performance of Roche versus the peer index.

Proposed dividend

The Board of Directors is proposing an increase of 1% in the dividend for 2024 to CHF 9.70 per share and non-voting equity security (2023: CHF 9.60) for approval at the Annual General Meeting. This would be the 38th consecutive increase in the dividend. If the dividend proposal is approved by shareholders, dividend payments on the total shares and non-voting equity securities will amount to CHF 7.8 billion (2023: CHF 7.8 billion). This dividend proposal would result in a pay-out ratio (based on core net income) of 51.6% (2023: 51.7%). Based on the prices at the end of 2024, the dividend yield on the Roche share was 3.6% (2023: 3.7%) and the yield on the non-voting equity security was 3.8% (2023: 3.9%). Further information on the Roche securities is given on pages 183 to 184.

For further details please refer to Notes 22 and 29 of the Annual Financial Statements and page 173. The pay-out ratio is calculated as dividend per share divided by core earnings per share.

Debt

Issuance of new debt

During 2024 the Group completed the following debt offerings:

- 8 March 2024: USD 875 million fixed rate notes with a coupon of 4.790% and maturing in March 2029.
- 8 March 2024: USD 750 million fixed rate notes with a coupon of 4.909% and maturing in March 2031.
- 8 March 2024: USD 1,250 million fixed rate notes with a coupon of 4.985% and maturing in March 2034.
- 8 March 2024: USD 1,000 million fixed rate notes with a coupon of 5.218% and maturing in March 2054.
- 3 May 2024: EUR 650 million fixed rate bonds with a coupon of 3.227% and maturing in May 2030.
- 3 May 2024: EUR 850 million fixed rate bonds with a coupon of 3.564% and maturing in May 2044.
- 6 September 2024: CHF 250 million fixed rate bonds with a coupon of 0.985% and maturing in September 2029.
- 6 September 2024: CHF 420 million fixed rate bonds with a coupon of 1.0975% and maturing in September 2034.
- 6 September 2024: CHF 275 million fixed rate bonds with a coupon of 1.17% and maturing in September 2039.
- 9 September 2024: USD 900 million fixed rate notes with a coupon of 4.203% and maturing in September 2029.
- 9 September 2024: USD 1,000 million fixed rate notes with a coupon of 4.592% and maturing in September 2034.
- 9 September 2024: USD 600 million fixed rate notes with a coupon of 5.218% and maturing in March 2054.

The Group received total aggregate net proceeds of CHF 7.9 billion from these issuances.

Redemption of debt

During 2024 the Group redeemed the following debt at the due date:

- 5 March 2024: floating rate notes with an outstanding amount of USD 350 million and an effective interest rate of 2.85%.
- 5 March 2024: fixed rate notes with an outstanding amount of USD 500 million and an effective interest rate of 0.49%.
- 8 March 2024: fixed rate notes with an outstanding amount of USD 1,250 million and an effective interest rate of 1.95%.
- 23 September 2024: fixed rate bonds with an outstanding amount of CHF 750 million and an effective interest rate of 0.11%.
- 30 September 2024: fixed rate notes with an outstanding amount of USD 589 million and an effective interest rate of 3.40%.

The combined cash outflow was CHF 3.1 billion and there was no gain or loss recorded on these redemptions.

Debt maturity

The maturity schedule of the Group's bonds and notes outstanding at 31 December 2024 is shown in the table below.

Bonds and notes: nominal amounts at 31 December 2024 by contractual maturity

	US dollar (USD m)	Euro (EUR m)	Swiss franc (CHF m)	Total[a] (USD m)	Total[a] (CHF m)
2025	2,256	1,000	500	3,849	3,479
2026	3,050	0	425	3,520	3,182
2027	2,100	600	825	3,637	3,287
2028	3,900	0	140	4,055	3,665
2029	1,775	750	600	3,219	2,909
2030–2034	7,850	650	2,010	10,750	9,717
2035 and beyond	5,654	2,250	805	8,884	8,031
Total	**26,585**	**5,250**	**5,305**	**37,914**	**34,270**

a) Total translated at 31 December 2024 exchange rates.

The Group plans to meet its debt obligations using existing liquid funds as well as cash generated from business operations. In 2024 the free cash flow was CHF 15.3 billion (2023: CHF 11.3 billion), which included the cash generated from operations as well as the payment of interest and taxes.

For short-term financing requirements, the Group has a commercial paper program in the US under which it can issue up to USD 7.5 billion of unsecured commercial paper notes and has committed credit lines of USD 7.5 billion available as back-stop lines. On 19 January 2024 the Group executed a short-term bridge facility agreement of USD 5.0 billion. On 26 January 2024 the Group utilised USD 2.85 billion of this bridge facility, of which USD 1.85 billion and USD 1.0 billion were repaid on 8 March 2024 and 3 May 2024, respectively. Commercial paper notes totalling USD 0.2 billion were outstanding as of 31 December 2024 (31 December 2023: USD 1.0 billion). For longer-term financing the Group maintains high long-term investment-grade credit ratings of AA by Standard & Poor's, Aa2 by Moody's and AA by Fitch which should facilitate efficient access to international capital markets.

Further information on the Group's debt is given in Note 21 to the Annual Financial Statements.

Financial risks

At 31 December 2024 the Group had a net debt position of CHF 17.3 billion (2023: CHF 18.7 billion). The financial assets of the Group are managed in a conservative way with the objective to meet the Group's financial obligations at all times.

Asset allocation. Liquid funds are either held as cash or are invested in high-quality, investment-grade fixed-income securities with an investment horizon to meet those liquidity requirements.

Cash and marketable securities

	2024 (CHF m)	2024 (% of total)	2023 (CHF m)	2023 (% of total)
Cash and cash equivalents	6,975	40	5,376	51
Money market instruments and time accounts over three months	9,831	57	4,621	44
Debt securities	511	3	512	5
Equity securities	0	0	1	0
Total cash and marketable securities	**17,317**	**100**	**10,510**	**100**

Credit risk. Credit risk arises from the possibility that counterparties to transactions may default on their obligations causing financial losses for the Group. The rating profile of the Group's CHF 17.3 billion of cash and fixed-income marketable securities remained high with 96% being invested in the A–AAA range. The Group has signed netting and collateral agreements with the counterparties in order to mitigate counterparty risk on derivative positions. Bad debt expenses and overdue receivables remained at a relatively low level.

Liquidity risk. Liquidity risk arises through a surplus of financial obligations over available financial assets due at any point in time. The Group's approach to liquidity risk is to maintain sufficient readily available reserves in order to meet its liquidity requirements at any point in time. In addition to the current liquidity position, the Group has high cash generation ability. Those future cash flows will be used to repay debt instruments in the coming years. Free cash flow was CHF 15.3 billion as compared to CHF 11.3 billion in 2023.

The Roche Group continues to enjoy high long-term investment-grade credit ratings of AA by Standard & Poor's, Aa2 by Moody's and AA by Fitch. At the same time Roche is rated at the highest available short-term ratings by those agencies. In the event of financing requirements, the credit ratings of the Roche Group should permit efficient access to international capital markets, including the commercial paper market. The Group has committed credit lines with various financial institutions totalling USD 7.5 billion available as back-stop lines for the commercial paper program. As at 31 December 2024 no debt has been drawn under these credit lines.

Market risk. Market risk arises from changing market prices of the Group's financial assets or financial liabilities. The exposures are predominantly related to changes in interest rates, foreign exchange rates and equity prices. The Group uses Value-at-Risk (VaR) to assess the impact of market risk on its financial instruments. VaR data indicates the value range within which a given financial instrument will fluctuate with a preset probability as a result of movements in market prices. The Group's VaR has increased since 31 December 2023 reflecting bond issuances during 2024.

Interest rate risk. Interest rate risk arises from movements in interest rates which could affect the Group's financial result or the value of the Group equity. The Group may use interest rate derivatives to manage its interest rate-related exposure and financial result.

Further information on financial risk management and financial risks and the VaR methodology is included in Note 31 to the Annual Financial Statements.

International Financial Reporting Standards

The Roche Group has been using International Financial Reporting Standards (IFRS Accounting Standards) to report its consolidated results since 1990.

New and revised standards applied in 2024

In 2024 the Group implemented various minor amendments to existing accounting standards and interpretations which have no material impact on the Group's overall results and financial position.

See Note 34 to the Annual Financial Statements for further details.

Change in operating segments

Effective 1 January 2024, the operational responsibility for the Foundation Medicine business was moved to the Diagnostics Division from the Pharmaceuticals Division. Accordingly from 1 January 2024 the results of the Foundation Medicine business are reported as part of the Diagnostics Division. This represented a change for the Group's operating segments in its financial reporting, and consequently the comparative 2023 results have been restated in the financial statements in 2024.

This change had no impact on sales, operating profit, net income and earnings per share of the Group as a whole, for both the IFRS and core basis. There is no change to the core results concept.

As a result of these restatements Foundation Medicine sales of CHF 347 million for 2023 have been restated from the Pharmaceuticals Division to the Diagnostics Division. The restated core operating profit margin for 2023 of the Pharmaceuticals Division increased by 0.9 percentage points to 45.7%, while the corresponding margin for 2023 of the Diagnostics Division decreased by 2.2 percentage points to 16.7%.

Comparative information for 2023 has been restated, and a reconciliation to the previously published results is provided in Note 34 to the Annual Financial Statements and on pages 170 to 173 for the core results.

Roche Group Consolidated Financial Statements

Roche Group consolidated income statement for the year ended 31 December 2024 in millions of CHF

	Pharmaceuticals	Diagnostics	Corporate	Group
Sales [2,3]	46,171	14,324	–	60,495
Other revenue [2,3]	1,871	29	–	1,900
Revenue [2,3]	**48,042**	**14,353**	**–**	**62,395**
Cost of sales	(9,150)	(7,133)	–	(16,283)
Research and development [2]	(13,299)	(2,005)	–	(15,304)
Selling, general and administration	(7,533)	(3,257)	(4,106)	(14,896)
Other operating income (expense)	(2,473)	(12)	(10)	(2,495)
Operating profit [2]	**15,587**	**1,946**	**(4,116)**	**13,417**
Financing costs [4]				(1,412)
Other financial income (expense) [4]				(212)
Profit before taxes				**11,793**
Income taxes [5]				(2,606)
Net income				**9,187**
Attributable to				
– Roche shareholders [22]				8,277
– Non-controlling interests [24]				910
Earnings per share and non-voting equity security [29]				
Basic (CHF)				10.39
Diluted (CHF)				10.31

Roche Group consolidated income statement for the year ended 31 December 2023 (restated)[a] in millions of CHF

	Pharmaceuticals[a]	Diagnostics[a]	Corporate	Group
Sales[2, 3]	44,265	14,451	–	58,716
Other revenue[2, 3]	1,648	77	–	1,725
Revenue[2, 3]	**45,913**	**14,528**	**–**	**60,441**
Cost of sales	(8,933)	(7,424)	–	(16,357)
Research and development[2]	(12,115)	(2,085)	–	(14,200)
Selling, general and administration	(7,190)	(3,797)	(3,894)	(14,881)
Other operating income (expense)	236	170	(14)	392
Operating profit[2]	**17,911**	**1,392**	**(3,908)**	**15,395**
Financing costs[4]				(996)
Other financial income (expense)[4]				(320)
Profit before taxes				**14,079**
Income taxes[5]				(1,721)
Net income				**12,358**
Attributable to				
– Roche shareholders[22]				11,498
– Non-controlling interests[24]				860
Earnings per share and non-voting equity security[29]				
Basic (CHF)				14.40
Diluted (CHF)				14.31

a) Effective 1 January 2024, the operational responsibility for the Foundation Medicine business was moved to the Diagnostics Division from the Pharmaceuticals Division. Accordingly, from 1 January 2024 the results of the Foundation Medicine business are reported as part of the Diagnostics Division, and the comparative 2023 information has been restated in these Consolidated Financial Statements. Details and a reconciliation to the previously published income statement are disclosed in Note 34.

Roche Group consolidated statement of comprehensive income in millions of CHF

	Year ended 31 December 2024	2023
Net income recognised in income statement	**9,187**	**12,358**
Other comprehensive income (OCI)		
Remeasurements of defined benefit plans [22]	1,138	(123)
Fair value changes on equity investments at fair value through OCI [22]	69	(64)
Items that will never be reclassified to the income statement	**1,207**	**(187)**
Fair value changes on debt securities at fair value through OCI [22]	7	13
Cash flow hedges [22]	77	(12)
Currency translation of foreign operations [22]	697	(2,644)
Items that are or may be reclassified to the income statement	**781**	**(2,643)**
Other comprehensive income, net of tax	**1,988**	**(2,830)**
Total comprehensive income	**11,175**	**9,528**
Attributable to		
– Roche shareholders [22]	10,371	9,272
– Non-controlling interests [24]	804	256
Total	**11,175**	**9,528**

Roche Group consolidated balance sheet in millions of CHF

	31 December 2024	31 December 2023
Non-current assets		
Property, plant and equipment [8]	22,557	21,724
Right-of-use assets [28]	1,183	1,215
Goodwill [9]	7,876	9,390
Intangible assets [10]	17,303	14,828
Deferred tax assets [5]	8,569	6,882
Defined benefit plan assets [26]	2,256	1,019
Other non-current assets [15]	2,021	1,964
Total non-current assets	**61,765**	**57,022**
Current assets		
Inventories [11]	7,606	7,749
Accounts receivable [12]	11,297	11,021
Current income tax assets [5]	415	344
Other current assets [16]	3,401	3,130
Marketable securities [13]	10,342	5,134
Cash and cash equivalents [14]	6,975	5,376
Assets held for sale [6]	0	692
Total current assets	**40,036**	**33,446**
Total assets	**101,801**	**90,468**
Non-current liabilities		
Long-term debt [21]	(30,722)	(24,809)
Deferred tax liabilities [5]	(832)	(593)
Defined benefit plan liabilities [26]	(4,381)	(4,379)
Provisions [20]	(1,079)	(1,059)
Other non-current liabilities [18]	(1,603)	(1,541)
Total non-current liabilities	**(38,617)**	**(32,381)**
Current liabilities		
Short-term debt [21]	(3,932)	(4,400)
Current income tax liabilities [5]	(2,923)	(2,257)
Provisions [20]	(1,726)	(1,684)
Accounts payable [17]	(4,894)	(4,325)
Other current liabilities [19]	(13,548)	(12,150)
Liabilities directly associated with assets held for sale [6]	0	(8)
Total current liabilities	**(27,023)**	**(24,824)**
Total liabilities	**(65,640)**	**(57,205)**
Total net assets	**36,161**	**33,263**
Equity		
Capital and reserves attributable to Roche shareholders [22]	31,767	29,315
Equity attributable to non-controlling interests [24]	4,394	3,948
Total equity	**36,161**	**33,263**

Roche Group consolidated statement of cash flows in millions of CHF

	Year ended 31 December 2024	2023
Cash flows from operating activities		
Cash generated from operations [30]	24,332	22,617
(Increase) decrease in net working capital	1,161	(1,107)
Payments made for defined benefit plans [26]	(661)	(743)
Utilisation of provisions [20]	(1,012)	(1,052)
Other operating cash flows	1	0
Income taxes paid [5]	(3,727)	(3,620)
Total cash flows from operating activities	**20,094**	**16,095**
Cash flows from investing activities		
Purchase of property, plant and equipment	(3,529)	(3,742)
Purchase of intangible assets	(1,480)	(907)
Disposal of property, plant and equipment	61	173
Disposal of intangible assets	0	0
Disposal of products	376	558
Divestment of net assets previously held for sale [6]	1,049	0
Business combinations [6]	(2,836)	0
Asset acquisitions [6]	(283)	(6,220)
Divestment of subsidiaries	1	1
Interest received (paid) and dividends received on marketable securities and other investments [30]	232	168
Sales of equity securities and debt securities	198	125
Purchases of equity securities and debt securities	(112)	(87)
Sales (purchases) of money market instruments and time accounts over three months, net	(5,084)	(745)
Other investing cash flows	14	33
Total cash flows from investing activities	**(11,393)**	**(10,643)**
Cash flows from financing activities		
Proceeds from issue of bonds and notes [21]	7,915	8,167
Redemption and repurchase of bonds and notes [21]	(3,095)	(1,751)
Increase (decrease) in commercial paper [21]	(709)	(806)
Increase (decrease) in other debt [21]	(292)	175
Hedging and collateral arrangements	30	155
Interest paid	(1,145)	(770)
Principal portion of lease liabilities paid [30]	(350)	(339)
Dividends paid [30]	(8,043)	(7,926)
Equity-settled equity compensation plans, net of transactions in own equity [27]	(1,130)	(1,144)
Other financing cash flows	0	0
Total cash flows from financing activities	**(6,819)**	**(4,239)**
Net effect of currency translation on cash and cash equivalents	(283)	(828)
Increase (decrease) in cash and cash equivalents	**1,599**	**385**
Cash and cash equivalents at 1 January	5,376	4,991
Cash and cash equivalents at 31 December [14]	**6,975**	**5,376**

Roche Group consolidated statement of changes in equity in millions of CHF

	Share capital	Retained earnings	Fair value reserves	Hedging reserves	Translation reserves	Total	Non-controlling interests	Total equity
Year ended 31 December 2023								
At 1 January 2023	107	38,937	(59)	(92)	(10,901)	27,992	4,023	32,015
Net income recognised in income statement	–	11,498	–	–	–	11,498	860	12,358
Net change in fair value – financial assets at fair value through OCI	–	(11)	(40)	–	–	(51)	0	(51)
Cash flow hedges	–	–	–	(7)	–	(7)	(5)	(12)
Currency translation of foreign operations	–	–	2	9	(2,051)	(2,040)	(604)	(2,644)
Remeasurements of defined benefit plans	–	(128)	–	–	–	(128)	5	(123)
Total comprehensive income	**–**	**11,359**	**(38)**	**2**	**(2,051)**	**9,272**	**256**	**9,528**
Dividends	–	(7,590)	–	–	–	(7,590)	(334)	(7,924)
Equity compensation plans, net of transactions in own equity	–	(358)	–	–	–	(358)	2	(356)
Changes in non-controlling interests [24]	–	(1)	–	–	–	(1)	1	–
At 31 December 2023	**107**	**42,347**	**(97)**	**(90)**	**(12,952)**	**29,315**	**3,948**	**33,263**
Year ended 31 December 2024								
At 1 January 2024	107	42,347	(97)	(90)	(12,952)	29,315	3,948	33,263
Net income recognised in income statement	–	8,277	–	–	–	8,277	910	9,187
Net change in fair value – financial assets at fair value through OCI	–	8	69	–	–	77	(1)	76
Cash flow hedges	–	–	–	48	–	48	29	77
Currency translation of foreign operations	–	–	0	1	839	840	(143)	697
Remeasurements of defined benefit plans	–	1,129	–	–	–	1,129	9	1,138
Total comprehensive income	**–**	**9,414**	**69**	**49**	**839**	**10,371**	**804**	**11,175**
Dividends	–	(7,650)	–	–	–	(7,650)	(360)	(8,010)
Equity compensation plans, net of transactions in own equity	–	(269)	–	–	–	(269)	2	(267)
Changes in non-controlling interests [24]	–	0	–	–	–	0	0	–
At 31 December 2024	**107**	**43,842**	**(28)**	**(41)**	**(12,113)**	**31,767**	**4,394**	**36,161**

Notes to the Roche Group Consolidated Financial Statements

1. General accounting principles

Basis of preparation

The consolidated financial statements (hereafter 'the Annual Financial Statements') of the Roche Group have been prepared in accordance with IFRS Accounting Standards and comply with Swiss law. They have been prepared using the historical cost convention except for items that are required to be accounted for at fair value. They were approved for issue by the Board of Directors on 28 January 2025 and are subject to approval by the Annual General Meeting of shareholders on 25 March 2025.

These financial statements are the Annual Financial Statements of Roche Holding Ltd, a company registered in Switzerland, and its subsidiaries ('the Group').

A list of the accounting policies adopted by the Group in the preparation of the Annual Financial Statements and the changes in accounting policies in 2024 are provided in Note 34.

As described in Note 34, effective 1 January 2024, the operational responsibility for the Foundation Medicine business was moved to the Diagnostics Division from the Pharmaceuticals Division. Accordingly, from 1 January 2024 the results of the Foundation Medicine business are reported as part of the Diagnostics Division. All relevant comparative 2023 information in the Notes has been restated.

Key accounting judgements, estimates and assumptions

The preparation of the Annual Financial Statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets, liabilities and contingencies. Actual outcomes could differ from those management estimates. The estimates and underlying assumptions are reviewed on an ongoing basis and are based on historical experience and various other factors. Revisions to estimates are recognised in the period in which the estimate is revised. The following are considered to be the key accounting judgements, estimates and assumptions made and are believed to be appropriate based upon currently available information.

Revenue. The nature of the Group's business is such that many sales transactions do not have a simple structure and may consist of various performance obligations that are satisfied at different times. Contracts entered into in the Diagnostics Division typically include performance obligations for instruments (including those provided under leasing arrangements), reagents and other consumables, and services. Instruments may be sold in cash sales transactions at discounted prices. Where instruments are provided under operating lease arrangements, some or the entire lease revenue may be variable and subject to subsequent reagents sales. Major sources of estimation uncertainty are related to measurement of sales, net of discounts, for the related obligations, including their stand-alone selling prices. It requires judgement to determine when different obligations are satisfied, including whether enforceable purchase commitments for further obligations exist and when they arise. Out-licensing agreements may be entered into with no further obligation or may include commitments to conduct research, late-stage development, regulatory approval, co-marketing or manufacturing. These may be settled by a combination of upfront payments, milestone payments, other licensing fees, and reimbursements for services provided. Whether to consider these commitments as a single performance obligation or separate ones, or even being in scope of IFRS 15 'Revenues from Contracts with Customers', is not straightforward and requires some judgement. Depending on the conclusion, this may result in all revenue being calculated at inception and either being recognised at once or spread over the term of a longer performance obligation.

Major sources of estimation uncertainty are related to the measurement of sales, which are recorded net of allowances for estimated rebates, chargebacks, cash discounts and estimates of product returns, all of which are established at the time of sale. All product sales allowances are based on estimates of the amounts earned or to be claimed on the related sales. At 31 December 2024 the Group had CHF 5,542 million in provisions and accruals for expected sales returns, chargebacks and other rebates, including Medicaid in the US and similar rebates in other countries (2023: CHF 4,804 million). The provisions and accruals relating to the US pharmaceuticals business amounted to CHF 2,488 million (2023: CHF 2,044 million), of which CHF 487 million (2023: CHF 422 million) were associated with expected sales returns. These estimates take into consideration historical experience, current contractual and statutory requirements, specific known market events and trends such as competitive pricing and new product introductions, estimated inventory levels, and the shelf life of products. If actual future results vary, these estimates need to be adjusted, with an effect on sales and earnings in the period of the adjustment.

Business combinations. The Group initially recognises the fair value of identifiable assets acquired, the liabilities assumed, any non-controlling interest and the consideration transferred in a business combination. Management judgement is particularly involved in the assessment of whether or not the net assets acquired constitute a business and in the recognition and fair value measurement of intellectual property, inventories, contingent liabilities and contingent consideration. In making this assessment, management applies judgement in considering the underlying economic substance of the items concerned in addition to the contractual terms. When considered appropriate as a result from its judgement, management also applies the optional ‘concentration test’ as set out in IFRS 3 ‘Business Combinations’ to aid the assessment of whether a transaction represents a business combination or is simply in substance the purchase of a single asset or group of similar assets.

Impairment of property, plant and equipment, right-of-use assets, goodwill and intangible assets. At 31 December 2024 the Group had CHF 22,557 million in property, plant and equipment (see Note 8), CHF 1,183 million in right-of-use assets (see Note 28), CHF 7,876 million in goodwill (see Note 9) and CHF 17,303 million in intangible assets (see Note 10). Goodwill and intangible assets not yet available for use are reviewed annually for impairment. Property, plant and equipment, right-of-use assets and intangible assets in use are assessed for impairment when there is a triggering event that provides evidence that an asset may be impaired. To assess whether any impairment exists, estimates of expected future cash flows are used. Actual outcomes could vary significantly from such estimates. Other estimates relate to factors such as changes in discount rates, the planned use of buildings, machinery or equipment or closure of facilities, the presence of competition, technical obsolescence and lower-than-anticipated product sales, which could lead to shorter useful lives or impairment.

Impairment of financial assets. At 31 December 2024 the Group had CHF 453 million in allowance for doubtful accounts for trade and lease receivables (see Note 12). Key estimates for the allowance for doubtful accounts are mainly related to risk of default and expected loss rates. For making these estimates, inputs selected to calculate the allowance for doubtful accounts are based on the company’s past experience, existing market conditions as well as forward-looking estimates at the end of each reporting period.

Pensions and other post-employment benefits. The Group operates a number of defined benefit plans, and the fair values of the recognised plan assets and liabilities are based upon statistical and actuarial calculations. Key estimates are required for the measurement of the net defined benefit obligation, which is particularly sensitive to changes in the discount rate, inflation rate, expected mortality and medical cost trend rate assumptions. At 31 December 2024 the present value of the Group’s defined benefit obligation was CHF 20,704 million (see Note 26). The actuarial assumptions used for those estimates may differ materially from actual results due to changes in market and economic conditions, longer or shorter lifespans of participants, and other changes in the factors being assessed. These differences could impact the defined benefit plan assets and liabilities recognised in the balance sheet in future periods.

Legal provisions. The Group provides for anticipated legal settlement costs when there is a probable outflow of resources that can be reliably estimated. Where no reliable estimate can be made, no provision is recorded and contingent liabilities are disclosed where material. At 31 December 2024 the Group had CHF 181 million in legal provisions. The status of significant legal cases is disclosed in Note 20. These estimates consider the specific circumstances of each legal case, relevant legal advice and are inherently uncertain due to the highly complex nature of legal cases. The estimates could change substantially over time as new facts emerge and each legal case progresses.

Environmental provisions. The Group provides for anticipated environmental remediation costs when there is a probable outflow of resources that can be reasonably estimated. At 31 December 2024 the Group had CHF 331 million in environmental provisions (see Note 20). Environmental provisions consist primarily of costs to fully clean and refurbish contaminated sites, including landfills, and to treat and contain contamination at certain other sites. These estimates are inherently uncertain as assumptions are required related to the detection of previously unknown contamination, the method and extent of remediation, the percentage of the problematic materials attributable to the Group at the remediation sites, and the financial capabilities of other potentially responsible parties. The estimates could change substantially over time as new facts emerge and each environmental remediation progresses.

Contingent consideration provisions. The Group makes provision for the estimated fair value of contingent consideration arrangements arising from business combinations. At 31 December 2024 the Group had CHF 227 million in contingent consideration provisions (see Note 20) and the total potential payments under contingent consideration arrangements from business combinations could be up to CHF 538 million (see Note 31). Key estimates are required to determine the amounts of the expected payments to be provided for, by considering the possible scenarios of forecast sales and other performance criteria, the amount to be paid under each scenario, and the probability of each scenario, which is then discounted to a net present value. These estimates could change substantially over time as new facts emerge and each scenario develops.

Income taxes. At 31 December 2024 the Group had a current income tax net liability of CHF 2,508 million and a deferred tax net asset of CHF 7,737 million (see Note 5). Major sources of estimation uncertainty are related to the calculation of current and deferred tax assets and liabilities, including for Pillar Two income taxes. Some of these estimates are based on interpretations of existing tax laws or regulations. Where tax positions are uncertain, accruals are recorded within income tax liabilities for management's best estimate of the ultimate liability that is expected to arise based on the specific circumstances and the Group's historical experience. Factors that may have an impact on the estimates of current and deferred tax balances, including for Pillar Two income taxes, include changes in tax laws, regulations or rates, changing interpretations of existing tax laws or regulations, future levels of research and development spending and changes in pre-tax earnings.

Leases. Where the Group is the lessee, key judgements include assessing whether arrangements contain a lease and determining the lease term. To assess whether a contract contains a lease requires judgement about whether it depends on a specified asset, whether the Group obtains substantially all the economic benefits from the use of that asset, and whether the Group has a right to direct the use of the asset. In order to determine the lease term, judgement is required as extension and termination options have to be assessed along with all facts and circumstances that may create an economic incentive to exercise an extension option, or not exercise a termination option. Estimates include calculating the discount rate which is based on the incremental borrowing rate. At 31 December 2024 the Group had CHF 1,183 million in right-of-use assets and CHF 1,700 million in lease liabilities (see Note 28).

Where the Group is the lessor, the treatment of leasing transactions is mainly determined by whether the lease is considered to be an operating or finance lease, which requires judgement. In making this assessment, management looks at the substance of the lease, as well as the legal form, and makes a judgement about whether substantially all of the risks and rewards of ownership are transferred. Arrangements which do not take the legal form of a lease but that nevertheless convey the right to use an asset are also covered by such judgemental assessments.

Consolidation. The Group periodically undertakes transactions that may involve obtaining control or significant influence over other companies. These transactions include equity acquisitions, asset purchases and alliance agreements. In all such cases it requires judgement for management to make an assessment as to whether the Group has control or significant influence over the other company, and whether it should be consolidated as a subsidiary or accounted for as an associated company. In making this judgemental assessment, management considers the underlying economic substance of the transaction in addition to the contractual terms.

2. Operating segment information

The Group has two divisions, Pharmaceuticals and Diagnostics. Revenues are primarily generated from the sale of prescription pharmaceutical products and diagnostic instruments, reagents and consumables, respectively. Both divisions also derive revenues from the sale or licensing of products or technology to third parties. Residual operating activities from divested businesses and certain global activities are reported as ‘Corporate’. These include the Corporate Executive Committee and global Group functions for informatics, communications, human resources, finance (including treasury and taxation), legal, safety and environmental services. Subdivisional information is also presented for the Roche Pharmaceuticals and Chugai operating segments within the Pharmaceuticals Division.

As described in Note 34, effective 1 January 2024, the operational responsibility for the Foundation Medicine business was moved to the Diagnostics Division from the Pharmaceuticals Division. Accordingly, from 1 January 2024 the results of the Foundation Medicine business are reported as part of the Diagnostics Division. All relevant comparative 2023 information in this Note has been restated.

Divisional information in millions of CHF

	Pharmaceuticals 2024	Pharmaceuticals 2023	Diagnostics 2024	Diagnostics 2023	Corporate 2024	Corporate 2023	Group 2024	Group 2023
Revenue from external customers								
Sales	46,171	44,265	14,324	14,451	–	–	60,495	58,716
Other revenue	1,871	1,648	29	77	–	–	1,900	1,725
Total	**48,042**	**45,913**	**14,353**	**14,528**	**–**	**–**	**62,395**	**60,441**
Revenue from other operating segments								
Sales	–	–	102	120	–	–	102	120
Other revenue	–	–	9	6	–	–	9	6
Elimination of interdivisional revenue							(111)	(126)
Total	**–**	**–**	**111**	**126**	**–**	**–**	**–**	**–**
Segment results								
Operating profit	15,587	17,911	1,946	1,392	(4,116)	(3,908)	13,417	15,395
Capital expenditure								
Business combinations	2,808	0	364	0	–	–	3,172	0
Asset acquisitions	281	6,219	22	0	–	–	303	6,219
Additions to property, plant and equipment	1,616	1,820	1,810	1,866	69	84	3,495	3,770
Additions to right-of-use assets	285	172	146	723	9	4	440	899
Additions to intangible assets	1,363	963	93	53	–	–	1,456	1,016
Total	**6,353**	**9,174**	**2,435**	**2,642**	**78**	**88**	**8,866**	**11,904**
Research and development								
Research and development costs	13,299	12,115	2,005	2,085	–	–	15,304	14,200
Other segment information								
Depreciation of property, plant and equipment	1,145	1,230	1,151	1,128	62	65	2,358	2,423
Depreciation of right-of-use assets	173	169	140	144	10	12	323	325
Amortisation of intangible assets	580	553	162	163	–	–	742	716
Impairment (reversal) of property, plant and equipment	592	56	32	294	3	0	627	350
Impairment (reversal) of right-of-use assets	138	32	0	287	0	0	138	319
Impairment of goodwill	3,209	591	0	0	–	–	3,209	591
Impairment of intangible assets	1,440	589	3	19	–	–	1,443	608
Equity compensation plan expenses	605	589	163	158	87	83	855	830

Pharmaceuticals subdivisional information in millions of CHF

	Roche Pharmaceuticals 2024	Roche Pharmaceuticals 2023	Chugai 2024	Chugai 2023	Pharmaceuticals Division 2024	Pharmaceuticals Division 2023
Revenue from external customers						
Sales	43,297	40,520	2,874	3,745	46,171	44,265
Other revenue	1,734	1,558	137	90	1,871	1,648
Total	**45,031**	**42,078**	**3,011**	**3,835**	**48,042**	**45,913**
Revenue from other operating segments						
Sales	1,274	1,943	2,927	2,490	4,201	4,433
Other revenue	36	43	944	878	980	921
Elimination of revenue within division					(5,181)	(5,354)
Total	**1,310**	**1,986**	**3,871**	**3,368**	**–**	**–**
Segment results						
Operating profit	12,337	14,647	3,212	2,915	15,549	17,562
Elimination of results within division					38	349
Operating profit	**12,337**	**14,647**	**3,212**	**2,915**	**15,587**	**17,911**
Capital expenditure						
Business combinations	2,808	0	0	0	2,808	0
Asset acquisitions	281	6,219	0	0	281	6,219
Additions to property, plant and equipment	1,309	1,382	307	438	1,616	1,820
Additions to right-of-use assets	247	121	38	51	285	172
Additions to intangible assets	1,358	962	5	1	1,363	963
Total	**6,003**	**8,684**	**350**	**490**	**6,353**	**9,174**
Research and development						
Research and development costs	12,280	11,021	1,067	1,114	13,347	12,135
Elimination of costs within division					(48)	(20)
Total	**12,280**	**11,021**	**1,067**	**1,114**	**13,299**	**12,115**
Other segment information						
Depreciation of property, plant and equipment	1,005	1,075	140	155	1,145	1,230
Depreciation of right-of-use assets	142	138	31	31	173	169
Amortisation of intangible assets	574	543	6	10	580	553
Impairment (reversal) of property, plant and equipment	583	48	9	8	592	56
Impairment (reversal) of right-of-use assets	138	32	0	0	138	32
Impairment of goodwill	3,209	591	0	0	3,209	591
Impairment of intangible assets	1,422	569	18	20	1,440	589
Equity compensation plan expenses	603	587	2	2	605	589

Net assets in millions of CHF

At 31 December	2024	Assets 2023	2024	Liabilities 2023	2024	Net assets 2023
Net operating assets						
Pharmaceuticals	48,926	49,196	(14,479)	(12,969)	34,447	36,227
Diagnostics	22,553	20,928	(5,024)	(4,711)	17,529	16,217
Corporate	631	555	(1,092)	(884)	(461)	(329)
Total	**72,110**	**70,679**	**(20,595)**	**(18,564)**	**51,515**	**52,115**
Current income tax net assets (liabilities)					(2,508)	(1,913)
Deferred tax net assets (liabilities)					7,737	6,289
Defined benefit plan net assets (liabilities)					(2,125)	(3,360)
Lease liabilities					(1,700)	(1,573)
Marketable securities					10,342	5,134
Cash and cash equivalents					6,975	5,376
Debt					(34,654)	(29,209)
Other net assets (liabilities)					579	404
Total net assets					**36,161**	**33,263**

Net operating assets – Pharmaceuticals subdivisional information in millions of CHF

At 31 December	2024	Assets 2023	2024	Liabilities 2023	2024	Net assets 2023
Roche Pharmaceuticals	45,523	45,633	(14,882)	(13,104)	30,641	32,529
Chugai	6,383	6,589	(886)	(1,157)	5,497	5,432
Elimination within division	(2,980)	(3,026)	1,289	1,292	(1,691)	(1,734)
Pharmaceuticals Division	**48,926**	**49,196**	**(14,479)**	**(12,969)**	**34,447**	**36,227**

Information by geographical area in millions of CHF

	Revenue from external customers		Non-current assets		
	Sales	Other revenue	Property, plant and equipment	Right-of-use assets	Goodwill and intangible assets
2024					
Switzerland	747	483	6,412	42	2,627
Germany	2,928	10	4,235	52	1,204
Rest of Europe	10,291	0	989	183	842
Europe	**13,966**	**493**	**11,636**	**277**	**4,673**
United States	28,902	1,270	6,439	648	20,241
Rest of North America	889	0	11	14	173
North America	**29,791**	**1,270**	**6,450**	**662**	**20,414**
Latin America	3,249	0	412	45	0
Japan	3,154	137	2,577	55	87
Rest of Asia	9,085	0	1,356	122	2
Asia	**12,239**	**137**	**3,933**	**177**	**89**
Africa, Australia and Oceania	1,250	0	126	22	3
Total	**60,495**	**1,900**	**22,557**	**1,183**	**25,179**
2023					
Switzerland	679	439	6,395	39	2,686
Germany	2,867	26	4,012	51	1,195
Rest of Europe	9,703	0	884	179	610
Europe	**13,249**	**465**	**11,291**	**269**	**4,491**
United States	27,183	1,169	6,135	663	19,611
Rest of North America	837	1	7	16	18
North America	**28,020**	**1,170**	**6,142**	**679**	**19,629**
Latin America	2,971	0	381	37	0
Japan	4,374	90	2,528	77	92
Rest of Asia	8,890	0	1,282	122	6
Asia	**13,264**	**90**	**3,810**	**199**	**98**
Africa, Australia and Oceania	1,212	0	100	31	0
Total	**58,716**	**1,725**	**21,724**	**1,215**	**24,218**

Sales are allocated to geographical areas by destination according to the location of the customer. Other revenue is allocated according to the location of the Group company that receives the revenue.

Major customers

In total three US national wholesale distributors represent approximately a third of the Group's sales in 2024 and in 2023. The three US national wholesale distributors are McKesson Corp. with CHF 9 billion (2023: CHF 8 billion), Cencora, Inc. with CHF 7 billion (2023: CHF 7 billion) and Cardinal Health, Inc. with CHF 4 billion (2023: CHF 4 billion). Approximately 99% (2023: 99%) of these sales were in the Roche Pharmaceuticals operating segment, with the residual in the Diagnostics operating segment.

3. Revenue

As described in Note 34, effective 1 January 2024, the operational responsibility for the Foundation Medicine business was moved to the Diagnostics Division from the Pharmaceuticals Division. Accordingly, from 1 January 2024 the results of the Foundation Medicine business are reported as part of the Diagnostics Division. All relevant comparative 2023 information in this Note has been restated.

Disaggregated revenue information

Disaggregation of revenue in millions of CHF

			2024			2023
	Revenue from contracts with customers	Revenue from other sources	Total	Revenue from contracts with customers	Revenue from other sources	Total
Pharmaceuticals Division						
Sales by therapeutic area						
Oncology/Haematology	23,744	–	23,744	23,234	–	23,234
– *of which Oncology*	*15,835*	–	*15,835*	*16,092*	–	*16,092*
– *of which Haematology*	*7,909*	–	*7,909*	*7,142*	–	*7,142*
Neurology	9,267	–	9,267	8,445	–	8,445
Immunology	6,329	–	6,329	6,242	–	6,242
Ophthalmology	4,030	–	4,030	2,865	–	2,865
Other therapeutic areas	2,801	–	2,801	3,479	–	3,479
Sales	**46,171**	**–**	**46,171**	**44,265**	**–**	**44,265**
Royalty income	473	331	804	551	284	835
Profit-share income	0	785	785	0	676	676
Other income from collaboration and out-licensing agreements	269	0	269	124	0	124
Other	13	0	13	13	0	13
Other revenue	**755**	**1,116**	**1,871**	**688**	**960**	**1,648**
Diagnostics Division						
Sales by customer area						
Core Lab	7,393	611	8,004	7,210	540	7,750
Molecular Lab	2,481	109	2,590	2,468	99	2,567
Near Patient Care	2,141	26	2,167	2,714	32	2,746
Pathology Lab	1,457	106	1,563	1,296	92	1,388
Sales	**13,472**	**852**	**14,324**	**13,688**	**763**	**14,451**
Royalty income	22	0	22	43	0	43
Profit-share income	0	0	0	19	0	19
Other income from collaboration and out-licensing agreements	0	0	0	2	0	2
Other	0	7	7	7	6	13
Other revenue	**22**	**7**	**29**	**71**	**6**	**77**
Total	**60,420**	**1,975**	**62,395**	**58,712**	**1,729**	**60,441**

Effective 1 January 2024, the Pharmaceuticals Division has changed its internal therapeutic areas split for revenues. Consequently the comparative 2023 sales by therapeutic areas information has been restated in this table.

Effective 1 January 2024, the Diagnostics Division has changed its internal customer areas. Consequently the comparative 2023 sales by customer areas information has been restated in this table.

Revenue from other sources primarily relates to lease revenue in the Diagnostics Division and collaboration revenue for which the counterparty is not considered a customer, such as certain royalty income from collaboration partners and income from profit-sharing agreements with collaboration partners in the Pharmaceuticals Division.

Gross-to-net sales reconciliation for the Pharmaceuticals Division

The gross-to-net sales reconciliation for the Pharmaceuticals Division is shown in the table below. The companies in the Diagnostics Division have similar reconciling items, but at much lower amounts.

Pharmaceuticals Division sales gross-to-net reconciliation in millions of CHF

	2024	2023
Gross sales	59,814	56,951
Government and regulatory mandatory price reductions	(6,900)	(6,762)
Contractual price reductions	(5,434)	(4,655)
Cash discounts	(307)	(311)
Customer returns reserves	(338)	(330)
Others	(664)	(628)
Net sales	**46,171**	**44,265**

Government and regulatory mandatory price reductions. These consist of mandatory price reductions. The major elements are the 340B Drug Discount Program, Medicaid and other plans in the US, which totalled USD 6.0 billion, equivalent to CHF 5.3 billion (2023: USD 5.7 billion, equivalent to CHF 5.2 billion).

Contractual price reductions. These include rebates and chargebacks that are the result of contractual agreements that are primarily volume based and performance based.

Cash discounts. These include credits offered to wholesalers for remitting payment on their purchases within contractually defined incentive periods.

Customer returns reserves. These are allowances established for expected product returns.

Sales reductions that are expected to be withheld by the customer upon settlement, such as contractual price reductions and cash discounts, are recorded in the balance sheet as a deduction from trade receivables (see Note 12). Sales reductions that are separately payable to customers, governmental health authorities or healthcare regulatory authorities are recorded in the balance sheet as accrued liabilities (see Note 19). Provisions for sales returns are recorded in the balance sheet as other provisions (see Note 20).

Contract balances

Receivables in millions of CHF

	2024	2023
Accounts receivable [12]	11,297	11,021
Other current receivables – contracts with customers [16]	745	633
Other non-current receivables – contracts with customers [15]	31	19
Total receivables	**12,073**	**11,673**

Other current receivables mainly include royalty and licensing receivables. At 31 December 2024 total receivables included lease receivables of 2% (2023: 2%) which are not considered receivables from contracts with customers.

Contract assets in millions of CHF

	2024	2023
Accrued income and contract costs	215	168
Total contract assets	**215**	**168**

Contract liabilities in millions of CHF

	2024	2023
Deferred income – non-current	150	216
Deferred income – current	809	604
Total contract liabilities	**959**	**820**

Movement in contract liabilities in millions of CHF

	2024	2023
At 1 January	820	839
Business combinations	1	0
Revenue recognised that was included in the contract liability balance at the beginning of the year	(723)	(772)
Increases due to cash received or receivable, excluding amounts recognised as revenue during the year	822	825
Currency translation effects	39	(72)
At 31 December	**959**	**820**

Revenue recognised in relation to performance obligations satisfied in previous years

In 2024 there was a decrease in revenue recognised of CHF 70 million (2023: decrease in revenue of CHF 46 million) relating to performance obligations that had been satisfied in previous periods, mainly due to adjustments of sales deduction provisions and accruals for expected sales returns, chargebacks and other allowances in respect of previous years.

Remaining performance obligations in (partially) unsatisfied long-term contracts

Remaining performance obligations in (partially) unsatisfied long-term contracts are either included in deferred income or are related to amounts the Group expects to receive for goods and services that have not yet been transferred to customers under existing, non-cancellable or otherwise enforceable contracts. These are mainly associated with contracts in the Diagnostics Division that have minimum purchase commitments related to reagents and consumables for previously sold instruments as well as monitoring and maintenance services. For contracts that have an original duration of one year or less, the Group has elected the practical expedient to not disclose the transaction price for remaining performance obligations at the end of each reporting period and at which point in time the Group expects to recognise these sales.

Transaction price allocated to contracts with (partially) unsatisfied performance obligations in millions of CHF

	2024	2023
No contract liability held	5,041	4,097
Contract liability held	959	820
Total	**6,000**	**4,917**
Thereof expected to be recognised as revenue		
– Within one year	2,572	2,104
– Between one and five years	3,066	2,705
– More than five years	362	108
Total	**6,000**	**4,917**

4. Net financial expense

Financing costs in millions of CHF

	2024	2023
Interest expense	(1,199)	(797)
Amortisation of debt discount [21]	(9)	(8)
Fair value loss on treasury locks designated as cash flow hedges – transferred from OCI	(2)	(2)
Net gains (losses) on debt derivatives	(7)	3
Net gains (losses) on redemption and repurchase of bonds and notes [21]	0	0
Discount unwind, including effects from discount rate changes [20]	(17)	(19)
Net interest cost of defined benefit plans [26]	(138)	(150)
Interest expense on lease liabilities [28]	(40)	(23)
Total financing costs	**(1,412)**	**(996)**

Other financial income (expense) in millions of CHF

	2024	2023
Net gains (losses) on equity investments/securities at fair value through profit or loss	32	4
Net income (expense) from equity investments/securities	**32**	**4**
Interest income (expense) from debt securities at fair value through OCI and at amortised cost	260	195
Net gains (losses) on sale of debt securities at fair value through OCI	0	0
Net gains (losses) on debt investments/securities at fair value through profit or loss	2	2
Write-downs and impairments of debt securities	0	(1)
Net gains (losses) on fund investments at fair value through profit or loss	1	0
Net interest income (expense) and income from debt investments/securities and fund investments	**263**	**196**
Net foreign exchange gains (losses)	(322)	(353)
Net gains (losses) on foreign currency derivatives	31	110
Foreign exchange gains (losses)	**(291)**	**(243)**
Gains (losses) on net monetary position in hyperinflationary economies	(163)	(233)
Net other financial income (expense)	(8)	(12)
Associates	(45)	(32)
Total other financial income (expense)	**(212)**	**(320)**

Net financial expense in millions of CHF

	2024	2023
Financing costs	(1,412)	(996)
Other financial income (expense)	(212)	(320)
Net financial expense	**(1,624)**	**(1,316)**
Financial result from treasury management	(1,441)	(1,134)
Financial result from pension management	(138)	(150)
Associates	(45)	(32)
Net financial expense	**(1,624)**	**(1,316)**

Hyperinflationary economies

The Group has considered Argentina (since 1 July 2018) and Türkiye (since 1 April 2022) to be hyperinflationary economies in the context of IAS 29 'Financial Reporting in Hyperinflationary Economies'. The cumulative inflation index in both countries exceeds 100% over the last three years, as measured by the national wholesale price index (Sistema de Índices de Precios Mayoristas) for Argentina and as measured by the consumer price index published by the Turkish Statistical Institute for Türkiye.

Accordingly the Group has reviewed the reporting from its affiliates in Argentina and Türkiye, and where necessary restated them in line with IAS 29. The potential adjustments resulting from the application of IAS 29 do not have a significant impact on the Group's operating results and balance sheet. An adjustment was recorded for the gains (losses) on the net monetary positions, which is a loss of CHF 163 million resulting from the loss in purchasing power of the positive net monetary positions during 2024 of the Group's affiliates in Argentina and Türkiye (2023: loss of CHF 233 million).

5. Income taxes

Income tax expenses in millions of CHF

	2024	2023
Current income taxes and Pillar Two income taxes	(4,325)	(2,831)
– *of which current income taxes*	*(4,136)*	*(2,831)*
– *of which Pillar Two income taxes*	*(189)*	–
Deferred taxes	1,719	1,110
Total income tax (expense)	**(2,606)**	**(1,721)**

Since the Group operates internationally, it is subject to income taxes in many different tax jurisdictions. The Group calculates its average expected tax rate as a weighted average of the tax rates in the tax jurisdictions in which the Group operates. This rate changes from year to year due to changes in the mix of the Group's taxable income and changes in local tax rates.

The Group's average expected tax rate decreased to 16.2% in 2024 (2023: 17.8%). This was driven by the lower percentage of profit contribution coming from tax jurisdictions with tax rates higher than the average Group tax rate. During 2024 there were no significant changes to local tax rates in the tax jurisdictions in which the Group operates.

The Group's effective tax rate increased to 22.1% in 2024 (2023: 12.2%). This was mainly due to the higher effect from the resolution of tax disputes in 2023 compared to 2024, the impact of Pillar Two income taxes which have been effective from 1 January 2024 in various countries where the Group operates and goodwill impairments in 2024 that are not tax deductible.

The Group's effective tax rate can be reconciled to the Group's average expected tax rate as follows:

Reconciliation of the Group's effective tax rate

	2024	2023
Average expected tax rate	16.2%	17.8%
Tax effect of		
– Non-taxable income / non-deductible expenses	+7.3%	+2.2%
– Equity compensation plans	+0.5%	+0.5%
– Research and development tax credits and other deductions	–3.9%	–3.9%
– US state tax impacts	+0.6%	+0.4%
– Tax on unremitted earnings	+0.2%	+0.2%
– Resolution of tax disputes	–2.2%	–5.5%
– Pillar Two income taxes	+1.6%	–
– Prior-year and other differences	+1.8%	+0.5%
Group's effective tax rate	**22.1%**	**12.2%**

The income tax benefit recorded in respect of equity compensation plans, which varies according to the price of the underlying equity, was CHF 112 million (2023: CHF 77 million). Had the income tax benefits been recorded solely on the basis of the IFRS 2 expense multiplied by the applicable tax rate, then a benefit of approximately CHF 171 million (2023: CHF 145 million) would have been recorded.

Tax effects of other comprehensive income in millions of CHF

	2024 Pre-tax amount	2024 Tax	2024 After-tax amount	2023 Pre-tax amount	2023 Tax	2023 After-tax amount
Remeasurements of defined benefit plans	1,305	(167)	1,138	(164)	41	(123)
Equity investments at fair value through OCI	79	(10)	69	(72)	8	(64)
Debt securities at fair value through OCI	7	0	7	13	0	13
Cash flow hedges	110	(33)	77	(18)	6	(12)
Currency translation of foreign operations	697	–	697	(2,644)	–	(2,644)
Other comprehensive income	**2,198**	**(210)**	**1,988**	**(2,885)**	**55**	**(2,830)**

Income tax assets (liabilities) in millions of CHF

	2024	2023
Current income taxes		
– Assets	415	344
– Liabilities	(2,923)	(2,257)
Net current income tax assets (liabilities)	**(2,508)**	**(1,913)**
Deferred taxes		
– Assets	8,569	6,882
– Liabilities	(832)	(593)
Net deferred tax assets (liabilities)	**7,737**	**6,289**

Current income tax liabilities include accruals for uncertain tax positions.

Current income taxes: movements in recognised net assets (liabilities) in millions of CHF

	2024	2023
Net current income tax asset (liability) at 1 January	(1,913)	(2,874)
Income taxes paid	3,727	3,620
Business combinations	7	0
Asset acquisitions	(7)	0
(Charged) credited to the income statement (including Pillar Two income taxes)	(4,325)	(2,831)
(Charged) credited to equity from equity compensation plans and other transactions with shareholders	7	3
Currency translation effects and other movements	(4)	169
Net current income tax asset (liability) at 31 December	**(2,508)**	**(1,913)**

Deferred taxes: movements in recognised net assets (liabilities) in millions of CHF

	Property, plant and equipment and right-of-use assets	Intangible assets	Defined benefit plans	Other temporary differences	Total
Year ended 31 December 2023					
At 1 January 2023	(925)	1,114	720	4,873	5,782
Asset acquisitions [6]	0	7	0	19	26
(Charged) credited to the income statement	2	1,181	(24)	(49)	1,110
(Charged) credited to other comprehensive income [22]	–	–	41	14	55
(Charged) credited to equity from equity compensation plans and other transactions with shareholders	–	–	–	(46)	(46)
Currency translation effects and other movements	78	(183)	(55)	(478)	(638)
At 31 December 2023	**(845)**	**2,119**	**682**	**4,333**	**6,289**
Year ended 31 December 2024					
At 1 January 2024	(845)	2,119	682	4,333	6,289
Business combinations [6]	0	(405)	0	51	(354)
(Charged) credited to the income statement	192	1,046	31	450	1,719
(Charged) credited to other comprehensive income [22]	–	–	(167)	(43)	(210)
(Charged) credited to equity from equity compensation plans and other transactions with shareholders	–	–	–	2	2
Currency translation effects and other movements	(17)	198	22	88	291
At 31 December 2024	**(670)**	**2,958**	**568**	**4,881**	**7,737**

The net deferred tax assets for other temporary differences mainly relate to accrued and other liabilities, including lease liabilities, provisions and unrealised profit in inventory.

Deferred tax assets are recognised for tax losses carried forward only to the extent that realisation of the related tax benefit is probable. The Group has unrecognised tax losses, including valuation allowances, as follows:

Unrecognised tax losses: expiry

	2024 Amount (CHF million)	2024 Applicable tax rate	2023 Amount (CHF million)	2023 Applicable tax rate
Within one year	1,070	12%	558	12%
Between one and five years	4,425	12%	4,499	12%
More than five years	7,116	6%	6,650	6%
Total unrecognised tax losses	**12,611**	**9%**	**11,707**	**9%**

The 'More than five years' category includes losses that cannot be used for US state income tax purposes in those states which only permit tax reporting on a separate entity basis.

Deferred tax liabilities have not been established for the withholding tax and other taxes that would be payable on the remittance of earnings of foreign subsidiaries, where such amounts are currently regarded as permanently reinvested for the purpose of these financial statements. The total unremitted earnings of the Group, regarded as permanently reinvested for the purpose of these financial statements, were CHF 17.4 billion at 31 December 2024 (2023: CHF 26.4 billion).

Pillar Two income taxes

The Organisation for Economic Co-operation and Development (OECD) has published Global Anti-Base Erosion (GloBE) Model Rules, which include a minimum tax of 15% by jurisdiction (Pillar Two). Various countries have enacted tax legislation to either fully or partially comply with Pillar Two.

The Group is within the scope of the OECD's Pillar Two. On 22 December 2023 the Swiss government decided to partially implement Pillar Two by introducing a Qualified Domestic Minimum Top-up Tax (QDMTT) to reach the required taxation level of 15% on Pillar Two-qualifying profits of subsidiaries in Switzerland effective from 1 January 2024. In September 2024 the Swiss government introduced in addition the Income Inclusion Rule (IIR) effective from 1 January 2025. This rule requires Switzerland to levy taxes on Pillar Two-qualifying profits not only in Switzerland but of subsidiaries in other jurisdictions not reaching the 15% minimum rate. Based on the assessment to date and the shape of the business as of 1 January 2025, the IIR is not expected to have a material impact on the Group's tax rate in 2025.

6. Mergers and acquisitions

This note includes both transactions accounted for as business combinations and asset acquisitions. Asset acquisitions are acquisitions of legal entities that do not qualify as business combinations under IFRS 3 and include those acquisitions where the value in these acquired companies largely consists of the rights to a single asset, such as a product or technology, or to a group of similar assets. Cash consideration paid for asset acquisitions at the transaction date and subsequent additional contingent payments made upon the achievement of performance-related development milestones are included as a separate line in the table 'Cash flows from asset acquisitions' as disclosed below. Subsequent consideration for performance-related development milestones for transactions treated as asset acquisitions is recognised as intangible assets when the specific milestones have been achieved and other recognition criteria are met.

Business combinations – 2024

Carmot Therapeutics, Inc. On 26 January 2024 the Group acquired a 100% controlling interest in Carmot Therapeutics, Inc. ('Carmot'), a privately owned US company based in Berkeley, California. With the acquisition, the Group obtained access to Carmot's current research and development portfolio, which includes three clinical-stage product candidates to treat obesity and diabetes, as well as a number of preclinical programmes. Carmot's lead product candidate, CT-388, is a phase II-ready dual GLP-1/GIP receptor agonist for the treatment of overweight and obese patients with comorbidities. Carmot is reported in the Pharmaceuticals Division. The total consideration was USD 3,094 million, of which USD 2,913 million was paid in cash and USD 181 million arose from a contingent consideration arrangement. The contingent payments are based on the achievement of predetermined performance-related milestones, and the range of undiscounted outcomes is between zero and USD 400 million.

LumiraDx. On 26 July 2024 the Group acquired a 100% controlling interest in selected subsidiaries of LumiraDx Limited ('LumiraDx'), a company incorporated under the laws of the Cayman Islands, as part of a pre-packaged UK administration sale. With the acquisition, the Group obtained access to LumiraDx's point-of-care technology which combines multiple diagnostic modalities on a single platform. LumiraDx is reported in the Diagnostics Division. The total consideration paid in cash was USD 353 million.

The identifiable assets acquired and liabilities assumed are set out in the table below. The amounts for LumiraDx are provisional based on preliminary information and valuations of the assets and liabilities and are subject to adjustment during the first half of 2025.

Business combinations – 2024: net assets acquired in millions of CHF

	Carmot	LumiraDx	Total
Property, plant and equipment [8]	2	62	64
Right-of-use assets [28]	5	17	22
Intangible assets			
– Product intangibles: in use [10]	23	218	241
– Product intangibles: not available for use [10]	1,757	0	1,757
– Other intangibles [10]	0	1	1
Deferred tax assets	89	0	89
Inventories	0	14	14
Cash and cash equivalents	70	8	78
Marketable securities	114	0	114
Lease liabilities [28]	(5)	(27)	(32)
Deferred tax liabilities	(392)	(51)	(443)
Other net assets (liabilities)	(1)	3	2
Net identifiable assets	**1,662**	**245**	**1,907**
Goodwill [9]	1,021	66	1,087
Total consideration	**2,683**	**311**	**2,994**
Cash	2,526	311	2,837
Contingent consideration [20, 31]	157	0	157
Total consideration	**2,683**	**311**	**2,994**

The intangible assets not available for use include Carmot's lead product candidate, CT-388, as well as CT-868, a dual GLP-1/GIP receptor agonist in phase II intended for the treatment of type 1 diabetes patients with overweight or obesity, and CT-996, a small-molecule GLP-1 receptor agonist currently in phase I intended to treat obesity in patients with and without type 2 diabetes. The fair values of the product intangible assets not available for use at Carmot and the product intangible asset in use at LumiraDx were determined using an excess earning method that is based on management forecasts and observable market data for discount rates, tax rates and foreign exchange rates. The present value was calculated using a risk-adjusted discount rate of 10.0% for Carmot and 10.6% for LumiraDx. The valuations were performed by independent valuers.

For Carmot the goodwill represents the opportunity for combinations of the acquired assets with the Group's existing research and development pipeline, including those focused on other benefits, such as preserving muscle mass. Carmot's incretin-based portfolio could also be expanded to other indications where incretins play a role including cardiovascular, retinal and neurodegenerative diseases. For Carmot the goodwill also represents a control premium and a number of preclinical programmes that do not qualify for separate recognition of intangible assets. For LumiraDx the goodwill represents a control premium. None of the goodwill is expected to be deductible for income tax purposes.

LumiraDx's accounts receivable is comprised of gross contractual amounts due of CHF 4 million, which, at the date of acquisition, were expected to be collectable.

Directly attributable transaction costs of CHF 2 million and CHF 10 million were reported in the Pharmaceuticals operating segment and in the Diagnostics operating segment, respectively, within other operating income (expense).

In the eleven months ended 31 December 2024 Carmot contributed revenue of CHF 2 million and a net loss (after tax) of CHF 39 million to the results reported for the Pharmaceuticals Division and the Group. In the five months ended 31 December 2024 LumiraDx contributed revenue of CHF 11 million and a net loss (after tax) of CHF 42 million to the results reported for the Diagnostics Division, where it is reported in the Near Patient Care customer area, and the Group. If both acquisitions had occurred on 1 January 2024, management estimates that they would have contributed revenue of CHF 27 million and a net loss (including amortisation of product intangible assets in use and after tax) of CHF 184 million in 2024. This information is provided for illustrative purposes only and is not necessarily indicative of the results of the Group that would have occurred had Carmot and LumiraDx actually been acquired at the beginning of the year, or indicative of the future results of the Group.

Business combinations – 2023

The Group did not complete any business combinations in 2023.

Cash flows from business combinations

Business combinations: net cash outflows in millions of CHF

	Pharmaceuticals	Diagnostics	2024 Total	Pharmaceuticals	Diagnostics	2023 Total
Cash consideration paid	(2,526)	(311)	(2,837)	0	0	0
Deferred consideration paid	0	0	0	0	0	0
Contingent consideration paid [20]	(22)	(55)	(77)	0	0	0
Cash in acquired company	70	8	78	0	0	0
Total net cash outflows	**(2,478)**	**(358)**	**(2,836)**	**0**	**0**	**0**

Asset acquisitions – 2024

AntlerA Therapeutics, Inc. On 26 July 2024 the Group acquired a 100% controlling interest in AntlerA Therapeutics, Inc. ('AntlerA'), a privately owned company based in Ontario, Canada. With the acquisition, the Group gained access to a preclinical Wnt agonist antibody (ANT-638) in ophthalmology. AntlerA is reported in the Pharmaceuticals Division. The total consideration was USD 187 million, of which USD 172 million was paid in cash at the acquisition date and USD 15 million was deferred consideration. Additional contingent payments may be made based on the achievement of performance-related milestones.

Asset acquisitions – 2024: net assets acquired in millions of CHF

	AntlerA
Intangible assets	
– Product intangibles: not available for use	144
– Product intangibles: in use	6
Cash and cash equivalents	22
Other net assets (liabilities)	(7)
Net identifiable assets	**165**
Cash	152
Deferred consideration	13
Total consideration	**165**

Asset acquisitions – 2023

Telavant Holdings, Inc. On 14 December 2023 the Group acquired a 100% controlling interest in Telavant Holdings, Inc. ('Telavant'), a US company owned by Roivant Sciences Ltd. ('Roivant') and Pfizer Inc. ('Pfizer') and based in New York. Telavant is reported in the Pharmaceuticals Division. The cash consideration paid at the acquisition date was USD 7.1 billion. An additional contingent payment of USD 150 million may be made based on the achievement of a predetermined performance-related near-term milestone.

Asset acquisitions – 2023: net assets acquired in millions of CHF

	Telavant
Intangible assets	
– Product intangibles: not available for use [10]	6,193
– Product intangibles: in use [10]	26
Deferred tax assets [5]	26
Cash and cash equivalents	1
Other net assets (liabilities)	(25)
Net identifiable assets	**6,221**
Cash	6,221
Total consideration	**6,221**

Cash flows from asset acquisitions

Asset acquisitions: net cash outflows in millions of CHF

	Pharmaceuticals	Diagnostics	2024 Total	Pharmaceuticals	Diagnostics	2023 Total
Cash consideration paid	(152)	0	(152)	(6,221)	0	(6,221)
Deferred consideration paid	0	0	0	0	0	0
Cash in acquired company	22	0	22	1	0	1
Contingent payments related to previous acquisitions	(131)	(22)	(153)	0	0	0
Total net cash outflows	**(261)**	**(22)**	**(283)**	**(6,220)**	**0**	**(6,220)**

In 2024 the Group recorded additions to product intangible assets not available for use related to contingent payments for the achievement of performance-related milestones of CHF 153 million (2023: nil) for asset acquisitions from prior years.

Divestments

Divestment of Vacaville site. On 20 March 2024 the Group announced a definitive agreement with Lonza Group AG ('Lonza') under which Lonza would acquire the Genentech manufacturing facility in Vacaville, California, for USD 1.2 billion in conjunction with a manufacturing agreement and related quality services and warehousing. On 1 October 2024 the divestment transaction was completed.

Gain on divestment, net of disposal costs in millions of CHF

	2024	2023
Disposal consideration, net of disposal costs	**1,020**	**0**
Property, plant and equipment	(699)	0
Right-of-use assets	(8)	0
Inventories	(79)	0
Other assets	(2)	0
Lease liabilities	8	0
Other liabilities	0	0
Net assets disposed	**(780)**	**0**
Gain on divestment, net of disposal costs	**240**	**0**

The gain on divestment, net of disposal costs was recorded as part of other operating income (expense) and was part of a global restructuring plan related to manufacturing in the Pharmaceuticals Division (see Note 7).

Cash inflow from divestment, net of disposal costs in millions of CHF

	2024	2023
Disposal consideration, net of disposal costs	1,020	0
Disposal costs not yet paid	29	0
Cash inflow from divestment, net of disposal costs	**1,049**	**0**

The Group had previously announced its plans in May 2023 to exit this site, as part of a broader strategy to evolve its manufacturing capabilities in line with future pipeline requirements. As of 31 December 2023 the assets and certain liabilities directly associated with this site, with a carrying value of CHF 0.7 billion, were classified as held for sale. These have now been divested as described above.

Assets held for sale, including directly associated liabilities in millions of CHF

	2024	2023
Property, plant and equipment	0	684
Right-of-use assets	0	8
Assets held for sale	**0**	**692**
Lease liabilities	0	(8)
Liabilities directly associated with assets held for sale	**0**	**(8)**
Net assets held for sale	**0**	**684**

Future business combinations

Poseida Therapeutics, Inc. On 8 January 2025 the Group acquired a 100% controlling interest in Poseida Therapeutics, Inc. ('Poseida'), a publicly owned US company based in San Diego, California, that had been listed on Nasdaq. With this acquisition, the Group obtained access to Poseida's research and development portfolio, which includes various preclinical and clinical-stage CAR-T therapies across several therapeutic areas, as well as manufacturing capabilities and technology platforms. Poseida will be reported in the Pharmaceuticals Division. The purchase consideration was USD 1.0 billion in cash paid at closing in January 2025 and up to USD 0.5 billion from a contingent consideration arrangement. The contingent payments are based on the achievement of predetermined performance-related milestones. Given the recent acquisition date, the initial accounting for this transaction has not been completed at the time these Annual Financial Statements were approved for issue.

7. Global restructuring plans

During 2024 the Group launched different productivity initiatives to reinvest in strategic areas and continued the implementation of various global restructuring plans initiated in prior years.

Global restructuring plans: costs incurred in millions of CHF

	2024	2023
Global restructuring costs		
– Employee-related costs	492	577
– Site closure and other costs related to physical assets	827	925
– Divestment of products and businesses	(240)	0
– Other reorganisation expenses	812	536
Total global restructuring costs	**1,891**	**2,038**
Additional costs		
– Legal and environmental cases	0	0
Total costs	**1,891**	**2,038**

The Pharmaceuticals Division incurred restructuring costs of CHF 1,161 million (2023 restated: CHF 588 million), primarily for research and development optimisation initiatives, manufacturing network strategy and a business process transformation to simplify the systems landscape. The manufacturing network initiatives include a gain of CHF 240 million on divestment of the Vacaville biologics manufacturing site in the US (2023: site closure costs of CHF 269 million mainly related to sites in the US). Plans at Flatiron Health and Spark Therapeutics incurred costs of CHF 677 million, which includes CHF 502 million for impairments of property, plant and equipment, right-of-use assets and commercial software intangible assets resulting from the impairment of goodwill at these two businesses (see Note 9).

The Diagnostics Division incurred costs of CHF 210 million (2023 restated: CHF 961 million) for manufacturing and supply chain optimisations, research and development productivity initiatives and business transformations to drive organisational and commercial effectiveness. This was partly offset by reversals of unused restructuring provisions following the completion of certain optimisation plans within the division. 2023 costs included impairment charges of CHF 508 million for property, plant and equipment and for right-of-use assets recorded by Foundation Medicine in relation to its leased buildings in Boston and San Diego, US.

Corporate costs were CHF 520 million (2023: CHF 489 million) and included a business process transformation to simplify the systems landscape as well as to reduce process complexity. This transformation is a multi-year cross-divisional programme to drive efficiency gains through system and process optimisation.

Global restructuring plans: summary of costs incurred in millions of CHF

	2024	2023
Employee-related costs		
– Termination costs	280	425
– Defined benefit plans	0	(2)
– Other employee-related costs	212	154
Total employee-related costs	**492**	**577**
Site closure costs		
– Impairment (reversal) of property, plant and equipment and right-of-use assets	687	635
– Accelerated depreciation of property, plant and equipment and right-of-use assets	51	51
– (Gains) losses on disposal of property, plant and equipment and right-of-use assets	5	(63)
– Other site closure costs	84	302
Total site closure and other costs related to physical assets	**827**	**925**
Divestment of products and businesses		
– (Gains) losses on divestment, net of disposal costs [6]	(240)	0
– (Gains) losses on divestment of subsidiaries	0	0
– Other (gains) losses on divestment of products and businesses	0	0
Total costs on divestment of products and businesses	**(240)**	**0**
Other reorganisation expenses		
– Impairment (reversal) of commercial software intangible assets	20	0
– Other	792	536
Total other reorganisation expenses	**812**	**536**
Total global restructuring costs	**1,891**	**2,038**
Additional costs		
– Legal and environmental cases	0	0
Total costs	**1,891**	**2,038**

Global restructuring plans: classification of costs in millions of CHF

	2024 Depreciation, amortisation and impairment	2024 Other costs	2024 Total	2023 Depreciation, amortisation and impairment	2023 Other costs	2023 Total
Cost of sales						
– Pharmaceuticals	44	45	89	56	260	316
– Diagnostics	20	33	53	68	164	232
Research and development						
– Pharmaceuticals	567	271	838	32	90	122
– Diagnostics	6	45	51	24	84	108
Selling, general and administration						
– Pharmaceuticals	111	359	470	19	210	229
– Diagnostics	7	99	106	487	129	616
– Corporate	3	517	520	0	490	490
Other operating income (expense)						
– Pharmaceuticals	0	(236)	(236)	0	(79)	(79)
– Diagnostics	0	0	0	0	5	5
– Corporate	0	0	0	0	(1)	(1)
Total costs	**758**	**1,133**	**1,891**	**686**	**1,352**	**2,038**
Total by operating segment						
– Roche Pharmaceuticals	722	390	1,112	103	454	557
– Chugai	0	49	49	4	27	31
– Diagnostics	33	177	210	579	382	961
– Corporate	3	517	520	0	489	489
Total costs	**758**	**1,133**	**1,891**	**686**	**1,352**	**2,038**

8. Property, plant and equipment

Property, plant and equipment: movements in carrying value of assets in millions of CHF

	Land	Buildings and land improvements	Machinery and equipment	Construction in progress	Total
At 1 January 2023					
Cost	1,248	19,806	22,494	3,891	47,439
Accumulated depreciation and impairment	0	(8,925)	(15,264)	(175)	(24,364)
Net book value	**1,248**	**10,881**	**7,230**	**3,716**	**23,075**
Year ended 31 December 2023					
At 1 January 2023	1,248	10,881	7,230	3,716	23,075
Additions	34	6	956	2,774	3,770
Disposals	(32)	(13)	(75)	(4)	(124)
Transfers	1	737	612	(1,350)	–
Reclassification to assets held for sale [6]	(29)	(433)	(184)	(38)	(684)
Depreciation charge	–	(829)	(1,594)	–	(2,423)
Impairment reversal (charge)	(1)	(207)	(105)	(37)	(350)
Other	0	15	(62)	(15)	(62)
Currency translation effects	(112)	(629)	(505)	(232)	(1,478)
At 31 December 2023	**1,109**	**9,528**	**6,273**	**4,814**	**21,724**
Cost	1,109	17,933	19,913	4,882	43,837
Accumulated depreciation and impairment	0	(8,405)	(13,640)	(68)	(22,113)
Net book value	**1,109**	**9,528**	**6,273**	**4,814**	**21,724**
Year ended 31 December 2024					
At 1 January 2024	1,109	9,528	6,273	4,814	21,724
Business combinations [6]	0	17	31	16	64
Additions	15	5	1,046	2,429	3,495
Disposals	0	(9)	(76)	(1)	(86)
Transfers	8	2,401	1,096	(3,505)	–
Reclassification to assets held for sale	0	(2)	(7)	(5)	(14)
Depreciation charge	–	(797)	(1,561)	–	(2,358)
Impairment reversal (charge)	0	(118)	(57)	(452)	(627)
Other	0	0	(15)	(37)	(52)
Currency translation effects	26	239	74	72	411
At 31 December 2024	**1,158**	**11,264**	**6,804**	**3,331**	**22,557**
Cost	1,158	20,666	21,166	3,818	46,808
Accumulated depreciation and impairment	0	(9,402)	(14,362)	(487)	(24,251)
Net book value	**1,158**	**11,264**	**6,804**	**3,331**	**22,557**

Classification of impairment of property, plant and equipment in millions of CHF

	2024	2023
Cost of sales	(63)	(116)
Research and development	(487)	(32)
Selling, general and administration	(77)	(202)
Other operating income (expense)	0	0
Total impairment reversal (charge)	**(627)**	**(350)**

In 2024 and 2023 impairments for property, plant and equipment were mainly related to global restructuring plans (see Note 7). 2024 impairment charges included CHF 394 million for Flatiron Health and Spark Therapeutics resulting from the impairment of goodwill at these two businesses as described in Note 9.

In 2024 no borrowing costs were capitalised as property, plant and equipment (2023: none).

At 31 December 2024 machinery and equipment with an original cost of CHF 6.1 billion (2023: CHF 5.6 billion) and a net book value of CHF 1.8 billion (2023: CHF 1.6 billion) were being leased to third parties (see Note 28).

Capital commitments

The Group has non-cancellable capital commitments for the purchase or construction of property, plant and equipment totalling CHF 1.3 billion (2023: CHF 1.8 billion).

9. Goodwill

Goodwill: movements in carrying value of assets in millions of CHF

	2024	2023
At 1 January		
Cost	13,781	14,942
Accumulated impairment	(4,391)	(4,122)
Net book value	**9,390**	**10,820**
Year ended 31 December		
At 1 January	9,390	10,820
Business combinations [6]	1,087	0
Impairment charge recorded within other operating income (expense)	(3,209)	(591)
Currency translation effects	608	(839)
At 31 December	**7,876**	**9,390**
Cost	15,729	13,781
Accumulated impairment	(7,853)	(4,391)
Net book value	**7,876**	**9,390**
Allocated to the following cash-generating units		
Roche Pharmaceuticals for strategic and technology transactions	2,531	4,379
Roche Pharmaceuticals product transactions	339	322
Chugai	64	66
Total Pharmaceuticals Division	**2,934**	**4,767**
Diagnostics customer areas	3,814	3,523
Divisional goodwill	1,128	1,100
Total Diagnostics Division	**4,942**	**4,623**

Cash-generating units used for allocating goodwill

Pharmaceuticals Division. The basis for the use of the cash-generating units for allocating goodwill in the Pharmaceuticals Division is as follows:

- Within the Roche Pharmaceuticals operating segment, goodwill arises from three broad types of transactions:
  - Strategic transactions that have a transformative effect across the whole division.
  - Technology transactions where the acquired technologies can have a range of areas of applications.
  - Product transactions where the acquired products typically have more limited synergistic benefits outside of the immediate product therapeutic area.
- The cash-generating unit for the goodwill arising from strategic transactions is the Roche Pharmaceuticals operating segment.
- The cash-generating unit for the goodwill arising from technology transactions is also the Roche Pharmaceuticals operating segment. However, if the acquired technologies permanently cease to operate, then this will be treated as a disposal of the business; in such cases the goodwill will be deemed to have been disposed of and will be fully impaired.
- The cash-generating unit for the goodwill arising from product transactions is the smallest identifiable group of assets related to the revenues and related costs that arise from the development and commercialisation of the product(s) in question. Where there are synergistic benefits to other products in the same therapeutic area, then the revenues, costs and corresponding assets of these other products are also taken into account. If the acquired products permanently cease to generate economic benefits, then this will be treated as a disposal of the business; in such cases the goodwill will be deemed to have been disposed of and will be fully impaired.
- Chugai is a separate operating segment in the Group's financial reporting and a separate cash-generating unit to which goodwill is allocated.

The Group allocated the goodwill in the Roche Pharmaceuticals operating segment as listed below.
- Strategic transactions consist of Genentech (1990/1999) and Carmot (2024).
- Technology transactions consist of Therapeutic Human Polyclonals (2007), Dutalys (2014) and Santaris (2014).
- Product transactions consist of GlycArt (2005) and Tanox (2007).

Diagnostics Division. The basis for the use of the cash-generating units for allocating goodwill in the Diagnostics Division is as follows:
- Within the Diagnostics Division, goodwill arises from three broad types of transactions:
  - Strategic transactions that have a transformative effect across the whole division.
  - Technology transactions where the acquired technologies can have a range of areas of applications.
  - Product transactions where the acquired products either have synergistic benefits across the wider business or where they have more limited synergistic benefits outside of the immediate product therapeutic area.
- The cash-generating unit for the goodwill arising from strategic transactions is the Diagnostics Division.
- The cash-generating unit for the goodwill arising from technology transactions is the Diagnostics customer areas. However, if the acquired technologies permanently cease to operate, then this will be treated as a disposal of the business; in such cases the goodwill will be deemed to have been disposed of and will be fully impaired.
- The cash-generating unit for the goodwill arising from product transactions is the smallest identifiable group of assets related to the revenues and related costs that arise from the development and commercialisation of the product(s) in question. Where there are synergistic benefits to other products in the same business, then the revenues, costs and corresponding assets of these other products are also taken into account and the cash-generating unit is the Diagnostics customer areas. If the acquired products permanently cease to generate economic benefits, then this will be treated as a disposal of the business; in such cases the goodwill will be deemed to have been disposed of and will be fully impaired.

The Group allocated the goodwill in the Diagnostics operating segment as listed below.
- Strategic transactions consist of Corange/Boehringer Mannheim (1997).
- Technology transactions consist of Viewics (2017) and mySugr (2017).
- Product transactions in the Diagnostics customer areas consist of Igen (2004), BioVeris (2007), Ventana (2008), Medingo (2010), PVT (2011), IQuum (2014), GenMark (2021), TIB Molbiol (2021) and LumiraDx (2024).

Impairment charge – 2024

Flatiron Health. The Group acquired Flatiron Health effective April 2018 for a total consideration of CHF 1,553 million. For the purpose of allocating goodwill to cash-generating units in the Pharmaceuticals Division, Flatiron Health was assessed to be a strategic transaction that would have a transformative effect across the whole division.

During the second half of 2024, the Group initiated a strategic review of the Flatiron Health business. At the same time, the Group has been carrying out restructuring activities at Flatiron Health, which incurred costs of CHF 13 million in 2024. As a result of this review the Flatiron Health business was no longer considered a strategic transaction for the Pharmaceuticals Division in the context of accounting for goodwill, but rather considered to be a product transaction for the regular impairment testing carried out at the end of 2024. The recoverable amount of this goodwill was assessed to be zero, and accordingly a full impairment of CHF 1,087 million was recorded to goodwill as the recoverable amount did not support its carrying value.

Spark Therapeutics. The Group acquired Spark Therapeutics effective December 2019 for a total consideration of CHF 4,688 million. For the purpose of allocating goodwill to cash-generating units in the Pharmaceuticals Division, Spark Therapeutics was assessed to be a strategic transaction that would have a transformative effect across the whole division.

During the second half of 2024, the Group reassessed the strategic future of the Spark Therapeutics business within the Pharmaceuticals Division. At the same time, the Group has been carrying out restructuring activities at Spark Therapeutics, which incurred costs of CHF 162 million in 2024. In January 2025, the Group announced a fundamental reorganisation of the Spark Therapeutics business, which will be restructured with certain activities remaining at the Spark Therapeutics site in Philadelphia, US, while others will be fully integrated into the Pharmaceuticals Division. The details of the plans will be finalised in 2025, however the preliminary estimate of the restructuring costs and other potential obligations and commitments that were reasonably identifiable as of the date of approval of these financial statements was approximately CHF 300 million. Since this major restructuring was announced after the end of 2024, it has been treated as a non-adjusting event in these financial statements and no provisions for this restructuring have been reported in the balance sheet as at 31 December 2024.

Consequently, the Spark Therapeutics business was no longer considered a strategic transaction for the division in the context of accounting for goodwill, but rather considered to be a product transaction for the regular impairment testing carried out at the end of 2024. The result of this testing was that a full impairment of CHF 2,122 million was recorded as goodwill from the Spark Therapeutics acquisition. The recoverable amount was assessed using value in use, with reference to the Group's most recent business plans. There was no surplus from the estimated future revenues of the Spark Therapeutics business to support the carrying value of the goodwill, neither were there any significant future synergistic benefits to other products within the Pharmaceuticals Division. The revenues and related costs arising from the development and commercialisation of Luxturna and the Spark Therapeutics research portfolio, including the SPK-8011 haemophilia A gene therapy, were fully utilised in the impairment testing process to support the value in use of the respective intangible assets. There was no surplus net income from these assets to support the carrying value of the goodwill and other assets. The separable recoverable value of this goodwill was estimated to be zero, and accordingly the goodwill has been fully impaired as at 31 December 2024 as the recoverable amount did not support its carrying value.

Consequent impairment of other assets. For both Flatiron Health and Spark Therapeutics, the recoverable amount from the goodwill impairment testing does not support the carrying value of certain other assets. These have been separately assessed for impairment as at 31 December 2024, and consequently impairments have been recorded to property, plant and equipment for CHF 394 million, to right-of-use assets from leases for CHF 88 million and to intangible assets for CHF 85 million. See also Notes 8, 28 and 10, respectively.

Impairment charge – 2023

In October 2023 the Group announced that, effective 1 January 2024, the Foundation Medicine business would be moved under the responsibility of the Diagnostics Division from the Pharmaceuticals Division. Consequently the Foundation Medicine business was from the time of the announcement no longer considered a strategic transaction for the Pharmaceuticals Division, in the context of accounting for goodwill, and was therefore considered to be a product transaction for the regular impairment testing carried out at the end of 2023. The result of this testing was that a full impairment of CHF 591 million was recorded for the goodwill from the Foundation Medicine acquisition. There was no surplus from the estimated future revenues of the Foundation Medicine business to support the carrying value of the goodwill, neither were there any significant future synergistic benefits to other products within the Pharmaceuticals Division. Accordingly the separable recoverable value of this goodwill was estimated to be zero and was fully impaired.

Value in use

Value in use is calculated using a discounted expected cash flow approach, with a post-tax discount rate applied to the projected risk-adjusted post-tax cash flows and terminal value. The discount rate is the Group's weighted average cost of capital as the cash-generating units have integrated operations across large parts of the Group. It is derived from a capital asset pricing model using data from capital markets, including twenty-year government bonds. For assessing value in use, the cash flow projections are based on the most recent long-term forecasts approved by management. The long-term forecasts include management's latest estimates on sales volume and pricing, as well as production and other operating costs and assume no significant changes in the organisation. Other key assumptions used in the calculations are the period of cash flow projections included in the long-term forecasts, the terminal value growth rate and the discount rate.

Key assumptions used in value-in-use calculations

			2024			2023
	Period of cash flow projections	Terminal value growth rate	Discount rate (after tax)	Period of cash flow projections	Terminal value growth rate	Discount rate (after tax)
Pharmaceuticals Division	5 years	n/a	7.0%	5 years	n/a	7.2%
Diagnostics Division	5 years	1.5%	7.0%	5 years	1.5%	7.2%

For goodwill relating to Roche Pharmaceuticals product transactions, product-specific periods of cash flow projections are used. For cash-generating units with a terminal value growth, the respective rate does not exceed the long-term projected growth rate for the relevant market.

Fair value less costs of disposal

For goodwill arising from the Chugai acquisition, the fair value less costs of disposal is determined with reference to the publicly quoted price of Chugai shares.

Sensitivity analysis

Management has performed sensitivity analyses for Roche Pharmaceuticals and the Diagnostics Division, which increased the discount rate by 1% combined with decreasing the forecast cash flows by 5%, and for Chugai, which decreased the publicly quoted share prices by 5%. The results of the sensitivity analyses demonstrated that the above changes in the key assumptions would not cause the carrying values of goodwill to exceed the recoverable amounts at 31 December 2024.

10. Intangible assets

Intangible assets: movements in carrying value of assets in millions of CHF

	Product intangibles: in use	Product intangibles: not available for use	Other intangibles	Total
At 1 January 2023				
Cost	27,473	8,375	2,118	37,966
Accumulated amortisation and impairment	(23,403)	(3,396)	(1,482)	(28,281)
Net book value	**4,070**	**4,979**	**636**	**9,685**
Year ended 31 December 2023				
At 1 January 2023	4,070	4,979	636	9,685
Asset acquisitions [6]	26	6,193	0	6,219
Additions	385	530	101	1,016
Disposals	0	0	0	0
Transfers	31	(31)	0	–
Amortisation charge	(616)	–	(100)	(716)
Impairment charge	(208)	(400)	0	(608)
Other	0	0	(1)	(1)
Currency translation effects	(253)	(468)	(46)	(767)
At 31 December 2023	**3,435**	**10,803**	**590**	**14,828**
Cost	25,934	14,321	1,966	42,221
Accumulated amortisation and impairment	(22,499)	(3,518)	(1,376)	(27,393)
Net book value	**3,435**	**10,803**	**590**	**14,828**
Allocated by operating segment				
Roche Pharmaceuticals	2,299	10,423	477	13,199
Chugai	4	17	5	26
Diagnostics	1,132	363	108	1,603
Total Group	**3,435**	**10,803**	**590**	**14,828**
Year ended 31 December 2024				
At 1 January 2024	3,435	10,803	590	14,828
Business combinations [6]	241	1,757	1	1,999
Asset acquisitions	6	297	0	303
Additions	232	1,134	90	1,456
Disposals	0	0	0	0
Transfers	968	(968)	0	–
Amortisation charge	(652)	–	(90)	(742)
Impairment charge	(488)	(682)	(273)	(1,443)
Currency translation effects	166	713	23	902
At 31 December 2024	**3,908**	**13,054**	**341**	**17,303**
Cost	27,469	16,949	2,075	46,493
Accumulated amortisation and impairment	(23,561)	(3,895)	(1,734)	(29,190)
Net book value	**3,908**	**13,054**	**341**	**17,303**
Allocated by operating segment				
Roche Pharmaceuticals	2,599	12,649	191	15,439
Chugai	6	0	1	7
Diagnostics	1,303	405	149	1,857
Total Group	**3,908**	**13,054**	**341**	**17,303**

Significant intangible assets at 31 December 2024 in millions of CHF

	Operating segment	Net book value	Remaining amortisation period
Product intangibles in use			
Elevidys (Sarepta in-licensing transaction)	Roche Pharmaceuticals	764	12 years
GenMark acquisition	Diagnostics	547	10 years
Xofluza (Shionogi in-licensing transaction)	Roche Pharmaceuticals	354	11 years
LumiraDx acquisition	Diagnostics	212	13 years
Rozlytrek (Ignyta acquisition)	Roche Pharmaceuticals	209	7 years
Product intangibles not available for use			
anti-TL1A (Telavant acquisition)	Roche Pharmaceuticals	6,559	n/a
CT-388 GLP-1/GIP receptor agonist (Carmot acquisition)	Roche Pharmaceuticals	1,391	n/a
CDK inhibitors (Regor intangible asset purchase)	Roche Pharmaceuticals	768	n/a
SPK-8011 haemophilia A gene therapy (Spark Therapeutics acquisition)	Roche Pharmaceuticals	519	n/a
Stratos Genomics acquisition	Diagnostics	372	n/a
Inflazome acquisition	Roche Pharmaceuticals	361	n/a
zilebesiran (Alnylam in-licensing transaction)	Roche Pharmaceuticals	337	n/a
CT-868 GLP-1/GIP receptor agonist (Carmot acquisition)	Roche Pharmaceuticals	259	n/a
Good Therapeutics acquisition	Roche Pharmaceuticals	220	n/a
BioNTech in-licensing transaction	Roche Pharmaceuticals	210	n/a

Classification of intangible asset amortisation and impairment expenses in millions of CHF

	Amortisation		Impairment	
	2024	2023	2024	2023
Cost of sales				
– Pharmaceuticals	(249)	(243)	(378)	(183)
– Diagnostics	(142)	(137)	0	0
Research and development				
– Pharmaceuticals	(325)	(301)	(1,041)	(406)
– Diagnostics	(5)	(7)	(3)	(19)
Selling, general and administration				
– Pharmaceuticals	(6)	(9)	(21)	0
– Diagnostics	(15)	(19)	0	0
Total	**(742)**	**(716)**	**(1,443)**	**(608)**

Internally generated intangible assets

At 31 December 2024 internally generated intangible assets relating to commercial software amounted to CHF 126 million (2023: CHF 70 million) and are included in other intangibles. Other than that the Group has no internally generated intangible assets from development as the criteria for the recognition as an asset are not met.

Intangible assets with indefinite useful lives

The Group currently has no intangible assets with indefinite useful lives.

Intangible assets not available for use

These mostly represent in-process research and development assets acquired either through in-licensing arrangements, business combinations, asset acquisitions or separate purchases. On 31 December 2024 approximately 33% (2023: 28%) of the projects in the Pharmaceuticals Division had known decision points within the next twelve months which, under certain circumstances, could lead to impairment. Due to the inherent uncertainties in the research and development processes, intangible assets not available for use are particularly at risk of impairment if the project is not expected to result in a commercialised product.

Intangible asset impairment

Impairment charges arise from changes in the estimates of the future cash flows expected to result from the use of the asset and its eventual disposal. Factors such as the presence or absence of competition, technical obsolescence or lower-than-anticipated sales for products with capitalised rights could result in shortened useful lives or impairment.

Impairment charges – 2024

Pharmaceuticals Division. Impairment charges totalling CHF 1,440 million were recorded. The major items related to:
- A charge of CHF 366 million for three separate assets following decisions to terminate the development of these compounds and the collaboration with the respective alliance partners. The assets concerned, which were not yet being amortised, were fully written down.
- A charge of CHF 318 million for the partial impairment of the product intangible asset for Rozlytrek, acquired as part of the Ignyta acquisition, due to reduced sales expectations. The asset concerned was written down to its estimated recoverable amount, which was CHF 222 million at that time. The intangible asset in use continues to be amortised over its remaining estimated useful life of seven years.
- A charge of CHF 246 million for two separate assets following decisions to stop the development of these compounds with the respective alliance partners. The assets concerned, which were not yet being amortised, were fully written down.
- A charge of CHF 186 million following the decision to stop the development of a programme with an alliance partner. The asset concerned, which was being amortised, was fully written down.
- A charge of CHF 120 million following the decision to terminate the development of a programme and the collaboration with an alliance partner. The asset concerned, which was being amortised, was fully written down.

Diagnostics Division. Impairment charges totalling CHF 3 million were recorded.

Impairment charges – 2023

Pharmaceuticals Division. Impairment charges totalling CHF 589 million were recorded. The major items related to:
- A charge of CHF 183 million for the partial impairment of the product intangible asset for Rozlytrek, acquired as part of the Ignyta acquisition, due to reduced sales expectations. The asset concerned was written down to its estimated recoverable amount of CHF 546 million. The intangible asset in use continues to be amortised over its remaining estimated useful life of eight years.
- A charge of CHF 87 million following a delay in clinical trials and revised sales expectations of a compound purchased separately. The asset concerned, which was not yet being amortised, was fully written down.
- A charge of CHF 82 million following a clinical data assessment and the decision to stop part of the development of a compound with an alliance partner. The asset concerned, which was not yet being amortised, was fully written down.
- A charge of CHF 65 million following a clinical data assessment and the decision to stop part of the development of a compound with an alliance partner. The asset concerned, which was not yet being amortised, was written down to its estimated recoverable amount of CHF 137 million.
- A charge of CHF 61 million following the decision to stop a programme with an alliance partner. The asset concerned, which was not yet being amortised, was fully written down.
- A charge of CHF 57 million for the partial impairment of the product intangible asset for SPK-9001, a novel gene therapy for the treatment of haemophilia B that was acquired as part of the Spark Therapeutics acquisition. This impairment was a result of revised sales expectations. The asset concerned, which was not yet being amortised, was written down to its estimated recoverable amount of CHF 109 million.

Diagnostics Division. Impairment charges totalling CHF 19 million were recorded. The major items related to:
- A charge of CHF 19 million following the decision to deprioritise the development of the underlying asset with a collaboration partner. The asset concerned, which was being amortised, was fully written down.

Potential commitments from alliance collaborations and intangible asset purchase agreements within the next three years

The Group is party to in-licensing and alliance arrangements and intangible asset purchase agreements, including asset acquisitions. These arrangements and purchase agreements may require the Group to make certain milestone or other similar payments dependent upon the achievement of agreed objectives or performance targets as defined in the collaboration and purchase agreements.

The Group's current estimate of future third-party commitments for such potential payments within the next three years is set out in the table below. These figures are undiscounted and are not risk-adjusted, meaning that they include all such potential payments that can arise assuming all projects currently in development are successful. The timing is based on the Group's current best estimate. These figures do not include any potential commitments within the Group, such as may arise between the Roche and Chugai businesses.

Commitments for potential future third-party collaboration and purchase payments at 31 December 2024 in millions of CHF

	Pharmaceuticals	Diagnostics	Group
Within one year	1,189	19	1,208
Between one and two years	767	57	824
Between two and three years	664	0	664
Total	**2,620**	**76**	**2,696**

11. Inventories

Inventories in millions of CHF

	2024	2023
Raw materials and supplies	1,613	1,698
Work in process	155	118
Intermediates	4,966	5,504
Finished goods	1,566	1,182
Allowances for slow-moving and obsolete inventory	(694)	(753)
Total inventories	**7,606**	**7,749**

Inventories expensed through cost of sales totalled CHF 12.2 billion (2023: CHF 12.3 billion). Inventory write-downs during the year resulted in an expense of CHF 399 million (2023: CHF 643 million).

12. Accounts receivable

Accounts receivable in millions of CHF

	2024	2023
Trade receivables	12,458	12,076
Notes receivable	66	55
Other receivables	53	51
Allowances for doubtful accounts	(453)	(440)
Chargebacks and other allowances to be withheld upon settlement [3]	(827)	(721)
Total accounts receivable [3]	**11,297**	**11,021**

Allowances for doubtful accounts: movements in recognised allowance in millions of CHF

	2024	2023
At 1 January	(440)	(490)
Additional allowances created	(102)	(104)
Unused amounts reversed	72	125
Utilised during the year	16	10
Currency translation effects	1	19
At 31 December	**(453)**	**(440)**

Bad debt expenses recorded as selling, general and administration costs totalled CHF 34 million (2023: expense of CHF 6 million).

13. Marketable securities

Marketable securities in millions of CHF

	2024	2023
Equity securities at fair value through profit or loss [31]	0	1
Debt securities at fair value through OCI [31]	511	512
Money market instruments at fair value through OCI [31]	5,412	2,359
Time accounts over three months at amortised costs [31]	4,419	2,262
Total marketable securities	**10,342**	**5,134**

Marketable securities are held for fund management purposes and are primarily denominated in US dollars, euros and in Swiss francs. Money market instruments are contracted to mature within one year of 31 December 2024.

Debt securities – contracted maturity in millions of CHF

	2024	2023
Within one year	133	120
Between one and five years	374	387
More than five years	4	5
Total debt securities	**511**	**512**

14. Cash and cash equivalents

Cash and cash equivalents in millions of CHF

	2024	2023
Cash – cash in hand and in current or call accounts	4,132	4,102
Cash equivalents – time accounts with a maturity of three months or less	2,843	1,274
Total cash and cash equivalents	**6,975**	**5,376**

15. Other non-current assets

Other non-current assets in millions of CHF

	2024	2023
Equity investments at fair value through OCI [31]	251	249
Equity, debt and fund investments at fair value through profit or loss [31]	349	298
Loans receivable	7	7
Restricted cash	1	1
Other receivables – contracts with customers [3]	31	19
Other receivables	95	87
Total financial non-current assets	**734**	**661**
Long-term employee benefits	207	188
Other assets	822	873
Total non-financial non-current assets	**1,029**	**1,061**
Associates	258	242
Total other non-current assets	**2,021**	**1,964**

Equity investments designated at fair value through OCI are mainly investments in private companies from the pharmaceutical sector which are held as part of the Group's strategic alliance efforts.

16. Other current assets

Other current assets in millions of CHF

	2024	2023
Accrued interest income	26	20
Derivative financial instruments [31]	178	148
Cash collateral receivables	22	61
Other receivables – contracts with customers [3]	745	633
Other receivables	199	183
Total financial current assets	**1,170**	**1,045**
Prepaid expenses and contract assets (including accrued income)	1,225	1,144
Other taxes recoverable	781	718
Other assets	225	223
Total non-financial current assets	**2,231**	**2,085**
Total other current assets	**3,401**	**3,130**

17. Accounts payable

Accounts payable in millions of CHF

	2024	2023
Trade payables	3,984	3,524
Other taxes payable	539	539
Dividends payable	3	2
Other payables	368	260
Total accounts payable	**4,894**	**4,325**

18. Other non-current liabilities

Other non-current liabilities in millions of CHF

	2024	2023
Deferred income	160	227
Lease liabilities [28]	1,375	1,282
Other long-term liabilities	68	32
Total other non-current liabilities	**1,603**	**1,541**

19. Other current liabilities

Other current liabilities in millions of CHF

	2024	2023
Deferred income	809	614
Lease liabilities [28]	325	291
Accrued payroll and related items	3,493	2,995
Interest payable	298	187
Derivative financial instruments [31]	190	420
Cash collateral payables	64	11
Accrued chargebacks and other allowances separately payable [3]	4,177	3,602
Accrued royalties and commissions	1,065	968
Other accrued liabilities	3,127	3,062
Total other current liabilities	**13,548**	**12,150**

20. Provisions and contingent liabilities

Provisions: movements in recognised liabilities in millions of CHF

	Legal provisions	Environmental provisions	Restructuring provisions	Contingent consideration provisions[31]	Other provisions	Total
Year ended 31 December 2023						
At 1 January 2023	316	374	844	103	1,722	3,359
Additional provisions created	45	61	450	0	877	1,433
Unused amounts reversed	(171)	(8)	(86)	(10)	(579)	(854)
Utilised	(48)	(53)	(337)	0	(614)	(1,052)
Discount unwind, including effects from discount rate changes[4]	0	10	3	6	0	19
Business combinations						
– Acquired companies	0	0	0	0	0	0
– Deferred consideration	–	–	–	–	0	0
– Contingent consideration	–	–	–	0	–	0
Currency translation effects	(16)	(23)	(23)	(4)	(96)	(162)
At 31 December 2023	**126**	**361**	**851**	**95**	**1,310**	**2,743**
Current	120	77	468	35	984	1,684
Non-current	6	284	383	60	326	1,059
At 31 December 2023	**126**	**361**	**851**	**95**	**1,310**	**2,743**
Year ended 31 December 2024						
At 1 January 2024	126	361	851	95	1,310	2,743
Additional provisions created	105	19	493	38	741	1,396
Unused amounts reversed	(37)	(10)	(172)	(2)	(289)	(510)
Utilised	(22)	(54)	(479)	(77)	(457)	(1,089)
Discount unwind, including effects from discount rate changes[4]	0	7	3	7	0	17
Business combinations						
– Acquired companies	4	0	0	0	0	4
– Deferred consideration	–	–	–	–	0	0
– Contingent consideration[6]	–	–	–	157	–	157
Currency translation effects	5	8	7	9	58	87
At 31 December 2024	**181**	**331**	**703**	**227**	**1,363**	**2,805**
Current	171	101	399	29	1,026	1,726
Non-current	10	230	304	198	337	1,079
At 31 December 2024	**181**	**331**	**703**	**227**	**1,363**	**2,805**
Expected outflow of resources						
Within one year	171	101	399	29	1,026	1,726
Between one and two years	4	97	134	70	105	410
Between two and three years	3	57	68	25	52	205
More than three years	3	76	102	103	180	464
At 31 December 2024	**181**	**331**	**703**	**227**	**1,363**	**2,805**

In 2024 CHF 1,089 million of provisions were utilised (2023: CHF 1,052 million), of which CHF 1,012 million (2023: CHF 1,052 million) are included in the cash flows from operating activities and CHF 77 million (2023: nil) are included in the cash flows from business combinations for payments made from deferred and contingent consideration arrangements (see Note 6).

Legal provisions

Legal provisions relate to a number of separate legal matters, including claims arising from trade, in various Group companies. By their nature the amounts and timings of any outflows are difficult to predict.

As part of the regular review of litigation matters, management has reassessed the provisions recorded for certain litigation matters. Based on the development of the various litigations, there was a net increase in legal provisions of CHF 68 million in 2024. In 2023 some of the provisions previously held, notably for the Meso case, were released, which resulted in an income of CHF 171 million. In addition, in 2023 a fine of CHF 59 million imposed by the French Competition Authority on the Avastin/Lucentis investigation in 2020 was reimbursed following a court decision. These were the major elements in the expenses for legal cases, which show a net expense of CHF 70 million in 2024 and a net income of CHF 182 million in 2023, reported in other operating income (expense). Details of the major legal cases outstanding are disclosed below.

Environmental provisions

Provisions for environmental matters relate to various separate environmental issues in a number of countries. By their nature the amounts and timings of any outflows are difficult to predict. At 31 December 2024 significant provisions were discounted by between 3% and 5.5% (2023: between 3% and 5%) where the time value of money was material. The significant provisions relate to the estimated remediation costs for the manufacturing site at Clarecastle, Ireland, which was shut down in the meantime, and to the US site in Nutley, New Jersey, which was divested in September 2016. In 2024 environmental provisions decreased by CHF 30 million, mainly due to utilisations, partially offset by a net increase in provisions. The net environmental expenses reported in other operating income (expense) in 2024 were CHF 6 million (2023: net expenses of CHF 60 million, which included an increase of provisions of CHF 61 million mainly for the Clarecastle site following a reassessment of the expected costs of the environmental remediation).

The Group's procedures on environmental protection are included in the Annual Report on pages 95 to 115. These include the actions taken by the Group with regard to climate change, notably the Group's commitment to reduce greenhouse gas emissions.

Restructuring provisions

These arise from planned programmes that materially change the scope of business undertaken by the Group or the manner in which business is conducted. Such provisions include only the costs necessarily entailed by the restructuring which are not associated with the recurring activities of the Group. The timings of these cash outflows are reasonably certain. Significant non-current provisions are discounted by 1.0% (2023: 1.4%) where the time value of money is material.

In 2024 the significant provisions in the Pharmaceuticals Division relate to various research and development optimisation initiatives, the site development plans in Basel/Kaiseraugst and the redesign and the strategic realignment of its manufacturing network mainly in the US. In the Diagnostics Division the significant provisions are associated with business transformation measures, manufacturing and supply chain optimisations and research and development initiatives. Additionally, provisions were also recorded for an informatics transformation programme. Further details are given in Note 7.

Contingent consideration provisions

The Group is party to certain contingent consideration arrangements arising from business combinations. Significant non-current provisions are discounted by 5.5% (2023: 4.9%) where the time value of money is material. Additional details on measurement and on the total potential payments under these arrangements are provided in Note 31.

Other provisions

Other provisions relate to the items shown in the table below. With the exception of employee provisions, the timing of cash outflows is by its nature uncertain.

Other provisions in millions of CHF

	2024	2023
Sales returns [3]	538	481
Employee provisions	452	406
Other items	373	423
Total other provisions	**1,363**	**1,310**

Contingent liabilities

The operations and earnings of the Group continue, from time to time and in varying degrees, to be affected by political, legislative, fiscal and regulatory developments, including those relating to environmental protection, in the countries in which it operates. The industries in which the Group operates are also subject to other risks of various kinds. The nature and frequency of these developments and events, not all of which are covered by insurance, as well as their effect on future operations and earnings, are not predictable.

The Group has entered into in-licensing and alliance arrangements and intangible asset purchase agreements, including asset acquisitions, in order to gain access to potential new products or to utilise other companies to help develop the Group's own potential new products. These arrangements and purchase agreements may require the Group to make certain milestone or other similar payments dependent upon the achievement of agreed objectives or performance targets as defined in the collaboration and purchase agreements. The Group's current estimate of future third-party commitments for such potential payments within the next three years is given in Note 10.

Legal cases

At 31 December 2024 legal provisions included provisions for legal cases of CHF 98 million (2023: CHF 55 million), mainly related to legal cases in the Pharmaceuticals Division of CHF 31 million (2023: CHF 16 million) and in the Diagnostics Division of CHF 67 million (2023: CHF 39 million). Provisions have been recorded, and in some cases settled, mainly relating to the legal matters listed below.

Avastin/Lucentis investigations. On 14 February 2013 the Italian Antitrust Authority ('AGCM') announced an investigation to determine whether Roche, Genentech and Novartis had entered into an agreement to restrict competition in the Italian market for drugs, with reference in particular to Avastin (marketed by Roche) and Lucentis (marketed by Novartis). Avastin and Lucentis are two different drugs that were developed and approved for different therapeutic purposes and contain different active pharmaceutical ingredients. On 5 March 2014 the AGCM issued a verdict that alleges that Roche and Novartis colluded to artificially differentiate Avastin and Lucentis in order to foster the sales of Lucentis in Italy. The AGCM fined Roche EUR 90.5 million and Novartis EUR 92 million. Roche appealed the AGCM verdict to the Tribunale Amministrativo Regionale del Lazio ('TAR'). On 2 December 2014 the TAR upheld the decision by the AGCM. Roche appealed the verdict of the TAR to the Consiglio di Stato. In July 2014 Roche paid the EUR 90.5 million fine under protest to avoid additional penalty fees. On 23 January 2018 the European Court of Justice rendered its decision on five questions which had been referred to the European Court of Justice by the Consiglio di Stato. On 15 July 2019 the Consiglio di Stato issued the final verdict on the case and upheld the verdicts of both the AGCM and the TAR. Roche filed an appeal with the Corte Suprema di Cassazione, which was rejected on 5 October 2021. In addition, Roche filed a motion for revocation with the Consiglio di Stato, which was rejected on 8 May 2023. This matter is now concluded. On 24 January 2019 the French Competition Authority ('FCA') issued a Statement of Objections against Roche, Genentech and Novartis regarding anti-competitive practices concerning the commercialisation of Avastin and Lucentis in

France. The FCA alleges that Roche, Genentech and Novartis abused their collective dominant position on the French market for the treatment of wet age-related macular degeneration between 2008 and 2013. On 9 September 2020 the FCA issued a decision finding that Roche, Genentech and Novartis had infringed competition law, and imposed a fine of EUR 60 million against Roche and Genentech. Roche and Genentech appealed this decision. In January 2021 the fine was paid under protest to avoid additional penalty fees. On 16 February 2023 the Paris Court of Appeal issued its ruling in the Group's favour. As a result, the FCA reimbursed the fine in March 2023 and an income of EUR 60 million was recorded in other operating income (expense) in 2023. In March 2023 the FCA appealed this decision. In September 2021 Roche received an administrative fine letter from the Turkish Competition Authority ('TCA'). In its investigation the TCA alleges that Roche and Novartis entered into a cartel aiming at preventing off-label applications of Avastin in order to foster on-label applications of Lucentis. In October 2021 the fine of TRY 85 million was paid under protest to avoid additional penalty fees. Roche filed an appeal against the decision. On 30 January 2023 the Ankara Administrative Court issued its ruling in the Group's favour. As a result, the TCA reimbursed the fine and an income of TRY 85 million was recorded in other operating income (expense) in 2023. In April 2023 the TCA appealed this decision. This appeal was partially granted by the Objection Court on 14 June 2024. On 18 July 2024 Roche received TCA's summary decision about the new fine of TRY 85 million to be imposed. Roche appealed this decision. In addition, the Group is challenging policies and regulations allowing off-label/unlicensed use and reimbursement for economic reasons in various countries. The Group is vigorously defending itself in these matters. The outcome of these matters cannot be determined at this time.

Boniva litigation. Hoffmann-La Roche, Inc. ('HLR'), Genentech, Inc. ('Genentech') and various other Roche affiliates (collectively 'Roche') have been named as defendants in numerous legal actions in the US and one now dismissed case in Canada relating to the post-menopausal osteoporosis medication Boniva. In these litigations, the plaintiffs allege that Boniva caused either osteonecrosis of the jaw or atypical femoral fractures. At 31 December 2024 Roche was defending approximately 205 actions involving approximately 244 plaintiffs brought in federal and state courts throughout the US for personal injuries allegedly resulting from the use of Boniva. All of these cases are in the early discovery stages of litigation. Individual trial results depend on a variety of factors, including many that are unique to the particular case. The Group is vigorously defending itself in these matters. The outcome of these matters cannot be determined at this time.

Herceptin multidose vials litigation. Genentech, Inc. ('Genentech') sold Herceptin in multidose vials between 1998 and 2017. In April 2015 Tulsa Cancer Institute and Oklahoma Oncology sued Genentech in the Federal District Court for the Northern District of Oklahoma ('NDOk'), US. They brought state law claims based on allegations that Herceptin 440 mg multidose vials were underfilled. Six cancer centres outside of Oklahoma filed similar suits in their home districts and, in February 2016, successfully petitioned to consolidate the cases in a multidistrict litigation ('MDL') in the NDOk. Several additional related cases were later transferred into the NDOk MDL. In November 2020 plaintiffs filed a master complaint alleging five causes of action based on the allegations that Herceptin multidose vials were underfilled: common law fraud, breach of express warranty, breach of implied warranty, violation of California's Unfair Competition Law and False Advertising Law and unjust enrichment. On 27 September 2024 the plaintiffs filed a motion seeking class certification. Genentech's opposition to the class certification was filed on 12 November 2024. A hearing on class certification will take place on 30 January 2025. No schedule beyond the class certification proceedings has been set. The Group is vigorously defending itself in these matters. The outcome of these matters cannot be determined at this time.

In addition, the legal cases in the Pharmaceuticals Division listed below do not currently have provisions recorded, but there are potential future obligations which will be confirmed only by the occurrence or non-occurrence of uncertain future events or where the obligation cannot be measured with sufficient reliability.

Iraqi Ministry of Health. In October 2017 F. Hoffmann-La Roche Ltd ('FHLR'), Hoffmann-La Roche, Inc. ('HLR') and Genentech, Inc. ('Genentech') and certain other pharmaceutical and/or medical device companies were named as defendants in a complaint filed in the Federal District Court for the District of Columbia, US, on behalf of US service members and their relatives who allege that they were killed or injured in Iraq between 2005 and 2009 (the 'Iraq lawsuit'). The complaint alleges that the defendants violated the US Anti-Terrorism Act and various state laws by providing funding for terrorist organisations through their sales practices pursuant to pharmaceutical and/or medical device contracts with the Iraqi Ministry of Health. In addition FHLR received an inquiry in July 2018 from the US Department of Justice in connection with an anti-corruption investigation relating to activities in Iraq, including interactions with the Iraqi government and certain of the same matters alleged in the Iraq lawsuit. On 29 October 2019 the US Department of Justice closed its inquiry against FHLR. On 17 July 2020 the Federal District Court granted the defendants' motions to dismiss. The plaintiffs appealed this decision. On 4 January 2022 the US Court of Appeals for the District of Columbia Circuit reversed the decision of the Federal District Court and remanded the case for further proceedings. Defendants filed petitions for rehearing en banc by the US Court of Appeals for the District of Columbia Circuit, which were denied on 2 February 2023. On 1 March 2023 the Federal District Court granted defendants' motion for a temporary partial stay pending the US Supreme Court's decision on a related matter. On 18 May 2023 the US Supreme Court reversed the decision in the related matter, clarifying the law under the US Anti-Terrorism Act. On 30 June 2023 defendants filed a petition for certiorari to the US Supreme Court on the merits asking the US Supreme Court to grant, vacate and remand for further proceedings as a result of another of its recent decisions on the US Anti-Terrorism Act, which was granted on 24 June 2024. The judgment was vacated and the case was remanded to the US Court of Appeals for the District of Columbia Circuit for further consideration. There was a hearing on 19 November 2024 with the ruling expected in 2025. The Group is vigorously defending itself in this matter. The outcome of this matter cannot be determined at this time.

Herceptin investigation. On 8 February 2022 the South African Competition Commission ('Commission') filed a referral with the Competition Tribunal for prosecution of Roche Holding Ltd, F. Hoffmann-La Roche Ltd and Roche Products (Pty) Ltd (together 'Roche') for alleged excessive pricing of trastuzumab (Herceptin) in contravention of the South African Competition Act. The Commission's referral affidavit also alleges that the excessive price of Herceptin constitutes a violation of basic human rights including the right of access to healthcare enshrined in South Africa's Bill of Rights as it denies access to life-saving medicine for women living with breast cancer. The alleged excessive pricing of Herceptin by Roche took place between January 2011 and November 2020 in the South African private healthcare sector and in the South African public healthcare sector during the period from November 2015 to July 2020. The Commission has asked the Competition Tribunal to impose a penalty against Roche. On 14 October 2022 Roche submitted its replies to the Competition Tribunal. The Group is vigorously defending itself in this matter. The outcome of this matter cannot be determined at this time.

University of Pennsylvania litigation. On 31 January 2022 the University of Pennsylvania filed a patent litigation action in the US against Genentech, Inc. ('Genentech') based on a claim that Herceptin, Perjeta, Phesgo and Herceptin Hylecta would infringe their US Patent No. 7,625,558 (the '558 patent). According to the complaint, the '558 patent generally relates to methods of treating ErbB (HER2) protein-mediated cancer tumours by administering a compound that inhibits the formation of ErbB (HER2) followed by radiation. Genentech filed a partial motion to dismiss the University of Pennsylvania's claims of wilfulness on 24 March 2022, which was granted on 2 December 2022. The University of Pennsylvania filed a motion to amend its complaint to add wilfulness back in, which was granted by the court on 5 May 2023. The University of Pennsylvania filed a first amended complaint on 17 May 2023. On 17 January 2025 the court orally issued a tentative ruling on Genentech's motion for summary judgment of no enablement by holding 13 claims invalid and leaving three claims remaining for the jury trial scheduled for 31 March 2025. The Group is vigorously defending itself in this matter. The outcome of this matter cannot be determined at this time.

21. Debt

Debt: movements in carrying value of recognised liabilities in millions of CHF

	2024	2023
At 1 January	29,209	25,351
Proceeds from issue of bonds and notes	7,915	8,167
Redemption and repurchase of bonds and notes	(3,095)	(1,751)
Increase (decrease) in commercial paper	(709)	(806)
Increase (decrease) in other debt	(292)	175
Changes from financing cash flows	**3,819**	**5,785**
Net (gains) losses on redemption and repurchase of bonds and notes [4]	0	0
Amortisation of debt discount [4]	9	8
Financing costs	**9**	**8**
Business combinations	0	0
Net foreign currency transaction (gains) losses	0	3
Currency translation effects	1,560	(2,026)
Changes in foreign exchange rates	**1,560**	**(2,023)**
Changes in fair values of hedging instruments	57	88
At 31 December	**34,654**	**29,209**
Bonds and notes	34,199	27,812
Commercial paper	180	848
Amounts due to banks and other financial institutions	275	547
Other borrowings	0	2
Total debt	**34,654**	**29,209**
Long-term debt	30,722	24,809
Short-term debt	3,932	4,400
Total debt	**34,654**	**29,209**

There are no pledges on the Group's assets in connection with debt.

Bonds and notes

Recognised liabilities and effective interest rates of bonds and notes in millions of CHF

	Effective interest rate			
	Underlying instrument	Including hedging	2024	2023
US dollar notes – fixed rate				
0.45% notes due 5 March 2024, principal USD 0.5 billion (ISIN: US771196BQ41)	0.49%	2.75%	–	418
1.882% notes due 8 March 2024, principal USD 1.25 billion (ISIN: US771196BU52)	1.95%	n/a	–	1,055
3.35% notes due 30 September 2024, principal USD 1.65 billion, outstanding USD 0.59 billion (ISIN: US771196BE11)	3.40%	n/a	–	497
2.132% notes due 10 March 2025, principal USD 1.0 billion (ISIN: US771196BT89)	2.19%	n/a	903	844
3.0% notes due 10 November 2025, principal USD 1.0 billion, outstanding USD 0.51 billion (ISIN: US771196BJ08)	3.14%	n/a	457	426
0.991% notes due 5 March 2026, principal USD 0.65 billion (ISIN: US771196BS07)	1.03%	3.90%	564	510
2.625% notes due 15 May 2026, principal USD 1.0 billion (ISIN: US771196BK70)	2.78%	n/a	902	842
5.265% notes due 13 November 2026, principal USD 1.1 billion (ISIN: US771196CE02)	5.38%	n/a	994	927
2.375% notes due 28 January 2027, principal USD 0.85 billion (ISIN: US771196BL53)	2.54%	n/a	766	715
2.314% notes due 10 March 2027, principal USD 1.25 billion (ISIN: US771196BV36)	2.37%	n/a	1,129	1,054
3.625% notes due 17 September 2028, principal USD 0.65 billion (ISIN: US771196BP67)	3.69%	n/a	587	548
5.338% notes due 13 November 2028, principal USD 1.25 billion (ISIN: US771196CF76)	5.45%	n/a	1,128	1,053
1.93% notes due 13 December 2028, principal USD 2.0 billion (ISIN: US771196BW19)	1.97%	n/a	1,806	1,686
4.79% notes due 8 March 2029, principal USD 0.875 billion (ISIN: US771196CJ98)	4.89%	n/a	790	–
4.203% notes due 9 September 2029, principal USD 0.9 billion (ISIN: US771196CP58)	4.29%	n/a	812	–
5.489% notes due 13 November 2030, principal USD 1.25 billion (ISIN: US771196CG59)	5.60%	n/a	1,128	1,053
4.909% notes due 8 March 2031, principal USD 0.75 billion (ISIN: US771196CK61)	5.00%	n/a	677	–
2.076% notes due 13 December 2031, principal USD 2.0 billion (ISIN: US771196BX91)	2.11%	2.16%	1,805	1,685
5.593% notes due 13 November 2033, principal USD 1.6 billion (ISIN: US771196CH33)	5.71%	n/a	1,443	1,347
4.985% notes due 8 March 2034, principal USD 1.25 billion (ISIN: US771196CL45)	5.08%	n/a	1,127	–
4.592% notes due 9 September 2034, principal USD 1.0 billion (ISIN: US771196CQ32)	4.68%	n/a	902	–
7.0% notes due 1 March 2039, principal USD 2.5 billion, outstanding USD 1.12 billion (ISIN: USU75000AN65 and US771196AU61)	7.43%	7.39%	982	916
4.0% notes due 28 November 2044, principal USD 0.65 billion (ISIN: US771196BH42)	4.16%	n/a	579	541
2.607% notes due 13 December 2051, principal USD 2.0 billion (ISIN: US771196BY74)	2.65%	2.74%	1,799	1,680
5.218% notes due 8 March 2054, principal USD 1.6 billion (ISIN: US771196CM28)	5.23%	n/a	1,459	–
US dollar notes – floating rate				
Notes due 5 March 2024, principal USD 0.35 billion (ISIN: US771196BR24)	2.85%	n/a	–	295
Notes due 10 March 2025, principal USD 0.75 billion (ISIN: US771196CA89)	4.91%	n/a	678	633
Notes due 13 November 2026, principal USD 0.3 billion (ISIN: US771196CD29)	6.11%	n/a	271	253
Euro Medium Term Note programme – fixed rate				
0.875% notes due 25 February 2025, principal EUR 1.0 billion (ISIN: XS1195056079)	0.93%	1.11%	939	926
Euro bonds – fixed rate				
3.312% bonds due 4 December 2027, principal EUR 0.6 billion (ISIN: XS2726331932)	3.35%	3.51%	568	560
3.204% bonds due 27 August 2029, principal EUR 0.75 billion (ISIN: XS2592088236)	3.24%	n/a	704	699
3.227% bonds due 3 May 2030, principal EUR 0.65 billion (ISIN: XS2813211294)	3.26%	n/a	610	–
3.355% bonds due 27 February 2035, principal EUR 0.5 billion (ISIN: XS2592088400)	3.38%	n/a	469	466
3.586% bonds due 4 December 2036, principal EUR 0.9 billion (ISIN: XS2726335099)	3.61%	n/a	844	838
3.564% bonds due 3 May 2044, principal EUR 0.85 billion (ISIN: XS2813211617)	3.59%	n/a	796	–

Recognised liabilities and effective interest rates of bonds and notes in millions of CHF (*continued*)

	Effective interest rate			
	Underlying instrument	Including hedging	2024	2023
Swiss franc bonds – fixed rate				
0.1% bonds due 23 September 2024, principal CHF 0.75 billion (ISIN: CH0358654975)	0.11%	0.58%	–	738
0.25% bonds due 24 September 2025, principal CHF 0.5 billion (ISIN: CH0433761308)	0.25%	0.53%	500	494
1.5% bonds due 23 June 2026, principal CHF 0.425 billion (ISIN: CH1211713222)	1.48%	n/a	425	425
0.5% bonds due 25 February 2027, principal CHF 0.825 billion (ISIN: CH1166151899)	0.42%	0.36%	832	829
1.6% bonds due 15 September 2028, principal CHF 0.14 billion (ISIN: CH1305916764)	1.62%	n/a	140	140
0.45% bonds due 23 March 2029, principal CHF 0.35 billion (ISIN: CH0359915409)	0.46%	n/a	350	350
0.985% bonds due 6 September 2029, principal CHF 0.25 billion (ISIN: CH1371736807)	1.02%	0.93%	255	–
0.75% bonds due 24 September 2030, principal CHF 0.4 billion (ISIN: CH0433761316)	0.74%	n/a	400	400
0.75% bonds due 25 February 2031, principal CHF 0.625 billion (ISIN: CH1166151907)	0.71%	n/a	626	627
2.0% bonds due 23 September 2032, principal CHF 0.375 billion (ISIN: CH1211713230)	2.00%	n/a	375	375
1.75% bonds due 15 September 2033, principal CHF 0.19 billion (ISIN: CH1305916772)	1.77%	n/a	190	190
1.0975% bonds due 6 September 2034, principal CHF 0.42 billion (ISIN: CH1371736815)	1.13%	n/a	419	–
1.0% bonds due 25 February 2037, principal CHF 0.3 billion (ISIN: CH1166151915)	0.91%	n/a	303	303
1.95% bonds due 15 September 2038, principal CHF 0.23 billion (ISIN: CH1305916780)	1.93%	n/a	231	231
1.17% bonds due 6 September 2039, principal CHF 0.275 billion (ISIN: CH1371736823)	1.19%	n/a	274	–
Genentech Senior Notes				
5.25% Senior Notes due 15 July 2035, principal USD 0.5 billion, outstanding USD 0.29 billion (ISIN: US368710AC32)	5.39%	n/a	261	243
Total bonds and notes			**34,199**	**27,812**

Bonds and notes maturity in millions of CHF

	2024	2023
Within one year	3,477	3,004
Between one and two years	3,156	3,322
Between two and three years	3,295	2,957
Between three and four years	3,661	3,157
Between four and five years	2,911	3,427
More than five years	17,699	11,945
Total bonds and notes	**34,199**	**27,812**

Unamortised discount included in carrying value of bonds and notes in millions of CHF

	2024	2023
US dollar notes	57	66
Euro notes and bonds	9	6
Swiss franc bonds	(4)	(8)
Total unamortised discount	**62**	**64**

Issuance of bonds and notes – 2024

On 8 March 2024 the Group completed an offering of USD 0.875 billion fixed rate notes with a coupon of 4.790%, USD 0.75 billion fixed rate notes with a coupon of 4.909%, USD 1.25 billion fixed rate notes with a coupon of 4.985% and USD 1.0 billion fixed rate notes with a coupon of 5.218%. The notes will mature on 8 March 2029, 8 March 2031, 8 March 2034 and 8 March 2054, respectively. The Group received CHF 3,392 million aggregate net proceeds from the issuance and sale of these fixed rate notes.

On 3 May 2024 the Group completed an offering of EUR 0.65 billion fixed rate bonds with a coupon of 3.227% and EUR 0.85 billion fixed rate bonds with a coupon of 3.564%. The bonds will mature on 3 May 2030 and 3 May 2044, respectively. These bonds have a primary listing at the SIX Swiss Exchange. The Group received CHF 1,460 million aggregate net proceeds from the issuance and sale of these fixed rate bonds.

On 6 September 2024 the Group completed an offering of CHF 0.25 billion fixed rate bonds with a coupon of 0.985%, CHF 0.42 billion fixed rate bonds with a coupon of 1.0975% and CHF 0.275 billion fixed rate bonds with a coupon of 1.17%. The bonds will mature on 6 September 2029, 6 September 2034 and 6 September 2039, respectively. These bonds are listed at the SIX Swiss Exchange. The Group received CHF 943 million aggregate net proceeds from the issuance and sale of these fixed rate bonds.

On 9 September 2024 the Group completed an offering of USD 0.9 billion fixed rate notes with a coupon of 4.203%, USD 1.0 billion fixed rate notes with a coupon of 4.592% and USD 0.6 billion fixed rate notes with a coupon of 5.218%. The notes will mature on 9 September 2029, 9 September 2034 and 8 March 2054, respectively. The Group received CHF 2,120 million aggregate net proceeds from the issuance and sale of these fixed rate notes. The notes that will mature on 8 March 2054 were consolidated and form a single class of notes with the USD 1.0 billion fixed rate notes with a coupon of 5.218% issued on 8 March 2024, for an aggregate principal amount of USD 1.6 billion.

Issuance of bonds and notes – 2023

On 27 February 2023 the Group completed an offering of EUR 0.75 billion fixed rate bonds with a coupon of 3.204% and EUR 0.5 billion fixed rate bonds with a coupon of 3.355%. The bonds will mature on 27 August 2029 and 27 February 2035, respectively. These bonds have a primary listing at the SIX Swiss Exchange. The Group received CHF 1,238 million aggregate net proceeds from the issuance and sale of these fixed rate bonds.

On 13 November 2023 the Group completed an offering of USD 1.1 billion fixed rate notes with a coupon of 5.265%, USD 1.25 billion fixed rate notes with a coupon of 5.338%, USD 1.25 billion fixed rate notes with a coupon of 5.489% and USD 1.6 billion fixed rate notes with a coupon of 5.593%. The notes will mature on 13 November 2026, 13 November 2028, 13 November 2030 and 13 November 2033, respectively. The Group received CHF 4,684 million aggregate net proceeds from the issuance and sale of these fixed rate notes.

Also on 13 November 2023 the Group completed an offering of USD 0.3 billion floating rate notes at a rate equal to the Secured Overnight Financing Rate (SOFR) plus a margin of 0.74%, which will mature on 13 November 2026. The Group received CHF 270 million aggregate net proceeds from the issuance and sale of these floating rate notes.

On 4 December 2023 the Group completed an offering of EUR 0.6 billion fixed rate bonds with a coupon of 3.312% and EUR 0.9 billion fixed rate bonds with a coupon of 3.586%. The bonds will mature on 4 December 2027 and 4 December 2036, respectively. These bonds have a primary listing at the SIX Swiss Exchange. The Group received CHF 1,415 million aggregate net proceeds from the issuance and sale of these fixed rate bonds.

On 15 December 2023 the Group completed an offering of CHF 0.14 billion fixed rate bonds with a coupon of 1.6%, CHF 0.19 billion fixed rate bonds with a coupon of 1.75% and CHF 0.23 billion fixed rate bonds with a coupon of 1.95%. The bonds will mature on 15 September 2028, 15 September 2033 and 15 September 2038, respectively. These bonds are listed at the SIX Swiss Exchange. The Group received CHF 560 million aggregate net proceeds from the issuance and sale of these fixed rate bonds.

Redemption and repurchase of bonds and notes – 2024

On the due date of 5 March 2024 the Group redeemed floating rate notes with a principal amount of USD 0.35 billion. The cash outflow was CHF 310 million, plus accrued interest. The effective interest rate of these notes was 2.85%.

Also on the due date of 5 March 2024 the Group redeemed the 0.45% fixed rate notes with a principal amount of USD 0.5 billion. The cash outflow was CHF 442 million, plus accrued interest. The effective interest rate of these notes was 0.49%.

On the due date of 8 March 2024 the Group redeemed the 1.882% fixed rate notes with a principal amount of USD 1.25 billion. The cash outflow was CHF 1,097 million, plus accrued interest. The effective interest rate of these notes was 1.95%.

On the due date of 23 September 2024 the Group redeemed the 0.1% fixed rate bonds with a principal amount of CHF 0.75 billion. The cash outflow was CHF 750 million, plus accrued interest. The effective interest rate of these notes was 0.11%.

On the due date of 30 September 2024 the Group redeemed the 3.35% fixed rate notes with an outstanding amount of USD 0.59 billion. The cash outflow was CHF 496 million, plus accrued interest. The effective interest rate of these notes was 3.40%.

Redemption and repurchase of bonds and notes – 2023

On the due date of 27 February 2023 the Group redeemed the 0.5% fixed rate notes with a principal amount of EUR 0.65 billion. The cash outflow was CHF 645 million, plus accrued interest. The effective interest rate of these notes was 0.63%.

On the due date of 29 August 2023 the Group redeemed the 5.375% fixed rate notes with an outstanding amount of GBP 0.08 billion. The cash outflow was CHF 86 million, plus accrued interest. The effective interest rate of these notes was 5.46%.

On the due date of 11 September 2023 the Group redeemed floating rate notes with a principal amount of USD 0.75 billion. The cash outflow was CHF 670 million, plus accrued interest. The effective interest rate of these notes was 3.90%.

On the due date of 17 September 2023 the Group redeemed the 3.25% fixed rate notes with an outstanding amount of USD 0.39 billion. The cash outflow was CHF 350 million, plus accrued interest. The effective interest rate of these notes was 3.32%.

Cash flows from issuance, redemption and repurchase of bonds and notes

Cash inflows from issuance of bonds and notes in millions of CHF

	2024	2023
US dollar notes	5,512	4,954
Euro bonds	1,460	2,653
Swiss franc bonds	943	560
Total cash inflows from issuance of bonds and notes	**7,915**	**8,167**

Cash outflows from redemption and repurchase of bonds and notes in millions of CHF

	2024	2023
Euro Medium Term Note programme – Euro notes	0	(645)
Euro Medium Term Note programme – Pound sterling notes	0	(86)
US dollar notes	(2,345)	(1,020)
Swiss franc bonds	(750)	0
Total cash outflows from redemption and repurchase of bonds and notes	**(3,095)**	**(1,751)**

Commercial paper

Roche Holdings, Inc. commercial paper program. Roche Holdings, Inc. has an established commercial paper program under which it can issue up to USD 7.5 billion of unsecured commercial paper notes guaranteed by Roche Holding Ltd. The committed credit line that is available as a back-stop supporting the commercial paper program is USD 7.5 billion at 31 December 2024 (2023: USD 7.5 billion). On 3 July 2019 the previously existing committed credit lines were refinanced by one new committed credit line with an initial maturity of five years and two annual extension options, both of which were exercised extending the maturity to 2026. The maturity of the notes under the program cannot exceed 365 days from the date of issuance. At 31 December 2024 unsecured commercial paper notes with a principal amount of USD 0.2 billion (2023: USD 1.0 billion) and an average interest rate of 4.45% (2023: 5.34%) were outstanding.

Movements in commercial paper obligations in millions of CHF

	2024	2023
At 1 January	848	1,755
Net cash proceeds (payments)	(709)	(806)
Currency translation effects	41	(101)
At 31 December	**180**	**848**

Amounts due to banks and other financial institutions

At 31 December 2024 the amounts outstanding of CHF 275 million (2023: CHF 547 million) are due within one year. These amounts are denominated in various currencies and the average interest rate was 4.03% (2023: 3.30%). On 19 January 2024 the Group executed a short-term bridge facility agreement of USD 5.0 billion with banks for general corporate purposes including but not limited to mergers and acquisitions and repayments of maturing debts. The bridge facility had an initial maturity of six months and two extension options for three months each. On 26 January 2024 the Group utilised USD 2.85 billion of this bridge facility, of which USD 1.85 billion and USD 1.0 billion were repaid on 8 March 2024 and 3 May 2024, respectively.

22. Equity attributable to Roche shareholders

Changes in equity attributable to Roche shareholders in millions of CHF

	Share capital	Retained earnings	Fair value reserves	Hedging reserves	Translation reserves	Total
Year ended 31 December 2023						
At 1 January 2023	107	38,937	(59)	(92)	(10,901)	27,992
Net income recognised in income statement	–	11,498	–	–	–	11,498
Financial assets at fair value through OCI						
– Fair value gains (losses) – equity investments at fair value through OCI	–	–	(72)	–	–	(72)
– Fair value gains (losses) taken to retained earnings on disposal of equity investments at fair value through OCI	–	(16)	16	–	–	–
– Fair value gains (losses) – debt securities at fair value through OCI	–	–	13	–	–	13
– Fair value gains (losses) transferred to income statement – debt securities at fair value through OCI	–	–	0	–	–	0
– Income taxes [5]	–	4	4	–	–	8
– Non-controlling interests	–	1	(1)	–	–	0
Cash flow hedges						
– Gains (losses) taken to equity [31]	–	–	–	(344)	–	(344)
– Transferred to income statement [31]	–	–	–	437	–	437
– Transferred to initial carrying amount of hedged items [31]	–	–	–	(111)	–	(111)
– Income taxes [5]	–	–	–	6	–	6
– Non-controlling interests	–	–	–	5	–	5
Currency translation of foreign operations						
– Exchange differences	–	–	2	9	(2,656)	(2,645)
– Accumulated differences transferred to income statement on divestment of subsidiaries	–	–	–	–	1	1
– Non-controlling interests	–	–	–	–	604	604
Defined benefit plans						
– Remeasurement gains (losses) [26]	–	(691)	–	–	–	(691)
– Limit on asset recognition [26]	–	527	–	–	–	527
– Income taxes [5]	–	41	–	–	–	41
– Non-controlling interests	–	(5)	–	–	–	(5)
Other comprehensive income, net of tax	**–**	**(139)**	**(38)**	**2**	**(2,051)**	**(2,226)**
Total comprehensive income	**–**	**11,359**	**(38)**	**2**	**(2,051)**	**9,272**
Dividends	–	(7,590)	–	–	–	(7,590)
Equity compensation plans, net of transactions in own equity	–	(358)	–	–	–	(358)
Changes in non-controlling interests	–	(1)	–	–	–	(1)
At 31 December 2023	**107**	**42,347**	**(97)**	**(90)**	**(12,952)**	**29,315**

Changes in equity attributable to Roche shareholders in millions of CHF

	Share capital	Retained earnings	Fair value reserves	Hedging reserves	Translation reserves	Total
Year ended 31 December 2024						
At 1 January 2024	107	42,347	(97)	(90)	(12,952)	29,315
Net income recognised in income statement	–	8,277	–	–	–	8,277
Financial assets at fair value through OCI						
– Fair value gains (losses) – equity investments at fair value through OCI	–	–	79	–	–	79
– Fair value gains (losses) taken to retained earnings on disposal of equity investments at fair value through OCI	–	10	(10)	–	–	–
– Fair value gains (losses) – debt securities at fair value through OCI	–	–	7	–	–	7
– Fair value gains (losses) transferred to income statement – debt securities at fair value through OCI	–	–	0	–	–	0
– Income taxes [5]	–	(2)	(8)	–	–	(10)
– Non-controlling interests	–	0	1	–	–	1
Cash flow hedges						
– Gains (losses) taken to equity [31]	–	–	–	(76)	–	(76)
– Transferred to income statement [31]	–	–	–	278	–	278
– Transferred to initial carrying amount of hedged items [31]	–	–	–	(92)	–	(92)
– Income taxes [5]	–	–	–	(33)	–	(33)
– Non-controlling interests	–	–	–	(29)	–	(29)
Currency translation of foreign operations						
– Exchange differences	–	–	0	1	694	695
– Accumulated differences transferred to income statement on divestment of subsidiaries	–	–	–	–	2	2
– Non-controlling interests	–	–	–	–	143	143
Defined benefit plans						
– Remeasurement gains (losses) [26]	–	276	–	–	–	276
– Limit on asset recognition [26]	–	1,029	–	–	–	1,029
– Income taxes [5]	–	(167)	–	–	–	(167)
– Non-controlling interests	–	(9)	–	–	–	(9)
Other comprehensive income, net of tax	**–**	**1,137**	**69**	**49**	**839**	**2,094**
Total comprehensive income	**–**	**9,414**	**69**	**49**	**839**	**10,371**
Dividends	–	(7,650)	–	–	–	(7,650)
Equity compensation plans, net of transactions in own equity	–	(269)	–	–	–	(269)
Changes in non-controlling interests	–	0	–	–	–	0
At 31 December 2024	**107**	**43,842**	**(28)**	**(41)**	**(12,113)**	**31,767**

Share capital

At 31 December 2024 the authorised and issued share capital of Roche Holding Ltd, which is the Group's parent company, consisted of 106,691,000 shares with a nominal value of CHF 1.00 each, as in the preceding year. The shares are bearer shares and the Group does not maintain a register of shareholders. At 31 December 2024, based on the information available to the Group, a shareholder group with pooled voting rights owned 69,318,000 shares representing 64.97% (2023: 64.97%) of the issued shares. On 5 December 2019 the shareholder group announced that it would continue the shareholder pooling agreement existing since 1948 with a modified shareholder composition. The duration of the pool was extended for an indefinite period in 2009. At 31 December 2024, based on the information available to the Group, Ms Maja Oeri, formerly a member of the pool, held 8,091,900 shares independently of the pool, representing 7.58% (2023: 7.58%) of the issued shares. This is further described in Note 32.

Non-voting equity securities (*Genussscheine*)

At 31 December 2024, 702,562,700 non-voting equity securities had been authorised and were in issue as in the preceding year. Under Swiss company law these non-voting equity securities have no nominal value, are not part of the share capital and cannot be issued against a contribution which would be shown as an asset in the balance sheet of Roche Holding Ltd. Each non-voting equity security confers the same rights as any of the shares to participate in the net profit and any remaining proceeds from liquidation following repayment of the nominal value of the shares and, if any, participation certificates. In accordance with the law and the Articles of Incorporation of Roche Holding Ltd, the General Meeting of the company's shareholders is entitled at all times to exchange shares or participation certificates for all or some of the non-voting equity securities without the consent of the bearers thereof.

Dividends

On 12 March 2024 the shareholders approved the distribution of a dividend of CHF 9.60 per share and non-voting equity security (2023: CHF 9.50) in respect of the 2023 business year. The distribution to holders of outstanding shares and non-voting equity securities totalled CHF 7,650 million (2023: CHF 7,590 million), which was recorded against retained earnings in 2024. The Board of Directors has proposed dividends for the 2024 business year of CHF 9.70 per share and non-voting equity security. This dividend proposal is subject to approval at the Annual General Meeting on 25 March 2025. If approved, this would result in a total distribution to shareholders of CHF 7,850 million.

Own equity instruments

Holdings of own equity instruments in number of shares and non-voting equity securities

	2024 (millions)	2023 (millions)
Shares	0.5	0.5
Non-voting equity securities	13.4	11.5
Total	**13.9**	**12.0**

Own equity instruments are recorded within equity at original purchase cost. At 31 December 2024 the fair value of shares was CHF 131 million (2023: CHF 136 million) and the fair value of non-voting equity securities was CHF 3.4 billion (2023: CHF 2.8 billion). Own equity instruments are held for the Group's potential conversion obligations that may arise from the Group's equity compensation plans (see Note 27).

Reserves

Fair value reserve. At 31 December 2024 and 2023 the fair value reserve represents the cumulative net change in the fair value of financial assets at fair value through OCI until the asset is sold, impaired or otherwise disposed of.

Hedging reserve. The hedging reserve represents the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred.

Translation reserve. The translation reserve represents the cumulative currency translation differences relating to the consolidation of Group companies that use functional currencies other than Swiss francs.

23. Subsidiaries and associates

Chugai

Effective 1 October 2002 the Roche Group and Chugai completed an alliance to create a leading research-driven Japanese pharmaceutical company, which was formed by the merger of Chugai and Roche's Japanese pharmaceuticals subsidiary, Nippon Roche. The merged company is known as Chugai.

Consolidated subsidiary. Chugai is a fully consolidated subsidiary of the Group. This is based on the Group's interest in Chugai at 31 December 2024 of 61.1% (2023: 61.1%) and the Roche relationship with Chugai that is founded on the Basic Alliance, Licensing and Research Collaboration Agreements.

The common stock of Chugai is publicly traded and is listed on the Tokyo Stock Exchange under the stock code 'TSE:4519'. Chugai prepares financial statements in accordance with IFRS Accounting Standards that are filed on a quarterly basis with the Tokyo Stock Exchange. Due to certain consolidation entries there are minor differences between Chugai's stand-alone IFRS results and the results of Chugai as consolidated by the Roche Group and included in these Annual Financial Statements.

Chugai summarised financial information in millions of CHF

	2024	2023
Income statement		
Sales [2]	5,801	6,235
Other revenue [2]	1,081	968
Total revenues	**6,882**	**7,203**
Operating profit [2]	3,212	2,915
Balance sheet		
Non-current assets	3,499	3,403
Current assets	9,287	8,207
Non-current liabilities	(112)	(130)
Current liabilities	(1,670)	(1,717)
Total net assets	**11,004**	**9,763**
Cash flows		
Cash flows from operating activities	2,602	2,623
Cash flows from investing activities	(1,322)	(239)
Cash flows from financing activities	(820)	(891)

Dividends. The dividends distributed to third parties holding Chugai shares during 2024 totalled CHF 301 million (2023: CHF 327 million) and were recorded against non-controlling interests (see Note 24). Dividends paid by Chugai to Roche are eliminated on consolidation as intercompany items.

Roche's relationship with Chugai. Chugai has entered into certain agreements with Roche, which are discussed below:

(1) Basic Alliance Agreement – As part of the Basic Alliance Agreement signed in December 2001 and partially revised in July 2022, Roche and Chugai entered into certain arrangements covering the future operation and governance of Chugai. Amongst other matters these cover the following areas:
- The structuring of the alliance.
- Roche's rights as a shareholder.
- Roche's rights to nominate members of Chugai's Board of Directors.
- Certain limitations to Roche's ability to buy or sell Chugai's common stock.

Chugai issues additional shares of common stock in connection with its equity compensation plans, and may issue additional shares for other purposes. If this occurs, Chugai will guarantee Roche's right to maintain its shareholding percentage in Chugai by allowing Roche to exercise its pre-emptive right or other rights.

(2) Licensing Agreements – Under the Japan Umbrella Rights Agreement signed in December 2001, Chugai has exclusive rights to market Roche's pharmaceutical products in Japan. Chugai has the right of first refusal on the development and marketing in Japan of all development compounds advanced by Roche.

The Rest of the World Umbrella Rights Agreement (excluding Japan and South Korea) signed in May 2002 was revised and the Amended and Restated Rest of the World Umbrella Rights Agreement (excluding Japan, South Korea and Taiwan) was signed in August 2014. Under this Agreement Chugai shall offer and Roche has the right of first refusal on the development and marketing of Chugai's development compounds in markets outside Japan, excluding South Korea and Taiwan.

Further to these agreements, Roche and Chugai have signed a series of separate agreements for certain specific products. Depending on the specific circumstances and the terms of the agreement, this may result in payments on an arm's length basis between Roche and Chugai, for any or all of the following matters:
- Upfront payments, if a right of first refusal to license a product is exercised.
- Milestone payments, dependent upon the achievement of agreed performance targets.
- Royalties on future product sales.

These specific product agreements may also cover the manufacture and supply of the respective products to meet the other party's clinical and/or commercial requirements on an arm's length basis.

(3) Research Collaboration Agreements – Roche and Chugai have entered into research collaboration agreements in the areas of small-molecule synthetic drug research and biotechnology-based drug discovery.

Associates

On 21 December 2021 the Group acquired an interest in Freenome Holdings, Inc. ('Freenome'), a privately owned US company based in South San Francisco, California. On 26 January 2024 the Group made a further investment of USD 50 million. At 31 December 2024 the Group's interest in Freenome was 15.8% (31 December 2023: 15.9%). Based on the Group's assessment, Freenome is treated as an associate of the Group. The Group accounts for Freenome using the equity method based on Freenome's financial statements that are made available to the Group. The carrying value of the Group's share of Freenome's net assets, an asset of CHF 258 million (31 December 2023: CHF 242 million), is included in other non-current assets (see Note 15). The Group's share of Freenome's results, a loss of CHF 45 million (2023: a loss of CHF 34 million), is included in other financial income (expense) (see Note 4).

24. Non-controlling interests

Changes in equity attributable to non-controlling interests in millions of CHF

	2024	2023
At 1 January	3,948	4,023
Net income recognised in income statement		
– Chugai	898	844
– Other non-controlling interests	12	16
Total net income recognised in income statement	**910**	**860**
Equity investments at fair value through OCI	(1)	0
Debt securities at fair value through OCI	0	0
Cash flow hedges	29	(5)
Currency translation of foreign operations	(143)	(604)
Remeasurements of defined benefit plans	9	5
Other comprehensive income, net of tax	**(106)**	**(604)**
Total comprehensive income	**804**	**256**
Business combinations	0	0
Dividends to non-controlling shareholders		
– Chugai [23]	(301)	(327)
– Other non-controlling interests	(59)	(7)
Equity compensation plans, net of transactions in own equity	2	2
Changes in non-controlling interests	0	1
At 31 December	**4,394**	**3,948**
Chugai	4,238	3,755
Other non-controlling interests	156	193
Total non-controlling interests	**4,394**	**3,948**

25. Employee benefits

Employee remuneration in millions of CHF

	2024	2023
Wages and salaries	12,441	12,375
Social security costs	1,223	1,150
Defined contribution plans [26]	462	469
Operating expenses for defined benefit plans [26]	504	453
Equity compensation plans [27]	855	830
Termination costs [7]	280	425
Other employee benefits	1,071	756
Employee remuneration included in operating results	**16,836**	**16,458**
Net interest cost of defined benefit plans [26]	138	150
Total employee remuneration	**16,974**	**16,608**

Other employee benefits consist mainly of life insurance schemes and certain other insurance schemes providing medical coverage and other long-term and short-term disability benefits.

26. Pensions and other post-employment benefits

The Group's objective is to provide attractive and competitive post-employment benefits to employees, while at the same time ensuring that the various plans are appropriately financed and managing any potential impacts on the Group's long-term financial position. Most employees are covered by pension plans sponsored by Group companies. The nature of such plans varies according to legal regulations, fiscal requirements and market practice in the countries in which the employees are employed. Post-employment benefit plans are classified for IFRS Accounting Standards as 'defined contribution plans' if the Group pays fixed contributions into a separate fund or to a third-party financial institution and will have no further legal or constructive obligation to pay further contributions. All other plans are classified as 'defined benefit plans'.

Defined contribution plans

Defined contribution plans are funded through payments by employees and by the Group to funds administered by third parties. The Group's expenses for these plans were CHF 462 million (2023: CHF 469 million). No assets or liabilities are recognised in the Group's balance sheet in respect of such plans, apart from regular prepayments and accruals of the contributions withheld from employees' wages and salaries and of the Group's contributions. The Group's major defined contribution plan is the US Roche 401(k) Savings Plan.

Defined benefit plans

Plans are usually established as trusts independent of the Group and are funded by payments from Group companies and by employees. In some cases, notably for the major defined benefit plans in Germany, the plans are unfunded and the Group pays pensions to retired employees directly from its own financial resources. Plans are usually governed by a senior governing body, such as a Board of Trustees, which is typically composed of both employee and employer representatives. Funding of these plans is determined by local regulations using independent actuarial valuations. Separate independent actuarial valuations are prepared in accordance with the requirements of IAS 19 for use in the Group's financial statements. The Group's major pension plans are located in Switzerland, the US and Germany, which in total account for 89% of the Group's defined benefit obligation (2023: 88%).

Pension plans in Switzerland. Current pension arrangements for employees in Switzerland are made through plans governed by the Swiss Federal Occupational Old Age, Survivors and Disability Pension Act ('BVG'). The Group's pension plans are administered by separate legal foundations, which are funded by regular employee and company contributions. The final benefit is contribution based with certain minimum guarantees. Due to these minimum guarantees, the Swiss plans are treated as defined benefit plans for the purposes of these financial statements prepared in accordance with IFRS Accounting Standards, although they have many of the characteristics of defined contribution plans. Where there is an underfunding, this may be remedied by various measures such as increasing employee and company contributions, lowering the interest rate on retirement account balances, reducing prospective benefits and a suspension of the early withdrawal facility.

Pension plans in the US. The Group's major defined benefit plans in the US have been closed to new members since 2007. New employees in the US now join the defined contribution plan. The largest of the remaining defined benefit plans are funded pension plans together with smaller unfunded supplementary retirement plans. The benefits are based on the highest average annual rate of earnings during a specified period and length of employment. The plans are non-contributory for employees, with the Group making periodic contributions to the plans. Where there is an underfunding, this would normally be remedied by additional company contributions. In 2024 no such payments were made by the Group (2023: USD 98 million).

Pension plans in Germany. The Group's major pension arrangements in Germany are governed by the Occupational Pensions Act ('BetrAVG'). These plans are unfunded and the Group pays pensions to retired employees directly from its own financial resources. These plans are non-contributory for employees. The benefits are based on final salary and length of employment. These plans have been closed to new members since 2007. They have been replaced by a new plan which is funded by regular employee and company contributions and administered through a contractual trust agreement. The final benefit of the unfunded plan is contribution based with a minimum guarantee. Due to this minimum guarantee, this plan is treated as a defined benefit plan for the purposes of these financial statements prepared in accordance with IFRS Accounting Standards, although it has many of the characteristics of a defined contribution plan.

Pension plans in the Rest of the World. These represent approximately 7% of the Group's defined benefit obligation (2023: 8%) and consist of a number of smaller plans in various countries. Of these the largest are the pension plans at Chugai, which are independently managed by Chugai, and the pension plan in the United Kingdom. In 2024 no additional voluntary contributions were made by Chugai to its pension plans (2023: no additional voluntary contributions). The Chugai plans are fully described in Chugai's own financial statements prepared in accordance with IFRS Accounting Standards. The UK pension plan had been closed to new members since 2003 and was funded by regular employee and company contributions, with benefits based on final salary and length of employment. This plan has been closed to future accruals from July 2023. The plan had been replaced with a defined contribution plan.

Other post-employment benefit ('OPEB') plans. These represent approximately 4% of the Group's defined benefit obligation (2023: 4%) and consist of post-employment healthcare and life insurance schemes, mainly in the US. These plans are mainly unfunded and/or are contributory for employees, with the Group reimbursing retired employees directly from its own financial resources. The Group's major OPEB plans in the US have been closed to new members since 2011. Part of the costs of these plans is reimbursable under the Medicare Prescription Drug, Improvement, and Modernization Act of 2003. There is no statutory funding requirement for these plans. The Group is funding these plans to the extent that it is tax efficient. In 2024 contributions of USD 33 million were made by the Group to these plans (2023: contributions of USD 37 million). At 31 December 2024 the funding status under IFRS Accounting Standards was 82% (2023: 73%), including reimbursement rights, for the funded OPEB plans in the US.

Defined benefit plans: income statement in millions of CHF

			2024			2023
	Pension plans	Other post-employment benefit plans	Total expense	Pension plans	Other post-employment benefit plans	Total expense
Current service cost	495	9	504	447	9	456
Past service (income) cost	0	0	0	(3)	0	(3)
Settlement (gain) loss	0	0	0	0	0	0
Total operating expenses	**495**	**9**	**504**	**444**	**9**	**453**
Net interest cost of defined benefit plans	119	19	138	126	24	150
Total expense recognised in income statement	**614**	**28**	**642**	**570**	**33**	**603**

Funding status

The funding of the Group's various defined benefit plans is the responsibility of the respective senior governing body, such as a Board of Trustees, and the sponsoring employer, and is managed based on local statutory valuations, which follow the legislation and requirements of the respective jurisdiction in which the plan is established. Qualified independent actuaries carry out statutory actuarial valuations on a regular basis. The actuarial assumptions determining the funding status on the statutory basis are regularly assessed by the local senior governing body. The funding status is closely monitored at a corporate level. The unfunded plans are mainly those in the Group's German affiliates, where the fully reserved pension obligations are used for self-financing of the local affiliate's operations.

The funding status on an IFRS basis of the Group's funded defined benefit plans increased to 111% (2023: 110%).

Reimbursement rights are linked to the post-employment medical plans in the US and represent the expected reimbursement of the medical expenditure provided under the Medicare Prescription Drug, Improvement, and Modernization Act of 2003.

Defined benefit plans: funding status in millions of CHF

	2024			2023		
	Pension plans	Other post-employment benefit plans	Total	Pension plans	Other post-employment benefit plans	Total
Funded plans						
– Fair value of plan assets	18,216	345	18,561	16,781	302	17,083
– Defined benefit obligation	(16,267)	(457)	(16,724)	(15,026)	(469)	(15,495)
Over (under) funding	**1,949**	**(112)**	**1,837**	**1,755**	**(167)**	**1,588**
Unfunded plans						
– Defined benefit obligation	(3,689)	(291)	(3,980)	(3,697)	(268)	(3,965)
Total funding status	**(1,740)**	**(403)**	**(2,143)**	**(1,942)**	**(435)**	**(2,377)**
Limit on asset recognition	(18)	0	(18)	(1,032)	0	(1,032)
Reimbursement rights	–	36	36	–	49	49
Net recognised asset (liability)	**(1,758)**	**(367)**	**(2,125)**	**(2,974)**	**(386)**	**(3,360)**
Reported in balance sheet						
– Defined benefit plan assets	2,220	36	2,256	970	49	1,019
– Defined benefit plan liabilities	(3,978)	(403)	(4,381)	(3,944)	(435)	(4,379)

Plan assets

The responsibility for the investment strategies of funded plans is with the respective senior governance body, such as the Board of Trustees. Asset-liability studies are performed regularly for all major pension plans. These studies examine the obligations from post-employment benefit plans and evaluate various investment strategies with respect to key financial measures such as expected returns, expected risks, expected contributions, and expected funded status of the plan in an interdependent way. The goal of an asset-liability study is to select an appropriate asset allocation for the funds held within the plan. The investment strategy is developed to optimise expected returns, to manage risks and to contain fluctuations in the statutory funded status. Asset-liability studies include strategies to match the cash flows of the assets with the plan obligations. The Group currently does not use longevity swaps to manage longevity risk.

Plan assets are managed using internal and external asset managers. The actual performance is continually monitored by the pension fund governance bodies as well as being closely monitored at a corporate level. In these financial statements the difference between the interest income and actual return on plan assets is a remeasurement that is recorded directly to other comprehensive income. In 2024 the actual return on plan assets was a gain of CHF 1,325 million (2023: gain of CHF 926 million), which excludes the actual return on reimbursement rights.

Defined benefit plans: fair value of plan assets and reimbursement rights in millions of CHF

	2024 Pension plans	2024 Other post-employment benefit plans	2024 Total	2023 Pension plans	2023 Other post-employment benefit plans	2023 Total
At 1 January	16,781	351	17,132	16,317	339	16,656
Interest income on plan assets and reimbursement rights	375	17	392	439	16	455
Remeasurements on plan assets and reimbursement rights	923	(4)	919	427	41	468
Currency translation effects	249	(15)	234	(341)	(83)	(424)
Employer contributions	434	30	464	519	37	556
Employee contributions	199	9	208	191	10	201
Benefits paid – funded plans	(741)	(5)	(746)	(767)	(7)	(774)
Benefits paid – settlements	0	0	0	0	0	0
Administration costs	(4)	(2)	(6)	(4)	(2)	(6)
At 31 December	**18,216**	**381**	**18,597**	**16,781**	**351**	**17,132**

The recognition of plan assets is limited to the present value of any economic benefits available from refunds from the plans or reductions in future contributions to the plans. The limit on recognition of plan assets decreased in 2024 primarily due to lower discount rates in Switzerland. The movement of the limit on asset recognition included CHF 1,029 million recorded in other comprehensive income within equity (2023: CHF 527 million) and CHF 15 million (2023: CHF 33 million) as a reduction to interest income on plan assets in the income statement.

Defined benefit plans: limit on asset recognition in millions of CHF

	2024	2023
Limit on asset recognition		
At 1 January	(1,032)	(1,526)
Limitation of interest income relating to unrecognised plan assets	(15)	(33)
Changes to limit on asset recognition [22]	1,029	527
At 31 December	**(18)**	**(1,032)**
Fair value of plan assets at 31 December		
Excluding limit on asset recognition	18,561	17,083
Limit on asset recognition	(18)	(1,032)
Including limit on asset recognition	18,543	16,051

Defined benefit plans: composition of plan assets in millions of CHF

	2024	2023
Equity securities	5,900	5,325
Debt securities	6,402	5,976
Property	2,863	2,623
Cash and money market instruments	180	353
Other investments	3,216	2,806
At 31 December	**18,561**	**17,083**

Assets are invested in a variety of different classes in order to maintain a balance between risk and return as follows:

- Equity and debt securities which mainly have quoted market prices (Level 1 fair value hierarchy).
- Property which is primarily in private and commercial property funds which mainly have other observable inputs (Level 2 fair value hierarchy).
- Cash and money market instruments which are mainly invested with financial institutions with a credit rating no lower than A.
- Other investments which mainly consist of alternatives, mortgages, commodities and insurance contracts. These are used for risk management purposes and mainly have other observable inputs (Level 2 fair value hierarchy) and unobservable inputs (Level 3 fair value hierarchy).

Included within the fair value of plan assets are the Group's shares and non-voting securities with a fair value of CHF 190 million (2023: CHF 165 million) and debt instruments issued by the Group with a fair value of CHF 17 million (2023: CHF 15 million).

Defined benefit obligation

The defined benefit obligation is calculated using the projected unit credit method. This reflects service rendered by employees to the dates of valuation and incorporates actuarial assumptions primarily regarding discount rates used in determining the present value of benefits, projected rates of remuneration growth and mortality rates. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds or government bonds in countries where there is not a deep market in corporate bonds. The corporate or government bonds are denominated in the currency in which the benefits will be paid, and have maturity terms approximating to the terms of the related pension obligation.

The Group's final salary-based defined benefit pension plans in the US, Germany and the United Kingdom have been closed to new participants. Active employees that had been members of these pension plans in the US and in Germany at the time these were closed to new participants continue to accrue benefits in the final salary-based defined benefit pension plans. The UK plan has been closed to future accruals in 2023. New employees in the US and UK now join the Group's defined contribution plans, while new employees in Germany join the contribution-based plan with a minimum guarantee. As a result, the proportion of the defined benefit obligation which relates to these closed plans is expected to decrease in the future. The defined benefit pension plans in Switzerland, where the final benefit is contribution based with a minimum guarantee, remain open to new employees.

Defined benefit plans: defined benefit obligation in millions of CHF

			2024			2023
	Pension plans	Other post-employment benefit plans	Total	Pension plans	Other post-employment benefit plans	Total
At 1 January	18,723	737	19,460	17,907	827	18,734
Current service cost	495	9	504	447	9	456
Interest cost	479	36	515	532	40	572
Remeasurements:						
– Demographic assumptions	(31)	(87)	(118)	(48)	0	(48)
– Financial assumptions	545	45	590	1,000	(11)	989
– Experience adjustments	165	6	171	215	3	218
Currency translation effects	309	8	317	(573)	(125)	(698)
Employee contributions	199	9	208	191	10	201
Benefits paid – funded plans	(741)	(5)	(746)	(767)	(7)	(774)
Benefits paid – unfunded plans	(187)	(10)	(197)	(178)	(9)	(187)
Benefits paid – settlements	0	0	0	0	0	0
Past service (income) cost	0	0	0	(3)	0	(3)
Settlement (gain) loss	0	0	0	0	0	0
At 31 December	**19,956**	**748**	**20,704**	**18,723**	**737**	**19,460**
Composition of plans						
Active members	10,720	194	10,914	9,744	182	9,926
Deferred vested members	1,248	5	1,253	1,364	4	1,368
Retired members	7,988	549	8,537	7,615	551	8,166
At 31 December	**19,956**	**748**	**20,704**	**18,723**	**737**	**19,460**
Plans by geography						
Switzerland	11,448	–	11,448	10,295	–	10,295
United States	3,317	715	4,032	3,239	711	3,950
Germany	3,756	–	3,756	3,669	–	3,669
Rest of the World	1,435	33	1,468	1,520	26	1,546
At 31 December	**19,956**	**748**	**20,704**	**18,723**	**737**	**19,460**
Duration in years	13.1	8.5	12.9	12.3	9.7	12.2

Actuarial assumptions

The actuarial assumptions used in these financial statements are based on the requirements set out in IAS 19 'Employee Benefits'. They are unbiased and mutually compatible estimates of variables that determine the ultimate cost of providing post-employment benefits. They are set on an annual basis by local management, based on advice from actuaries, and are subject to approval by corporate management and the Group's actuaries. Actuarial assumptions consist of demographic assumptions on matters such as mortality and employee turnover, and financial assumptions on matters such as interest rates, salary and benefit levels, inflation rates and costs of medical benefits. The actuarial assumptions vary based upon local economic and social conditions. The actuarial assumptions used in the various statutory valuations may differ from these based on local legal and regulatory requirements.

Demographic assumptions. The most significant demographic assumptions relate to mortality rates. The Group's actuaries use mortality tables which take into account historic patterns and expected changes, such as further increases in longevity. Rates of employee turnover, disability and early retirement are based on historical behaviour. The average life expectancy assumed now for an individual at the age of 65 is as follows:

Defined benefit plans: average life expectancy at the age of 65 for major schemes in years

		Male		Female	
Country	Mortality table	2024	2023	2024	2023
Switzerland	BVG 2020 projected with CMI model	21.9	21.8	23.6	23.5
United States	Pri-2012 projected with MP-2021	22.0	22.0	23.5	23.4
Germany	Heubeck tables 2018 G projected with CMI model	19.9	19.8	23.2	23.0

The mortality assumptions used for the pension plans in Switzerland were based on BVG 2020 applying the Continuous Mortality Investigation ('CMI') model. A long-term rate of 1.25% (2023: 1.25%) was used for longevity improvements.

The Group used as mortality assumptions for the pension plans in Germany Heubeck tables 2018 G applying the CMI model with a long-term rate of 1.25% for longevity improvements (2023: 1.25%).

Financial assumptions. These are based on market expectations for the period over which the obligations are to be settled. The assumptions used in the actuarial valuations are shown below.

Defined benefit plans: financial actuarial assumptions

	2024		2023	
	Weighted average	Range	Weighted average	Range
Discount rates	2.42%	0.80%–5.50%	2.65%	1.40%–5.60%
Expected rates of salary increases	2.58%	0.00%–4.00%	2.42%	0.00%–3.70%
Expected rates of pension increases	0.53%	0.00%–3.00%	0.61%	0.00%–3.00%
Expected inflation rates	2.09%	0.00%–3.10%	2.16%	0.00%–3.00%
Immediate medical cost trend rate	8.33%	5.74%–8.60%	5.52%	5.50%–6.22%
Ultimate medical cost trend rate (in 2048)	4.00%	4.00%–4.00%	4.00%	4.00%–4.00%

Discount rates are determined with reference to interest rates on high-quality corporate bonds or government bonds in countries where there is not a deep market in corporate bonds. Expected rates of salary increases are based on expected inflation rates with an adjustment to reflect the Group's latest expectation of long-term real salary increases taking into account expected inflation rates, amongst other factors. Expected rates of pension increases are generally linked to the expected inflation rate or the funding status of the plan. Expected inflation rates are derived by looking at the level of inflation implied by the financial markets in conjunction with the economists' price inflation forecasts, historic price inflation as well as other economic variables and circumstances. Medical cost trend rates take into account the benefits set out in the plan terms and expected future changes in medical costs. Since the Group's major post-employment medical plans are for US employees, these rates are driven by developments in the US.

Sensitivity analysis. The measurement of the net defined benefit obligation is particularly sensitive to changes in the discount rate, inflation rate, expected mortality and medical cost trend rate assumptions. The following table summarises the impact of a change in those assumptions on the present value of the defined benefit obligation.

Defined benefit plans: sensitivity of defined benefit obligation to actuarial assumptions in millions of CHF

	2024	2023
Increase (decrease) in defined benefit obligation		
Life expectancy		
– 1 year increase	544	482
Discount rates		
– 0.25% increase	(620)	(549)
– 0.25% decrease	656	583
Expected inflation rates		
– 0.25% increase	129	136
– 0.25% decrease	(129)	(131)
Immediate medical cost trend rate		
– 1.00% increase	58	60
– 1.00% decrease	(50)	(51)

Each sensitivity analysis considers the change in one assumption at a time leaving the other assumptions unchanged. This approach shows the isolated effect of changing one individual assumption but does not take into account that some assumptions are related. The method used to carry out the sensitivity analysis is the same as in the prior year.

Cash flows

The Group incurred cash flows from its defined benefit plans as shown in the table below.

Defined benefit plans: cash flows in millions of CHF

	2024	2023
Employer contributions, net of reimbursements – funded plans	(464)	(556)
Benefits paid – unfunded plans	(197)	(187)
Total cash inflows (outflows)	**(661)**	**(743)**

Based on the most recent actuarial valuations, the Group expects that employer contributions for funded plans in 2025 will be approximately CHF 433 million, which includes an estimate of CHF 8 million of additional contributions related to the UK pension plan. Benefits paid for unfunded plans in 2025 are estimated to be approximately CHF 228 million, which mostly relate to the German defined benefit plans.

27. Equity compensation plans

The Group operates several equity compensation plans, including separate plans at Chugai. IFRS 2 'Share-based Payment' requires that the fair value of all equity compensation plan awards granted to employees be estimated at grant date and recorded as an expense over the vesting period.

Expenses for equity compensation plans in millions of CHF

	2024	2023
Cost of sales	94	86
Research and development	394	385
Selling, general and administration	367	359
Total operating expenses	**855**	**830**
Equity compensation plans		
Roche Stock-settled Stock Appreciation Rights	193	175
Roche Restricted Stock Unit Plan	610	602
Roche Connect	43	42
Roche Option Plan	0	1
Executive stock compensation	7	8
Chugai plans	2	2
Total operating expenses	**855**	**830**
Of which		
– Equity-settled	855	830
– Cash-settled	–	–

Cash inflows (outflows) from equity compensation plans in millions of CHF

	2024	2023
Roche Option Plan exercises	5	9
Chugai plans' exercises	1	2
Roche Connect costs	(43)	(42)
Transactions in own equity	(1,093)	(1,113)
Total cash inflows (outflows) from equity-settled equity compensation plans, net of transactions in own equity	**(1,130)**	**(1,144)**

The net cash outflows from transactions in own equity mainly arise from sales and purchases of equity instruments which are held for the Group's potential conversion obligations that may arise from the Group's equity compensation plans (see Note 22).

Equity compensation plans

Roche Stock-settled Stock Appreciation Rights. The Group issues Stock-settled Stock Appreciation Rights (S-SARs) to certain directors, management and employees selected at the discretion of the Group. The S-SARs give employees the right to receive non-voting equity securities reflecting the value of any appreciation in the market price of the non-voting equity securities between the grant date and the exercise date. The Roche S-SAR Plan was renewed effective 1 January 2023 and 150 million S-SARs will be available for issuance over a ten-year period from 2023 to 2032. The rights, which are non-tradable equity-settled awards, have a ten-year duration and vest on a phased basis over four years. Rights granted before 2019 have a seven-year duration and vested on a phased basis over three years.

Roche S-SARs – movement in number of rights outstanding

	2024		2023	
	Number of rights (thousands)	Weighted average exercise price (CHF)	Number of rights (thousands)	Weighted average exercise price (CHF)
Outstanding at 1 January	35,842	286.99	29,865	294.14
Granted	12,199	232.68	9,979	261.21
Forfeited	(1,026)	266.64	(1,859)	308.27
Exercised	(2,010)	234.50	(2,102)	248.14
Expired	(3,636)	271.21	(41)	251.50
Outstanding at 31 December	**41,369**	**275.44**	**35,842**	**286.99**
– of which exercisable	19,619	291.35	17,629	278.55

Roche S-SARs – terms of rights outstanding at 31 December 2024

	Rights outstanding			Rights exercisable	
Year of grant	Number outstanding (thousands)	Weighted average remaining contractual life (years)	Weighted average exercise price (CHF)	Number exercisable (thousands)	Weighted average exercise price (CHF)
2018	2,451	0.22	221.49	2,451	221.31
2019	3,439	4.11	272.27	3,439	272.27
2020	4,831	5.01	308.24	4,831	308.26
2021	5,376	5.96	308.11	3,867	308.26
2022	5,096	6.91	358.54	2,570	358.39
2023	8,669	7.97	261.22	2,168	261.19
2024	11,507	8.99	232.74	293	232.42
Total	**41,369**	**6.73**	**275.44**	**19,619**	**291.35**

Roche Restricted Stock Unit Plan. The Group issues Restricted Stock Units (RSUs) awards to certain directors, management and employees selected at the discretion of the Group. The RSUs, which are non-tradable, represent the right to receive non-voting equity securities. RSUs vest on a phased basis over four years, subject to performance conditions, if any. There are currently no performance conditions on outstanding RSUs at 31 December 2024. The Roche RSU Plan was renewed effective 1 January 2023 and 30 million non-voting equity securities will be available for issuance over a ten-year period from 2023 to 2032. The Roche RSU Plan also includes a value adjustment which will be an amount equivalent to the sum of shareholder distributions made by the Group during the vesting period attributable to the number of non-voting equity securities for which an individual award has been granted.

Roche RSUs – movement in number of awards outstanding

	2024 Number of awards (thousands)	2023 Number of awards (thousands)
Outstanding at 1 January	4,425	3,812
Granted	3,114	2,775
Forfeited	(531)	(351)
Transferred to participants	(2,070)	(1,811)
Outstanding at 31 December	**4,938**	**4,425**
– of which vested and transferable	3	1

Roche Connect. This programme enables all employees worldwide, except for those in the US and certain other countries, to make regular deductions from their salaries to purchase non-voting equity securities. It is administered by independent third parties. The Group contributes to the programme, which allows the employees to purchase non-voting equity securities at a discount (usually 20%). The administrators purchase the necessary non-voting equity securities directly from the market. At 31 December 2024 the administrators held 4.8 million non-voting equity securities (2023: 4.2 million). In 2024 the cost of the plan was CHF 43 million (2023: CHF 42 million).

Roche Option Plan. This programme is used in countries where S-SARs are not used. Awards under this plan give employees the right to purchase non-voting equity securities at an exercise price specified at the grant date. The options, which are non-tradable equity-settled awards, have a ten-year duration and vest on a phased basis over four years. Options granted before 2019 have a seven-year duration and vested on a phased basis over three years. The weighted average share price of Roche non-voting equity securities during the year was CHF 250.50 (2023: CHF 265.94).

Executive stock compensation. The Chief Executive Officer will be granted Bonus Stock Awards in lieu of the bonus in cash for the financial year 2024. These are subject to approval by the 2025 Annual General Meeting in March 2025 and will be issued in March 2025. The number of awards and fair value per award are calculated at the grant date. The Chairman of the Board of Directors received part of the base salary in the form of shares blocked for ten years.

Fair value measurement

The inputs used in the measurement of the fair values at grant date of the equity compensation plans were as follows:

Fair value measurement in 2024

	Roche Stock-settled Stock Appreciation Rights	Roche Restricted Stock Unit Plan	Roche Option Plan
Vesting period	Progressively over 4 years	Progressively over 4 years	Progressively over 4 years
Contractual life	10 years	n/a	10 years
Number granted during year (thousands)	12,199	3,114	27
Weighted average fair value (CHF)	17	233	17
Model used	Binomial	Market price [a]	Binomial
Inputs to option pricing model			
– Share price at grant date (CHF)	233	233	233
– Exercise price (CHF)	233	–	233
– Expected volatility [b]	19.45%	n/a	19.45%
– Expected dividend yield	7.40%	n/a	7.40%
– Early exercise factor [c]	1.286	n/a	1.286
– Expected exit rate	7.30%	n/a	7.30%

a) The fair value of the Roche RSUs is equivalent to the share price on the date of grant.
b) Volatility was determined primarily by reference to historically observed prices of the underlying equity. Risk-free interest rates are derived from zero coupon swap rates at the grant date taken from Datastream.
c) The early exercise factor describes the ratio between the expected market price at the exercise date and the exercise price at which early exercises can be expected, based on historically observed behaviour.

28. Leases

The Group as a lessee

The Group enters into leasing transaction as a lessee mainly for reasons of convenience and flexibility. The Group has good cash generation ability and it enjoys strong long-term investment grade credit ratings. Therefore it typically does not enter into leasing arrangements for financing considerations. The main areas of leases that the Group has entered into are for:

- Property – offices and apartments. These are a small number of leases, but represent most of the value.
- Cars – mostly for sales representatives.
- Office equipment – photocopiers and similar.

The right-of-use assets reported for the Group's leases are shown in the table below.

Right-of-use assets: movements in carrying value of assets in millions of CHF

	Land	Buildings and land improvements	Machinery and equipment	Total
Year ended 31 December 2023				
At 1 January 2023	85	880	168	1,133
Additions	2	777	120	899
Disposals	0	(18)	(20)	(38)
Reclassification to assets held for sale [6]	0	0	(8)	(8)
Depreciation charge	(4)	(231)	(90)	(325)
Impairment reversal (charge)	0	(319)	0	(319)
Other	0	(21)	0	(21)
Currency translation effects	(7)	(86)	(13)	(106)
At 31 December 2023	**76**	**982**	**157**	**1,215**
Cost	94	1,953	314	2,361
Accumulated depreciation and impairment	(18)	(971)	(157)	(1,146)
Net book value	**76**	**982**	**157**	**1,215**
Year ended 31 December 2024				
At 1 January 2024	76	982	157	1,215
Business combinations [6]	0	22	0	22
Additions	1	311	128	440
Disposals	0	(40)	(19)	(59)
Depreciation charge	(3)	(226)	(94)	(323)
Impairment reversal (charge)	0	(138)	0	(138)
Other	0	(20)	0	(20)
Currency translation effects	3	39	4	46
At 31 December 2024	**77**	**930**	**176**	**1,183**
Cost	99	2,117	358	2,574
Accumulated depreciation and impairment	(22)	(1,187)	(182)	(1,391)
Net book value	**77**	**930**	**176**	**1,183**

Classification of impairment reversal (charge) of right-of-use assets in millions of CHF

	2024	2023
Cost of sales	(14)	(3)
Research and development	(100)	(23)
Selling, general and administration	(24)	(293)
Total impairment reversal (charge)	**(138)**	**(319)**

Impairment charges for right-of-use assets were mainly related to global restructuring plans (see Note 7). 2024 impairment charges included CHF 88 million for Flatiron Health and Spark Therapeutics resulting from the impairment of goodwill at these two businesses as described in Note 9. Included in the 2023 impairment charge was a write-off of CHF 287 million for right-of-use assets recorded by Foundation Medicine in relation to its leased buildings in Boston and San Diego, US.

Liabilities reported for the Group's leases are shown in the table below.

Leases: movements in carrying value of recognised liabilities in millions of CHF

	2024	2023
At 1 January	1,573	1,193
Business combinations [6]	32	0
Increase from new lease arrangements	436	897
Repayment of lease liabilities	(389)	(360)
Disposals	(63)	(43)
Reclassification to liabilities directly associated with assets held for sale [6]	0	(8)
Interest expense on lease liabilities [4]	40	23
Other	(1)	0
Currency translation effects	72	(129)
At 31 December	**1,700**	**1,573**
Non-current lease liabilities [18]	1,375	1,282
Current lease liabilities [19]	325	291
Total lease liabilities	**1,700**	**1,573**

The maturity analysis of lease liabilities is given in Note 31 in the 'Liquidity risk' section.

Short-term leases and leases of low-value assets are accounted for using the recognition exemption permitted by IFRS 16. Expenses for short-term leases are recognised on a straight-line basis. These mainly include short-term property leases for employee apartments. The amount reported in 2024 was CHF 29 million (2023: CHF 35 million). Expenses for leases of low-value assets are recognised on a straight-line basis. These mainly include certain office equipment. The amount reported in 2024 was CHF 8 million (2023: CHF 11 million).

Expenses for variable lease payments not included in the measurement of lease liabilities was CHF 43 million in 2024 (2023: CHF 36 million). In 2024 income from subleasing right-of-use assets was CHF 7 million (2023: CHF 6 million). In 2024 and 2023 the Group did not enter into any material sale and leaseback transactions.

The major cash flows in respect of leases where the Group is the lessee are shown in the table below.

Leases: cash flows in millions of CHF

	2024	2023
Included in cash flows from operating activities	(79)	(81)
Included in cash flows from financing activities	(390)	(362)
Total lease payments	**(469)**	**(443)**

Cash flows from operating activities include cash flows from short-term leases, leases of low-value assets and variable lease payments. Cash flows from financing activities include the payment of interest and the principal portion of lease liabilities as well as prepayments made before the lease commencement date.

The Group as a lessor

In the Diagnostics Division the Group enters into certain contracts which include placement of diagnostics instruments, supply of reagents and other consumables, and servicing arrangements. Depending upon the term of the agreement, the instrument placement may result in either a finance lease or an operating lease. The Group performs a thorough customer assessment before new leasing agreements are signed. Usually the Group also retains rights to terminate or modify contracts if certain conditions are not met.

Finance leases. Certain assets, mainly diagnostics instruments, are leased to third parties through finance lease arrangements. Such assets are reported as receivables at an amount equal to the net investment in the lease. Income from finance leases is recognised as sales at amounts that represent the fair value of the instrument, which approximates the present value of the minimum lease payments under the arrangement. Finance income for finance lease arrangements longer than twelve months is deferred and subsequently recognised based on a pattern that approximates the use of the effective interest method and recorded in other revenue.

The following amounts were recorded as income in respect of finance leases.

Finance leases: selected items of income in millions of CHF

	2024	2023
Selling profit as the difference between sales and cost of sales	9	4
Finance income on the net investment in the lease	7	6

Currently the Group does not have any income from the variable lease payments of finance leases. The carrying amount of the net investment in finance leases reported as receivables was CHF 148 million (2023: CHF 137 million).

Finance leases: future minimum lease receipts under non-cancellable leases in millions of CHF

	Gross investment in lease		Present value of minimum lease receipts	
	2024	2023	2024	2023
Within one year	60	56	53	51
Between one and two years	37	36	34	33
Between two and three years	28	25	25	23
Between three and four years	21	17	19	16
Between four and five years	12	10	11	9
More than five years	7	6	6	5
Total	**165**	**150**	**148**	**137**
Unearned finance income	(17)	(13)	n/a	n/a
Unguaranteed residual value	n/a	n/a	0	0
Net investment in lease	**148**	**137**	**148**	**137**

Operating leases. Certain assets, mainly diagnostics instruments, are leased to third parties through operating lease arrangements. Income from operating leases is recognised as sales on a straight-line basis over the lease term or, when lease revenue is entirely based on variable lease payments and subject to subsequent reagent sales, as the performance obligations for reagents are satisfied.

Lease income in 2024 was CHF 792 million (2023: CHF 707 million) and was included in sales. Of this CHF 545 million (2023: CHF 485 million) relates to variable lease payments not depending upon an index or rate.

Leased assets are reported within property, plant and equipment, as shown in the tables below.

Machinery and equipment subject to operating leases: movements in carrying value of assets in millions of CHF

	Leased out	Own use	2024 Total	Leased out	Own use	2023 Total
At 1 January						
Cost	5,555	14,358	19,913	5,717	16,777	22,494
Accumulated depreciation and impairment	(3,982)	(9,658)	(13,640)	(4,163)	(11,101)	(15,264)
Net book value	**1,573**	**4,700**	**6,273**	**1,554**	**5,676**	**7,230**
Year ended 31 December						
At 1 January	1,573	4,700	6,273	1,554	5,676	7,230
Business combinations	0	31	31	0	0	0
Additions	916	130	1,046	824	132	956
Disposals	(40)	(36)	(76)	(34)	(41)	(75)
Transfers	0	1,096	1,096	7	605	612
Reclassification to assets held for sale	0	(7)	(7)	0	(184)	(184)
Depreciation charge	(657)	(904)	(1,561)	(636)	(958)	(1,594)
Impairment reversal (charge)	(4)	(53)	(57)	(2)	(103)	(105)
Other	(6)	(9)	(15)	(10)	(52)	(62)
Currency translation effects	13	61	74	(130)	(375)	(505)
At 31 December	**1,795**	**5,009**	**6,804**	**1,573**	**4,700**	**6,273**
Cost	6,054	15,112	21,166	5,555	14,358	19,913
Accumulated depreciation and impairment	(4,259)	(10,103)	(14,362)	(3,982)	(9,658)	(13,640)
Net book value	**1,795**	**5,009**	**6,804**	**1,573**	**4,700**	**6,273**

The undiscounted amounts expected to be received from non-cancellable operating leases are shown in the table below.

Operating leases: future minimum lease receipts under non-cancellable leases in millions of CHF

	2024	2023
Within one year	212	191
Between one and two years	160	148
Between two and three years	125	107
Between three and four years	90	76
Between four and five years	56	52
More than five years	41	39
Total minimum lease receipts	**684**	**613**

29. Earnings per share and non-voting equity security

Basic earnings per share and non-voting equity security

	2024	2023
Net income attributable to Roche shareholders (CHF millions)	**8,277**	**11,498**
Number of outstanding shares (millions)	107	107
Number of outstanding non-voting equity securities (millions) [22]	703	703
Weighted average number of own shares and non-voting equity securities held (millions)	(13)	(11)
Weighted average number of outstanding shares and non-voting equity securities used to calculate basic earnings per share (millions)	**797**	**799**
Basic earnings per share and non-voting equity security (CHF)	**10.39**	**14.40**

Diluted earnings per share and non-voting equity security

	2024	2023
Net income attributable to Roche shareholders (CHF millions)	8,277	11,498
Increase in non-controlling interests' share of Group net income, assuming all outstanding Chugai stock options exercised (CHF millions)	0	0
Net income used to calculate diluted earnings per share (CHF millions)	**8,277**	**11,498**
Weighted average number of outstanding shares and non-voting equity securities (millions)	797	799
Adjustment for assumed exercise of equity compensation plans, where dilutive (millions)	5	5
Weighted average number of outstanding shares and non-voting equity securities used to calculate diluted earnings per share (millions)	**802**	**804**
Diluted earnings per share and non-voting equity security (CHF)	**10.31**	**14.31**

30. Statement of cash flows

Cash flows from operating activities

Cash flows from operating activities arise from the Group's primary activities in the Pharmaceuticals and Diagnostics Divisions. These are calculated using the indirect method by adjusting the Group's operating profit for any operating income and expenses that are not cash flows (for example depreciation, amortisation and impairment) in order to derive the cash generated from operations. This and other operating cash flows are shown in the statement of cash flows. Operating cash flows also include income taxes paid on all activities.

Cash generated from operations in millions of CHF

	2024	2023
Net income	9,187	12,358
Add back non-operating (income) expense		
– Financing costs [4]	1,412	996
– Other financial (income) expense [4]	212	320
– Income taxes [5]	2,606	1,721
Operating profit	**13,417**	**15,395**
Depreciation of property, plant and equipment [8]	2,358	2,423
Depreciation of right-of-use assets [28]	323	325
Amortisation of intangible assets [10]	742	716
Impairment of goodwill [9]	3,209	591
Impairment of intangible assets [10]	1,443	608
Impairment (reversal) of property, plant and equipment [8]	627	350
Impairment (reversal) of right-of-use assets [28]	138	319
Operating (income) expense for defined benefit plans [26]	504	453
Operating expense for equity-settled equity compensation plans [27]	855	830
Net (income) expense for provisions	883	572
Bad debt (reversal) expense	34	6
Inventory write-downs	399	643
Net (gain) loss on disposal of products	(376)	(558)
Net (gain) loss on divestment, net of disposal costs [6]	(240)	0
Other adjustments	16	(56)
Cash generated from operations	**24,332**	**22,617**

Cash flows from investing activities

Cash flows from investing activities are principally those arising from the Group's investments in property, plant and equipment and intangible assets, and from the acquisition and divestment of subsidiaries, associates and businesses. Cash flows connected with the Group's portfolio of marketable securities and other investments are also included, as are any interest and dividend payments received in respect of these securities and investments. These cash flows indicate the Group's net reinvestment in its operating assets and the cash flow effects of business combinations and divestments, as well as the cash generated by the Group's other investments.

Interest received (paid) and dividends received on marketable securities and other investments in millions of CHF

	2024	2023
Interest received (paid)	232	168
Dividends received	0	0
Total	**232**	**168**

Cash flows from financing activities

Cash flows from financing activities are primarily the proceeds from the issuance and repayment of the Group's equity and debt instruments. They also include interest payments and dividend payments on these instruments. Cash flows from short-term financing are also included. These cash flows indicate the Group's transactions with the providers of its equity and debt financing. Cash flows from lease payments are also included within financing activities. Cash flows from short-term borrowings are shown as a net movement, as these consist of a large number of transactions with short maturity.

Dividends paid in millions of CHF

	2024	2023
Dividends to Roche shareholders	(7,650)	(7,590)
Dividends to non-controlling shareholders		
– Chugai	(301)	(327)
– Other non-controlling interests	(59)	(7)
Increase (decrease) in dividends payable	0	(1)
Dividend withholding tax	(33)	(1)
Total	**(8,043)**	**(7,926)**

Liabilities arising from financing activities

Movements in carrying value of recognised assets (liabilities) in millions of CHF

	Debt [21]	Interest payable [19]	Principal portion of lease liabilities	Derivative financial instruments, net [16, 19, 31]	Cash collateral receivables (payables), net [16, 19, 31]	Total
Year ended 31 December 2023						
At 1 January 2023	(25,351)	(140)	(1,191)	(459)	180	(26,961)
Cash flows						
– Outflows (inflows)	(5,785)	770	339	(32)	(123)	(4,831)
Non-cash changes						
– Financing costs	(8)	(797)	(23)	0	0	(828)
– Business combinations	0	0	0	0	0	0
– Fair value and other	(88)	(32)	(824)	182	0	(762)
– Foreign exchange rates	2,023	12	129	37	(7)	2,194
At 31 December 2023	**(29,209)**	**(187)**	**(1,570)**	**(272)**	**50**	**(31,188)**
Year ended 31 December 2024						
At 1 January 2024	(29,209)	(187)	(1,570)	(272)	50	(31,188)
Cash flows						
– Outflows (inflows)	(3,819)	1,145	350	64	(94)	(2,354)
Non-cash changes						
– Financing costs	(9)	(1,199)	(40)	0	0	(1,248)
– Business combinations	0	0	(32)	0	0	(32)
– Fair value and other	(57)	(47)	(334)	189	1	(248)
– Foreign exchange rates	(1,560)	(10)	(72)	7	1	(1,634)
At 31 December 2024	**(34,654)**	**(298)**	**(1,698)**	**(12)**	**(42)**	**(36,704)**

Significant non-cash transactions

In 2024 there were no significant non-cash transactions (2023: none) except for the leasing transactions where the Group is a lessee (see Note 28).

31. Risk management

Group risk management

Risk management is a fundamental element of the Group's business practice on all levels and encompasses different types of risks. At Group level, risk management is an integral part of the long-term forecasting and controlling processes. Material risks are monitored and regularly discussed with the Corporate Executive Committee and the Audit Committee of the Board of Directors.

Financial risk management

The Group is exposed to various financial risks arising from its underlying operations and corporate finance activities. The Group's financial risk exposures are predominantly related to changes in foreign exchange rates, interest rates and equity prices as well as the creditworthiness and the solvency of the Group's counterparties.

Financial risk management within the Group is governed by policies reviewed by the boards of directors of Roche and Chugai as appropriate to their areas of statutory responsibility. These policies cover credit risk, liquidity risk and market risk. The policies provide guidance on risk limits, types of authorised financial instruments and monitoring procedures. As a general principle, the policies prohibit the use of derivative financial instruments for speculative trading purposes. Policy implementation and day-to-day risk management are carried out by the relevant treasury functions and regular reporting on these risks is performed by the relevant accounting and controlling functions within Roche and Chugai.

Credit risk

Credit risk arises from the possibility that counterparties to transactions may default on their obligations, causing financial losses for the Group. The objective of managing counterparty credit risk is to prevent losses of liquid funds deposited with or invested in such counterparties. The maximum exposure to credit risk resulting from financial activities, without considering netting agreements and without taking account of any collateral held or other credit enhancements, is equal to the carrying value of the Group's financial assets.

The Group considers a financial asset to be in default when the counterparty is unlikely to pay its obligations to the Group in full. In assessing whether a counterparty is in default, the Group considers both qualitative and quantitative indicators (e.g. overdue status) that are based on data developed internally and for certain financial assets are also obtained from external sources. A major part of the Group's receivables which are past due more than 90 days relate to public customers. Risk of default of public customers is considered low. The Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate for this particular customer segment.

Accounts receivable. At 31 December 2024 the Group had trade receivables of CHF 12.5 billion (2023: CHF 12.1 billion). These are subject to a policy of active credit risk management which focuses on the assessment of country risk, credit availability, ongoing credit evaluation and account monitoring procedures. The objective of trade receivables management is to maximise the collection of unpaid amounts.

The Group uses an allowance matrix to estimate the allowance for doubtful accounts for all trade receivables. The expected credit loss ('ECL') rate is based on the Group's historical experience and the Group's expectation of economic conditions over the period until receivables are expected to be paid.

Customer credit risk exposure based on accounts receivable days overdue in millions of CHF

	Total	Current	Overdue 1–3 months	Overdue 3–12 months	Overdue more than 1 year	Credit impaired
At 31 December 2024						
Gross carrying amount	11,750	9,968	810	443	501	28
Group's expected credit loss rate	4%	0%	2%	6%	73%	100%
Allowance for doubtful accounts	(453)	(19)	(13)	(28)	(365)	(28)
At 31 December 2023						
Gross carrying amount	11,461	9,594	748	428	656	35
Group's expected credit loss rate	4%	0%	1%	7%	52%	100%
Allowance for doubtful accounts	(440)	(24)	(11)	(28)	(342)	(35)

At 31 December 2024 the Group's combined trade receivables balance with three US national wholesale distributors, McKesson Corp., Cencora, Inc. and Cardinal Health, Inc., was equivalent to CHF 3.9 billion representing 31% of the Group's consolidated trade receivables (2023: CHF 3.7 billion representing 31%). There is no other significant concentration of counterparty credit risk due to the Group's large number of customers and their wide geographical spread. Risk limits and exposures are continuously monitored by country and by the nature of counterparties. The Group obtains credit insurance and similar enhancements when appropriate to protect the collection of trade receivables. At 31 December 2024 no collateral was considered to measure expected credit losses for trade receivables (2023: none).

The nature and geographic location of counterparties to accounts receivable that are not overdue or impaired are shown in the table below. These include the balances with US national wholesalers described above.

Accounts receivable (not overdue), net of allowances for doubtful accounts and other allowances: nature and geographical location of counterparties in millions of CHF

				2024				2023
Regions	Total	Public	Whole-salers/ distributors	Private	Total	Public	Whole-salers/ distributors	Private
Switzerland	438	126	108	204	379	135	142	102
Europe	1,697	686	471	540	1,395	513	402	480
North America	4,531	98	3,974	459	4,188	81	3,663	444
Latin America	722	191	214	317	609	131	231	247
Japan	739	8	722	9	1,198	5	1,183	10
Asia, Australia and Oceania	1,244	244	897	103	1,241	220	921	100
Rest of the World	578	204	215	159	560	137	228	195
Total	**9,949**	**1,557**	**6,601**	**1,791**	**9,570**	**1,222**	**6,770**	**1,578**

Cash and marketable securities (excluding equity securities). At 31 December 2024 the Group had cash and marketable securities (excluding equity securities) of CHF 17.3 billion (2023: CHF 10.5 billion). These are subject to a policy of restricting exposures to high-quality counterparties and setting defined limits for individual counterparties. These limits and counterparty credit ratings are reviewed regularly.

Cash and cash equivalents are held with banks and financial institutions, which are predominantly rated as investment grade (96% in 2024 and 94% in 2023), based on Moody's and Standard & Poor's ratings. Cash and short-term time deposits are subject to rules which limit the Group's exposure to individual financial institutions.

Impairment on cash and cash equivalents is measured on a 12-month expected credit losses ('ECL') basis with a reference to external credit ratings of the counterparties. This reflects the short maturities of the exposures in cash and cash equivalents. The Group considers that its cash and cash equivalents have low credit risk based on these external credit ratings.

Investments in marketable securities (excluding equity securities) are entered into on the basis of guidelines with regard to liquidity, quality and maximum amount. As a general rule, the Group invests only in high-quality securities with adequate liquidity and with counterparties that have a credit rating of at least Baa3 from Moody's and BBB- from Standard & Poor's.

The credit risk of the counterparties with external ratings below investment grade or with no rating is closely monitored and reviewed on an individual basis.

Rating analysis of cash and marketable securities (excluding equity securities) – market values in millions of CHF

			2024			2023
	Total	Fair value through OCI (12-month ECL)	Amortised costs (12-month ECL)	Total	Fair value through OCI (12-month ECL)	Amortised costs (12-month ECL)
AAA range	2,579	2,063	516	1,254	954	300
AA range	2,850	407	2,443	910	134	776
A range	11,197	3,119	8,078	7,604	1,435	6,169
BBB range	336	329	7	344	342	2
Total investment grade	**16,962**	**5,918**	**11,044**	**10,112**	**2,865**	**7,247**
Below BBB range (below investment grade)	64	4	60	64	5	59
Unrated	291	1	290	333	1	332
Total gross carrying amounts	**17,317**	**5,923**	**11,394**	**10,509**	**2,871**	**7,638**
Loss allowance [a]	**2**	**0**	**2**	**1**	**0**	**1**

a) The loss allowance related to fair value through OCI does not affect the carrying amount of marketable securities (excluding equity securities) but is booked against corresponding OCI reserve instead.

Debt securities at amortised cost and those at fair value through OCI are investment grade and therefore considered to be low risk, and thus the impairment allowance is determined at 12-month expected credit losses ('ECL') with a reference to external credit ratings of the counterparties. There were no debt securities for which the Group observed a significant increase in the credit risk which would require the application of the lifetime expected credit losses impairment model. In addition, there were no material movements in the loss allowance in 2024 and 2023, respectively.

Master netting agreements. The Group enters into derivative transactions and collateral agreements under International Swaps and Derivatives Association (ISDA) master netting agreements with the respective counterparties in order to mitigate counterparty risk. Under such agreements the amounts owed by each counterparty on a single day in respect of all transactions outstanding in the same currency are aggregated into a single net amount that is payable by one party to the other. The ISDA agreements do not meet the criteria for offsetting in the balance sheet as the Group does not have a currently enforceable right to offset recognised amounts, because the right to offset is only enforceable on the occurrence of future events, such as a default or other credit events.

Contract terms. At 31 December 2024 there were no significant financial assets whose terms had been renegotiated (2023: none).

Impairment losses on financial assets excluding equity investments/securities. During 2024 there were no impairment losses (2023: none).

Liquidity risk

Liquidity risk arises through a surplus of financial obligations over available financial assets due at any point in time. The Group's approach to liquidity risk is to maintain sufficient readily available reserves in order to meet its liquidity requirements at any point in time. Roche and Chugai enjoy strong credit quality and are rated by at least one major credit rating agency. The ratings will permit efficient access to the international capital markets in the event of major financing requirements. At 31 December 2024 the Group had an unused committed credit line with various financial institutions totalling CHF 7.0 billion (2023: CHF 6.6 billion), of which CHF 6.8 billion (2023: CHF 6.3 billion) serve as a back-stop line for the commercial paper program. On 3 July 2019 the previously existing committed credit lines were refinanced by one new committed credit line with an initial maturity of five years and two annual extension options, both of which were exercised extending the maturity to 2026. On 19 January 2024 the Group executed a short-term bridge facility agreement of USD 5.0 billion (CHF 4.2 billion) with banks for general corporate purposes including but not limited to mergers and acquisitions and repayments of maturing debts. The bridge facility had an initial maturity of six months and two extension options for three months each. On 26 January 2024 the Group utilised USD 2.85 billion of this bridge facility, of which USD 1.85 billion and USD 1.0 billion were repaid on 8 March 2024 and 3 May 2024, respectively.

The remaining undiscounted cash flow contractual maturities of financial liabilities, including estimated interest payments, are shown in the table below.

Contractual maturities of financial liabilities in millions of CHF

	Carrying value	Total	Less than 1 year	1–2 years	2–5 years	Over 5 years
At 31 December 2024						
Debt [21]						
– Bonds and notes	34,199	45,292	5,018	4,210	12,432	23,632
– Other debt	455	455	455	0	0	0
Contingent consideration [20]	227	268	29	76	142	21
Accounts payable [17]	4,894	4,894	4,894	–	–	–
Other non-current liabilities [18]	1,603	1,777	–	495	582	700
– *of which lease liabilities*	*1,375*	*1,549*	–	*305*	*555*	*689*
Other current liabilities [19]	13,548	13,586	13,544	42	0	0
– *of which lease liabilities*	*325*	*363*	*363*	–	–	–
– *of which derivative financial instruments*	*190*	*190*	*148*	*42*	*0*	*0*
Liabilities directly associated with assets held for sale [6]	0	0	0	–	–	–
Total financial liabilities	**54,926**	**66,272**	**23,940**	**4,823**	**13,156**	**24,353**
At 31 December 2023						
Debt [21]						
– Bonds and notes	27,812	35,231	4,616	4,038	11,326	15,251
– Other debt	1,397	1,397	1,397	0	0	0
Contingent consideration [20]	95	106	35	13	38	20
Accounts payable [17]	4,325	4,325	4,325	–	–	–
Other non-current liabilities [18]	1,541	1,708	–	504	481	723
– *of which lease liabilities*	*1,282*	*1,449*	–	*260*	*478*	*711*
Other current liabilities [19]	12,150	12,173	12,079	55	39	0
– *of which lease liabilities*	*291*	*314*	*314*	–	–	–
– *of which derivative financial instruments*	*420*	*420*	*326*	*55*	*39*	*0*
Liabilities directly associated with assets held for sale [6]	8	8	8	–	–	–
Total financial liabilities	**47,328**	**54,948**	**22,460**	**4,610**	**11,884**	**15,994**

Supplier finance arrangements. The Group has arrangements with two supplier finance providers, Citibank and Deutsche Bank, commonly referred to as reverse factoring as a form of financing solution where the Group's suppliers can opt for early payment on their invoices. These arrangements mitigate the risk of supply chain disruption and facilitate the optimisation of working capital. Under these arrangements, suppliers can access finance at a funding cost based on the Group's credit rating as opposed to their own, and regardless of the supplier's decision to opt-in to the arrangements, the Group ensures the payments are made on the original due date of the invoice. Therefore, the Group includes the amounts under these arrangements within trade payables because the nature and function of these payables remains the same as those of other trade payables, and the original liabilities subject to these arrangements are not substantially modified. In 2024 there were no significant non-cash changes in the carrying amount of financial liabilities under supplier finance arrangements.

Supplier finance arrangements

	2024
Financial liabilities (in CHF million)	
Trade payables under supplier finance arrangements	169
– of which payments have been received by suppliers	139
Range of payment due dates (in days after invoice date)	
Trade payables that are part of supplier finance arrangements	60–120 days
Comparable trade payables that are not part of supplier finance arrangements	0–60 days

Take-or-pay commitments. The Group has entered into contract manufacturing agreements with various companies to further develop manufacturing capacity and flexibility, mainly in the Pharmaceuticals Division. There are future minimum take-or-pay commitments within some of these agreements with a total potential commitment from the Group of CHF 2.2 billion at 31 December 2024 (2023: CHF 1.7 billion).

Commitments for capital calls. The Group holds investments in funds reported as fund investments at fair value through profit or loss in which it has committed to invest further upon future capital calls. As of 31 December 2024 the total uncalled capital commitments for the Group's fund investments amounted to CHF 72 million (2023: CHF 72 million).

Market risk

Market risk arises from changing market prices, mainly foreign exchange rates and interest rates, of the Group's financial assets or financial liabilities which affect the Group's financial result and equity.

Value-at-Risk. The Group uses Value-at-Risk (VaR) to measure the impact of market risk on its financial instruments. VaR indicates the value range within which a given financial instrument will fluctuate with a preset probability as a result of movements in market prices. VaR is calculated using a historical simulation approach and for each scenario, all financial instruments are fully valued and the total change in value and earnings is determined. VaR calculations are based on a 95% confidence level and a holding period of 20 trading days over the past ten years. This holding period reflects the time required to change the corresponding risk exposure, should this be deemed appropriate.

Actual future gains and losses associated with the Group's treasury activities may differ materially from the VaR analyses due to the inherent limitations associated with predicting the timing and amount of changes to interest rates, foreign exchange rates and equity investment prices, particularly in periods of high market volatilities. Furthermore, VaR does not include the effect of changes in credit spreads.

Market risk of financial instruments in millions of CHF

	2024	2023
VaR – Interest rate component	711	440
VaR – Foreign exchange component	44	32
VaR – Other price component	46	38
Diversification	(63)	(72)
VaR – Total market risk	**738**	**438**

The interest rate component increased due to the bond issuances during 2024. The foreign exchange component was higher due to an unfavourable exposure mix. The other price component increased due to a higher balance of equity investments.

Foreign exchange risk

The Group uses the Swiss franc as its reporting currency and as a result is exposed to movements in foreign currencies, mainly the US dollar, Japanese yen and euro. The Group's foreign exchange risk management strategy is to preserve the economic value of its current and future assets and to minimise the volatility of the Group's financial result. The primary focus of the Group's foreign exchange risk management activities is on hedging transaction exposures arising through foreign currency flows or monetary positions held in foreign currencies. The Group uses forward contracts and foreign exchange options to hedge transaction exposures. Application of these instruments intends to continuously immunise against unfavourable developments of foreign exchange rates.

Interest rate risk

The Group mainly raises debt on a fixed rate basis for bonds and notes. The Group is exposed to movements in interest rates, mainly for its US dollar, Swiss franc and euro floating rate financial instruments and short-term debt. The Group's interest rate risk management strategy is to optimise the net interest result. The Group may use forward contracts, options and interest rate swaps to hedge its interest rate exposures. Depending on the interest rate environment of major currencies, the Group will use these instruments to generate an appropriate mix of fixed and floating rate exposures.

Other price risk

Other price risk arises mainly from movements in the prices of equity securities. The Group manages the price risk through placing limits on individual and total equity investments. These limits are defined both as a percentage of total liquid funds and as an absolute number for individual equity investments.

Capital management

The Group defines the capital that it manages as the Group's total capitalisation, being the sum of debt plus equity, including non-controlling interests. The Group's objectives when managing capital are:

- To safeguard the Group's ability to continue as a going concern, so that it can continue to provide benefits for patients and returns to investors.
- To provide an adequate return to investors based on the level of risk undertaken.
- To have available the necessary financial resources to allow the Group to invest in areas that may deliver future benefits for patients and returns to investors.
- To maintain sufficient financial resources to mitigate against risks and unforeseen events.

The capitalisation is reported to senior management as part of the Group's regular internal management reporting and is shown in the table below.

Capital in millions of CHF

	2024	2023
Capital and reserves attributable to Roche shareholders [22]	31,767	29,315
Equity attributable to non-controlling interests [24]	4,394	3,948
Total equity	**36,161**	**33,263**
Total debt [21]	**34,654**	**29,209**
Capitalisation	**70,815**	**62,472**

The Group is not subject to regulatory capital adequacy requirements as known in the financial services industry. The Group has a majority shareholding in Chugai (see Note 23). Chugai is a public company and its objectives, policies and processes for managing its own capital are determined by Chugai management.

Financial instrument accounting classifications and fair values

The fair values of financial assets and liabilities, together with the carrying value shown in the consolidated balance sheet, are as follows:

Carrying value and fair value of financial instruments – 2024 in millions of CHF

	Financial instruments mandatorily at fair value through profit or loss	Financial instruments at fair value through OCI	Fair value – hedging instruments	Financial assets at amortised cost	Other financial liabilities	Total carrying value	Fair value
At 31 December 2024							
Other non-current assets [15]							
– Equity, debt and fund investments	349	251	–	–	–	600	600
– Other financial non-current assets	–	–	–	134	–	134	134
Accounts receivable [12]	–	–	–	11,297	–	11,297	11,297
Marketable securities [13]							
– Equity securities	0	–	–	–	–	0	0
– Debt securities	–	511	–	–	–	511	511
– Money market instruments	–	5,412	–	–	–	5,412	5,412
– Time accounts over three months	–	–	–	4,419	–	4,419	4,419
Cash and cash equivalents [14]	–	–	–	6,975	–	6,975	6,975
Other current assets [16]							
– Derivative financial instruments	–	–	178	–	–	178	178
– Other financial current assets	–	–	–	992	–	992	992
Total financial assets	**349**	**6,174**	**178**	**23,817**	**–**	**30,518**	**30,518**
Debt [21]							
– Bonds and notes	–	–	–	–	(34,199)	(34,199)	(32,577)
– Other debt	–	–	–	–	(455)	(455)	(455)
Contingent consideration [20]	(227)	–	–	–	–	(227)	(227)
Accounts payable [17]	–	–	–	–	(4,894)	(4,894)	(4,894)
Other non-current liabilities [18]	–	–	–	–	(1,603)	(1,603)	(1,603)
Other current liabilities [19]	–	–	(190)	–	(13,358)	(13,548)	(13,548)
Liabilities directly associated with assets held for sale [6]	–	–	–	–	0	0	0
Total financial liabilities	**(227)**	**–**	**(190)**	**–**	**(54,509)**	**(54,926)**	**(53,304)**

Carrying value and fair value of financial instruments – 2023 in millions of CHF

	Financial instruments mandatorily at fair value through profit or loss	Financial instruments at fair value through OCI	Fair value – hedging instruments	Financial assets at amortised cost	Other financial liabilities	Total carrying value	Fair value
At 31 December 2023							
Other non-current assets [15]							
– Equity, debt and fund investments	298	249	–	–	–	547	547
– Other financial non-current assets	–	–	–	114	–	114	114
Accounts receivable [12]	–	–	–	11,021	–	11,021	11,021
Marketable securities [13]							
– Equity securities	1	–	–	–	–	1	1
– Debt securities	–	512	–	–	–	512	512
– Money market instruments	–	2,359	–	–	–	2,359	2,359
– Time accounts over three months	–	–	–	2,262	–	2,262	2,262
Cash and cash equivalents [14]	–	–	–	5,376	–	5,376	5,376
Other current assets [16]							
– Derivative financial instruments	–	–	148	–	–	148	148
– Other financial current assets	–	–	–	897	–	897	897
Total financial assets	**299**	**3,120**	**148**	**19,670**	**–**	**23,237**	**23,237**
Debt [21]							
– Bonds and notes	–	–	–	–	(27,812)	(27,812)	(27,081)
– Other debt	–	–	–	–	(1,397)	(1,397)	(1,397)
Contingent consideration [20]	(95)	–	–	–	–	(95)	(95)
Accounts payable [17]	–	–	–	–	(4,325)	(4,325)	(4,325)
Other non-current liabilities [18]	–	–	–	–	(1,541)	(1,541)	(1,541)
Other current liabilities [19]	–	–	(420)	–	(11,730)	(12,150)	(12,150)
Liabilities directly associated with assets held for sale [6]	–	–	–	–	(8)	(8)	(8)
Total financial liabilities	**(95)**	**–**	**(420)**	**–**	**(46,813)**	**(47,328)**	**(46,597)**

The fair value of bonds and notes is Level 1 and is calculated based on the observable market prices of the debt instruments or the present value of the future cash flows on the instrument, discounted at a market rate of interest for instruments with similar credit status, cash flows and maturity periods.

Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:
- Level 1 – quoted prices (unadjusted) in active markets for identical assets and liabilities.
- Level 2 – observable inputs other than quoted prices in active markets for identical assets and liabilities.
- Level 3 – unobservable inputs.

Fair value hierarchy of financial instruments in millions of CHF

	Level 1	Level 2	Level 3	Total
At 31 December 2024				
Marketable securities [13]				
– Equity securities at fair value through profit or loss	0	–	–	0
– Debt securities at fair value through OCI	506	5	–	511
– Money market instruments at fair value through OCI	745	4,667	–	5,412
Derivative financial instruments [16]	–	178	–	178
Equity investments at fair value through OCI [15]	228	23	–	251
Equity, debt and fund investments at fair value through profit or loss [15]	110	203	36	349
Financial assets recognised at fair value	**1,589**	**5,076**	**36**	**6,701**
Derivative financial instruments [19]	–	(190)	–	(190)
Contingent consideration [20]	–	–	(227)	(227)
Financial liabilities recognised at fair value	**–**	**(190)**	**(227)**	**(417)**
At 31 December 2023				
Marketable securities [13]				
– Equity securities at fair value through profit or loss	1	–	–	1
– Debt securities at fair value through OCI	506	6	–	512
– Money market instruments at fair value through OCI	250	2,109	–	2,359
Derivative financial instruments [16]	–	148	–	148
Equity investments at fair value through OCI [15]	241	8	–	249
Equity, debt and fund investments at fair value through profit or loss [15]	98	172	28	298
Financial assets recognised at fair value	**1,096**	**2,443**	**28**	**3,567**
Derivative financial instruments [19]	–	(420)	–	(420)
Contingent consideration [20]	–	–	(95)	(95)
Financial liabilities recognised at fair value	**–**	**(420)**	**(95)**	**(515)**

Level 1 financial assets consisted of treasury bills, bonds and quoted shares. Level 2 financial assets consisted primarily of commercial paper, certificates of deposit and derivative financial instruments.

The Group determines Level 2 fair values using the following valuation techniques:
- Marketable securities and derivative financial instruments are based on valuation models that use observable market data for interest rates, yield curves, foreign exchange rates and implied volatilities for similar instruments at the measurement date.
- Equity and debt investments at fair value through OCI and at fair value through profit or loss are based on a valuation model that uses the most recently published observable market data.

The Group recognises transfers between levels of the fair value hierarchy as at the end of the reporting period during which the transfer occurred. There were no significant transfers between Level 1 and Level 2 and vice versa during the year (2023: none).

Level 3 fair values

Details of the determination of Level 3 fair value measurements are set out below.

Contingent consideration arrangements in millions of CHF

	2024	2023
At 1 January	(95)	(103)
Arising from business combinations [6]	(157)	0
Utilised for settlements [6]	77	0
Total gains and losses included in the income statement		
– Unused amounts reversed – recorded within other operating income (expense)	2	10
– Additional amounts created – recorded within other operating income (expense)	(38)	0
– Discount unwind included in financing costs	(7)	(6)
Total gains and losses included in other comprehensive income		
– Currency translation effects	(9)	4
At 31 December	**(227)**	**(95)**

Contingent consideration arrangements

The Group is party to certain contingent consideration arrangements, including those from business combinations. The fair values of contingent consideration from business combinations are determined considering the expected payments and, where payments are expected to be made beyond the next 12 months, discounted to a risk-adjusted present value using a discount rate of 5.5% (2023: 4.9%). The expected payments are determined by considering the possible scenarios of forecast sales and other performance criteria, the amount to be paid under each scenario and the probability of each scenario. The significant unobservable inputs are the forecast sales, other performance criteria and the discount rate. The estimated fair value would increase if the forecast sales or other performance criteria rates were higher or the discount rate was lower. At 31 December 2024 the total potential payments under contingent consideration arrangements arising from business combinations could be up to CHF 0.5 billion (2023: CHF 0.3 billion) as follows:

Potential payments under contingent consideration arrangements in millions of CHF

Acquisition	Year acquired	Operating segment	2024	2023
Carmot	2024	Roche Pharmaceuticals	362	–
Dutalys	2014	Roche Pharmaceuticals	176	186
Genia	2014	Diagnostics	0	137
At 31 December			**538**	**323**

Derivative financial instruments

Cash collateral agreements are in place with the counterparties to certain derivative financial instruments to mitigate counterparty risk. The following table sets out the carrying value of derivative financial instruments and the amounts that are subject to master netting agreements.

Derivative financial instruments in millions of CHF

	Assets 2024	Assets 2023	Liabilities 2024	Liabilities 2023
Foreign currency derivatives				
– Forward exchange contracts	162	147	(165)	(352)
– Other	0	0	0	0
Interest rate derivatives				
– Swaps	16	1	(25)	(68)
– Other	0	0	0	0
Other derivatives	0	0	0	0
Carrying value of derivative financial instruments [16, 19]	**178**	**148**	**(190)**	**(420)**
Derivatives subject to master netting agreements	(32)	(68)	32	68
Collateral arrangements	(61)	0	19	50
Net amount	**85**	**80**	**(139)**	**(302)**

Collateral arrangements

Movements in cash collateral receivables (payables) included in other current assets (other current liabilities) in millions of CHF

	2024	2023
At 1 January	50	180
Net cash delivered by (to) the Group	(94)	(123)
Fair value and other	1	0
Currency translation effects	1	(7)
At 31 December	**(42)**	**50**

Hedge accounting

As described above the Group's risk management strategy is to hedge the transaction exposures arising through foreign currency flows or monetary positions held in foreign currencies as well as to generate an appropriate mix of fixed and floating rate exposures. The level of hedging depends on market conditions and business requirements of the Group. The Group designates a specific interest rate risk management objective to ensure that a predetermined level of its interest rate risk exposure is at a floating rate.

Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments at each reporting date to ensure that an economic relationship exists between the hedged item and the hedging instrument. The Group performs a qualitative assessment of the hedge effectiveness using a critical terms match method. As the critical terms of the hedged items and the hedging instruments match, the Group concludes that risks being hedged for the hedged items and the hedging instruments are sufficiently aligned, that there is no inherent mismatch in the hedging relationship and that a 100% hedge ratio applies both for the actual quantities hedged and for the hedge accounting.

Accounting treatment, sources of ineffectiveness and prospective effectiveness assessment method by risk category

	Accounting treatment	Potential sources of ineffectiveness	Prospective effectiveness assessment method
Interest rate and/or foreign exchange rate fluctuations	Cash flow hedge	Counterparty credit risk	Critical terms match
Foreign exchange rate fluctuations	Cash flow hedge	Lower volume of hedged items / counterparty credit risk	Critical terms match
Interest rate fluctuations	Fair value hedge	Counterparty credit risk	Critical terms match

The ineffective portion of the hedge accounting is recognised in the income statement and included in other financial income (expense). It is measured using the hypothetical derivative method for cash flow hedges and the cumulative dollar offset method for fair value hedges. At 31 December 2024 and 2023 none of the above potential sources of ineffectiveness, individually or collectively, resulted in material amounts of actual ineffectiveness being reported for any hedge accounting relationships.

The table below shows fair values and nominal amounts of derivative financial instruments, including a range of the maturity of the nominal amount of the hedging instruments, which are designated as hedging instruments in a cash flow hedge and a fair value hedge. At 31 December 2024 and 2023, respectively, the Group had the following cash flow hedges and fair value hedges which are designated in a qualifying hedge relationship:

Fair values and nominal amounts of derivatives used for hedge accounting – at 31 December 2024

	Nominal amount	Fair value asset in million CHF	Fair value liability in million CHF	Maturity range
Cash flow hedges				
Risk hedged: foreign exchange rate fluctuations				
– Forward exchange contracts	JPY 780 billion	36	(58)	2025–2026
Total		**36**	**(58)**	
Fair value hedges				
Risk hedged: interest rate fluctuations				
– Interest rate swaps	USD 650 million	0	(24)	2026
– Interest rate swaps	EUR 450 million	5	(1)	2025–2027
– Interest rate swaps	CHF 750 million	11	0	2025–2029
Total		**16**	**(25)**	

Fair values and nominal amounts of derivatives used for hedge accounting – at 31 December 2023

	Nominal amount	Fair value asset in million CHF	Fair value liability in million CHF	Maturity range
Cash flow hedges				
Risk hedged: foreign exchange rate fluctuations				
– Forward exchange contracts	JPY 647 billion	41	(174)	2024–2025
Total		**41**	**(174)**	
Fair value hedges				
Risk hedged: interest rate fluctuations				
– Interest rate swaps	USD 1,150 million	0	(42)	2024–2026
– Interest rate swaps	EUR 200 million	0	(8)	2025
– Interest rate swaps	CHF 1,250 million	1	(18)	2024–2027
Total		**1**	**(68)**	

The fair values of derivative financial instruments used for hedge accounting are included in other current assets (see Note 16) or other current liabilities (see Note 19). The Group's approach to managing market risk, including interest rate risk and foreign currency risk, is discussed in the 'Market risk' section in this Note.

Cash flow hedges. In November and December 2021 the Group entered into treasury locks to hedge interest rate risk of fixed rate notes issued by the Group on 13 December 2021. At this date the treasury locks were settled. At 31 December 2024 a relating hedging reserve of CHF 31 million was held as a deduction within equity (2023: CHF 33 million), which will be released and transferred to the income statement within financing costs (see Note 4) until redemption of the fixed rate notes. There was no ineffective portion.

Chugai has entered into forward exchange contracts to hedge a part of its foreign translation exposure to the Swiss franc and the US dollar. At 31 December 2024 such instruments were recorded as fair value assets of CHF 36 million and as fair value liabilities of CHF 58 million (2023: fair value assets of CHF 41 million and fair value liabilities of CHF 174 million). There was no ineffective portion. At 31 December 2024 the carrying amount of inventories, which are designated as hedged items in a cash flow hedging relationship for the foreign exchange rate fluctuation risk hedged by forward exchange contracts, was CHF 4,495 million (2023: CHF 3,862 million).

Hedging reserve for continuing hedging relationships in millions of CHF

	2024 Total	2024 Treasury locks	2024 Forward exchange contracts	2023 Total	2023 Treasury locks	2023 Forward exchange contracts
At 1 January	(90)	(33)	(57)	(92)	(35)	(57)
Gains (losses) taken to equity	(76)	0	(76)	(344)	0	(344)
Transferred to income statement[a]	278	2	276	437	2	435
Transferred to initial carrying amount of hedged items[b]	(92)	–	(92)	(111)	–	(111)
Income taxes	(33)	0	(33)	6	0	6
Non-controlling interests	(29)	0	(29)	5	0	5
Currency translation effects	1	0	1	9	0	9
At 31 December	**(41)**	**(31)**	**(10)**	**(90)**	**(33)**	**(57)**

a) In 2024, CHF 2 million was transferred to the income statement (2023: CHF 2 million) and reported in financing costs, see Note 4, which related to the release of a portion of the hedging reserve for treasury locks as described above. An additional amount of CHF 276 million (2023: CHF 435 million) transferred to the income statement was related to forward exchange contracts entered into by Chugai to hedge a part of its foreign translation exposure to the Swiss franc from revenue transactions. Thereof CHF 16 million (2023: CHF 19 million) were reported in other financial income (expense) (see Note 4) as well as CHF 181 million (2023: CHF 298 million) and CHF 79 million (2023: CHF 118 million) were reported in Chugai's sales and other revenue from other operating segments, respectively (see Note 2).

b) The entire amount transferred to the cost of inventory was related to fair value gains and losses on forward exchange contracts designated by Chugai as cash flow hedges to hedge a part of its foreign translation exposure to the Swiss franc and the US dollar from inventory purchase transactions.

The expected undiscounted cash flows from qualifying cash flow hedges are shown in the table below.

Expected cash flows of qualifying cash flow hedges in millions of CHF

	2024 Total	2024 Less than 1 year	2024 More than 1 year	2023 Total	2023 Less than 1 year	2023 More than 1 year
Cash inflows	5,785	4,631	1,154	5,062	4,254	808
Cash outflows	(5,872)	(4,709)	(1,163)	(5,304)	(4,454)	(850)
Total cash inflows (outflows)	**(87)**	**(78)**	**(9)**	**(242)**	**(200)**	**(42)**

Fair value hedges. The Group has entered into some interest rate swaps to hedge its exposure to changes in the fair value of some of its fixed-term debt instruments in respect of a benchmark interest rate. At 31 December 2024 such instruments were recorded as fair value assets of CHF 16 million and as fair value liabilities of CHF 25 million (2023: fair value assets of CHF 1 million and fair value liabilities of CHF 68 million). During 2024 fair value adjustments of CHF 58 million were recorded as income on these interest rate swaps (2023: CHF 88 million as income). As the fair value hedge had been highly effective since inception, the result of the interest rate swaps was largely offset by changes in the fair value of the hedged debt instruments. The Group's approach to managing market risk, including interest rate risk, is discussed in the 'Market risk' section in this Note.

Carrying amount of items designated as hedged items in a fair value hedging relationship for the interest rate fluctuation risk hedged by interest rate swaps in millions of CHF

	Liabilities	Fair value adjustments cumulative	Fair value adjustments in current year
At 31 December 2024			
Bonds and notes	1,745	(9)	58
At 31 December 2023			
Bonds and notes	2,348	(67)	88

Net investment hedges. The Group does not have any net investment hedges.

32. Related parties

Controlling shareholders

At 31 December 2024, based on the information available to the Group, a shareholder group with pooled voting rights owned 69,318,000 shares representing 64.97% (2023: 64.97%) of the issued shares. On 5 December 2019 the shareholder group announced that it would continue the shareholder pooling agreement with a modified shareholder composition. This group now consists of Mr André Hoffmann, Ms Marie-Anne Hoffmann, Ms Vera Michalski, Mr Alexander Hoffmann, Mr Frederic Hoffmann, Ms Isabel Hoffmann, Mr Lucas Hoffmann, Ms Marina Hoffmann, Ms Kasia Larrieu-Barbotin, Ms Tatiana Fabre, Mr Andreas Oeri, Ms Catherine Oeri, Ms Sabine Duschmalé, Mr Jörg Duschmalé, Mr Lukas Duschmalé, the charitable foundation Wolf and Artuma Holding LLC. The shareholder pooling agreement has existed since 1948. The duration of the pool was extended for an indefinite period in 2009. At 31 December 2024, based on the information available to the Group, Ms Maja Oeri, formerly a member of the pool, held 8,091,900 shares independently of the pool, representing 7.58% (2023: 7.58%) of the issued shares.

Mr André Hoffmann and Dr Jörg Duschmalé are members of the Board of Directors of Roche Holding Ltd. Mr Hoffmann received remuneration totalling CHF 400,000 (2023: CHF 402,815) and Dr Duschmalé received remuneration totalling CHF 394,602 (2023: CHF 364,592).

There were no other transactions between the Group and the individual members of the above shareholder group.

Subsidiaries and associates

A listing of the Group subsidiaries and associates is included in Note 33. This listing excludes Chugai's subsidiaries as well as companies that are not material, notably companies that are inactive, dormant or in liquidation. Transactions between the parent company and its subsidiaries and between subsidiaries are eliminated on consolidation. There were no significant transactions between the Group and its associates.

Key management personnel

Total remuneration of key management personnel was CHF 42 million (2023: CHF 42 million).

Members of the Board of Directors of Roche Holding Ltd receive an annual remuneration and payment for their time and expenses related to their membership of Board Committees. The Chairman of the Board of Directors and members of the Corporate Executive Committee (CEC) of Roche Holding Ltd receive remuneration which consists of an annual salary, a bonus (except for the Chairman of the Board of Directors) and an expense allowance. The Group pays social insurance contributions in respect of the above remuneration and pays contributions to pension and other post-employment benefit plans for the Chairman of the Board of Directors and the members of the CEC. The members of the CEC also participate in certain equity compensation plans as described below. The terms, vesting conditions and fair value of these awards are disclosed in Note 27.

Remuneration of the members of the Board of Directors and the Corporate Executive Committee in millions of CHF

	2024	2023
Salaries, including cash-settled bonus	18	19
Executive stock compensation	7	8
Social security costs	2	2
Pensions and other post-employment benefits	3	3
Equity compensation plans	8	6
Board fees	3	3
Other employee benefits	1	1
Total	**42**	**42**

For the purposes of these remuneration disclosures the values for equity compensation plans, including executive stock compensation, are calculated based on the fair value used in Note 27. These represent the cost to the Group of such awards at grant date and reflect, amongst other matters, the observed exercise behaviour and exit rate for the whole population that receive the awards and initial simulations of any performance conditions.

The detailed disclosures regarding executive remuneration that are required by Swiss law are included in the Remuneration Report disclosed in the Annual Report on pages 184 to 209. In those disclosures the values for equity compensation plans, including executive stock compensation, represent the fair value that the employee receives taking into account the preliminary assessment of any completed performance conditions. These fair values are shown in the table below, which reconciles those disclosures required by Swiss law to the above related party disclosures for key management personnel.

Reconciliation to executive remuneration disclosures required by Swiss law in millions of CHF

	2024	2023
Total remuneration of the members of the Board of Directors and Corporate Executive Committee (IFRS basis – see table above)	42	42
Deduct		
– Executive stock compensation (IFRS basis)	(7)	(8)
– Equity compensation plans (IFRS basis)	(8)	(6)
Add back		
– Executive stock compensation (Swiss legal basis)	5	6
– Equity compensation plans (Swiss legal basis)	9	13
Total remuneration of the members of the Board of Directors and Corporate Executive Committee (Swiss legal basis)	**41**	**47**
Of which (including social security costs)		
– Board of Directors (page 199 of the Annual Report)	9	11
– Corporate Executive Committee (page 206 of the Annual Report)	32	36

Executive stock compensation. The Chief Executive Officer will be granted Bonus Stock Awards in lieu of the bonus in cash for the financial year 2024. These are subject to approval by the 2025 Annual General Meeting in March 2025 and will be issued in March 2025. The number of awards and fair value per award are calculated at the grant date. The Chairman of the Board of Directors received part of the base salary in the form of shares blocked for ten years.

Equity compensation plans. The members of the Corporate Executive Committee received equity compensation as shown in the following tables.

Number of rights, options and awards granted to members of the Corporate Executive Committee

	2024	2023
Roche Stock-settled Stock Appreciation Rights	269,581	316,516
Roche Restricted Stock Unit Plan	9,295	11,837

Contributions paid for members of the Corporate Executive Committee in millions of CHF

	2024	2023
Roche Connect	0.1	0.1

Defined benefit plans

Transactions between the Group and the various defined benefit plans for the employees of the Group are described in Note 26.

33. List of subsidiaries and associates

The following is a listing of the Group subsidiaries and associates. It excludes Chugai's subsidiaries as well as companies that are not material, notably companies that are inactive, dormant or in liquidation.

Listed companies

Location	Company	City		Share capital (in millions)	Equity interest (in %)
Switzerland	Roche Holding Ltd Stock Exchange: SIX Swiss Exchange Zurich Stock code (Share): RO, Valor: 1203211 Stock code (*Genussschein*): ROG, Valor: 1203204 ISIN Share: CH0012032113 ISIN *Genussschein*: CH0012032048 Market capitalisation: CHF 204,829 million	Basel	CHF	106.7	
Japan	Chugai Pharmaceutical Co., Ltd. Stock Exchange: Tokyo Stock code: TSE:4519 ISIN: JP3519400000 Market capitalisation: JPY 11,517,035 million	Tokyo	JPY	73,201.8	61.1

Non-listed companies

Location	Company	City		Share capital (in millions)	Equity interest (in %)
Algeria	Roche Algérie SPA	Hydra	DZD	1.0	48
Argentina	Productos Roche S.A. Química e Industrial	Buenos Aires	ARS	18,295.8	100
	Roche Diabetes Care Argentina S.A.	Buenos Aires	ARS	87.4	100
Australia	Carmot Australia First Pty Ltd.	Docklands	AUD	14.5	100
	Roche Diabetes Care Australia Pty Limited	North Ryde	AUD	14.1	100
	Roche Diagnostics Australia Pty Limited	North Ryde	AUD	5.0	100
	Roche Products Pty Limited	Sydney	AUD	65.0	100
Austria	LumiraDX GmbH	Graz	EUR	(–)	100
	mySugr GmbH	Vienna	EUR	5.7	100
	Roche Austria GmbH	Vienna	EUR	14.5	100
	Roche Diabetes Care Austria GmbH	Vienna	EUR	(–)	100
	Roche Diagnostics GmbH	Vienna	EUR	1.1	100
Bangladesh	Roche Bangladesh Limited	Dhaka	BDT	27.2	100
Belarus	FLLC "Roche Products Limited"	Minsk	USD	1.5	100
Belgium	Roche Diagnostics Belgium NV	Diegem	EUR	3.8	100
	Roche SA/NV	Brussels	EUR	32.0	100
Bermuda	Roche Financial Management Ltd.	Pembroke	USD	(–)	100
	Roche Intertrade Limited	Pembroke	USD	10.0	100
	Roche Services Holdings Ltd.	Pembroke	USD	(–)	100
Bolivia	Roche Bolivia S.R.L.	Santa Cruz	BOB	0.1	100
Bosnia and Herzegovina	Roche d.o.o. farmaceutsko drustvo - Roche Ltd. Pharmaceutical Company	Sarajevo	BAM	13.1	100
Brazil	Produtos Roche Químicos e Farmacêuticos S.A.	São Paulo	BRL	1,141.7	100
	Roche Diabetes Care Brasil Ltda.	São Paulo	BRL	44.4	100
	Roche Diagnostica Brasil Ltda.	São Paulo	BRL	683.5	100
Bulgaria	Roche Bulgaria EOOD	Sofia	BGN	5.1	100
Cameroon	Roche Cameroun SARL	Douala	XAF	60.0	100
Canada	AntlerA Therapeutics Inc.	Toronto	USD	1.6	100
	Hoffmann-La Roche Limited	Mississauga	CAD	40.3	100
Chile	Roche Chile Limitada	Santiago de Chile	CLP	70.9	100
China	Roche (China) Holding Ltd.	Shanghai	USD	37.3	100
	Roche (Shanghai) Pharmaceuticals Consulting Co., Ltd.	Shanghai	CNY	30.0	100
	Roche (Shanghai) Pharmaceuticals Trading Co., Ltd.	Shanghai	USD	90.0	100
	Roche Diagnostics (Hong Kong) Limited	Hong Kong	HKD	10.0	100
	Roche Diagnostics (Shanghai) Ltd.	Shanghai	USD	31.0	100
	Roche Diagnostics (Suzhou) Limited	Suzhou	USD	179.7	100
	Roche Hong Kong Limited	Hong Kong	HKD	10.0	100
	Roche R&D Center (China) Ltd.	Shanghai	USD	35.8	100
	Shanghai Roche Pharmaceuticals Limited	Shanghai	USD	278.7	70

Location	Company	City		Share capital (in millions)	Equity interest (in %)
Colombia	Productos Roche S.A.	Bogotá	COP	26,923.7	100
Costa Rica	Roche Services Americas, Sociedad de Responsabilidad Limitada	San José	CRC	361.4	100
	Roche Servicios S.A.	Heredia	USD	8.1	100
Côte d'Ivoire	Roche Côte d'Ivoire SARL	Abidjan	XOF	50.0	100
	Roche Diagnostics Côte d'Ivoire S.A.S	Abidjan	XOF	500.0	100
Croatia	Roche d.o.o.	Zagreb	EUR	0.6	100
Czechia	Roche s.r.o.	Prague	CZK	200.0	100
Democratic Republic of the Congo	Roche DRC SARLU	Kinshasa	USD	0.3	100
Denmark	RICC A/S	Copenhagen	DKK	100.1	100
	Roche Diagnostics a/s	Copenhagen	DKK	1.3	100
	Roche Pharmaceuticals A/S	Copenhagen	DKK	4.0	100
Dominican Republic	Productos Roche Dominicana, S.R.L.	Santo Domingo	DOP	0.6	100
Ecuador	Roche Ecuador S.A.	Quito	USD	28.1	100
Egypt	Roche Diagnostics Egypt for Trading S.A.E.	Giza	EGP	5.0	100
	Roche Egypt for Manufacturing and Trading SAE	Cairo	EGP	229.0	100
	Roche Egypt LLC	Cairo	EGP	228.1	100
El Salvador	Productos Roche (El Salvador) S.A. de C.V.	Antiguo Cuscatlan	USD	(–)	100
Estonia	Roche Eesti OÜ	Tallinn	EUR	0.1	100
Finland	Roche Diagnostics Oy	Espoo	EUR	0.2	100
	Roche Oy	Espoo	EUR	(–)	100
France	Institut Roche SAS	Boulogne-Billancourt	EUR	0.5	100
	LumiraDx SAS	Senlisse	EUR	0.1	100
	Roche Diagnostics France SAS	Meylan	EUR	16.0	100
	Roche SAS	Boulogne-Billancourt	EUR	38.2	100
	Timkl SAS	Montbonnot-Saint-Martin	EUR	0.8	100
Georgia	Roche Georgia LLC	Tbilisi	GEL	0.5	100
Germany	Ascur Versicherungsvermittlungs GmbH	Grenzach-Wyhlen	EUR	(–)	100
	Flatiron Health GmbH	Cologne	EUR	(–)	100
	Foundation Medicine GmbH	Penzberg	EUR	(–)	100
	Galenus Mannheim Pharma GmbH	Mannheim	EUR	(–)	100
	LumiraDx GmbH	Hürth	EUR	(–)	100
	Roche Beteiligungs GmbH	Grenzach-Wyhlen	EUR	3.6	100
	Roche Deutschland Holding GmbH	Grenzach-Wyhlen	EUR	6.0	100
	Roche Diabetes Care Deutschland GmbH	Mannheim	EUR	(–)	100
	Roche Diabetes Care GmbH	Mannheim	EUR	(–)	100
	Roche Diagnostics Automation Solutions GmbH	Ludwigsburg	EUR	(–)	100
	Roche Diagnostics Deutschland GmbH	Mannheim	EUR	1.0	100
	Roche Diagnostics GmbH	Mannheim	EUR	94.6	100
	Roche mtm laboratories AG	Mannheim	EUR	1.4	100
	Roche Pharma AG	Grenzach-Wyhlen	EUR	61.4	100
	Roche Privacy GmbH	Grenzach-Wyhlen	EUR	(–)	100
	Roche Real Estate Services Mannheim GmbH	Mannheim	EUR	1.8	100
	Roche Registration GmbH	Grenzach-Wyhlen	EUR	(–)	100
	RoX Health GmbH	Berlin	EUR	(–)	100
	Signature Diagnostics GmbH	Potsdam	EUR	0.1	100
	TIB Molbiol Syntheselabor GmbH	Berlin	EUR	(–)	100
Ghana	Roche Products Ghana Limited	Accra	GHS	1.2	100
Greece	Roche (Hellas) S.A.	Marousi	EUR	19.2	100
	Roche Diagnostics (Hellas) S.A.	Marousi	EUR	8.3	100
Guatemala	Productos Roche Guatemala (Sociedad Anónima)	Guatemala City	GTQ	0.6	100
Honduras	Productos Roche (Honduras), S.A.	Tegucigalpa	HNL	(–)	100
Hungary	Roche (Hungary) Ltd	Budapest	HUF	30.0	100
	Roche Services (Europe) Ltd	Budapest	HUF	3.0	100
India	Roche Diabetes Care India Private Limited	Mumbai	INR	15.2	100
	Roche Diagnostics India Private Limited	Mumbai	INR	149.2	100
	Roche Information Solutions India Private Limited	Pune	INR	(–)	100
	Roche Products (India) Private Limited	Mumbai	INR	14.0	100
	Roche Services and Solutions (India) Private Limited	Hyderabad	INR	1.0	100
Indonesia	P.T. Roche Indonesia	Jakarta	IDR	43,770.0	100
Iran	Roche Pars Co. (Ltd.)	Tehran	IRR	41,610.0	100
Ireland	Inflazome Limited	Dublin	EUR	(–)	100
	Roche Ireland Limited	Clarecastle	EUR	2.4	100
	Roche Products (Ireland) Limited	Dublin	EUR	(–)	100
	Spark Therapeutics Ireland Limited	Dublin	EUR	(–)	100

Location	Company	City		Share capital (in millions)	Equity interest (in %)
Israel	Medingo Ltd.	Yokneam Illit	ILS	8.0	100
	Roche Pharmaceuticals (Israel) Ltd.	Hod Hasharon	ILS	(–)	100
Italy	Biomedical Service S.r.l.	Scorze	EUR	(–)	100
	Roche Diabetes Care Italy S.p.A.	Monza	EUR	40.2	100
	Roche Diagnostics S.p.A.	Monza	EUR	18.1	100
	Roche S.p.A.	Monza	EUR	34.1	100
Japan	Flatiron Health K.K.	Tokyo	JPY	10.0	100
	LumiraDx Japan Co., Ltd.	Tokyo	JPY	128.2	100
	Roche DC Japan K. K.	Tokyo	JPY	10.0	100
	Roche Diagnostics K.K.	Tokyo	JPY	2,500.0	100
Jordan	F. Hoffmann-La Roche Ltd / Jordan P.S.C.	Amman	JOD	(–)	100
Kazakhstan	Roche Kazakhstan LLP	Almaty	KZT	150.0	100
Kenya	Roche Kenya Limited	Nairobi	KES	50.0	100
Kuwait	Roche for the Trade in Medicines, Equipment, Devices and Medical Supplies SPC	Kuwait City	KWD	1.8	100
Latvia	Roche Latvija SIA	Riga	EUR	1.7	100
Lebanon	Roche Lebanon S.A.R.L.	Beirut	LBP	1,000.0	100
Lithuania	UAB Roche Lietuva	Vilnius	EUR	0.2	100
Malaysia	Roche (Malaysia) Sdn. Bhd.	Kuala Lumpur	MYR	4.0	100
	Roche Diagnostics (Malaysia) Sdn. Bhd.	Petaling Jaya	MYR	0.9	100
	Roche Services (Asia Pacific) Sdn. Bhd.	Kuala Lumpur	MYR	0.5	100
Mauritius	Roche Products (Mauritius) Ltd	Moka	MUR	4.0	100
Mexico	Productos Roche, S.A. de C.V.	Mexico City	MXN	82.6	100
	Roche DC México, S.A. de C.V.	Mexico City	MXN	3.9	100
Morocco	Roche S.A.	Casablanca	MAD	59.5	100
Myanmar	Roche Myanmar Company Limited	Yangon	USD	(–)	100
Netherlands	LumiraDx B.V.	Roermond	EUR	(–)	100
	Roche Diabetes Care Nederland B.V.	Almere	EUR	0.6	100
	Roche Diagnostics Nederland B.V.	Almere	EUR	2.3	100
	Roche Finance Europe B.V.	Woerden	EUR	2.0	100
	Roche Nederland B.V.	Woerden	EUR	10.9	100
	Roche Pharmholding B.V.	Woerden	EUR	467.8	100
New Zealand	Roche Diagnostics NZ Limited	Auckland	NZD	3.0	100
	Roche Products (New Zealand) Limited	Auckland	NZD	13.5	100
Nicaragua	Productos Roche (Nicaragua), S.A.	Managua	NIO	0.9	100
Nigeria	Roche Products Limited	Lagos	NGN	200.0	100
North Macedonia	Roche Makedonija DOOEL	Skopje	EUR	0.3	100
Norway	Roche Diagnostics Norge AS	Oslo	NOK	5.8	100
	Roche Norge AS	Oslo	NOK	6.2	100
Pakistan	Roche Pakistan Limited	Karachi	PKR	2,063.3	100
Panama	Productos Roche (Panama), S.A.	Panama City	PAB	(–)	100
	Productos Roche Interamericana S.A. (PRISA)	Panama City	USD	0.1	100
	Roche Products Inc.	Panama City	USD	0.5	100
	Syntex Puerto Rico, Inc.	Panama City	USD	(–)	100
Paraguay	Roche Diagnostics Paraguay S.A.	Asunción	PYG	10,197.6	100
Peru	Productos Roche Q.F.S.A.	Lima	PEN	11.1	100
	Roche Farma (Peru) S.A.	Lima	PEN	38.1	100
Philippines	Roche (Philippines) Inc.	Taguig City	PHP	300.0	100
Poland	Roche Diabetes Care Polska sp. z o.o.	Warsaw	PLN	2.0	100
	Roche Diagnostics Polska Sp. z o.o.	Warsaw	PLN	8.0	100
	Roche Polska Sp. z o.o.	Warsaw	PLN	25.0	100
Portugal	Roche Farmacêutica Química, Lda.	Amadora	EUR	1.1	100
	Roche Sistemas de Diagnósticos, Sociedade Unipessoal, Lda.	Amadora	EUR	2.6	100
Puerto Rico	Genentech P.R., Inc.	San Juan	USD	(–)	100
Romania	Roche Romania S.R.L.	Bucharest	RON	472.2	100
Russian Federation	"Roche-Moscow" JSC.	Moscow	RUB	2.6	100
	Limited Liability Company Roche Diabetes Care Rus	Moscow	RUB	100.0	100
	Limited Liability Company Roche Diagnostics Rus	Moscow	RUB	250.0	100
Saudi Arabia	Roche Diagnostics Saudi Arabia LLC	Riyadh	SAR	200.0	75
	Roche Products Saudi Arabia LLC	Jeddah	SAR	30.0	100
	Roche Regional Headquarters Company	Riyadh	SAR	0.3	100
Serbia	Roche d.o.o. Beograd	Belgrade	RSD	939.1	100

Location	Company	City		Share capital (in millions)	Equity interest (in %)
Singapore	Roche Diabetes Care Asia Pacific Pte. Ltd.	Singapore	SGD	0.6	100
	Roche Diagnostics Asia Pacific Pte. Ltd.	Singapore	SGD	20.4	100
	Roche Singapore Pte. Ltd.	Singapore	SGD	4.0	100
	Roche Singapore Technical Operations, Pte. Ltd.	Singapore	USD	35.0	100
Slovakia	Roche Slovensko, S.R.O.	Bratislava	EUR	0.3	100
Slovenia	Roche farmacevtska družba d.o.o.	Ljubljana	EUR	0.2	100
South Africa	Kapa Biosystems (Pty) Ltd	Cape Town	ZAR	(–)	100
	LumiraDx Proprietary Limited	Durban	ZAR	(–)	100
	Roche Diabetes Care South Africa Proprietary Limited	Midrand	ZAR	15.0	100
	Roche Diagnostics Proprietary Limited	Midrand	ZAR	(–)	100
	Roche Products (Proprietary) Limited	Midrand	ZAR	60.0	100
South Korea	Roche Diagnostics Korea Co., Ltd.	Seoul	KRW	22,969.0	100
	Roche Korea Company Ltd.	Seoul	KRW	13,375.0	100
Spain	Roche Diabetes Care Spain, S.L.	Sant Cugat del Vallès	EUR	1.0	100
	Roche Diagnostics S.L.	Sant Cugat del Vallès	EUR	17.0	100
	Roche Farma, S.A.	Madrid	EUR	45.0	100
Sweden	LumiraDx AB	Solna	SEK	0.1	100
	Roche AB	Solna	SEK	20.0	100
	Roche Diagnostics Scandinavia AB	Solna	SEK	9.0	100
Switzerland	Biopharm Ltd	Basel	CHF	0.3	100
	Chemical Manufacturing and Trading Company Ltd.	Basel	USD	0.5	100
	F. Hoffmann-La Roche Ltd	Basel	CHF	150.0	100
	Hoffmann - La Roche Ltd	Basel	CHF	0.5	100
	InterMune International Ltd	Basel	CHF	10.0	100
	Museum Tinguely AG	Basel	CHF	0.1	100
	Phaor Ltd.	Basel	CHF	0.2	100
	Roche Capital Market Ltd	Basel	CHF	1.0	100
	Roche Catalyst Investments Ltd.	Basel	USD	0.5	100
	Roche Chemical Establishments Ltd	Basel	CHF	1.3	100
	Roche Diagnostics (Switzerland) Ltd	Rotkreuz	CHF	1.0	100
	Roche Diagnostics International Ltd	Rotkreuz	CHF	20.0	100
	Roche Finance Ltd	Basel	CHF	409.2	100
	Roche Financial Investments Ltd.	Basel	EUR	0.5	100
	Roche Forum Buonas Ltd	Buonas	CHF	0.1	100
	Roche Glycart Ltd	Schlieren	CHF	0.3	100
	Roche International Ltd.	Basel	USD	0.5	100
	Roche Long Term Foundation	Basel	CHF	0.5	100
	Roche Pharma (Switzerland) Ltd.	Basel	CHF	2.0	100
	Roche Sapac Ltd.	Basel	CHF	0.5	100
	Tavero Ltd	Basel	CHF	0.1	100
Taiwan	Roche Diagnostics Ltd.	Taipei	TWD	1,177.7	100
	Roche Products Ltd.	Taipei	TWD	2,524.5	100
Thailand	Roche Diagnostics (Thailand) Limited	Bangkok	THB	103.0	100
	Roche Thailand Limited	Bangkok	THB	12.0	100
Tunisia	Roche Tunisie SA	Tunis	TND	0.8	100
Türkiye	Infogenetik Moleküler Bilgi Hizmetleri Anonim Şirketi	Istanbul	TRY	3.5	100
	Roche Diagnostics Turkey Anonim Şirketi	Istanbul	TRY	250.0	100
	Roche Müstahzarlari Sanayi Anonim Şirketi	Istanbul	TRY	249.5	100
Ukraine	Roche Ukraine LLC	Kiev	UAH	124.0	100
United Arab Emirates	Roche Diabetes Care Middle East FZCO	Dubai	AED	0.5	100
	Roche Diagnostics Middle East FZCO	Dubai	AED	19.0	100
	Roche Pharmaceuticals Middle East FZCO	Dubai	AED	0.5	100
United Kingdom	Flatiron Health UK Ltd	St Albans	GBP	(–)	100
	Inflazome UK Limited	Welwyn Garden City	GBP	(–)	100
	InterMune Holdings Limited	Welwyn Garden City	GBP	(–)	100
	LKM Innovations Limited	Stirling	GBP	(–)	100
	LumiraDx UK Ltd	Burgess Hill	GBP	(–)	100
	Roche Diabetes Care Limited	Burgess Hill	GBP	0.4	100
	Roche Diagnostics Limited	Burgess Hill	GBP	32.6	100
	Roche Holding (UK) Limited	Welwyn Garden City	GBP	100.0	100
	Roche Products Limited	Welwyn Garden City	GBP	98.3	100
	Roche Registration Limited	Welwyn Garden City	GBP	(–)	100
	Spark Therapeutics UK Ltd	London	GBP	(–)	100
	SureSensors Limited	Inverness	GBP	0.1	100
	TMEM16A Limited	Welwyn Garden City	GBP	0.2	100
	Tusk Therapeutics Limited	Welwyn Garden City	GBP	(–)	100

Location	Company	City		Share capital (in millions)	Equity interest (in %)
United States	Anadys Pharmaceuticals, Inc.	South San Francisco	USD	(–)	100
	AntlerA Therapeutics (U.S.) Corporation	Foster City	USD	(–)	100
	Bina Technologies, Inc.	Pleasanton	USD	(–)	100
	BioVeris Corporation	Indianapolis	USD	(–)	100
	Carmot Therapeutics Inc.	Berkeley	USD	(–)	100
	Flatiron Health, Inc.	New York	USD	(–)	100
	ForSight VISION4, Inc.	South San Francisco	USD	(–)	100
	Foundation Medicine, Inc.	Boston	USD	(–)	100
	Freenome Holdings, Inc.	South San Francisco	USD	(–)	16
	Genentech USA, Inc.	South San Francisco	USD	(–)	100
	Genentech, Inc.	South San Francisco	USD	(–)	100
	GenMark Diagnostics, Inc.	Carlsbad	USD	(–)	100
	GenMark Holdings, Inc.	Carlsbad	USD	(–)	100
	Good Therapeutics, Inc.	South San Francisco	USD	(–)	100
	Hoffmann-La Roche Inc.	Little Falls	USD	3.0	100
	IGEN International, Inc.	Pleasanton	USD	(–)	100
	Ignyta, Inc.	South San Francisco	USD	(–)	100
	InterMune, Inc.	South San Francisco	USD	(–)	100
	IQuum, Inc.	Indianapolis	USD	(–)	100
	Jecure Therapeutics, Inc.	South San Francisco	USD	(–)	100
	Kapa Biosystems, Inc.	Wilmington	USD	(–)	100
	Lexent Bio, Inc.	Boston	USD	(–)	100
	LumiraDx, Inc.	Waltham	USD	(–)	100
	Memory Pharmaceuticals Corp.	Little Falls	USD	(–)	100
	Prescient Design Corp.	South San Francisco	USD	(–)	100
	Promedior, Inc.	South San Francisco	USD	(–)	100
	Protocol First, Inc.	Murray	USD	(–)	100
	Roche Diabetes Care, Inc.	Indianapolis	USD	(–)	100
	Roche Diagnostics Corporation	Indianapolis	USD	(–)	100
	Roche Diagnostics Hematology, Inc.	Westborough	USD	(–)	100
	Roche Diagnostics Operations, Inc.	Indianapolis	USD	(–)	100
	Roche Diagnostics Seattle, Inc.	Seattle	USD	(–)	100
	Roche Holdings, Inc.	South San Francisco	USD	1.0	100
	Roche Laboratories Inc.	Little Falls	USD	(–)	100
	Roche Molecular Systems, Inc.	Pleasanton	USD	(–)	100
	Roche Palo Alto LLC	South San Francisco	USD	(–)	100
	Roche Sequencing Solutions, Inc.	Pleasanton	USD	(–)	100
	Roche TCRC, Inc.	Little Falls	USD	(–)	100
	Seragon Pharmaceuticals Inc.	South San Francisco	USD	(–)	100
	Spark Therapeutics International Holdings, Inc.	Philadelphia	USD	(–)	100
	Spark Therapeutics, Inc.	Philadelphia	USD	(–)	100
	Tanox, Inc.	South San Francisco	USD	(–)	100
	Telavant Holdings, Inc.	New York	USD	(–)	100
	Telavant, Inc.	New York	USD	(–)	100
	Therapeutic Human Polyclonals, Inc.	South San Francisco	USD	(–)	100
	TIB Molbiol LLC	Howell Township	USD	(–)	100
	Ventana Medical Systems, Inc.	Tucson	USD	(–)	100
	Viewics, Inc.	Santa Clara	USD	(–)	100
Uruguay	Roche International Ltd. (Montevideo Branch)	Montevideo	UYU	(–)	100
Venezuela	Productos Roche S.A.	Caracas	VEF	156.9	100
Vietnam	Roche Pharma (Vietnam) Company Limited	Ho Chi Minh City	VND	75,600.0	100
	Roche Vietnam Company Limited	Ho Chi Minh City	USD	25.0	100

(–) = share capital of less than 100,000 local currency units.

34. Accounting policies

This note provides a list of accounting policies adopted by the Group in the preparation of the Annual Financial Statements and the changes in accounting policies in 2024.

Consolidation policy

Subsidiaries are all companies over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Companies acquired during the year are consolidated from the date on which control is transferred to the Group, and subsidiaries to be divested are included up to the date on which control passes from the Group. Intercompany balances, transactions and resulting unrealised income are eliminated in full. Changes in ownership interests in subsidiaries are accounted for as equity transactions if they occur after control has already been obtained and if they do not result in a loss of control. Associates are companies over which the Group exercises, or has the power to exercise, significant influence, but which it does not control, and they are accounted for using the equity method.

Segment reporting

For the purpose of segment reporting the Group’s Corporate Executive Committee (CEC) is considered to be the Group’s Chief Operating Decision Maker. The determination of the Group’s operating segments is based on the organisation units for which information is reported to the CEC on a regular basis. The information provided is used as the basis of the segment revenue and profit disclosures reported in Note 2, with the geographic analysis based on the location of customers. Selected segment balance sheet information is also routinely provided to the CEC.

Transfer prices between operating segments are set on an arm’s length basis. Operating assets and liabilities consist of property, plant and equipment, goodwill and intangible assets, trade receivables/payables, inventories and other assets and liabilities, such as provisions, which can be reasonably attributed to the reported operating segments. Non-operating assets and liabilities mainly include current and deferred income tax balances, post-employment benefit assets/liabilities and financial assets/liabilities such as cash, marketable securities, investments and debt.

Foreign currency translation

The Annual Financial Statements are presented in Swiss francs. Most Group companies use their local currency as their functional currency. Certain Group companies use other currencies (such as US dollar, Swiss franc or euro) as their functional currency where this is the currency of the primary economic environment in which the entity operates. Local transactions in other currencies are initially reported using the exchange rate at the date of the transaction. Gains and losses from the settlement of such transactions and gains and losses on translation of monetary assets and liabilities denominated in other currencies are included in income, except when they are qualifying cash flow hedges or arise on monetary items that, in substance, form part of the Group’s net investment in a foreign entity. In such cases the gains and losses are deferred into other comprehensive income.

Upon consolidation, assets and liabilities of Group companies using functional currencies other than Swiss francs are translated into Swiss francs using year-end rates of exchange. The income statement and statement of cash flows are translated at the average rates of exchange for the year. Translation differences due to the changes in exchange rates between the beginning and the end of the year and the difference between net income translated at the average and year-end exchange rates are taken directly to other comprehensive income.

Revenue

Sales. Revenue from the sale of goods supplied (product sales) and services rendered are recorded as 'Sales'.

Sales are recognised when a promise in a customer contract (performance obligation) has been satisfied by transferring control over the promised goods and services to the customer. Control over a promised good or service refers to the ability to direct the use of, and obtain substantially all of the remaining benefits from, those goods or services. Control is usually transferred upon shipment, delivery to, upon receipt of goods by the customer, or as services are rendered, in accordance with the delivery and acceptance terms agreed with the customers. For goods subject to installation, such as instruments sold in the Diagnostics Division, sales are generally recognised upon completion of the installation at the customer's site and customer acceptance. The amount of sales to be recognised (transaction price) is based on the consideration the Group expects to receive in exchange for its goods and services, excluding amounts collected on behalf of third parties such as value added taxes or other taxes directly linked to sales. If a contract contains more than one performance obligation, the transaction price is allocated to each performance obligation based on their relative stand-alone selling prices.

Instruments in the Diagnostics Division may be sold together with other goods such as reagents and other consumables as well as services under a single contract or under several contracts that are combined for revenue recognition purposes. Sales are recognised upon satisfaction of each of the performance obligations in the contract. Instruments are either sold in cash and instalment sales transactions or otherwise made available to customers under finance lease and operating lease transactions.
- Finance leases: arrangements in which the Group transfers substantially all of the risks and rewards of ownership to the customer are treated as finance lease arrangements. Income from finance leases is recognised as sales at amounts that represent the fair value of the instrument, which approximates the present value of the minimum lease payments under the arrangement. As interest rates embedded in finance lease arrangements are approximately market rates, income from finance leases is comparable to revenue for outright sales. Finance income for finance lease arrangements longer than twelve months is deferred and subsequently recognised based on a pattern that approximates the use of the effective interest rate method and recorded in other revenue.
- Operating leases: income from operating leases is recognised as sales on a straight-line basis over the lease term or, when lease revenue is entirely variable and subject to subsequent reagent sales, as the performance obligation to deliver reagents is satisfied.

Sales, net of discounts, are based on estimates regarding the related obligations, including their stand-alone selling prices or fair values. It requires judgement to determine when different obligations are satisfied, including whether enforceable purchase commitments for further obligations exist and when they arise.

For contracts with distributors, no sales are recognised when goods are physically transferred to the distributor under a consignment arrangement, or if the distributor acts as an agent. In such cases, sales are recognised when control over the goods transfers to the end-customer, and distributor's commissions are presented within selling, general and administration costs. Commissions and similar payments to distributors acting as principals are deducted from sales unless such payments are in exchange for a distinct service.

The consideration received by the Group in exchange for its goods and services may be fixed or variable. Variable consideration is only recognised when it is considered highly probable that a significant revenue reversal will not occur once the underlying uncertainty related to variable consideration is subsequently resolved. The most common elements of variable consideration in the Pharmaceuticals Division are listed below:
- Government and regulatory mandatory price reductions. The major elements of these mandatory price reductions are the 340B Drug Discount Program, Medicaid and other plans in the US.
- Contractual price reductions. These include rebates and chargebacks that are the result of contractual agreements that are primarily volume based and performance based.
- Cash discounts. These include credits offered to wholesalers for remitting payment on their purchases within contractually defined incentive periods.
- Customer returns reserves. These are allowances established for expected product returns.

Revenues from product sales are recorded net of allowances for estimated rebates, chargebacks, cash discounts and estimates of product returns, all of which are established at the time of sale. All product sales allowances are based on estimates of the amounts earned or to be claimed on the related sales. These estimates take into consideration historical experience, current contractual and statutory requirements, specific known market events and trends such as competitive pricing and new product introductions, estimated inventory levels, and the shelf life of products. If actual future results vary, these estimates need to be adjusted, with an effect on sales and earnings in the period of the adjustment. Sales reductions that are expected to be withheld by the customer upon settlement, such as contractual price reductions and cash discounts, are recorded in the balance sheet as a deduction from trade receivables. Sales reductions that are separately payable to customers, governmental health authorities or healthcare regulatory authorities are recorded in the balance sheet as accrued liabilities. Provisions for sales returns are recorded in the balance sheet as other provisions.

The Group recognises a deferred income (contract liability) if consideration has been received (or has become receivable) before the Group transfers the promised goods or services to the customer. Deferred income mainly relates to remaining performance obligations for goods free of charge under certain patient access or similar programmes, reagents and other consumables and services.

Remaining performance obligations in (partially) unsatisfied long-term contracts are either included in deferred income or are related to amounts the Group expects to receive for goods and services that have not yet been transferred to customers under existing, non-cancellable or otherwise enforceable contracts. These are mainly associated with contracts with minimum purchase commitments related to reagents and consumables for previously sold instruments as well as monitoring and maintenance services. For contracts that have an original duration of one year or less, the Group has elected the practical expedient to not disclose the transaction price for remaining performance obligations at the end of each reporting period and at which point in time the Group expects to recognise these sales.

Other revenue. Other revenue includes royalty income, profit-share income, other income from collaboration and out-licensing agreements and other items, including interest income from finance leases.

Royalty income earned through a licence is recognised as the underlying sales are recorded by the licensee. Income from profit-sharing agreements with collaboration partners is recognised as underlying sales and cost of sales are recorded by the collaboration partners.

Income from out-licensing agreements typically arises from the receipt of upfront, milestone and other similar payments from third parties for granting a licence to product- or technology-related intellectual property (IP). Collaboration and out-licensing agreements may be entered into with no further obligation or may include commitments to conduct research, late-stage development, regulatory approval, co-marketing or manufacturing. Licences granted are usually rights to use IP and are generally unique. Therefore the basis of allocating revenue to performance obligations makes use of the residual approach. Upfront payments and other licensing fees are usually recognised upon granting the licence unless some of the income shall be deferred for other performance obligations using the residual approach. Such deferred income is released and recognised as revenue when other performance obligations are satisfied. Milestone payments are typically received upon reaching a specific scientific milestone (development milestone) or upon achieving a certain annual sales milestone (commercial milestone). Development milestone income is recognised at the point in time when it is highly probable that the respective milestone event criterion is achieved, and the risk of revenue reversal is considered remote. Commercial milestone income is accrued and recognised as revenue when it is highly probable that the annual sales milestone is reached during the period.

Also included is income from other services rendered which are usually not part of the Group's primary business activities, to the extent that such revenue is not recorded under 'Sales', and is recognised when control transfers and performance obligations are satisfied.

Cost of sales

Cost of sales includes the corresponding direct production costs and related production overheads of goods sold and services rendered. Royalties, alliance and collaboration expenses, including all collaboration profit-sharing agreements, are also reported as part of cost of sales. Start-up costs between validation and the achievement of normal production capacity are expensed as incurred.

Research and development

Internal research and development activities are expensed as incurred for the following:
- Internal research costs incurred for the purpose of gaining new scientific or technical knowledge and understanding.
- Internal development costs incurred for the application of research findings or other knowledge to plan and develop new products for commercial production. The development projects undertaken by the Group are subject to technical, regulatory and other uncertainties, such that, in the opinion of management, the criteria for capitalisation as intangible assets are not met prior to obtaining marketing approval by the regulatory authorities in major markets.
- Post-marketing studies after regulatory approval, such as phase IV costs in the pharmaceuticals business, generally involve safety surveillance and ongoing technical support of a drug after it receives marketing approval to be sold. They may be required by regulatory authorities or may be undertaken for safety or commercial reasons. The costs of such post-marketing studies are not capitalised as intangible assets as, in the opinion of management, they do not generate separately identifiable incremental future economic benefits that can be reliably measured.

Acquired in-process research and development resources obtained through in-licensing arrangements, business combinations or separate asset purchases, including asset acquisitions, are capitalised as intangible assets. The acquired asset must be controlled by the Group, be separately identifiable and expected to generate future economic benefits, even if uncertainty exists as to whether the research and development will ultimately result in a marketable product. Consequently, upfront and milestone payments to third parties for pharmaceutical products or compounds before regulatory marketing approval are recognised as intangible assets. Assets acquired through such arrangements are measured on the basis set out in the 'Intangible assets' policy. Subsequent internal research and development costs incurred post-acquisition are treated in the same way as other internal research and development costs. If research and development are embedded in contracts for strategic alliances, the Group carefully assesses whether upfront or milestone payments constitute funding of research and development work or acquisition of an asset.

Other operating income (expense)

Other operating income (expense) includes non-revenue income and expenses that do not fall into the regular functional costs. Amongst others, it includes impairment charges related to goodwill and income from disposal of product rights. Payments received for the disposal of products and similar rights are recognised as income upon transfer of control over such rights.

Employee benefits

Short-term employee benefits include wages, salaries, social security contributions, paid annual leave and sick leave, profit sharing and bonuses, and non-monetary benefits for current employees. The costs are recognised within the operating results when the employee has rendered the associated service. The Group recognises a liability for profit sharing and bonuses where contractually obliged or where there is a past practice that has created a constructive obligation.

Long-term employee benefits include long-service or sabbatical leave, long-service benefits and long-term disability benefits. The expected costs of these benefits are accrued over the period of employment. Any changes in the carrying value of other long-term employee benefit liabilities are recognised within the operating results.

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. Termination costs are recognised at the earlier of when the Group can no longer withdraw the offer of the benefits or when the Group recognises any related restructuring costs.

Pensions and other post-employment benefits

For defined contribution plans the Group contributions are recognised within the operating results when the employee has rendered the associated service. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

For defined benefit plans the liability recognised in the balance sheet is the present value of the defined benefit obligation less the fair value of the plan assets. All changes in the net defined benefit liability are recognised as they occur as follows:

Recognised in the income statement:
- Current service cost is charged to the appropriate income statement heading within the operating results.
- Past service cost, including curtailment gains or losses, is recognised immediately in other operating income (expense) within the operating results.
- Settlement gains or losses are recognised in other operating income (expense) within the operating results.
- Net interest on the net defined benefit liability is recognised in financing costs.

Recognised in other comprehensive income:
- Actuarial gains and losses arising from experience adjustments (the difference between previous assumptions and what has actually occurred) and changes in actuarial assumptions.
- The return on plan assets, excluding amounts included in net interest on the net defined benefit liability.
- Any change in the limit on the recognition of plan assets, excluding amounts included in net interest on the net defined benefit liability.

Net interest on the net defined benefit liability is comprised of interest income on plan assets, interest cost on the defined benefit obligation and interest on the effect of the limit on the recognition of pension assets. The net interest is calculated using the same discount rate that is used in calculating the defined benefit obligation, applied to the net defined liability at the start of the period, taking into account any changes from contribution or benefit payments.

Pension assets and liabilities in different defined benefit plans are not offset unless the Group has a legally enforceable right to use the surplus in one plan to settle obligations in the other plan.

Equity compensation plans

The fair value of all equity compensation awards granted to employees is estimated at the grant date and recorded as an expense over the vesting period. The expense is charged to the appropriate income statement heading within the operating results. For equity-settled plans, an increase in equity is recorded for this expense and any subsequent cash flows from exercises of vested awards are recorded as changes in equity.

Property, plant and equipment

Property, plant and equipment are initially recorded at cost of purchase or construction, and include all costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. These include items such as costs of site preparation, installation and assembly costs, and professional fees. The net costs of testing whether the asset is functioning properly, including validation costs, are also included in the initially recorded cost of construction. Interest and other borrowing costs incurred with respect to qualifying assets are capitalised and included in the carrying value of the assets. Property, plant and equipment are depreciated on a straight-line basis, except for land, which is not depreciated. The estimated useful lives of major classes of depreciable assets are as follows:

Land improvements	40 years
Buildings	10–50 years
Machinery and equipment:	
• Diagnostic instruments	3–5 years
• Office equipment	3–6 years
• Motor vehicles	5–8 years
• Other machinery and equipment	4–15 years

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate components. The estimated useful lives of the assets are regularly reviewed and, if necessary, the future depreciation charges are accelerated. Repairs and maintenance costs are expensed as incurred.

Leases

Where the Group is the lessee. At inception of a contract the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Group recognises a right-of-use asset and a corresponding lease liability for each contract that is, or contains, a lease at the lease commencement date, except for short-term leases and leases of low-value assets. Payments for short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the term of the respective lease. The lease liability is initially measured at the present value of the future lease payments that are not paid at the lease commencement date. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, the Group's incremental borrowing rate in the respective markets. Lease payments include fixed payments, variable payments that depend on an index or rate known at the lease commencement date and payments from exercising extension or purchase options if the Group is reasonably certain to exercise. The lease liability is subsequently measured at amortised costs using the effective interest method. It is remeasured, with a corresponding adjustment to the related right-of-use asset, when there is a change in future lease payments following a contract renegotiation, a change of an index or rate or a reassessment of options. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any payments made at or before the lease commencement date and which includes any initial direct costs incurred and expected costs of obligations to dismantle, remove or refurbish the underlying asset, less any incentives received. Right-of-use assets are depreciated on a straight-line basis from the lease commencement date over the shorter of the lease term or the useful life of the underlying asset. Right-of-use assets are assessed for impairment whenever there is an indication for impairment.

Where the Group is the lessor. Certain assets, mainly diagnostics instruments, are leased to third-party customers through both finance and operating lease arrangements. Such transactions may be entered into in separate contracts or in combined contracts including reagents and other consumables and services. The treatment of leasing transactions is mainly determined by whether the lease is considered to be an operating or finance lease, which requires judgement. In making this assessment, management looks at the substance of the lease, as well as the legal form, and makes a judgement about whether substantially all of the risks and rewards of ownership are transferred. If this is the case, then the lease is a finance lease. If not, then it is an operating lease. Arrangements which do not take the legal form of a lease but that nevertheless convey the right to use an asset are also covered by such judgemental assessments.

- Finance leases: finance lease assets are reported as receivables at an amount equal to the net investment in the lease. Income from finance leases is recognised as sales at amounts that represent the stand-alone selling price of the instrument, which approximates the present value of the minimum lease payments under the arrangement. Minimum lease payments exclude any variable lease payments or contingent rent. Finance income for finance lease arrangements longer than twelve months is deferred and subsequently recognised based on a pattern that approximates the use of the effective interest method and recorded in other revenue.
- Operating leases: income from operating leases is recognised as sales on a straight-line basis over the lease term at amounts that represent the stand-alone selling price of the instrument, which approximates the present value of the minimum lease payments under the arrangement. Minimum lease payments exclude any variable lease payments or contingent rent. When lease revenue is entirely based on variable lease payments and subject to subsequent reagent sales, it is recognised as the performance obligations for reagents are satisfied.

Sales, net of discounts, are based on estimates regarding the related obligations, including their stand-alone selling prices. It requires judgement to determine when different obligations are satisfied, including whether enforceable purchase commitments for further obligations exist and when they arise.

Mergers and acquisitions

Business combinations. Business combinations are accounted for using the acquisition method of accounting. At the date of the acquisition the Group initially recognises the fair value of the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquired business. The consideration transferred is measured at fair value at the date of acquisition. Where the Group does not acquire 100% ownership of the acquired business, non-controlling interests are recorded either at fair value or as the proportion of the fair value of the acquired net assets attributable to the non-controlling interest. Directly attributable acquisition-related costs are expensed as incurred within other operating income (expense).

Asset acquisitions. Asset acquisitions are acquisitions of legal entities that do not qualify as business combinations. At the date of the acquisition the Group initially recognises the individual identifiable assets acquired and liabilities assumed. The cost to the Group at the date of the acquisition is allocated to the individual identifiable assets and liabilities on the basis of their relative fair values at the date of the acquisition. Subsequent consideration for performance-related development milestones is recognised as intangible assets when the specific milestones have been achieved and other recognition criteria are met. Such transactions do not give rise to goodwill. Material directly attributable acquisition-related costs are included in the cost of the acquired assets.

Goodwill

Goodwill arises in a business combination and is the excess of the consideration transferred to acquire the business over the underlying fair value of the net identified assets acquired. Goodwill is not amortised but is tested for impairment at least annually and upon the occurrence of an indication of impairment.

Intangible assets

Purchased patents, licences, trademarks and other intangible assets are initially recorded at cost. Assets that have been acquired through a business combination are initially recorded at fair value. Commercial software development costs are capitalised when certain recognition criteria such as technical feasibility and commercial viability are met. Once available for use, intangible assets are amortised on a straight-line basis over their useful lives. Intangible assets are reviewed for impairment at each reporting date. The estimated useful life is the lower of the legal duration and the economic useful life. The estimated useful lives of intangible assets are regularly reviewed. Estimated useful lives of major classes of amortisable intangible assets are as follows:

Product intangibles in use	up to 20 years
Other intangible assets:	
• Marketing intangibles in use	up to 15 years
• Technology intangibles in use	up to 20 years

Impairment of property, plant and equipment, right-of-use assets and intangible assets

An impairment assessment is carried out when there is evidence that an asset may be impaired. In addition, intangible assets that are not yet available for use are tested for impairment annually. When the recoverable amount of an asset, being the higher of its fair value less costs of disposal and its value in use, is less than its carrying value, then the carrying value is reduced to its recoverable amount. This reduction is reported in the income statement as an impairment loss. Value in use is calculated using estimated cash flows, generally over a five-year period, with extrapolating projections for subsequent years. These are discounted using an appropriate long-term interest rate. Fair value less costs of disposal is calculated using a discounted cash flow approach and reflects estimates of the assumptions that market participants would be expected to use when pricing the assets using often unobservable market inputs. When an impairment loss arises, the useful life of the asset is reviewed and, if necessary, the future depreciation/amortisation charge is accelerated. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through the income statement as an impairment reversal.

Impairment of goodwill

Goodwill is assessed for impairment at each reporting date and is additionally tested annually for impairment. Goodwill is allocated to cash-generating units and when the recoverable amount of the cash-generating unit, being the higher of its fair value less costs of disposal or its value in use, is less than its carrying value, then the carrying value of the goodwill is reduced to its recoverable amount. This reduction is reported in the income statement within other operating income (expenses) as an impairment loss. When an acquired business that is included within a cash-generating unit permanently ceases to operate, then it is treated as a disposal of that business. For separately identifiable goodwill that was generated on the initial acquisition of that business and where all of the factors that made up that goodwill are entirely unrelated to the continuing operations of the cash-generating unit, then the goodwill is deemed to have been disposed of and is fully impaired. As described in Note 9, this also applies if acquired products permanently cease to generate economic benefits or if acquired technologies permanently cease to operate. The impairment testing methodology is further described in Note 9.

Inventories

Inventories are stated at the lower of cost and net realisable value. The cost of finished goods, work in process and intermediates includes raw materials, direct labour and other directly attributable costs and overheads based upon the normal capacity of production facilities. Cost is determined using the weighted average method. Net realisable value is the estimated selling price less cost to completion and selling expenses.

Receivables, including accounts receivable

Receivables are carried at the original invoice amount less allowances made for doubtful accounts, trade discounts, cash discounts, volume rebates and similar allowances. A receivable represents a right to consideration that is unconditional and excludes contract assets. An allowance for doubtful accounts is recorded for expected credit losses over the term of the receivables. These estimates are based on specific indicators, such as the ageing of customer balances, specific credit circumstances and the Group's historical loss rates for each category of customers, and adjusted for forward-looking macroeconomic data. Expenses for doubtful trade receivables are recognised within selling, general and administration costs. Trade discounts, cash discounts, volume rebates and similar allowances are recorded on an accrual basis consistent with the recognition of the related sales, using estimates based on existing contractual obligations, historical trends and the Group's experience.

Receivables are written off (either partly or in full) when there is no reasonable expectation of recovery. Where receivables have been written off, the Group continues to engage in enforcement activities to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

For trade and lease receivables, the Group applies the simplified approach prescribed by IFRS 9, which requires/permits the use of the lifetime expected loss provision from initial recognition of the receivables. The Group measures an allowance for doubtful accounts equal to the credit losses expected over the lifetime of the trade and lease receivables.

Cash and cash equivalents

Cash and cash equivalents include cash on hand and time, call and current balances with banks and similar institutions. Such balances are only reported as cash equivalents if they are readily convertible to known amounts of cash, are subject to insignificant risk of changes in their fair value and have a maturity of three months or less from the date of acquisition.

Assets held for sale and liabilities directly associated with assets held for sale

Assets held for sale and the liabilities directly associated with assets held for sale are presented separately in the current section of the balance sheet where their carrying amounts are to be recovered principally through a sale transaction which is considered highly probable to be completed within 12 months. Immediately before the initial classification as held for sale, the carrying amounts of the assets and liabilities are measured in accordance with the applicable accounting policy. Assets held for sale and the directly associated liabilities are subsequently measured at the lower of their carrying amount and fair value less costs to sell. Assets held for sale are no longer amortised or depreciated.

Provisions and contingencies

Provisions are recognised where a legal or constructive obligation has been incurred which will probably lead to an outflow of resources that can be reliably estimated. In particular, restructuring provisions are recognised when the Group has a detailed formal plan that has either commenced implementation or has been announced. Provisions are recorded for the estimated ultimate liability that is expected to arise and are discounted when the time value of money is material. A contingent liability is disclosed where the existence of the obligation will only be confirmed by future events or where the amount of the obligation cannot be measured with reasonable reliability. Contingent assets are not recognised, but are disclosed where an inflow of economic benefits is probable.

Fair values

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It is determined by reference to quoted market prices or by the use of established valuation techniques such as option pricing models and the discounted cash flow method if quoted prices in an active market are not available.

Financial instruments

The Group classifies its financial instruments in the following measurement categories which are disclosed in Note 31: amortised cost; fair value through OCI; fair value through OCI – equity investments; or fair value through profit or loss (including hedging instruments).

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows. The Group reclassifies debt securities and financial assets at amortised cost when and only when its business model for managing those assets changes.

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Amortised cost. Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost, less provision for impairment. A gain or loss on a debt security that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in other financial income using the effective interest rate method. Assets at amortised cost are mainly comprised of accounts receivable, cash and cash equivalents and time accounts over three months.

Fair value through other comprehensive income (fair value through OCI). These are financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest. Those are initially recorded and subsequently carried at fair value. Changes in the fair value are recorded in other comprehensive income, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss. Interest income from these financial assets is included in other financial income using the effective interest rate method. Fair value through other comprehensive income assets are mainly comprised of money market instruments and debt securities.

Equity investments at fair value through other comprehensive income (fair value through OCI). These are equity investments in private biotechnology companies, which are kept as part of the Group's strategic alliance efforts. These assets are subsequently measured at fair value. Dividends are recognised as other financial income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and included in the fair value reserve. When such an asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified within equity from the fair value reserve to retained earnings and never to profit or loss.

Fair value through profit or loss. These are financial assets whose performance is evaluated on a fair value basis. A gain or loss on a financial asset that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and presented within other financial income (expense) in the period in which it arises. Fair value through profit or loss assets are mainly comprised of equity investments/securities and debt investments. Contingent consideration liabilities are initially recorded and subsequently carried at fair value with changes in fair value recorded in other operating income (expense) within the operating results of the income statement.

Fair value through profit or loss – hedging instruments. These are derivative financial instruments that are used to manage the exposures to foreign currency, interest rate, equity market and credit risks. These instruments are initially recorded and subsequently carried at fair value. Apart from those derivatives designated as qualifying cash flow hedging instruments, all changes in fair value are recorded as other financial income (expense).

Other financial liabilities. These are non-derivative financial liabilities. Other financial liabilities are initially recorded at fair value, less transaction costs, and subsequently carried at amortised cost using the effective interest rate method. Other financial liabilities are mainly comprised of debt and trade payables.

Debt. Debt instruments are initially recorded at cost, which is the proceeds received, net of transaction costs. Subsequently they are reported at amortised cost. Any discount between the net proceeds received and the principal value due on redemption is amortised over the duration of the debt instrument and is recognised as part of financing costs using the effective interest rate method.

Derecognition. A financial asset is derecognised when the contractual cash flows from the asset expire or when the Group transfers the rights to receive the contractual cash flows from the financial assets in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. A financial liability is derecognised when the contractual obligations are discharged, cancelled or expire.

Impairment of financial assets

The Group recognises loss allowances for expected credit losses ('ECL') for financial assets measured at amortised cost and debt securities measured at fair value through OCI.

For trade and lease receivables the Group measures the allowance for doubtful accounts at an amount equal to lifetime ECL.

For debt securities carried at fair value through OCI and debt securities and other financial assets at amortised cost, which are determined to have low credit risk based on external credit ratings of the counterparties, the Group measures loss allowances at an amount equal to 12-month ECL. The Group considers debt securities to have low credit risk when their credit risk rating is equivalent to the globally understood definition of 'investment grade'. The Group considers this to be at least Baa3 from Moody's and BBB- from Standard & Poor's. When the credit risk of debt securities carried at fair value through OCI and debt securities and other financial assets at amortised cost has increased significantly since their initial recognition, the Group measures loss allowances at an amount equal to lifetime ECL. The Group assumes that the credit risk of such instruments have increased significantly if they are more than 30 days past due.

Financial assets are written off (either partially or in full) when there is no realistic prospect of recovery. This is generally the case when the Group determines that the customer does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off are still subject to enforcement activities in order to comply with the Group's policy for recovery of amounts due.

Hedge accounting

The Group uses derivatives to manage its exposures to foreign currency, interest rate, equity market and credit risks. The instruments used may include interest rate swaps, forwards contracts and options. The Group generally limits the use of hedge accounting to certain significant transactions. To qualify for hedge accounting, the hedging relationship must meet several strict conditions on eligibility of hedging and hedged instruments, formal designation and documentation, as well as hedge effectiveness and reliability of measurement. While many of these transactions can be considered as hedges in economic terms, if the required conditions are not met, then the relationship does not qualify for hedge accounting. In this case the hedging instrument and the hedged item are reported independently as if there were no hedging relationship, which means that any derivatives are reported at fair value, with changes in fair value included in other financial income (expense).

Cash flow hedge. This is a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability or a highly probable forecasted transaction and could affect profit or loss. The hedging instrument is recorded at fair value. The effective portion of the hedge is included in other comprehensive income and any ineffective portion is reported in other financial income (expense). If the hedging relationship is the hedge of the foreign currency risk of a firm commitment or highly probable forecasted transaction that results in the recognition of a non-financial item, the cumulative changes in the fair value of the hedging instrument that have been recorded in other comprehensive income are included in the initial carrying value of the non-financial item at the date of recognition. For all other cash flow hedges, the cumulative changes in the fair value of the hedging instrument that have been recorded in other comprehensive income are included in profit or loss when the forecasted transaction affects net income.

Fair value hedge. This is a hedge of the exposure to changes in fair value of a recognised asset or liability, or an unrecognised firm commitment, or an identified portion of such an asset, liability or firm commitment, that is attributable to a particular risk and could affect profit or loss. The hedging instrument is recorded at fair value and the hedged item is recorded at its previous carrying value, adjusted for any changes in fair value that are attributable to the hedged risk. Changes in the fair values are reported in other financial income (expense).

Taxation

Income taxes include all taxes based upon the taxable profits of the Group, including withholding taxes payable on the distribution of retained earnings within the Group. Other taxes not based on income, such as business taxes and capital taxes, are included within selling, general and administration costs.

Liabilities for income taxes, mainly withholding taxes, which could arise on the remittance of retained earnings, principally relating to subsidiaries, are only recognised where it is probable that such earnings will be remitted in the foreseeable future. Where the amount of tax liabilities is uncertain, accruals are recorded within income tax liabilities for management's best estimate of the ultimate liability that is expected to arise based on the specific circumstances and the Group's historical experience.

Deferred tax assets and liabilities are recognised on temporary differences between the tax bases of assets and liabilities and their carrying values. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised. The Group has applied the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes.

Current and deferred tax assets and liabilities are offset when the income taxes are levied by the same taxation authority and when there is a legally enforceable right to offset them. Deferred taxes are determined based on the currently enacted tax rates applicable in each tax jurisdiction where the Group operates.

Own equity instruments

The Group's holdings in its own equity instruments are recorded as a deduction from equity. The original purchase cost, consideration received for subsequent resale of these equity instruments and other movements are reported as changes in equity. These instruments are held for the Group's potential conversion obligations that may arise from the Group's equity compensation plans.

Changes in accounting policies

In 2024 the Group has implemented various minor amendments to existing accounting standards and interpretations, which have no material impact on the Group's overall results and financial position.

Change in operating segments

Effective 1 January 2024, the operational responsibility for the Foundation Medicine business was moved to the Diagnostics Division from the Pharmaceuticals Division. Accordingly, from 1 January 2024 the results of the Foundation Medicine business are reported as part of the Diagnostics Division. This represented a change in the Group's operating segments in its financial reporting, and consequently the comparative 2023 results have been restated in these Annual Financial Statements.

This change had no impact on sales, operating profit, net income and earnings per share and non-voting equity security of the Group as a whole. The operating results of the two divisions, Pharmaceuticals and Diagnostics, were affected by this change.

Comparative 2023 information has been restated, and a reconciliation to the previously published results is provided below.

Restated Roche Group consolidated income statement (selected items) in millions of CHF

	Year ended 31 December 2023		
	As originally published	Change in operating segments	Restated
Pharmaceuticals			
Sales	44,612	(347)	44,265
Other revenue	1,667	(19)	1,648
Cost of sales	(9,083)	150	(8,933)
Research and development	(12,352)	237	(12,115)
Selling, general and administration	(7,945)	755	(7,190)
Other operating income (expense)	233	3	236
Operating profit	**17,132**	**779**	**17,911**
Diagnostics			
Sales	14,104	347	14,451
Other revenue	58	19	77
Cost of sales	(7,274)	(150)	(7,424)
Research and development	(1,848)	(237)	(2,085)
Selling, general and administration	(3,042)	(755)	(3,797)
Other operating income (expense)	173	(3)	170
Operating profit	**2,171**	**(779)**	**1,392**

Restated operating segment information (selected items) in millions of CHF

	Year ended 31 December 2023		
	As originally published	Change in operating segments	Restated
Certain divisional information			
Revenue from other operating segments – Diagnostics			
Sales	15	105	120
Other revenue	0	6	6
Elimination of interdivisional revenue	(15)	(111)	(126)
Total	**–**	**–**	**–**
Certain subdivisional information			
Roche Pharmaceuticals			
Sales	42,810	(347)	42,463
Other revenue	1,620	(19)	1,601
Research and development costs	(11,258)	237	(11,021)
Operating profit	13,868	779	14,647
Capital expenditure			
Pharmaceuticals			
Business combinations	0	0	0
Asset acquisitions	6,219	0	6,219
Additions to property, plant and equipment	1,970	(150)	1,820
Additions to right-of-use assets	681	(509)	172
Additions to intangible assets	963	0	963
Total	**9,833**	**(659)**	**9,174**
Roche Pharmaceuticals			
Business combinations	0	0	0
Asset acquisitions	6,219	0	6,219
Additions to property, plant and equipment	1,532	(150)	1,382
Additions to right-of-use assets	630	(509)	121
Additions to intangible assets	962	0	962
Total	**9,343**	**(659)**	**8,684**
Diagnostics			
Business combinations	0	0	0
Asset acquisitions	0	0	0
Additions to property, plant and equipment	1,716	150	1,866
Additions to right-of-use assets	214	509	723
Additions to intangible assets	53	0	53
Total	**1,983**	**659**	**2,642**

Restated operating segment information (selected items) in millions of CHF (*continued*)

	Year ended 31 December 2023		
	As originally published	Change in operating segments	Restated
Other segment information			
Pharmaceuticals			
Depreciation of property, plant and equipment	1,263	(33)	1,230
Depreciation of right-of-use assets	197	(28)	169
Amortisation of intangible assets	554	(1)	553
Impairment (reversal) of property, plant and equipment	277	(221)	56
Impairment (reversal) of right-of-use assets	319	(287)	32
Impairment of goodwill	591	0	591
Impairment of intangible assets	589	0	589
Equity compensation plan expenses	634	(45)	589
Roche Pharmaceuticals			
Depreciation of property, plant and equipment	1,108	(33)	1,075
Depreciation of right-of-use assets	166	(28)	138
Amortisation of intangible assets	544	(1)	543
Impairment (reversal) of property, plant and equipment	269	(221)	48
Impairment (reversal) of right-of-use assets	319	(287)	32
Impairment of goodwill	591	0	591
Impairment of intangible assets	569	0	569
Equity compensation plan expenses	632	(45)	587
Diagnostics			
Depreciation of property, plant and equipment	1,095	33	1,128
Depreciation of right-of-use assets	116	28	144
Amortisation of intangible assets	162	1	163
Impairment (reversal) of property, plant and equipment	73	221	294
Impairment (reversal) of right-of-use assets	0	287	287
Impairment of goodwill	0	0	0
Impairment of intangible assets	19	0	19
Equity compensation plan expenses	113	45	158

Restated operating segment information on net operating assets (selected items) in millions of CHF

	31 December 2023		
	As originally published	Change in operating segments	Restated
Pharmaceuticals			
Assets	49,640	(444)	49,196
Liabilities	(13,134)	165	(12,969)
Net operating assets	**36,506**	**(279)**	**36,227**
Roche Pharmaceuticals			
Assets	46,077	(444)	45,633
Liabilities	(13,269)	165	(13,104)
Net operating assets	**32,808**	**(279)**	**32,529**
Diagnostics			
Assets	20,484	444	20,928
Liabilities	(4,546)	(165)	(4,711)
Net operating assets	**15,938**	**279**	**16,217**

Future new and revised accounting standards

The Group is currently assessing the potential impacts of the various new and revised accounting standards and interpretations that will be mandatory from 1 January 2025 and which the Group has not yet applied. Based on an analysis to date, the Group does not anticipate that these will have a material impact on the Group's overall results and financial position. The Group is also assessing other new and revised accounting standards which are not mandatory until after 2025, including IFRS 18 'Presentation and Disclosure in Financial Statements'.

Report of Roche Management on Internal Control over Financial Reporting

Report of Roche Management on Internal Control over Financial Reporting

The Board of Directors and management of Roche Holding Ltd are responsible for establishing and maintaining adequate control over financial reporting. The internal control system was designed to provide reasonable assurance over the reliability of financial reporting and the preparation and fair presentation of consolidated financial statements in accordance with International Financial Reporting Standards (IFRS Accounting Standards).

All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective may not prevent or detect misstatements and can provide only reasonable assurance with respect to financial statement preparation and presentation. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions or that the degree of compliance with the policies or procedures may deteriorate.

Management assessed the effectiveness of its system of internal control over financial reporting as of 31 December 2024 based on the criteria for effective internal control over financial reporting described in *Internal Control – Integrated Framework 2013* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on this assessment, management has concluded that the system of internal control over financial reporting was effective as of 31 December 2024.

The Statutory Auditor KPMG AG has audited the consolidated financial statements of Roche Holding Ltd for the year ended 31 December 2024 in accordance with Swiss Auditing Standards and with the International Standards on Auditing (ISA).

Severin Schwan
Chairman of the Board of Directors

Alan Hippe
Chief Financial Officer

Basel, 28 January 2025

Statutory Auditor's Report

To the General Meeting of Roche Holding Ltd, Basel

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Roche Holding Ltd and its subsidiaries (the Group), which comprise the consolidated income statement and consolidated statement of comprehensive income of the Group for the year ended 31 December 2024, the related consolidated balance sheet as at 31 December 2024, the consolidated statement of cash flows and changes in equity for the year then ended, and notes to the consolidated financial statements including material accounting policy information.

In our opinion, the consolidated financial statements (pages 46–159) give a true and fair view of the consolidated financial position of the Group as at 31 December 2024, its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards and comply with Swiss law.

Basis for Opinion

We conducted our audit in accordance with Swiss law, International Standards on Auditing (ISAs) and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Group in accordance with the provisions of Swiss law, together with the requirements of the Swiss audit profession, as well as those of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Mandatory and contractual sales price reductions in the US pharmaceuticals business

Carrying value of product intangibles not available for use in the Pharmaceuticals Division

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KPMG

Mandatory and contractual sales price reductions in the US pharmaceuticals business

Key Audit Matter

The Group's pharmaceuticals business makes sales to various customers in the US that fall under certain government and regulatory mandatory as well as contractual price reductions. These create obligations for the Group to provide customers with chargebacks or rebate payments and result in deductions from gross amounts invoiced in arriving at sales. The estimated amounts are deducted from gross sales and recorded as accrued liabilities (rebates), or as a deduction from accounts receivable (chargebacks). These estimates are based on analyses of existing contractual or legislatively mandated obligations, recent trends and historical experience.

Management has determined the accruals relating to rebates and chargebacks in the US pharmaceuticals business to be CHF 2,001 million as at 31 December 2024 of which CHF 1,364 million relate to Medicaid and contractual price reductions, defined as Key Audit Matter.

We focused on this area because the arrangements are complex and because establishing an appropriate year-end position requires judgement and estimation by management.

Our response

We obtained an understanding of the Group's process for developing the estimate, including the calculation process and the determination of underlying assumptions. Our substantive audit procedures included, amongst others, the evaluation of the Group's ability to accurately estimate the accruals for sales price reductions in the US pharmaceutical business by comparing deductions from gross sales to actual claims received from third parties. We developed an independent estimate of accruals related to Medicaid and contractual price reductions using the terms of specific rebate programmes and/or contracts with customers, historical revenue data, market demand and market conditions in the US, and historical trends of actual rebate claims and chargebacks paid, and compared the result to the Group's estimates.

We also evaluated the appropriateness of the Group's revenue recognition accounting policies, including the recognition and measurement of deductions to gross sales relating to price reductions and related disclosures.

For further information on mandatory and contractual sales price reductions in the US pharmaceuticals business refer to the following:

Page 52 (Note 1 General accounting principles – Key accounting judgements, estimates and assumptions), pages 59, 85 and 88 (Note 3 Revenue, Note 12 Accounts receivable and Note 19 Other current liabilities) and page 144 (Note 34 Accounting policies).

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Carrying value of product intangibles not available for use in the Pharmaceuticals Division

Key Audit Matter

As part of the pharmaceuticals business, the Group enters into business combinations, assets acquisitions or in-licensing arrangements to support its research and development activities. This results in the recognition of product intangibles not available for use (CHF 12,649 million), mostly representing in-process research and development assets.

Due to the inherent uncertainties in the research and development processes, product intangibles not available for use are particularly at risk of impairment. Risks include an inability to achieve successful trial results, obtain required clinical and/or regulatory approvals and a highly competitive business environment in the therapeutic areas where the Group has significant assets in research or development.

The impairment assessment requires management to make assumptions and judgements on the clinical, technical and commercial viability of the new products. Accordingly, we also focused our audit work on these areas.

Our response

We obtained an understanding of the Group's impairment process and evaluated the design and implementation of certain controls related to the Group's recoverable amount calculation and underlying assumptions. Our substantive audit procedures included, amongst others, on a sample basis, evaluating the robustness of the key assumptions used to determine the recoverable amounts, including forecast revenues and the discount rate.

Our evaluation was based on our understanding of the commercial prospects of the individual products, as well as the relevant therapeutic areas and the markets in which they will be launched. We used our valuation specialists to assist us in evaluating the assumptions and methodologies used by management in relation to the discount rate. We assessed the key inputs such as projected pricing and volumes and the products' projected share of the therapeutic area, by comparing relevant assumptions to industry forecasts and by reviewing analyst commentaries. We compared management's assumptions with external data where it was available. We performed sensitivity analyses over individual intangible asset impairment models to assess the levels of sensitivity to changes in key assumptions so we could focus our work on those areas and assess management's allowance for risk. In addition, we assessed the reasonableness of management's assumptions regarding the probability of obtaining regulatory approval through comparison to industry practice, history and consideration of the Group's internal governance and approval processes.

For further information on the carrying value of product intangibles not available for use in the Pharmaceuticals Division refer to the following:

Page 52 (Note 1 General accounting principles – Key accounting judgements, estimates and assumptions), page 81 (Note 10 Intangible assets) and page 144 (Note 34 Accounting policies).

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Other Information

The Board of Directors is responsible for the other information. The other information comprises the information included in the finance report and the annual report, but does not include the consolidated financial statements, the stand-alone financial statements of the company, the remuneration report and our auditor's reports thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Board of Directors' Responsibilities for the Consolidated Financial Statements

The Board of Directors is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards and the provisions of Swiss law, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law, ISAs and SA-CH will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Swiss law, ISAs and SA-CH, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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— Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors or its relevant committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Board of Directors or its relevant committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report, unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In accordance with Art. 728a para. 1 item 3 CO and PS-CH 890, we confirm that an internal control system exists, which has been designed for the preparation of the consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

KPMG AG

Paul Nichols

François Rouiller
Licensed Audit Expert
Auditor in Charge

Paul Nichols

Basel, 28 January 2025

Multi-Year Overview and Supplementary Information

Multi-year overview

Statistics, as reported

	2015	2016	2017
Income statement in millions of CHF			
Sales	48,145	50,576	53,299
EBITDA	19,479	20,483	21,201
Operating profit	13,821	14,069	13,003
Net income attributable to Roche shareholders	8,863	9,576	8,633
Research and development	9,581	11,532	11,292
Balance sheet in millions of CHF			
Non-current assets	47,581	48,149	45,104
Current assets	28,182	28,670	31,572
Total assets	75,763	76,819	76,676
Non-current liabilities	(28,695)	(27,817)	(25,509)
Current liabilities	(23,768)	(22,600)	(22,160)
Total liabilities	(52,463)	(50,417)	(47,669)
Net assets	23,300	26,402	29,007
Capital and reserves attributable to Roche shareholders	20,979	23,911	26,441
Equity attributable to non-controlling interests	2,321	2,491	2,566
Additions to property, plant and equipment	4,077	3,790	3,477
Personnel			
Number of employees at end of year	91,747	94,052	93,734
Key ratios			
Net income attributable to Roche shareholders as % of sales	18	19	16
Net income attributable to Roche shareholders as % of equity	42	40	33
Research and development as % of sales	20	23	21
Current ratio %	119	127	142
Equity and non-controlling interests as % of total assets	31	34	38
Human capital return on investment ratio	2.06	2.06	1.89
Data on shares and non-voting equity securities			
Number of shares	160,000,000	160,000,000	160,000,000
Number of non-voting equity securities (*Genussscheine*)	702,562,700	702,562,700	702,562,700
Total shares and non-voting equity securities	862,562,700	862,562,700	862,562,700
Total dividend in millions of CHF	6,987	7,073	7,159
Earnings per share and non-voting equity security (diluted) in CHF	10.28	11.13	10.04
Dividend per share and non-voting equity security in CHF	8.10	8.20	8.30

Information in this table is stated as reported and changes in accounting policies arising from changes in IFRS Accounting Standards are not applied retrospectively.

2018	2019	2020	2021	2022	2023	2024
56,846	61,466	58,323	62,801	63,281	58,716	60,495
22,825	25,419	24,281	24,692	25,015	21,976	23,538
14,769	17,548	18,543	18,155	17,476	15,395	13,417
10,500	13,497	14,295	13,930	12,421	11,498	8,277
12,092	12,774	13,009	14,799	15,225	14,200	15,304
46,273	51,837	53,196	56,690	54,335	57,022	61,765
32,244	31,254	32,942	35,627	33,816	33,446	40,036
78,517	83,091	86,138	92,317	88,151	90,468	101,801
(25,118)	(23,105)	(20,964)	(25,556)	(28,897)	(32,381)	(38,617)
(23,033)	(24,119)	(25,401)	(38,416)	(27,239)	(24,824)	(27,023)
(48,151)	(47,224)	(46,365)	(63,972)	(56,136)	(57,205)	(65,640)
30,366	35,867	39,773	28,345	32,015	33,263	36,161
27,622	32,747	36,341	24,489	27,992	29,315	31,767
2,744	3,120	3,432	3,856	4,023	3,948	4,394
3,796	3,479	3,693	3,826	3,402	3,770	3,495
94,442	97,735	101,465	100,920	103,613	103,605	103,249
19	22	25	22	20	20	14
38	41	39	57	44	39	26
21	21	22	24	24	24	25
140	130	130	93	124	135	148
39	43	46	31	36	37	36
1.96	2.07	2.18	2.08	2.08	1.93	1.79
160,000,000	160,000,000	160,000,000	160,000,000	106,691,000	106,691,000	106,691,000
702,562,700	702,562,700	702,562,700	702,562,700	702,562,700	702,562,700	702,562,700
862,562,700	862,562,700	862,562,700	862,562,700	809,253,700	809,253,700	809,253,700
7,504	7,763	7,849	7,526	7,688	7,769	7,850 [a]
12.21	15.62	16.52	16.20	15.37	14.31	10.31
8.70	9.00	9.10	9.30	9.50	9.60	9.70 [a]

a) 2024 dividend proposed by the Board of Directors.

Sales by division in millions of CHF

	2020	2021	2022	2023	2024
Pharmaceuticals	44,532	45,041	45,551	44,265	46,171
Diagnostics	13,791	17,760	17,730	14,451	14,324
Total	**58,323**	**62,801**	**63,281**	**58,716**	**60,495**

Information in this table is stated as reported and changes in accounting policies arising from changes in IFRS Accounting Standards are not applied retrospectively.

Sales by geographical area in millions of CHF

	2020	2021	2022	2023	2024
Switzerland	670	731	683	679	747
Germany	3,323	4,292	3,295	2,867	2,928
Rest of Europe	9,780	11,375	10,326	9,703	10,291
Europe	**13,773**	**16,398**	**14,304**	**13,249**	**13,966**
United States	27,187	26,519	27,939	27,183	28,902
Rest of North America	882	915	1,101	837	889
North America	**28,069**	**27,434**	**29,040**	**28,020**	**29,791**
Latin America	2,393	2,746	2,870	2,971	3,249
Japan	4,156	4,999	5,695	4,374	3,154
Rest of Asia	8,614	9,749	9,852	8,890	9,085
Asia	**12,770**	**14,748**	**15,547**	**13,264**	**12,239**
Africa, Australia and Oceania	1,318	1,475	1,520	1,212	1,250
Total	**58,323**	**62,801**	**63,281**	**58,716**	**60,495**

Additions to property, plant and equipment by division in millions of CHF

	2020	2021	2022	2023	2024
Pharmaceuticals	2,141	2,134	1,694	1,820	1,616
Diagnostics	1,502	1,628	1,622	1,866	1,810
Corporate	50	64	86	84	69
Total	**3,693**	**3,826**	**3,402**	**3,770**	**3,495**

Information in this table is stated as reported and changes in accounting policies arising from changes in IFRS Accounting Standards are not applied retrospectively.

Additions to property, plant and equipment by geographical area in millions of CHF

	2020	2021	2022	2023	2024
Switzerland	754	857	639	561	600
Germany	515	635	668	612	612
Rest of Europe	345	344	278	309	319
Europe	**1,614**	**1,836**	**1,585**	**1,482**	**1,531**
United States	987	925	881	1,276	1,099
Rest of North America	2	2	3	5	6
North America	**989**	**927**	**884**	**1,281**	**1,105**
Latin America	106	116	138	192	176
Japan	668	609	456	448	315
Rest of Asia	291	293	299	323	312
Asia	**959**	**902**	**755**	**771**	**627**
Africa, Australia and Oceania	25	45	40	44	56
Total	**3,693**	**3,826**	**3,402**	**3,770**	**3,495**

Alternative Performance Measures

The financial information included in the Financial Review includes certain Alternative Performance Measures (APMs) which are not accounting measures as defined by IFRS Accounting Standards, in particular the core results, net working capital, net operating assets, free cash flow and constant exchange rates. These APMs should not be used instead of, or considered as alternatives to, the Group's consolidated financial results based on IFRS Accounting Standards. These APMs may not be comparable to similarly titled measures disclosed by other companies. All APMs presented in the Financial Review relate to the performance of the current year and comparative periods.

As described in Note 34 to the Annual Financial Statements, effective 1 January 2024, the operational responsibility for the Foundation Medicine business was moved to the Diagnostics Division from the Pharmaceuticals Division. Accordingly, from 1 January 2024 the results of the Foundation Medicine business are reported as part of the Diagnostics Division. All relevant comparative 2023 information in the APMs has been restated.

Core results

Core results allow for an assessment of both the Group's actual results as defined by IFRS Accounting Standards and the underlying performance of the business. The core results concept, which is used in the internal management of the business, is based on the IFRS results, with the following adjustments:

- Global restructuring plans (see Note 7) are excluded.
- Amortisation and impairment of intangible assets (see Note 10), with the exception of commercial software intangible assets, and impairment of goodwill (see Note 9) are excluded.
- Acquisition accounting and other impacts from the accounting for mergers and acquisitions (M&A) and alliance transactions (see Financial Review) are excluded.
- Discontinued operations (currently none) are excluded.
- Legal and environmental cases (see Financial Review) are excluded.
- Global issues outside the healthcare sector beyond the Group's control are excluded.
- Material treasury items such as major debt restructurings (currently none) are excluded.
- Pension plan settlements (see Note 26) are excluded.
- The tax benefit recorded under IFRS Accounting Standards in respect of equity compensation plans (ECPs), which varies according to the price of the underlying equity, is replaced by a normalised tax benefit, being the IFRS 2 expense multiplied by the applicable tax rate (see Note 5).

The Group's IFRS results, including the divisional breakdown, are reconciled to the core results in the tables below. The calculation of Core EPS is also given in the tables below. Additional commentary to the adjustment items is given in the Financial Review.

Core results reconciliation – 2024 in millions of CHF

	IFRS results	Global restruc-turing	Intangibles amort-isation	Intangibles impairment	M&A and alliance trans-actions	Legal and environ-mental cases	Pension plan settle-ments	Global issues	Normal-isation of ECP tax benefit	Core results
Sales	60,495	–	–	–	–	–	–	–	–	60,495
Other revenue	1,900	0	–	–	–	–	–	–	–	1,900
Cost of sales	(16,283)	142	385	358	0	–	–	–	–	(15,398)
Research and development	(15,304)	889	330	1,043	–	–	–	–	–	(13,042)
Selling, general and administration	(14,896)	1,096	21	21	–	–	–	–	–	(13,758)
Other operating income (expense)	(2,495)	(236)	–	3,209	72	76	0	–	–	626
Operating profit	**13,417**	**1,891**	**736**	**4,631**	**72**	**76**	**0**	**–**	**–**	**20,823**
Financing costs	(1,412)	0	–	–	7	7	–	–	–	(1,398)
Other financial income (expense)	(212)	–	–	–	0	–	–	–	–	(212)
Profit before taxes	**11,793**	**1,891**	**736**	**4,631**	**79**	**83**	**0**	**–**	**–**	**19,213**
Income taxes	(2,606)	(389)	(12)	(226)	(12)	(16)	0	0	59	(3,202)
Net income	**9,187**	**1,502**	**724**	**4,405**	**67**	**67**	**0**	**0**	**59**	**16,011**
Attributable to										
– Roche shareholders	8,277	1,489	722	4,400	67	67	0	0	59	15,081
– Non-controlling interests	910	13	2	5	–	0	0	0	–	930

Core results reconciliation – 2023 in millions of CHF

	IFRS results	Global restruc-turing	Intangibles amort-isation	Intangibles impairment	M&A and alliance trans-actions	Legal and environ-mental cases	Pension plan settle-ments	Global issues	Normal-isation of ECP tax benefit	Core results
Sales	58,716	–	–	–	–	–	–	–	–	58,716
Other revenue	1,725	0	–	–	–	–	–	–	–	1,725
Cost of sales	(16,357)	548	375	183	0	–	–	–	–	(15,251)
Research and development	(14,200)	230	308	425	–	–	–	–	–	(13,237)
Selling, general and administration	(14,881)	1,335	28	0	–	–	–	–	–	(13,518)
Other operating income (expense)	392	(75)	–	591	19	(122)	0	–	–	805
Operating profit	**15,395**	**2,038**	**711**	**1,199**	**19**	**(122)**	**0**	**–**	**–**	**19,240**
Financing costs	(996)	0	–	–	6	10	–	–	–	(980)
Other financial income (expense)	(320)	–	–	–	0	–	–	–	–	(320)
Profit before taxes	**14,079**	**2,038**	**711**	**1,199**	**25**	**(112)**	**0**	**–**	**–**	**17,940**
Income taxes	(1,721)	(403)	(44)	(71)	(4)	39	0	0	68	(2,136)
Net income	**12,358**	**1,635**	**667**	**1,128**	**21**	**(73)**	**0**	**0**	**68**	**15,804**
Attributable to										
– Roche shareholders	11,498	1,626	664	1,123	21	(73)	0	0	68	14,927
– Non-controlling interests	860	9	3	5	–	0	0	0	–	877

Divisional core results reconciliation – 2024 in millions of CHF

	IFRS results	Global restructuring	Intangibles amortisation	Intangibles impairment	M&A and alliance transactions	Legal and environmental cases	Pension plan settlements	Core results
Pharmaceuticals								
Sales	46,171	–	–	–	–	–	–	46,171
Other revenue	1,871	0	–	–	–	–	–	1,871
Cost of sales	(9,150)	89	246	358	0	–	–	(8,457)
Research and development	(13,299)	838	325	1,040	–	–	–	(11,096)
Selling, general and administration	(7,533)	470	6	21	–	–	–	(7,036)
Other operating income (expense)	(2,473)	(236)	–	3,209	43	18	0	561
Operating profit	**15,587**	**1,161**	**577**	**4,628**	**43**	**18**	**0**	**22,014**
Diagnostics								
Sales	14,324	–	–	–	–	–	–	14,324
Other revenue	29	0	–	–	–	–	–	29
Cost of sales	(7,133)	53	139	0	0	–	–	(6,941)
Research and development	(2,005)	51	5	3	–	–	–	(1,946)
Selling, general and administration	(3,257)	106	15	0	–	–	–	(3,136)
Other operating income (expense)	(12)	0	–	0	29	55	0	72
Operating profit	**1,946**	**210**	**159**	**3**	**29**	**55**	**0**	**2,402**
Corporate								
Selling, general and administration	(4,106)	520	–	–	–	–	–	(3,586)
Other operating income (expense)	(10)	0	–	–	0	3	0	(7)
Operating profit	**(4,116)**	**520**	**–**	**–**	**0**	**3**	**0**	**(3,593)**

Divisional core results reconciliation – 2023 in millions of CHF

	IFRS results	Global restructuring	Intangibles amortisation	Intangibles impairment	M&A and alliance transactions	Legal and environmental cases	Pension plan settlements	Core results
Pharmaceuticals								
Sales	44,265	–	–	–	–	–	–	44,265
Other revenue	1,648	0	–	–	–	–	–	1,648
Cost of sales	(8,933)	316	240	183	0	–	–	(8,194)
Research and development	(12,115)	122	301	406	–	–	–	(11,286)
Selling, general and administration	(7,190)	229	9	0	–	–	–	(6,952)
Other operating income (expense)	236	(79)	–	591	13	(2)	0	759
Operating profit	**17,911**	**588**	**550**	**1,180**	**13**	**(2)**	**0**	**20,240**
Diagnostics								
Sales	14,451	–	–	–	–	–	–	14,451
Other revenue	77	0	–	–	–	–	–	77
Cost of sales	(7,424)	232	135	0	0	–	–	(7,057)
Research and development	(2,085)	108	7	19	–	–	–	(1,951)
Selling, general and administration	(3,797)	616	19	0	–	–	–	(3,162)
Other operating income (expense)	170	5	–	0	6	(122)	0	59
Operating profit	**1,392**	**961**	**161**	**19**	**6**	**(122)**	**0**	**2,417**
Corporate								
Selling, general and administration	(3,894)	490	–	–	–	–	–	(3,404)
Other operating income (expense)	(14)	(1)	–	–	0	2	0	(13)
Operating profit	**(3,908)**	**489**	**–**	**–**	**0**	**2**	**0**	**(3,417)**

Core EPS (basic)

	2024	2023
Core net income attributable to Roche shareholders (CHF millions)	15,081	14,927
Weighted average number of outstanding shares and non-voting equity securities used to calculate basic earnings per share (millions) [29]	797	799
Core earnings per share (basic) (CHF)	**18.93**	**18.69**

Core EPS (diluted)

	2024	2023
Core net income attributable to Roche shareholders (CHF millions)	15,081	14,927
Increase in non-controlling interests' share of core net income, assuming all outstanding Chugai stock options exercised (CHF millions)	0	0
Net income used to calculate diluted earnings per share (CHF millions)	**15,081**	**14,927**
Weighted average number of outstanding shares and non-voting equity securities used to calculate diluted earnings per share (millions) [29]	**802**	**804**
Core earnings per share (diluted) (CHF)	**18.80**	**18.57**

Free cash flow

Free cash flow is used to assess the Group's ability to generate the cash required to conduct and maintain its operations. It also indicates the Group's ability to generate cash to finance dividend payments, repay debt and to undertake merger and acquisition activities. The free cash flow concept is used in the internal management of the business.

Operating free cash flow is calculated based on the IFRS operating profit and adjusted for certain non-cash items, movements in net working capital and capital expenditures (investments in property, plant and equipment and intangible assets as well as the principal portion of lease liabilities paid for leased assets). Operating free cash flow is different from cash flows from operating activities as defined by IAS 7 in that it includes capital expenditures (which are within the responsibility of divisional management) and excludes income taxes paid (which are not within the responsibility of divisional management). Cash outflows from defined benefit plans are allocated to the operating free cash flow based on the current service cost with the residual allocated to treasury activities.

Free cash flow is calculated as the operating free cash flow adjusted for treasury activities and taxes paid. Free cash flow is different from total cash flows as defined by IAS 7 in that it excludes dividend payments, cash inflows/outflows from financing activities such as issuance/repayment of debt, purchase/sale of marketable securities and cash inflows/outflows from mergers, acquisitions and divestments.

Operating free cash flow and free cash flow are calculated as shown in the tables below. Additional commentary to the adjustment items is given in the Financial Review.

Operating free cash flow reconciliation in millions of CHF

	2024	2023
Cash flows from operating activities (IFRS basis in accordance with IAS 7)	**20,094**	**16,095**
Add back		
– Income taxes paid	3,727	3,620
Deduct		
– Investments in property, plant and equipment	(3,529)	(3,742)
– Principal portion of lease liabilities paid	(350)	(339)
– Investments in intangible assets	(1,480)	(907)
– Disposal of property, plant and equipment	61	173
– Disposal of intangible assets	0	0
– Disposal of products	376	558
– Divestment of net assets previously held for sale	1,049	0
Pensions and other post-employment benefits		
– Add back total payments for defined benefit plans	661	743
– Deduct allocation of payments to operating free cash flow	(504)	(456)
Acquisition-related items, including transaction costs	17	23
Other operating items	(1)	0
Operating free cash flow	**20,121**	**15,768**

Free cash flow reconciliation in millions of CHF

	2024	2023
Cash flows from operating activities (IFRS basis in accordance with IAS 7)	**20,094**	**16,095**
Deduct		
– Investments in property, plant and equipment	(3,529)	(3,742)
– Principal portion of lease liabilities paid	(350)	(339)
– Investments in intangible assets	(1,480)	(907)
– Disposal of property, plant and equipment	61	173
– Disposal of intangible assets	0	0
– Disposal of products	376	558
– Divestment of net assets previously held for sale	1,049	0
– Interest paid	(1,145)	(770)
Other operating items, including acquisition-related items	16	23
Other treasury items	244	197
Free cash flow	**15,336**	**11,288**

Supplementary information used to calculate the divisional operating free cash flow is shown in the table below.

Divisional operating free cash flow information in millions of CHF

	Pharmaceuticals 2024	2023	Diagnostics 2024	2023	Corporate 2024	2023	Group 2024	2023
Depreciation, amortisation and impairment								
Depreciation of property, plant and equipment	1,145	1,230	1,151	1,128	62	65	2,358	2,423
Depreciation of right-of-use assets	173	169	140	144	10	12	323	325
Amortisation of intangible assets	580	553	162	163	–	–	742	716
Impairment (reversal) of property, plant and equipment	592	56	32	294	3	0	627	350
Impairment (reversal) of right-of-use assets	138	32	0	287	0	0	138	319
Impairment of goodwill	3,209	591	0	0	–	–	3,209	591
Impairment of intangible assets	1,440	589	3	19	–	–	1,443	608
Total	**7,277**	**3,220**	**1,488**	**2,035**	**75**	**77**	**8,840**	**5,332**
Other adjustments								
Add back								
– Expenses for equity-settled equity compensation plans	605	589	163	158	87	83	855	830
– Net (income) expense for provisions	707	294	145	201	31	77	883	572
– Net (gain) loss from disposals	(610)	(619)	20	15	0	0	(590)	(604)
– Non-cash working capital and other items	213	335	227	303	0	1	440	639
Deduct								
– Utilisation of provisions	(690)	(800)	(257)	(202)	(65)	(30)	(1,012)	(1,032)
– Proceeds from disposals	1,438	681	48	49	0	1	1,486	731
Total	**1,663**	**480**	**346**	**524**	**53**	**132**	**2,062**	**1,136**
Operating profit cash adjustments	**8,940**	**3,700**	**1,834**	**2,559**	**128**	**209**	**10,902**	**6,468**

EBITDA

The Group does not use Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) in either its internal management reporting or its external communications. In the opinion of the Group's management, operating free cash flow gives a more useful and consistent measurement of 'cash earnings' than EBITDA, which includes many non-cash items such as provisions, allowances for trade receivables and inventories, and certain non-cash entries arising from acquisition accounting and pension accounting. Operating free cash flow also includes the cash used for investments in property, plant and equipment, leased assets and intangible assets, whereas EBITDA excludes all costs and cash outflows for these items.

For the convenience of those readers who do use EBITDA, this is provided in the table below. As the starting point this uses the core results, which already exclude the amortisation and impairment of goodwill and intangible assets.

EBITDA (using core results) in millions of CHF

	Pharmaceuticals 2024	2023	Diagnostics 2024	2023	Corporate 2024	2023	Group 2024	2023
EBITDA								
Core operating profit	22,014	20,240	2,402	2,417	(3,593)	(3,417)	20,823	19,240
Depreciation and impairment of property, plant and equipment – Core basis	1,162	1,210	1,150	1,130	62	65	2,374	2,405
Depreciation and impairment of right-of-use assets – Core basis	184	170	140	144	10	12	334	326
Amortisation and impairment of commercial software intangible assets – Core basis	4	3	3	2	–	–	7	5
EBITDA	**23,364**	**21,623**	**3,695**	**3,693**	**(3,521)**	**(3,340)**	**23,538**	**21,976**
– Margin, % of sales	50.6	48.8	25.8	25.6	–	–	38.9	37.4

Net operating assets

Net operating assets allow for an assessment of the Group's operating performance of the business independently from financing and tax activities. Net operating assets are calculated as property, plant and equipment, leased assets ('right-of-use assets'), goodwill, intangible assets, net working capital and long-term net operating assets minus provisions.

The calculation of the net operating assets disclosed in Note 2 of the Annual Financial Statements is shown in the tables below.

Net operating assets reconciliation – 2024 in millions of CHF

	Pharmaceuticals	Diagnostics	Corporate	Treasury and taxation	Group
Property, plant and equipment	14,437	7,801	319	–	22,557
Right-of-use assets	608	543	32	–	1,183
Goodwill	2,934	4,942	–	–	7,876
Intangible assets	15,446	1,857	–	–	17,303
Inventories	4,442	3,164	–	–	7,606
Provisions	(2,038)	(620)	(147)	–	(2,805)
Current income tax net liabilities	–	–	–	(2,508)	(2,508)
Deferred tax net assets	–	–	–	7,737	7,737
Defined benefit plan net liabilities	–	–	–	(2,125)	(2,125)
Lease liabilities	–	–	–	(1,700)	(1,700)
Marketable securities	–	–	–	10,342	10,342
Cash and cash equivalents	–	–	–	6,975	6,975
Debt	–	–	–	(34,654)	(34,654)
Other net assets (liabilities)					
– Net working capital	(2,212)	(141)	(653)	–	(3,006)
– Other net operating assets	830	(17)	(12)	–	801
– Other	–	–	–	579	579
Total net assets	**34,447**	**17,529**	**(461)**	**(15,354)**	**36,161**

Net operating assets reconciliation – 2023 in millions of CHF

	Pharmaceuticals	Diagnostics	Corporate	Treasury and taxation	Group
Property, plant and equipment	14,381	7,039	304	–	21,724
Right-of-use assets	650	531	34	–	1,215
Goodwill	4,767	4,623	–	–	9,390
Intangible assets	13,225	1,603	–	–	14,828
Inventories	4,813	2,936	–	–	7,749
Provisions	(1,799)	(766)	(178)	–	(2,743)
Current income tax net liabilities	–	–	–	(1,913)	(1,913)
Deferred tax net assets	–	–	–	6,289	6,289
Defined benefit plan net liabilities	–	–	–	(3,360)	(3,360)
Lease liabilities	–	–	–	(1,573)	(1,573)
Marketable securities	–	–	–	5,134	5,134
Cash and cash equivalents	–	–	–	5,376	5,376
Debt	–	–	–	(29,209)	(29,209)
Other net assets (liabilities)					
– Net working capital	(1,373)	318	(487)	–	(1,542)
– Other net operating assets	1,563	(67)	(2)	–	1,494
– Other	–	–	–	404	404
Total net assets	**36,227**	**16,217**	**(329)**	**(18,852)**	**33,263**

Net debt

Net debt is used to monitor the Group's overall short- and long-term liquidity. Net debt is calculated as the sum of total long-term and short-term debt less marketable securities, cash and cash equivalents.

Net debt calculations, including details of movements during the current year, are shown in the table on page 37 in the Financial Review.

Net working capital

Net working capital is used to assess the Group's efficiency in utilising assets and short-term liquidity. Net trade working capital is calculated as trade receivables and inventories minus trade payables. Net working capital is calculated as net trade working capital adjusted for other receivables and other payables.

Net working capital and net trade working capital calculations are shown in the tables on page 23 (Pharmaceuticals Division), page 29 (Diagnostics Division) and page 31 (Corporate) in the Financial Review.

Constant exchange rates

Certain percentage changes in the Financial Review have been calculated using constant exchange rates (CER) which allow for an assessment of the Group's financial performance with the effects of exchange rate fluctuations eliminated. The percentage changes at constant exchange rates are calculated using simulations by reconsolidating both the current reported period and the prior period numbers at constant currency exchange rates, equalling the average exchange rates for the prior year. For example, a CER change between a 2024 line item and its 2023 equivalent is calculated using the average exchange rate for the year ended 31 December 2023 for both the 2024 line item and the 2023 line item and subsequently calculating the percentage change with respect to the two recalculated numbers.

Foreign exchange gains and losses and the gains (losses) on the net monetary positions in hyperinflationary economies are excluded from the calculation of CER growth rates in the earnings per share disclosures. In countries where there is a significant devaluation in the local currency in the current year, the simulations use the average exchange rate of the current year instead of the prior year to avoid that CER growth rates are artificially inflated.

Change in operating segments

Effective 1 January 2024, the operational responsibility for the Foundation Medicine business was moved to the Diagnostics Division from the Pharmaceuticals Division. Accordingly, from 1 January 2024 the results of the Foundation Medicine business are reported as part of the Diagnostics Division. This represented a change in the Group's operating segments in its financial reporting, and consequently the comparative 2023 results have been restated in the Annual Financial Statements.

This change had no impact on sales, operating profit, net income and earnings per share and non-voting equity security of the Group as a whole. The operating results of the two divisions, Pharmaceuticals and Diagnostics, were affected by this change.

Comparative 2023 information has been restated. Details and a reconciliation to the previously published results are disclosed in Note 34 to the Annual Financial Statements. In addition, a reconciliation to the previously published divisional core results, divisional net operating assets and divisional operating free cash flow information is provided below.

Restated divisional core results (selected items) in millions of CHF

	Year ended 31 December 2023		
	As originally published	Change in operating segments	Restated
Pharmaceuticals			
Sales	44,612	(347)	44,265
Other revenue	1,667	(19)	1,648
Cost of sales	(8,343)	149	(8,194)
Research and development	(11,490)	204	(11,286)
Selling, general and administration	(7,215)	263	(6,952)
Other operating income (expense)	758	1	759
Core operating profit	**19,989**	**251**	**20,240**
Diagnostics			
Sales	14,104	347	14,451
Other revenue	58	19	77
Cost of sales	(6,908)	(149)	(7,057)
Research and development	(1,747)	(204)	(1,951)
Selling, general and administration	(2,899)	(263)	(3,162)
Other operating income (expense)	60	(1)	59
Core operating profit	**2,668**	**(251)**	**2,417**

Restated divisional net operating assets (selected items) in millions of CHF

			31 December 2023
	As originally published	Change in operating segments	Restated
Pharmaceuticals			
Trade receivables	8,009	(61)	7,948
Inventories	4,849	(36)	4,813
Trade payables	(2,110)	38	(2,072)
Net trade working capital	**10,748**	**(59)**	**10,689**
Other receivables (payables)	(7,302)	53	(7,249)
Net working capital	**3,446**	**(6)**	**3,440**
Property, plant and equipment	14,423	(42)	14,381
Right-of-use assets	882	(232)	650
Goodwill and intangible assets	18,025	(33)	17,992
Provisions	(1,799)	0	(1,799)
Other assets (liabilities)	1,529	34	1,563
Other net operating assets	**33,060**	**(273)**	**32,787**
Net operating assets	**36,506**	**(279)**	**36,227**
Diagnostics			
Trade receivables	3,118	61	3,179
Inventories	2,900	36	2,936
Trade payables	(1,097)	(38)	(1,135)
Net trade working capital	**4,921**	**59**	**4,980**
Other receivables (payables)	(1,673)	(53)	(1,726)
Net working capital	**3,248**	**6**	**3,254**
Property, plant and equipment	6,997	42	7,039
Right-of-use assets	299	232	531
Goodwill and intangible assets	6,193	33	6,226
Provisions	(766)	0	(766)
Other assets (liabilities)	(33)	(34)	(67)
Other net operating assets	**12,690**	**273**	**12,963**
Net operating assets	**15,938**	**279**	**16,217**

Restated divisional net assets (selected items) in millions of CHF

	31 December 2023		
	As originally published	Change in operating segments	Restated
Pharmaceuticals			
Property, plant and equipment	14,423	(42)	14,381
Right-of-use assets	882	(232)	650
Goodwill	4,767	0	4,767
Intangible assets	13,258	(33)	13,225
Inventories	4,849	(36)	4,813
Provisions	(1,799)	0	(1,799)
Other net assets (liabilities)			
– Net working capital	(1,403)	30	(1,373)
– Other net operating assets	1,529	34	1,563
Total net assets	**36,506**	**(279)**	**36,227**
Diagnostics			
Property, plant and equipment	6,997	42	7,039
Right-of-use assets	299	232	531
Goodwill	4,623	0	4,623
Intangible assets	1,570	33	1,603
Inventories	2,900	36	2,936
Provisions	(766)	0	(766)
Other net assets (liabilities)			
– Net working capital	348	(30)	318
– Other net operating assets	(33)	(34)	(67)
Total net assets	**15,938**	**279**	**16,217**

Restated divisional operating free cash flow information (selected items) in millions of CHF

	Year ended 31 December 2023		
	As originally published	Change in operating segments	Restated
Pharmaceuticals			
Operating profit	**17,132**	**779**	**17,911**
Depreciation of property, plant and equipment	1,263	(33)	1,230
Depreciation of right-of-use assets	197	(28)	169
Amortisation of intangible assets	554	(1)	553
Impairment (reversal) of property, plant and equipment	277	(221)	56
Impairment (reversal) of right-of-use assets	319	(287)	32
Impairment of goodwill	591	0	591
Impairment of intangible assets	589	0	589
Total depreciation, amortisation and impairments	**3,790**	**(570)**	**3,220**
Add back			
– Expenses for equity-settled equity compensation plans	634	(45)	589
– Net (income) expense for provisions	294	0	294
– Net (gain) loss from disposals	(619)	0	(619)
– Non-cash working capital and other items	336	(1)	335
Deduct			
– Utilisation of provisions	(800)	0	(800)
– Proceeds from disposals	681	0	681
Total other adjustments	**526**	**(46)**	**480**
Operating profit cash adjustments	**4,316**	**(616)**	**3,700**
Operating profit, net of operating cash adjustments	**21,448**	**163**	**21,611**
(Increase) decrease in net working capital	(714)	(7)	(721)
Investments in property, plant and equipment	(1,936)	149	(1,787)
Principal portion of lease liabilities paid	(215)	22	(193)
Investments in intangible assets	(855)	0	(855)
Operating free cash flow	**17,728**	**327**	**18,055**

Restated divisional operating free cash flow information (selected items) in millions of CHF (*continued*)

	Year ended 31 December 2023		
	As originally published	Change in operating segments	Restated
Diagnostics			
Operating profit	**2,171**	**(779)**	**1,392**
Depreciation of property, plant and equipment	1,095	33	1,128
Depreciation of right-of-use assets	116	28	144
Amortisation of intangible assets	162	1	163
Impairment (reversal) of property, plant and equipment	73	221	294
Impairment (reversal) of right-of-use assets	0	287	287
Impairment of goodwill	0	0	0
Impairment of intangible assets	19	0	19
Total depreciation, amortisation and impairments	**1,465**	**570**	**2,035**
Add back			
– Expenses for equity-settled equity compensation plans	113	45	158
– Net (income) expense for provisions	201	0	201
– Net (gain) loss from disposals	15	0	15
– Non-cash working capital and other items	302	1	303
Deduct			
– Utilisation of provisions	(202)	0	(202)
– Proceeds from disposals	49	0	49
Total other adjustments	**478**	**46**	**524**
Operating profit cash adjustments	**1,943**	**616**	**2,559**
Operating profit, net of operating cash adjustments	**4,114**	**(163)**	**3,951**
(Increase) decrease in net working capital	(551)	7	(544)
Investments in property, plant and equipment	(1,722)	(149)	(1,871)
Principal portion of lease liabilities paid	(112)	(22)	(134)
Investments in intangible assets	(52)	0	(52)
Operating free cash flow	**1,677**	**(327)**	**1,350**

Roche Securities

Number of shares and non-voting equity securities[a)]

	2020	2021	2022	2023	2024
Number of shares (nominal value: CHF 1.00)	160,000,000	160,000,000	106,691,000	106,691,000	106,691,000
Number of non-voting equity securities (*Genussscheine*) (no nominal value)	702,562,700	702,562,700	702,562,700	702,562,700	702,562,700
Total issued	**862,562,700**	**862,562,700**	**809,253,700**	**809,253,700**	**809,253,700**
Number of own shares and non-voting equity securities (*Genussscheine*) held	(9,436,750)	(62,159,409)	(10,073,029)	(12,011,755)	(13,853,005)
Total outstanding	**853,125,950**	**800,403,291**	**799,180,671**	**797,241,945**	**795,400,695**

Data per share and non-voting equity security in CHF

		2020	2021	2022	2023	2024
Earnings (basic)		16.73	16.38	15.52	14.40	10.39
Earnings (diluted)		16.52	16.20	15.37	14.31	10.31
Core earnings (basic)		19.40	20.04	20.49	18.69	18.93
Core earnings (diluted)		19.16	19.81	20.30	18.57	18.80
Equity attributable to Roche shareholders		42.60	30.60	35.03	36.77	39.94
Dividend		9.10	9.30	9.50	9.60	9.70[c)]
Stock price of share[b)]	Opening	307.60	310.00	408.80	358.40	261.40
	High	352.20	420.00	433.00	362.20	312.00
	Low	267.40	303.80	343.00	247.20	231.60
	Year-end	310.00	408.80	358.40	261.40	270.60
Stock price of non-voting equity security (*Genussschein*)[b)]	Opening	314.00	309.00	379.10	290.50	244.50
	High	354.05	383.60	400.55	297.80	287.70
	Low	274.45	297.05	290.50	233.85	214.10
	Year-end	309.00	379.10	290.50	244.50	255.50

a) Each non-voting equity security (*Genussschein*) confers the same rights as any of the shares to participate in the available earnings and any remaining proceeds from liquidation following repayment of the nominal value of the shares and the participation certificate capital (if any). Shares and non-voting equity securities are listed on the SIX Swiss Exchange. Roche Holding Ltd has no restrictions as to ownership of its shares or non-voting equity securities.

b) All stock price data reflect daily closing prices.

c) 2024 dividend proposed by the Board of Directors.

Market capitalisation in millions of CHF

	2020	2021	2022	2023	2024
Year-end	263,776	306,601	239,405	196,720	204,829

Key ratios (year-end)

	2020	2021	2022	2023	2024
Dividend yield of shares in %	2.9	2.3	2.7	3.7	3.6
Dividend yield of non-voting equity securities (*Genussscheine*) in %	2.9	2.5	3.3	3.9	3.8
Price/earnings of shares	19	25	23	18	26
Price/earnings of non-voting equity securities (*Genussscheine*)	19	23	19	17	25

Stock codes

	Share	Non-voting equity security	American Depositary Receipt (ADR)
SIX Swiss Exchange	RO	ROG	–
Bloomberg	RO SW	ROG VX	RHHBY US
Reuters	RO.S	ROG.VX	RHHBY.PK

Roche Holding Ltd, Basel

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Balance sheet in millions of CHF

	31 December 2024	31 December 2023
Current assets		
Cash and cash equivalents	52	63
Marketable securities	0	50
Accounts receivable from Group companies	5,325	4,522
Other short-term receivables	1	1
Total current assets	**5,378**	**4,636**
Non-current assets		
Investments	8,596	8,582
Total non-current assets	**8,596**	**8,582**
Total assets	**13,974**	**13,218**
Short-term liabilities		
Accounts payable to Group companies	5	7
Other short-term liabilities	204	13
Total short-term liabilities	**209**	**20**
Long-term liabilities		
Provisions	35	35
Total long-term liabilities	**35**	**35**
Total liabilities	**244**	**55**
Shareholders' equity		
Share capital	107	107
Non-voting equity securities (*Genussscheine*)	p. m.	p. m.
Legal retained earnings:		
– Statutory retained earnings reserves	300	300
– Reserves for own equity instruments held by subsidiaries	4,105	3,322
Available earnings:		
– Balance brought forward	882	1,142
– Net income for the year	8,336	8,292
Own equity instruments	0	0
Total shareholders' equity	**13,730**	**13,163**
Total shareholders' equity and liabilities	**13,974**	**13,218**

p. m. = pro memoria. Non-voting equity securities (*Genussscheine*) have no nominal value.

Income statement in millions of CHF

	Year ended 31 December 2024	2023
Income		
Income from investments (dividend income)	8,311	8,736
Other financial income		
– Interest income	11	13
– Income from marketable securities and other	3	9
Guarantee fee income from Group companies	71	63
Other income	0	57
Total income	**8,396**	**8,878**
Expenses		
Administration expenses	(38)	(41)
Other expenses	0	(521)
Financial expenses	(10)	(14)
Direct taxes	(12)	(10)
Total expenses	**(60)**	**(586)**
Net income	**8,336**	**8,292**

Notes to the Financial Statements

1. Principles and information on balance sheet and income statement items

Basis of preparation

The financial statements of Roche Holding Ltd, Basel, (the 'Company') have been prepared in accordance with the principles of Swiss Law on Accounting and Financial Reporting (32nd title of the Swiss Code of Obligations, 'CO'). Where not prescribed by law, the significant accounting and valuation principles applied are described below.

The Company has prepared its consolidated financial statements in accordance with a recognised accounting standard, the IFRS Accounting Standards. In accordance with the CO, the Company decided to forgo presenting additional information on audit fees in the notes as well as a cash flow statement.

Valuation methods and translation of foreign currencies

Marketable securities are reported at the lower of cost or market value. All other financial assets, including investments, are reported at cost less appropriate write-downs. Own equity instruments are recognised at cost and deducted from equity at the time of purchase. If the own equity instruments are sold, the gain or loss is recognised through the income statement. Assets and liabilities denominated in foreign currencies are translated into Swiss francs using year-end rates of exchange, except investments which are translated at historical rates. Transactions during the year which are denominated in foreign currencies are translated at the exchange rates effective at the relevant transaction dates. Resulting exchange gains and losses are recognised in the income statement with the exception of unrealised gains which are deferred.

Investments

The direct and indirect investments of the Company into subsidiaries are listed in Note 33 to the Roche Group Annual Financial Statements. This listing excludes Chugai's subsidiaries as well as companies that are not material, notably companies that are inactive, dormant or in liquidation. Ownership interests equal voting rights.

Own equity instruments, including treasury shares

Own equity instruments, including treasury shares, are recognised at the purchase price and deducted from shareholders' equity at the time of the purchase. In case of a resale, the gain or loss is recognised through other financial income or financial expenses. Upon cancellation of bearer shares repurchased, such shares are derecognised with a corresponding decrease of share capital for the nominal value of the cancelled shares and of available earnings for any exceeding amount. No dividend distributions are made for own equity instruments held by the Company, including treasury shares.

Taxes

Direct taxes include corporate income and capital taxes.

Other expenses

In 2023 other expenses mainly consisted of an impairment for an investment due to a dividend payment.

2. Shareholders' equity

Share capital

As in the previous year, share capital amounted to CHF 106.7 million. The share capital consists of 106,691,000 bearer shares with a nominal value of CHF 1.00 each, as in the preceding year. Included in equity are 702,562,700 non-voting equity securities (*Genussscheine*). They are not part of the share capital and confer no voting rights. However, each non-voting equity security confers the same rights as any of the shares to participate in the available earnings and in any remaining proceeds from liquidation following repayment of the nominal value of the share capital and, if any, participation certificates.

Own equity instruments, including treasury shares

At 31 December 2024 the Company did not hold any bearer shares or non-voting equity securities (2023: none). During 2024 and 2023 the Company neither purchased nor sold bearer shares or non-voting equity securities.

Article 659b of the revised Swiss Code of Obligations (CO) effective as of 1 January 2023 requires the creation of an additional legal reserve for own equity instruments held by subsidiaries over which the Company as parent company of the Roche Group has control, including foundations as included in the IFRS consolidation scope which did not qualify as subsidiaries under Article 659b CO effective on 31 December 2022. At 31 December 2024 such foundations held 485,293 bearer shares (2023: 519,667 bearer shares, 2022: 19,811 bearer shares) and 13,367,712 non-voting equity securities (2023: 11,492,088 non-voting equity securities, 2022: 10,053,218 non-voting equity securities) at cost of CHF 4,105 million (2023: CHF 3,756 million, 2022: CHF 3,322 million). In accordance with Article 659b of the revised CO the legal reserve for own equity instruments was increased by CHF 349 million to CHF 4,105 million at 31 December 2024.

Movement in recognised amounts in millions of CHF

		Legal retained earnings				
	Share capital	Statutory retained earnings reserves	Reserves for own equity instruments held by subsidiaries	Available earnings	Own equity instruments	Total equity
As at 1 January 2023	107	300	0	12,152	0	12,559
Net income	–	–	–	8,292	–	8,292
Dividends	–	–	–	(7,688)	–	(7,688)
Transfer to legal reserve for own equity instruments	–	–	3,322	(3,322)	–	–
Transactions in own equity instruments	–	–	–	–	0	0
As at 31 December 2023	**107**	**300**	**3,322**	**9,434**	**0**	**13,163**
Net income	–	–	–	8,336	–	8,336
Dividends	–	–	–	(7,769)	–	(7,769)
Transfer to legal reserve for own equity instruments held at 31 December 2023	–	–	434	(434)	–	–
Transfer to legal reserve for own equity instruments held at 31 December 2024	–	–	349	(349)	–	–
Transactions in own equity instruments	–	–	–	–	0	0
As at 31 December 2024	**107**	**300**	**4,105**	**9,218**	**0**	**13,730**

3. Contingent liabilities

Guarantees

The Company has issued guarantees for certain bonds and notes, commercial paper notes and credit facilities of Group companies. The nominal amount outstanding at 31 December 2024 was CHF 34.2 billion (2023: CHF 28.6 billion). These are described in Note 21 to the Roche Group Annual Financial Statements.

4. Significant shareholders

All shares in the Company are bearer shares, and for this reason the Company does not keep a register of shareholders. The following figures are based on information received from shareholders, the exercise of voting rights at the Annual General Meeting of 12 March 2024 and on other information available to the Company.

Controlling shareholders

At 31 December 2024, based on the information available to the Company, a shareholder group with pooled voting rights owned 69,318,000 shares representing 64.97% (2023: 64.97%) of the issued shares. On 5 December 2019 the shareholder group announced that it would continue the shareholder pooling agreement with a modified shareholder composition. This group consists now of Mr André Hoffmann, Ms Marie-Anne Hoffmann, Ms Vera Michalski, Mr Alexander Hoffmann, Mr Frederic Hoffmann, Ms Isabel Hoffmann, Mr Lucas Hoffmann, Ms Marina Hoffmann, Ms Kasia Larrieu-Barbotin, Ms Tatiana Fabre, Mr Andreas Oeri, Ms Catherine Oeri, Ms Sabine Duschmalé, Mr Jörg Duschmalé, Mr Lukas Duschmalé, the charitable Foundation Wolf and Artuma Holding LLC. The shareholder pooling agreement has existed since 1948. The duration of the pool was extended for an indefinite period in 2009. At 31 December 2024, based on the information available to the Group, Ms Maja Oeri, formerly a member of the pool, held 8,091,900 shares independently of the pool, representing 7.58% (2023: 7.58%) of the issued shares.

5. Full-time equivalent employees

The annual average number of full-time equivalent employees for 2024 and 2023 did not exceed ten people.

6. Equity-based compensation to the Board of Directors and the Corporate Executive Committee

Equity compensation plans. The remuneration from equity compensation plans to members of the Corporate Executive Committee is composed of Stock-settled Stock Appreciation Rights (S-SARs) and Restricted Stock Units (RSUs). Supplementary information is given in the Remuneration Report included in the Annual Report on pages 184 to 209. S-SARs and RSUs vest after four years. Thereafter, the non-voting equity securities and/or shares may remain blocked for up to ten years.

Awards granted to members of the Corporate Executive Committee

	2024		2023	
	Number	Amount (CHF million)	Number	Amount (CHF million)
Roche Stock-settled Stock Appreciation Rights	269,581	8	316,516	11
Roche Restricted Stock Units	9,295	1	11,837	2

Executive stock compensation. For the financial year 2024 the Chief Executive Officer will be granted Bonus Stock Awards in lieu of the bonus in cash. These are subject to approval by the 2025 Annual General Meeting in March 2025 and will be issued in March 2025. For the financial year 2023 the Chairman of the Board of Directors until April 2023, Dr Franz, and the Chief Executive Officer were granted Bonus Stock Awards in lieu of the bonus in cash. These were approved by the 2024 Annual General Meeting in March 2024 and were issued in March 2024. From April 2023, the new Chairman of the Board of Directors, Dr Schwan, received part of the base salary in the form of shares blocked for ten years. Supplementary information is given in the Remuneration Report included in the Annual Report on pages 184 to 209. The number of shares transferred is calculated at the dates of transfer. Total number of shares transferred in 2024 was 34 thousand shares (2023: 40 thousand shares). Executive stock compensation amounted to CHF 5 million (2023: CHF 6 million).

Roche Connect. In 2024 Roche paid contributions of CHF 0.1 million (2023: CHF 0.1 million) under the Roche Connect programme for members of the Corporate Executive Committee, which were used to purchase non-voting equity securities. Supplementary information is given in the Remuneration Report included in the Annual Report on pages 184 to 209.

Appropriation of Available Earnings

Proposals to the Annual General Meeting in CHF

	2024
Available earnings	
Balance brought forward from previous year	1,231,546,668
Transfer to legal reserve for own equity instruments held by subsidiaries at 31 December 2024	(349,536,494)
Balance brought forward after transfer to legal reserves for own equity instruments held by subsidiaries	**882,010,174**
Net profit for the year	8,336,052,270
Total available earnings	**9,218,062,444**
Appropriation of available earnings	
Distribution of an ordinary dividend of CHF 9.70 gross per share entitled to dividend and non-voting equity security (*Genussschein*) as against CHF 9.60 last year	(7,849,760,890)
Total appropriation of available earnings	**(7,849,760,890)**
To be carried forward on this account	**1,368,301,554**

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Statutory Auditor's Report

To the General Meeting of Roche Holding Ltd, Basel

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Roche Holding Ltd (the Company), which comprise the balance sheet as at 31 December 2024, and the income statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements (pages 185–192) comply with Swiss law and the Company's articles of incorporation.

Basis for Opinion

We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of our report. We are independent of the Company in accordance with the provisions of Swiss law, together with the requirements of the Swiss audit profession and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. We have determined that there are no key audit matters to communicate in our report.

Other Information

The Board of Directors is responsible for the other information. The other information comprises the information included in the finance report and the annual report, but does not include the consolidated financial statements, the stand-alone financial statements of the Company, the remuneration report and our auditor's reports thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Board of Directors’ Responsibilities for the Financial Statements

The Board of Directors is responsible for the preparation of the financial statements in accordance with the provisions of Swiss law and the Company’s articles of incorporation, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor’s Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and SA-CH will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Swiss law and SA-CH, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- Conclude on the appropriateness of the Board of Directors’ use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Company to cease to continue as a going concern.

We communicate with the Board of Directors or its relevant committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Board of Directors or its relevant committee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor’s report, unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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Report on Other Legal and Regulatory Requirements

In accordance with article 728a para. 1 item 3 CO and PS-CH 890, we confirm that an internal control system exists, which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

Based on our audit in accordance with Art. 728a para. 1 item 2 CO, we confirm that the proposal of the Board of Directors complies with Swiss law and the Company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

KPMG AG

François Rouiller
Licensed Audit Expert
Auditor in Charge

Paul Nichols

Basel, 28 January 2025

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Next Annual General Meeting:
25 March 2025

Cautionary statement regarding forward-looking statements

This Finance Report contains certain forward-looking statements. These forward-looking statements may be identified by words such as 'believes', 'expects', 'anticipates', 'projects', 'intends', 'should', 'seeks', 'estimates', 'future' or similar expressions or by discussion of, among other things, strategy, goals, plans or intentions. Various factors may cause actual results to differ materially in the future from those reflected in forward-looking statements contained in this Finance Report, among others: (1) pricing and product initiatives of competitors; (2) legislative and regulatory developments and economic conditions; (3) delay or inability in obtaining regulatory approvals or bringing products to market; (4) fluctuations in currency exchange rates and general financial market conditions; (5) uncertainties in the discovery, development or marketing of new products or new uses of existing products, including without limitation negative results of clinical trials or research projects, unexpected side effects of pipeline or marketed products; (6) increased government pricing pressures; (7) interruptions in production; (8) loss of or inability to obtain adequate protection for intellectual property rights; (9) litigation; (10) loss of key executives or other employees; and (11) adverse publicity and news coverage.

The statement regarding earnings per share growth is not a profit forecast and should not be interpreted to mean that the Roche Group's earnings or earnings per share for 2025 or any subsequent period will necessarily match or exceed the historical published earnings or earnings per share of the Roche Group.

Links to third-party pages are provided for convenience only. We do not express any opinion on the content of any third-party pages and expressly disclaim any liability for all third-party information and the use of it.

The Finance Report of Roche Holding Ltd is published in German and English. In case of doubt or differences of interpretation, the English version shall prevail over the German text.

Our reporting consists of the actual Annual Report and of the Finance Report and contains the annual financial statements and the consolidated financial statements.

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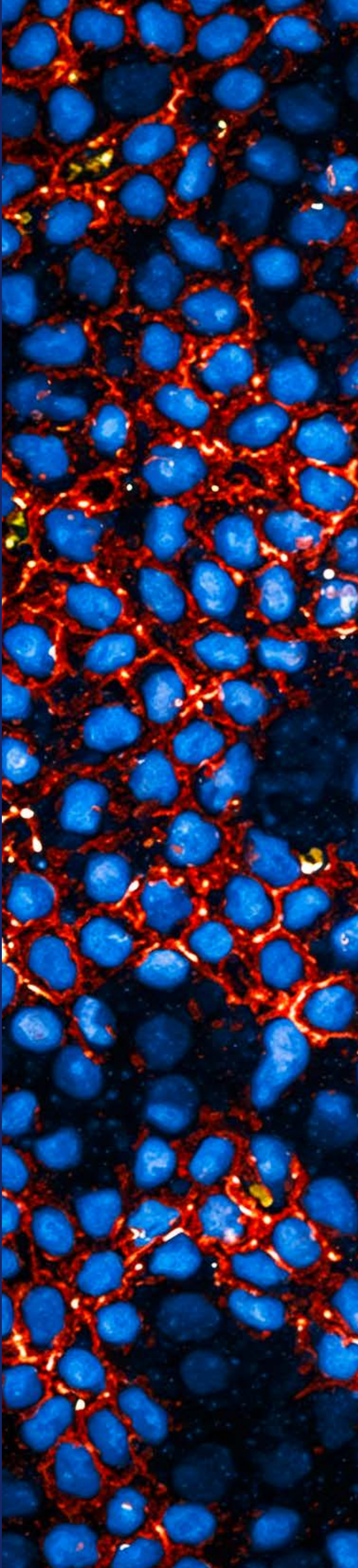
The image shows retinal pigment epithelium (RPE) grown in the lab. The RPE is a crucial part of the human retina and involved in age-related macular degeneration, which leads to vision loss. Scientists use this model to better understand the disease and investigate therapeutic options.

Photo: Giovanna Brancati, Richard Schreurs, pRED scientists



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