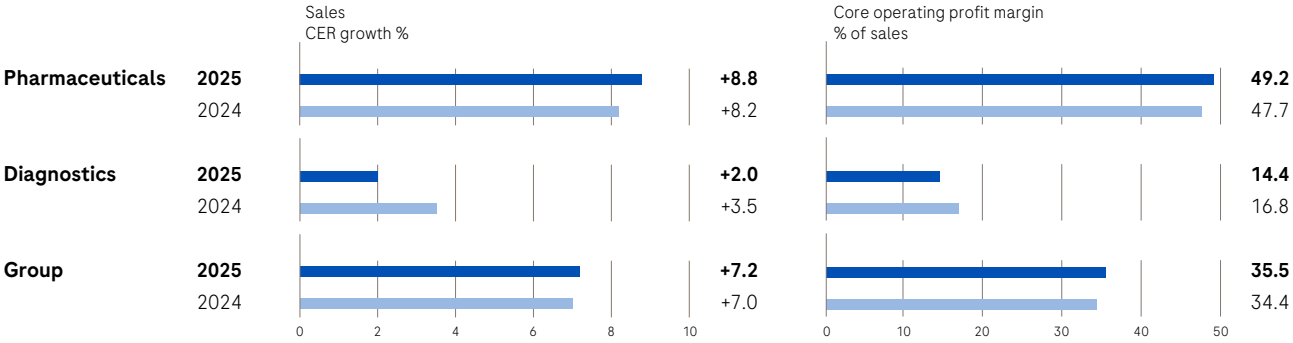

Roche
Finance Report 2025

Finance in Brief

Key results



	2025 (CHF m)	2024 (CHF m)	% change (CHF)	% change (CER)	% of sales 2025	% of sales 2024
IFRS results						
Sales	61,516	60,495	+2	+7		
Operating profit	18,476	13,417	+38	+48	30.0	22.2
Net income	13,799	9,187	+50	+58	22.4	15.2
Net income attributable to Roche shareholders	12,880	8,277	+56	+64	20.9	13.7
Diluted EPS (CHF)	16.04	10.31	+56	+64		
Dividend per share (CHF)	9.80[a)]	9.70	+1			
Core results						
Research and development	12,243	13,042	–6	–3	19.9	21.6
Core operating profit	21,833	20,823	+5	+13	35.5	34.4
Core EPS (CHF)	19.46	18.80	+4	+11		
Free cash flow						
Operating free cash flow	16,163	20,121	–20	–12	26.3	33.3
Free cash flow	11,807	15,336	–23	–15	19.2	25.4

	2025 (CHF m)	2024 (CHF m)	% change (CHF)	% change (CER)
Net debt	(16,160)	(17,337)	–7	+6
Capitalisation	69,516	70,815	–2	+7
– Debt	31,636	34,654	–9	–
– Equity	37,880	36,161	+5	+14

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 2025 and 2024 results at constant exchange rates (the average rates for the year ended 31 December 2024). For the definition of CER see page 178.

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 171–174 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 174–176 and reconciliations between the IFRS cash flow and free cash flow are given there.

Finance – 2025 in Brief

Roche in 2025

Roche Group sales grew by 7% at constant exchange rates (CER). IFRS net income increased by 58% (CER) and core earnings per share increased by 11% (CER). The **appreciation of the Swiss franc** had a significant adverse impact on the results expressed in Swiss francs.

Sales

Group sales were CHF 61.5 billion, an increase of 7% at CER (2% increase in CHF terms). **Pharmaceuticals sales** increased by 9% (CER) driven by the growing demand for newer medicines. **Diagnostics sales** increased by 2% (CER), driven by higher demand for pathology and molecular solutions, despite the impact of healthcare pricing reforms in China.

Operating results

Core operating profit increased by 13% (CER) to CHF 21.8 billion (5% increase in CHF terms). **Research and development** expenditure decreased by 3% (CER) to CHF 12.2 billion on a core basis, with continued investment being more than offset by ongoing resource optimisation initiatives. **IFRS operating profit**, which includes non-core items, was 48% higher (CER) due to the base effect of the goodwill impairment of CHF 3.2 billion in 2024.

Non-operating results

Financing costs (core) decreased by 1% (CER) to CHF 1.3 billion (decrease of 5% in CHF terms). **Income tax expenses** (core) increased by 27% at CER to CHF 3.8 billion due to the increased percentage of profit contribution coming from jurisdictions with higher tax rates. The effective core tax rate for 2025 increased to 18.6%.

Net income

IFRS net income was CHF 13.8 billion, an increase of 58% at CER (increase of 50% in CHF terms), due to the impact of the goodwill impairment in 2024. **Core earnings per share** increased by 11% at CER to CHF 19.46 (increase of 4% in CHF terms).

Cash flows

Operating free cash flow was CHF 16.2 billion, a decrease of 12% at CER (decrease of 20% in CHF terms). **Free cash flow** decreased by 15% at CER (decrease of 23% in CHF terms) to CHF 11.8 billion. The underlying cash generation of the business was impacted by increased trade receivables and collaboration payments to Zealand Pharma.

Financial position

Net working capital increased by 19% at CER (increase of 7% in CHF terms) driven by an increase in trade receivables following the sales uptake. **Net debt** decreased by CHF 1.2 billion to CHF 16.2 billion as free cash flow from the business and currency translation effects more than offset cash outflows for dividends and acquisitions. **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 9.80 per share and non-voting equity security. This would represent the 39th consecutive year of dividend growth and would result in a pay-out ratio of 50.4%, subject to AGM approval. **Total Shareholder Return** (TSR) was plus 32.0% representing the combined performance of share and non-voting equity security.

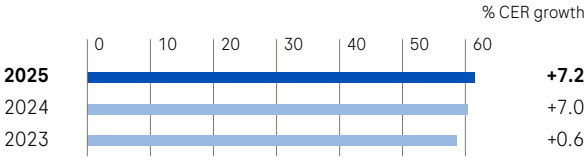
Roche Group

Roche Holding Ltd, Basel

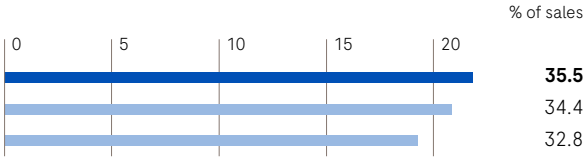
Financial Review

Roche Group results

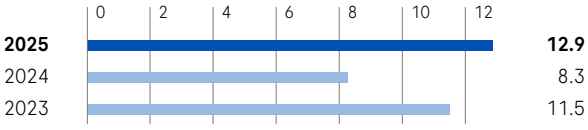
Sales in billions of CHF



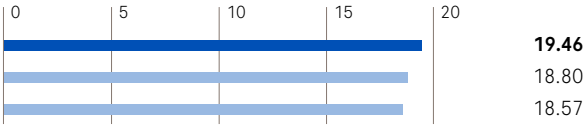
Core operating profit in billions of CHF



Net income attributable to Roche shareholders
in billions of CHF



Core EPS in CHF



In 2025 the Roche Group reported sales growth of 7% and a core operating profit growth of 13% at CER. IFRS net income increased by 58% while Core EPS increased by 11% at CER. In 2025 the Swiss franc appreciated against many currencies, notably the US dollar. This had an adverse net impact on the results expressed in Swiss francs of 5 percentage points on sales, 8 percentage points on both core operating profit and IFRS net income and 7 percentage points on Core EPS.

Sales in the Pharmaceuticals Division were CHF 47.7 billion (2024: CHF 46.2 billion), an increase of 9% at CER or 3% in CHF. Phesgo and Xolair were the primary growth drivers, alongside continued demand for Ocrevus, Hemlibra, Vabysmo and Polivy. This growth was partially offset by the impact of biosimilar and generic competition, as well as lower Perjeta sales due to the ongoing conversion of patients to Phesgo.

Sales in the Diagnostics Division were CHF 13.8 billion (2024: CHF 14.3 billion), an increase of 2% at CER (decrease of 3% in CHF), driven by growth in demand for pathology and molecular solutions. There was a significant negative impact from healthcare pricing reforms in China, specifically across the portfolio of cardiac and oncology tests in the Core Lab customer area.

Divisional operating results for 2025 in millions of CHF

	Pharmaceuticals	Diagnostics	Corporate	Group
Sales	47,669	13,847	–	61,516
Core operating profit	23,440	1,998	(3,605)	21,833
– Margin, % of sales	49.2	14.4	–	35.5
Operating profit	21,666	1,070	(4,260)	18,476
– Margin, % of sales	45.5	7.7	–	30.0
Operating free cash flow	19,539	682	(4,058)	16,163
– Margin, % of sales	41.0	4.9	–	26.3

Divisional operating results – Development of results compared to 2024

	Pharmaceuticals	Diagnostics	Corporate	Group
Sales				
– % change at CER	+9	+2	–	+7
Core operating profit				
– % change at CER	+13	–4	+2	+13
– Margin: percentage point change	+1.9	–1.1	–	+1.9
Operating profit				
– % change at CER	+47	–31	+5	+48
– Margin: percentage point change	+11.9	–4.4	–	+8.6
Operating free cash flow				
– % change at CER	–6	–48	+6	–12
– Margin: percentage point change	–6.8	–5.9	–	–6.1

The Pharmaceuticals Division's core operating profit increased by 13% at CER (increase of 6% in CHF). Cost of sales increased by 7%, growing at a lower rate than sales growth, primarily driven by changes in the product mix. This was partly offset by higher royalty expenses and expenses for collaboration and profit-sharing agreements, driven by increased sales of Ocrevus and Xolair. Research and development costs decreased by 3%, with the Oncology therapeutic area being the primary focus of spending including investments in divarasib and giredestrant. Increased spending on recent acquisitions and collaborations, including Carmot, Telavant, 89bio and Poseida, was offset by savings from resource optimisation initiatives, notably at Spark Therapeutics and Flatiron Health, and a reduction in costs following the completion of several studies. Selling, general and administration costs increased by 8% due to higher marketing and distribution spending reflecting the phasing of commercial activities in the US and continued investments in Ocrevus, Vabysmo and Xolair in the food allergy indication.

In the Diagnostics Division, core operating profit decreased by 4% at CER (decrease of 17% in CHF). The sales increase of 2% was more than offset by an increase of 7% in cost of sales, which was due to the growth of the installed instrument base, manufacturing ramp-up costs and US tariffs. The negative impact on sales from the healthcare pricing reforms in China was also a factor in the lower core operating profit.

The Group's core operating profit was 13% higher at CER (increase of 5% in CHF), reflecting the increased sales in the Pharmaceuticals Division and efficiency improvements in research and development.

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 increased by 47% (CER) in the Pharmaceuticals Division due to the base effect of the goodwill impairment in 2024, as well as the 13% growth in core operating profit. In the Diagnostics Division, IFRS operating profit decreased by 31% (CER) due to higher global restructuring plan charges and the 4% decline in core operating profit. The 2025 results for the Group included CHF 2.2 billion charges for restructuring costs, CHF 0.7 billion for intangible asset amortisation and CHF 0.4 billion for goodwill and intangible asset impairment. Group IFRS operating profit increased by 48% at CER (increase of 38% in CHF).

Financing costs were 1% lower (CER) at CHF 1.3 billion. The Group's effective core tax rate increased by 1.9 percentage points to 18.6% in 2025. This was driven by the increased percentage of profit contribution coming from jurisdictions with higher tax rates as well as the impact from the resolution of tax disputes.

Net income increased by 11% at CER (increase of 4% in CHF) on a core basis to CHF 16.6 billion and by 58% at CER (increase of 50% in CHF) on an IFRS basis to CHF 13.8 billion due to the impact of impairment charges for goodwill in 2024 of CHF 3.2 billion. Core EPS increased by 11% at CER (increase of 4% in CHF) to CHF 19.46.

Operating free cash flow was CHF 16.2 billion, a decrease of 12% at CER (decrease of 20% in CHF). For the Pharmaceuticals Division the higher underlying cash generation of the business was impacted by an increase in trade receivables and investments in intangible assets from the collaboration with Zealand Pharma. For the Diagnostics Division the reduced cash flow was due to the lower cash generation of the business following healthcare pricing reforms in China and also due to increased net working capital. The free cash flow was CHF 11.8 billion, a decrease of 15% at CER (decrease of 23% in CHF) driven by the lower operating free cash flow.

Income statement

	2025 (CHF m)	2024 (CHF m)	% change (CHF)	% change (CER)
IFRS results				
Sales	61,516	60,495	+2	+7
Other revenue	1,840	1,900	–3	+1
Revenue	**63,356**	**62,395**	**+2**	**+7**
Cost of sales	(16,645)	(16,283)	+2	+7
Research and development	(13,352)	(15,304)	–13	–9
Selling, general and administration	(15,161)	(14,896)	+2	+6
Other operating income (expense)	278	(2,495)	–	–
Operating profit	**18,476**	**13,417**	**+38**	**+48**
Financing costs	(1,349)	(1,412)	–4	0
Other financial income (expense)	(154)	(212)	–27	–29
Profit before taxes	**16,973**	**11,793**	**+44**	**+52**
Income taxes	(3,174)	(2,606)	+22	+31
Net income	**13,799**	**9,187**	**+50**	**+58**
Attributable to				
– Roche shareholders	12,880	8,277	+56	+64
– Non-controlling interests	919	910	+1	+5
EPS – Basic (CHF)	16.18	10.39	+56	+64
EPS – Diluted (CHF)	16.04	10.31	+56	+64
Core results[a]				
Sales	61,516	60,495	+2	+7
Other revenue	1,840	1,900	–3	+1
Revenue	**63,356**	**62,395**	**+2**	**+7**
Cost of sales	(15,864)	(15,398)	+3	+7
Research and development	(12,243)	(13,042)	–6	–3
Selling, general and administration	(13,838)	(13,758)	+1	+5
Other operating income (expense)	422	626	–33	–30
Operating profit	**21,833**	**20,823**	**+5**	**+13**
Financing costs	(1,323)	(1,398)	–5	–1
Other financial income (expense)	(154)	(212)	–27	–29
Profit before taxes	**20,356**	**19,213**	**+6**	**+13**
Income taxes	(3,781)	(3,202)	+18	+27
Net income	**16,575**	**16,011**	**+4**	**+11**
Attributable to				
– Roche shareholders	15,622	15,081	+4	+11
– Non-controlling interests	953	930	+2	+7
Core EPS – Basic (CHF)	19.63	18.93	+4	+11
Core EPS – Diluted (CHF)	19.46	18.80	+4	+11

a) See pages 171–174 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

	2025 (CHF m)	2024 (CHF m)	% change (CER)	% divisional sales 2025	% divisional sales 2024
United States	1,318	1,490	–6	2.8	3.2
Europe	501	538	–5	1.1	1.2
Japan	166	228	–23	0.3	0.5
International	1,267	1,737	–22	2.6	3.7
Total sales	**3,252**	**3,993**	**–14**	**6.8**	**8.6**

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. The sales of Esbriet were CHF 33 million (2024: CHF 94 million), a decline of 64% at CER. The rights for Esbriet in the US market were divested in the first quarter of 2025 and the ex-US rights were divested in the fourth quarter of 2025.

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 at the beginning of the third quarter of 2022. US sales of Lucentis were CHF 58 million (2024: CHF 144 million), a decline of 58% 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 2,470 million (2024: CHF 2,645 million), a decrease of 2% at CER. Sales decreased in Europe and the US due to the impact from biosimilar competition.

Xolair. The Group's basic, primary patents have expired, and the formulation patent expired 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 the second half of 2026. Sales of Xolair in the US in 2025 were CHF 3,075 million.

Perjeta. The Group's basic, primary patents in the US and the EU expired in the second quarter of 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 2025 were CHF 2,968 million.

Mergers and acquisitions

Poseida. On 8 January 2025 the Group completed the acquisition of Poseida Therapeutics, Inc. ('Poseida'). 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. The total consideration was USD 1.1 billion, of which USD 0.9 billion was paid in cash, USD 0.1 billion arose from a deferred cash consideration and USD 0.1 billion arose from a contingent consideration arrangement.

89bio. On 30 October 2025 the Group completed the acquisition of 89bio, Inc. ('89bio'). With the acquisition, the Group obtained access to pegozafermin, a fibroblast growth factor 21 (FGF21) analogue in phase III for the treatment of moderate to severe metabolic dysfunction-associated steatohepatitis (MASH). The initial cash consideration was USD 2.4 billion and additional contingent payments may be made based upon the achievement of performance-related milestones.

Pentavision. On 4 November 2025 the Group completed the acquisition of Pentavision Biosciences Ltd ('Pentavision'). With the acquisition, the Group gained access to a phase I trispecific antibody in ophthalmology. The initial cash consideration was USD 0.4 billion and additional contingent payments may be made based upon the achievement of performance-related milestones.

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

Alliance transactions

In 2025 in-licensing and alliance transactions resulted in intangible assets of CHF 2.5 billion (2024: CHF 1.4 billion) being recognised. Transactions in 2025 included the collaboration and licence agreement with Zealand Pharma A/S ('Zealand Pharma') to co-develop and co-commercialise petrelintide in the US and Europe as a potential foundational therapy for people who are overweight or have obesity. The Group obtained exclusive rights to commercialise petrelintide in the rest of the world and will be responsible for commercial manufacturing and supply. The initial payment resulted in the recognition of CHF 1.2 billion of intangible assets. Transactions in 2025 also included the collaboration and licensing agreement with MediLink Therapeutics ('MediLink') for the development and commercialisation outside of China of YL201, an antibody-drug conjugate (ADC) asset targeting B7H3 across numerous solid tumour types. An intangible asset of CHF 0.4 billion was recognised, with the initial payment expected in the first half of 2026.

Global restructuring plans

During 2025 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

	2025	2024
Global restructuring costs		
– Employee-related costs	911	492
– Site closure and other costs related to physical assets	335	827
– Divestment of products and businesses	0	(240)
– Other reorganisation expenses	918	812
Total global restructuring costs	**2,164**	**1,891**

The Pharmaceuticals Division incurred restructuring costs of CHF 769 million, primarily for research and development optimisation initiatives and a business process transformation to simplify the systems landscape. The Diagnostics Division incurred costs of CHF 734 million for initiatives to drive organisational effectiveness across manufacturing, research and development and administrative areas. Corporate costs were CHF 661 million and included a business process transformation to simplify the systems landscape and reduce process complexity as well as a restructuring in informatics. The business process 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 intangible assets of CHF 0.3 billion in total. These charges included CHF 0.2 billion related to the impairment of several product intangible assets in development following decisions to stop the development or terminate the collaborations and CHF 0.1 billion related to the full impairment of the product intangible asset for SPK-9001, acquired as part of the Spark Therapeutics acquisition. In 2024 there were impairment charges to goodwill of CHF 3.2 billion and impairment charges to intangible assets of CHF 1.4 billion in the Pharmaceuticals Division.

Diagnostics Division. The Diagnostics Division recorded impairment charges to goodwill of CHF 39 million for the full write-off of the goodwill from the Medingo acquisition following a strategic reassessment carried out in the first half of 2025. In 2024 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

Based on the development of the various litigations, including the Avastin/Lucentis investigation in France and the Belgian Competition Authority investigation, there was a net expense of CHF 170 million. There were no other significant developments in 2025. Further details are given in Note 20 to the Annual Financial Statements.

Net income and earnings per share

IFRS net income, which included lower charges for the impairment of goodwill and intangible assets, increased by 58% at CER (increase of 50% in CHF) while net income on a core basis increased by 11% at CER (increase of 4% in CHF). Core EPS increased by 11% at CER to CHF 19.46. 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 5% on an IFRS basis and by 7% on a core basis due to the base effect of the impairment of goodwill and intangible assets in 2024 that were not included in the net income attributable to non-controlling interests.

Net income

	2025 (CHF m)	2024 (CHF m)	% change (CHF)	% change (CER)
IFRS net income	**13,799**	**9,187**	**+50**	**+58**
Reconciling items (net of tax)				
– Global restructuring plans	1,723	1,502	+15	+18
– Intangible asset amortisation	553	724	–24	–21
– Goodwill and intangible asset impairment	296	4,405	–93	–93
– Mergers and acquisitions, and alliance transactions	(4)	67	–	–
– Legal and environmental cases	153	67	+128	+133
– Transitional effect of Swiss tax reform	119	0	–	–
– Normalisation of equity compensation plan tax benefit	(64)	59	–	–
Core net income	**16,575**	**16,011**	**+4**	**+11**

Supplementary net income and EPS information is given on pages 171 to 174. This includes calculations of Core EPS and reconciles the core results to the Group's published IFRS results.

Financial position

Financial position

	2025 (CHF m)	2024 (CHF m)	% change (CHF)	% change (CER)
Pharmaceuticals				
Net working capital	2,618	2,230	+17	+34
Other net operating assets	33,693	32,217	+5	+15
Diagnostics				
Net working capital	2,934	3,023	–3	+5
Other net operating assets	13,839	14,506	–5	+3
Corporate				
Net working capital	(653)	(653)	0	+4
Other net operating assets	58	192	–70	–66
Net operating assets	**52,489**	**51,515**	**+2**	**+12**
Net debt	(16,160)	(17,337)	–7	+6
Lease liabilities	(1,555)	(1,700)	–9	+2
Pensions	(2,159)	(2,125)	+2	+8
Income taxes	5,053	5,229	–3	+13
Other net non-operating assets	212	579	–63	–65
Total net assets	**37,880**	**36,161**	**+5**	**+14**

Compared to the start of the year the Swiss franc appreciated against most currencies, notably the US dollar and the Japanese yen, which had a significant effect on the carrying value of the Group's net operating assets as reported in Swiss francs. This negative translation effect was partially compensated by the natural hedge from the Group's US dollar-denominated debt. The exchange rates used are given on page 34.

Net working capital in the Pharmaceuticals Division increased by 34% (CER), driven by an increase in trade receivables mainly in the US, due to the timing of sales near the year end and extended payment terms for Vabysmo. Other net operating assets include increases in goodwill and intangible assets arising from acquisitions, notably the Poseida and 89bio acquisitions, and from the collaboration and licence agreement with Zealand Pharma. These increases were offset by amortisation and impairment charges, and depreciation charges on property, plant and equipment. In the Diagnostics Division, net working capital increased by 5% (CER) driven by higher trade receivables. This increase was partially offset by lower inventories due to instrument movements into property, plant and equipment and higher trade payables.

The decrease in net debt was due to the free cash flow of CHF 11.8 billion and currency translation effects of CHF 2.1 billion, partly offset by dividend payments of CHF 8.4 billion and the payments of CHF 3.1 billion for acquisitions. The net pension liability was higher following an increase of the limit on asset recognition of certain Swiss pension plans which more than offset the positive impact from higher plan assets in Switzerland. The net tax assets decreased mainly due to the income tax expenses exceeding taxes paid.

Free cash flow

Free cash flow

	2025 (CHF m)	2024 (CHF m)	% change (CHF)	% change (CER)
Pharmaceuticals	19,539	22,288	–12	–6
Diagnostics	682	1,734	–61	–48
Corporate	(4,058)	(3,901)	+4	+6
Operating free cash flow	**16,163**	**20,121**	**–20**	**–12**
Treasury activities	(1,217)	(1,058)	+15	+21
Taxes paid	(3,139)	(3,727)	–16	–12
Free cash flow	**11,807**	**15,336**	**–23**	**–15**

See pages 174–176 for the definition of free cash flow and a detailed breakdown.

The Group's operating free cash flow was CHF 16.2 billion, a decrease of 12% at CER (decrease of 20% in CHF). In the Pharmaceuticals Division the improved cash generation from the underlying business was offset by investments in intangible assets, notably for the collaboration with Zealand Pharma, and higher trade receivables. The decrease for the Diagnostics Division was due to the lower cash generation of the business following healthcare pricing reforms in China as well as an increase in net working capital. The free cash flow of CHF 11.8 billion, a decrease of 15% at CER (decrease of 23% in CHF), was a result of the lower operating free cash flow. The appreciation of the Swiss franc in 2025 relative to 2024 had a significant adverse impact on the cash flows expressed in Swiss francs.

Pharmaceuticals Division operating results

Pharmaceuticals Division operating results

	2025 (CHF m)	2024 (CHF m)	% change (CHF)	% change (CER)
IFRS results				
Sales	47,669	46,171	+3	+9
Other revenue	1,782	1,871	–5	–1
Revenue	**49,451**	**48,042**	**+3**	**+8**
Cost of sales	(9,084)	(9,150)	–1	+4
Research and development	(11,300)	(13,299)	–15	–12
Selling, general and administration	(7,597)	(7,533)	+1	+6
Other operating income (expense)	196	(2,473)	–	–
Operating profit	**21,666**	**15,587**	**+39**	**+47**
– Margin, % of sales	45.5	33.8	+11.7	+11.9
Core results[a]				
Sales	47,669	46,171	+3	+9
Other revenue	1,782	1,871	–5	–1
Revenue	**49,451**	**48,042**	**+3**	**+8**
Cost of sales	(8,678)	(8,457)	+3	+7
Research and development	(10,399)	(11,096)	–6	–3
Selling, general and administration	(7,241)	(7,036)	+3	+8
Other operating income (expense)	307	561	–45	–43
Core operating profit	**23,440**	**22,014**	**+6**	**+13**
– Margin, % of sales	49.2	47.7	+1.5	+1.9
Financial position				
Net working capital	2,618	2,230	+17	+34
Other net operating assets	33,693	32,217	+5	+15
Net operating assets	**36,311**	**34,447**	**+5**	**+16**
Free cash flow[b]				
Operating free cash flow	19,539	22,288	–12	–6
– Margin, % of sales	41.0	48.3	–7.3	–6.8

a) See pages 171–174 for the definition of core results.
b) See pages 174–176 for the definition of free cash flow.

Sales overview

Pharmaceuticals Division – Sales by therapeutic area

	2025 (CHF m)	2024 (CHF m)	% change (CER)	% of sales 2025	% of sales 2024
Oncology/Haematology	23,938	23,744	+6	50.2	51.4
– *of which Oncology*	*15,318*	*15,835*	*+2*	*32.1*	*34.3*
– *of which Haematology*	*8,620*	*7,909*	*+15*	*18.1*	*17.1*
Neurology	9,834	9,267	+11	20.6	20.1
Immunology	6,732	6,329	+12	14.1	13.7
Ophthalmology	4,210	4,030	+10	8.8	8.7
Other therapeutic areas	2,955	2,801	+11	6.3	6.1
Total sales	**47,669**	**46,171**	**+9**	**100**	**100**

Sales in the Pharmaceuticals Division were CHF 47.7 billion (2024: CHF 46.2 billion), an increase of 9% at CER or 3% in CHF. Phesgo and Xolair were the primary growth drivers, alongside continued demand for Ocrevus, Hemlibra, Vabysmo and Polivy. This growth was partially offset by the impact of biosimilar and generic competition, as well as lower Perjeta sales due to the ongoing conversion of patients to Phesgo.

Sales in the Oncology/Haematology therapeutic area increased by 6%, with the growth being driven by Phesgo, Hemlibra and Polivy. Sales of Tecentriq were CHF 3.6 billion, an increase of 3%, driven by positive performance in the International region, partially offset by primarily lower US sales due to continued pressure from competition. In the HER2 franchise, sales were CHF 8.5 billion, an increase of 3%, with the 48% increase in Phesgo sales to CHF 2.4 billion being partly offset by the 13% decline in Perjeta sales due to the conversion of patients from Perjeta to Phesgo. In Haematology, Hemlibra sales increased by 11% to CHF 4.8 billion, led by growth in the International region as more patients switched from existing treatments. Polivy sales increased by 38% to CHF 1.5 billion, reflecting growth across all regions. There were lower sales of Avastin, Herceptin and MabThera/Rituxan due to biosimilar erosion.

Sales in Neurology grew by 11% mainly due to Ocrevus, Evrysdi and Elevidys. Ocrevus continued as the Pharmaceuticals Division's highest-selling medicine with sales of CHF 7.0 billion, an increase of 9%, which included 7% growth in the US.

In the Immunology therapeutic area, Xolair sales in the US were 32% higher at CHF 3.1 billion driven by the recent launch of the medicine in the food allergy indication and growth in the chronic spontaneous urticaria indication. Actemra/RoActemra sales decreased by 2% to CHF 2.5 billion, following recent launches of biosimilars.

Sales in Ophthalmology increased by 10% reflecting the growth in Vabysmo sales. Sales of Vabysmo were 12% higher at CHF 4.1 billion. The US remained the largest market, despite the contraction of the US branded market, while growth continued in all other regions.

Product sales

Pharmaceuticals Division – Sales

	2025 (CHF m)	2024 (CHF m)	% change (CER)	% of sales 2025	% of sales 2024
Oncology/Haematology					
Tecentriq	3,566	3,640	+3	7.5	7.9
Perjeta	2,968	3,616	–13	6.2	7.8
Phesgo	2,441	1,740	+48	5.1	3.8
Kadcyla	2,025	1,998	+7	4.2	4.3
Alecensa	1,562	1,548	+6	3.3	3.4
Herceptin	1,028	1,381	–22	2.2	3.0
Avastin	973	1,233	–17	2.0	2.7
Erivedge	263	260	+6	0.6	0.6
Others	492	419	+23	1.0	0.8
Total Oncology	***15,318***	***15,835***	***+2***	***32.1***	***34.3***
Hemlibra	4,754	4,503	+11	10.0	9.8
Polivy	1,470	1,121	+38	3.1	2.4
Gazyva/Gazyvaro	986	910	+14	2.1	2.0
MabThera/Rituxan[a)]	962	1,116	–9	2.0	2.4
Columvi	288	172	+75	0.6	0.4
Others	160	87	+93	0.3	0.1
Total Haematology	***8,620***	***7,909***	***+15***	***18.1***	***17.1***
Total Oncology/Haematology	**23,938**	**23,744**	**+6**	**50.2**	**51.4**
Neurology					
Ocrevus	7,010	6,744	+9	14.7	14.6
Evrysdi	1,757	1,631	+13	3.7	3.5
Enspryng	364	311	+23	0.8	0.7
Madopar	350	368	0	0.7	0.8
Elevidys	341	189	+84	0.7	0.4
Others	12	24	–47	0.0	0.1
Total Neurology	**9,834**	**9,267**	**+11**	**20.6**	**20.1**
Immunology					
Xolair	3,075	2,470	+32	6.5	5.3
Actemra/RoActemra	2,470	2,645	–2	5.2	5.7
Pulmozyme	479	455	+12	1.0	1.0
CellCept	385	399	+1	0.8	0.9
MabThera/Rituxan[a)]	289	263	+16	0.6	0.6
Others	34	97	–64	0.0	0.2
Total Immunology	**6,732**	**6,329**	**+12**	**14.1**	**13.7**
Ophthalmology					
Vabysmo	4,102	3,864	+12	8.6	8.4
Others	108	166	–31	0.2	0.3
Total Ophthalmology	**4,210**	**4,030**	**+10**	**8.8**	**8.7**

a) Total MabThera/Rituxan sales of CHF 1,251 million (2024: CHF 1,379 million) split between Oncology/Haematology and Immunology therapeutic areas.

Pharmaceuticals Division – Sales *(continued)*

	2025 (CHF m)	2024 (CHF m)	% change (CER)	% of sales 2025	% of sales 2024
Other therapeutic areas					
Activase/TNKase	1,107	1,202	–2	2.3	2.6
Mircera	356	397	–6	0.7	0.9
Others	1,492	1,202	+30	3.3	2.6
Total other therapeutic areas	**2,955**	**2,801**	**+11**	**6.3**	**6.1**
Total sales	**47,669**	**46,171**	**+9**	**100**	**100**

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

Ocrevus regional sales

	2025 (CHF m)	2024 (CHF m)	% change (CER)	% of sales 2025	% of sales 2024
United States	4,874	4,819	+7	69.5	71.5
Europe	1,451	1,306	+13	20.7	19.4
International	685	619	+21	9.8	9.1
Total sales	**7,010**	**6,744**	**+9**	**100**	**100**

Ocrevus sales grew across all regions driven by continuous and increasing demand from both new and existing patients. The recently launched subcutaneous formulation has driven the growth in the European markets, notably in Germany and the UK, and in the US. Ocrevus remains a market leader in the treatment of multiple sclerosis.

Hemlibra. For haemophilia A.

Hemlibra regional sales

	2025 (CHF m)	2024 (CHF m)	% change (CER)	% of sales 2025	% of sales 2024
United States	2,665	2,654	+6	56.1	58.9
Europe	1,002	926	+10	21.1	20.6
Japan	377	367	+8	7.9	8.2
International	710	556	+38	14.9	12.3
Total sales	**4,754**	**4,503**	**+11**	**100**	**100**

Hemlibra sales grew across all regions 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 6% due to increased demand from new patients. The growth in the International region was driven by higher demand, resulting from expanded access as more patients switched from existing treatments.

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

	2025 (CHF m)	2024 (CHF m)	% change (CER)	% of sales 2025	% of sales 2024
United States	2,857	2,940	+3	69.6	76.1
Europe	741	622	+21	18.1	16.1
Japan	146	125	+22	3.6	3.2
International	358	177	+116	8.7	4.6
Total sales	**4,102**	**3,864**	**+12**	**100**	**100**

Vabysmo continued to be a key growth driver in the Pharmaceuticals Division in 2025. The US remained the largest market for Vabysmo as the most prescribed FDA-approved drug in nAMD treatment, with the overall growth rate reduced by the contraction of the branded market. The roll-out of Vabysmo in Europe continued with significant uptake in markets such as Germany, the UK, Spain and Italy. Sales also increased in the International region driven by China following the inclusion of the medicine in the National Reimbursement Drug List (NRDL) in 2025.

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

	2025 (CHF m)	2024 (CHF m)	% change (CER)	% of sales 2025	% of sales 2024
United States	1,640	1,763	–2	46.0	48.4
Europe	878	863	+3	24.6	23.7
Japan	349	380	–4	9.8	10.4
International	699	634	+18	19.6	17.5
Total sales	**3,566**	**3,640**	**+3**	**100**	**100**

Sales increased by 3%, driven by growth in the International region, notably China, across most indications. This growth was partially offset by the decline in the US and Japan due to competitive pressure in the HCC and NSCLC indications. Competitive pressures impacted market share, despite the positive performance of the subcutaneous formulation.

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

Perjeta regional sales

	2025 (CHF m)	2024 (CHF m)	% change (CER)	% of sales 2025	% of sales 2024
United States	1,268	1,345	0	42.7	37.2
Europe	552	646	–13	18.6	17.9
Japan	69	116	–37	2.3	3.2
International	1,079	1,509	–21	36.4	41.7
Total sales	**2,968**	**3,616**	**–13**	**100**	**100**

Phesgo regional sales

	2025 (CHF m)	2024 (CHF m)	% change (CER)	% of sales 2025	% of sales 2024
United States	708	570	+31	29.0	32.8
Europe	812	738	+12	33.3	42.4
Japan	188	136	+44	7.7	7.8
International	733	296	+172	30.0	17.0
Total sales	**2,441**	**1,740**	**+48**	**100**	**100**

Kadcyla regional sales

	2025 (CHF m)	2024 (CHF m)	% change (CER)	% of sales 2025	% of sales 2024
United States	768	765	+6	37.9	38.3
Europe	532	564	–4	26.3	28.2
Japan	91	98	–3	4.5	4.9
International	634	571	+22	31.3	28.6
Total sales	**2,025**	**1,998**	**+7**	**100**	**100**

Herceptin regional sales

	2025 (CHF m)	2024 (CHF m)	% change (CER)	% of sales 2025	% of sales 2024
United States	225	265	–10	21.9	19.2
Europe	291	303	–2	28.3	21.9
Japan	7	14	–43	0.7	1.0
International	505	799	–32	49.1	57.9
Total sales	**1,028**	**1,381**	**–22**	**100**	**100**

Sales in the HER2 franchise increased by 3% to CHF 8.5 billion. Sales of Phesgo increased by 48% with growth across all regions, primarily the International region, particularly in China, due to the ongoing conversion of patients to Phesgo as the preferred treatment over Perjeta and Herceptin. Sales of Perjeta globally were consequently 13% lower. Sales of Kadcyla increased by 7% with sales growth in the International region and in the US. Herceptin sales were 22% lower because of biosimilar erosion.

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

Xolair regional sales

	2025 (CHF m)	2024 (CHF m)	% change (CER)	% of sales 2025	% of sales 2024
United States	3,075	2,470	+32	100	100
Total sales	**3,075**	**2,470**	**+32**	**100**	**100**

Sales increased by 32% driven by the recent launch of the medicine in the food allergy indication and the growth in the chronic spontaneous urticaria 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.

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

	2025 (CHF m)	2024 (CHF m)	% change (CER)	% of sales 2025	% of sales 2024
United States	1,206	1,331	–4	48.8	50.3
Europe	588	658	–9	23.8	24.9
Japan	310	309	+5	12.6	11.7
International	366	347	+16	14.8	13.1
Total sales	**2,470**	**2,645**	**–2**	**100**	**100**

Sales decreased by 2%, as an effect of biosimilar erosion in Europe and in the US, partially offset by an increase in the International region and Japan reflecting continued demand from patients with rheumatoid arthritis.

Evrysdi. For spinal muscular atrophy (SMA).

Evrysdi regional sales

	2025 (CHF m)	2024 (CHF m)	% change (CER)	% of sales 2025	% of sales 2024
United States	612	588	+10	34.8	36.1
Europe	616	572	+9	35.1	35.1
Japan	90	93	+1	5.1	5.7
International	439	378	+25	25.0	23.1
Total sales	**1,757**	**1,631**	**+13**	**100**	**100**

Sales increased by 13%, driven by continued gains in market 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 the International region and in Europe, notably in Germany, France and Spain, driven by newly treated patients and patients transitioning to Evrysdi from other treatment options.

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

Alecensa regional sales

	2025 (CHF m)	2024 (CHF m)	% change (CER)	% of sales 2025	% of sales 2024
United States	565	525	+14	36.2	33.9
Europe	262	284	–6	16.8	18.3
Japan	204	198	+7	13.1	12.8
International	531	541	+5	33.9	35.0
Total sales	**1,562**	**1,548**	**+6**	**100**	**100**

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 inclusion of the medicine in the National Reimbursement Drug List (NRDL) for the adjuvant indication. The growth in these regions was partly offset by a sales decline in Europe, primarily in Germany, France and Italy, due to competition.

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

Polivy regional sales

	2025 (CHF m)	2024 (CHF m)	% change (CER)	% of sales 2025	% of sales 2024
United States	688	568	+28	46.8	50.7
Europe	290	192	+53	19.7	17.1
Japan	207	198	+9	14.1	17.7
International	285	163	+87	19.4	14.5
Total sales	**1,470**	**1,121**	**+38**	**100**	**100**

Polivy was a significant driver in divisional sales growth, with increased sales coming from continued US demand. There was also market access expansion in Europe, notably in Germany, and in the International region, particularly in China.

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

	2025 (CHF m)	2024 (CHF m)	% change (CER)	% of sales 2025	% of sales 2024
United States	794	842	0	63.5	61.1
Europe	140	150	–5	11.2	10.9
Japan	14	17	–11	1.1	1.2
International	303	370	–12	24.2	26.8
Total sales	**1,251**	**1,379**	**–4**	**100**	**100**

Sales were 4% lower due to biosimilar erosion, except in the US, where they remained flat. The 12% sales decline in the International region was due to China.

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

Activase/TNKase regional sales

	2025 (CHF m)	2024 (CHF m)	% change (CER)	% of sales 2025	% of sales 2024
United States	1,056	1,140	–2	95.4	94.8
International	51	62	–11	4.6	5.2
Total sales	**1,107**	**1,202**	**–2**	**100**	**100**

Sales were 2% lower mainly due to supply constraints in the US earlier in 2025 and also due to declining demand.

Gazyva/Gazyvaro. For chronic lymphocytic leukaemia (CLL), follicular lymphoma (FL) and lupus nephritis (LN).

Gazyva/Gazyvaro regional sales

	2025 (CHF m)	2024 (CHF m)	% change (CER)	% of sales 2025	% of sales 2024
United States	519	463	+19	52.6	50.9
Europe	245	245	+2	24.8	26.9
Japan	35	29	+25	3.5	3.2
International	187	173	+15	19.1	19.0
Total sales	**986**	**910**	**+14**	**100**	**100**

Gazyva/Gazyvaro sales increased by 14% driven by the US. Sales growth in the US of 19% was due to both CLL and FL and included the new indication for LN launched in October 2025. In the International region the 15% increase is primarily attributable to China.

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

Avastin regional sales

	2025 (CHF m)	2024 (CHF m)	% change (CER)	% of sales 2025	% of sales 2024
United States	299	383	–17	30.7	31.1
Europe	70	85	–16	7.2	6.9
Japan	145	197	–23	14.9	16.0
International	459	568	–14	47.2	46.0
Total sales	**973**	**1,233**	**–17**	**100**	**100**

Sales decreased by 17% across all regions due to the continuing impact of biosimilars. In the International region, the sales decline of 14% was mainly driven by China.

Pharmaceuticals Division – Sales by region

	2025 (CHF m)	2024 (CHF m)	% change (CER)	% of sales 2025	% of sales 2024
United States	25,355	24,774	+8	53.2	53.7
Europe	9,164	8,832	+5	19.2	19.1
Japan	2,882	2,874	+5	6.0	6.2
International	10,268	9,691	+14	21.6	21.0
– *of which China*	*3,034*	*2,926*	*+10*	*6.4*	*6.3*
Total sales	**47,669**	**46,171**	**+9**	**100**	**100**

United States. Sales grew by 8%, due primarily to Xolair, which achieved sales growth of 32% to reach CHF 3.1 billion. Other major growth drivers were Ocrevus, Phesgo, Hemlibra and Polivy. This growth more than offset the impact of biosimilar and generic erosion, including a combined sales decline of 6% for Avastin, Herceptin and MabThera/Rituxan. Ocrevus remained the highest-selling product in the US, with sales of CHF 4.9 billion. The increase of 7% was driven by both new and retained patients, considering the recently launched subcutaneous formulation. Vabysmo generated sales of CHF 2.9 billion, although the rate of growth slowed as the overall market contracted. Hemlibra sales were 6% higher at CHF 2.7 billion due to increased demand from new patients. Xolair sales increased by 32% and reached CHF 3.1 billion, driven by the growth in the recently launched food allergy indication and the continued demand in chronic spontaneous urticaria. Sales of Tecentriq were CHF 1.6 billion, with a decline in sales due to the competitive environment in the HCC and NSCLC indications. Sales of Phesgo, as the treatment preferred over Perjeta and Herceptin, increased by 31% and reached CHF 0.7 billion.

Europe. Sales increased by 5% driven by the continuous growth of Ocrevus, Vabysmo, Polivy and Hemlibra as well as the uptake of Phesgo. Ocrevus sales increased by 13% due to continued growth in both the relapsing and primary progressive multiple sclerosis indications, primarily in Austria and Germany. Hemlibra sales grew 10%, mainly in France, Germany and Italy, due to market penetration in the non-inhibitor indication, and from expanded access as more patients switched from existing treatments. The high uptake of Phesgo resulted in 12% sales growth, with Italy, France and Spain being the key drivers. The sales increase of Vabysmo of 21% was driven by growth in Germany and the UK and by the uptake in markets where Vabysmo was recently launched such as Spain and Italy. This growth was partially offset by a 13% sales decline in Perjeta due to the ongoing conversion of patients to Phesgo and a 9% sales decline in Actemra/RoActemra from biosimilar competition. There was also a combined sales decline of 5% for Avastin, Herceptin and MabThera/Rituxan.

Japan. Sales increased by 5%, primarily driven by the uptake of Phesgo and Vabysmo, the growth in Hemlibra and Enspryng, together with PiaSky, an anti-C5 recycling antibody for paroxysmal nocturnal haemoglobinuria. This growth was partially offset by a sales decline for Avastin, as the impact of biosimilar competition continued, and Perjeta due to the conversion of patients to Phesgo.

International. Sales increased by 14%, led by Phesgo, Xofluza and Hemlibra, with Vabysmo, Elevidys and Polivy also reporting growth. Sales in China increased by 10%, driven by the uptake of Phesgo based on the new inclusion in the National Reimbursement Drug List (NRDL) from this year. Sales of Xofluza in China were higher as a result of an intensive flu season, and there was also growth in China from the roll-out of Vabysmo and Polivy. The growth in China was partially offset by a decline in sales of Perjeta, due to the shift to Phesgo, as well as a decline in sales of Avastin, Herceptin and MabThera/Rituxan due to biosimilar competition. Hemlibra sales were higher as more patients switched from existing treatments.

Operating results

Pharmaceuticals Division – Other revenue

	2025 (CHF m)	2024 (CHF m)	% change (CER)
Royalty income	873	804	+12
Profit-share income	767	785	+3
Other income from collaboration and out-licensing agreements	136	269	–47
Other	6	13	–53
Total – IFRS and Core basis	**1,782**	**1,871**	**–1**

Other revenue decreased by 1% at CER as the higher royalty income and profit-share income were offset by the lower milestone income from out-licensing agreements. Royalty income mainly related to Venclexta/Venclyxto, Tepezza and Mircera. Profit-share income increased mainly based on higher sales of Venclexta/Venclyxto in the US.

Pharmaceuticals Division – Cost of sales

	2025 (CHF m)	2024 (CHF m)	% change (CER)
Manufacturing cost of goods sold and period costs	(5,226)	(5,246)	+4
Royalty expenses	(1,881)	(1,801)	+10
Collaboration and profit-sharing agreements	(1,504)	(1,357)	+17
Amortisation of commercial software intangible assets	(1)	(3)	–64
Impairment of property, plant and equipment and right-of-use assets	(66)	(50)	+35
Cost of sales – Core basis	**(8,678)**	**(8,457)**	**+7**
Global restructuring plans	(85)	(89)	–3
Amortisation of intangible assets	(221)	(246)	–7
Impairment of intangible assets	(100)	(358)	–70
Total – IFRS basis	**(9,084)**	**(9,150)**	**+4**

Core costs increased by 7% at CER, driven by manufacturing costs of goods sold and period costs, which grew by 4%. As a percentage of sales, cost of sales was 18.2%. The increase in manufacturing costs of goods sold and period costs was lower than the increase in sales volumes due to the product mix, partially offset by higher inventory write-offs. In addition, period costs include global costs that are not variable with respect to sales growth. Royalty expenses were 10% higher, driven by increased sales of certain royalty-bearing products, notably Ocrevus. Expenses for collaboration and profit-sharing agreements increased by 17% following the higher sales of Xolair in the US.

The costs of global restructuring plans decreased and mainly related to site closure costs. The impairment of intangible assets in 2025 followed from an alliance partner's decision to stop the commercialisation of SPK-9001, which had been acquired as part of the Spark Therapeutics acquisition.

Pharmaceuticals Division – Research and development

	2025 (CHF m)	2024 (CHF m)	% change (CER)
Research and development – Core basis	**(10,399)**	**(11,096)**	**–3**
Global restructuring plans	(389)	(838)	–51
Amortisation of intangible assets	(290)	(325)	–7
Impairment of intangible assets	(222)	(1,040)	–78
Total – IFRS basis	**(11,300)**	**(13,299)**	**–12**

Core costs decreased by 3% at CER and, as a percentage of sales, decreased by 2.2 percentage points to 21.8%. Oncology continued to be the therapeutic area with the highest expenditure, primarily driven by investments in divarasib for the treatment of specific types of solid tumours and in giredestrant for the treatment of certain types of breast cancer. There was increased spending in cardiovascular and metabolic diseases for the molecules from the Carmot acquisition including CT-388 for the treatment of obesity with differentiated efficacy, from the 89bio acquisition including pegozafermin for the treatment of MASH, and for zilebesiran for patients with uncontrolled hypertension. There was also increased spending in Immunology, due to a study of afimkibart from the Telavant acquisition for the treatment of inflammatory bowel disease and in Neurology, due to a study of trontinemab for the treatment of Alzheimer's disease. These increases were more than offset by the efficiency improvements realised from resource optimisation initiatives, notably at Spark Therapeutics and Flatiron Health, and reduced costs following the completion of several studies. In research and early-stage development, continued efforts were focused on making selective, high-impact investments in capabilities such as computational biology and human model systems. The costs also reflected investments following the Poseida acquisition and recent infrastructure projects, such as the new research and development centre in Basel, Switzerland, and at the Genentech site in South San Francisco, US.

The decrease in global restructuring plan costs was primarily due to lower programme closure costs for efficiency and portfolio prioritisation initiatives. Amortisation of intangible assets decreased reflecting recent impairments. The impairment charges for intangible assets of CHF 0.2 billion were significantly lower than the charges in 2024 and were based on decisions to terminate the development of certain compounds.

Additionally, in-licensing transactions, business combinations and asset acquisitions in the Pharmaceuticals Division resulted in the recognition of intangible assets totalling CHF 4.8 billion (2024: CHF 3.4 billion), of which CHF 1.5 billion arose from the 89bio acquisition and CHF 1.2 billion from the collaboration and licence agreement with Zealand Pharma. See the above sections on 'Mergers and acquisitions' and 'Alliance transactions' for further details.

Pharmaceuticals Division – Selling, general and administration

	2025 (CHF m)	2024 (CHF m)	% change (CER)
Marketing and distribution	(6,046)	(5,744)	+11
Administration	(941)	(996)	–1
Business taxes and capital taxes	(166)	(197)	–11
Other general items	(88)	(99)	–11
Selling, general and administration – Core basis	**(7,241)**	**(7,036)**	**+8**
Global restructuring plans	(355)	(470)	–22
Amortisation of intangible assets	(1)	(6)	–82
Impairment of intangible assets	0	(21)	–100
Total – IFRS basis	**(7,597)**	**(7,533)**	**+6**

Core costs increased by 8% at CER and, as a percentage of sales, were stable at 15.2%. Marketing and distribution costs increased by 11% reflecting the phasing of commercial activities in the US and continued investments in Ocrevus, Vabysmo and Xolair in the food allergy indication. Administration costs were lower following organisational changes with certain centrally managed costs being reported as corporate costs. Business taxes and capital taxes decreased mainly due to lower US excise tax. The decrease in costs for global restructuring plans was primarily driven by lower business process transformation costs to simplify the systems landscape and the lower activities related to commercial operations initiatives in the US.

Pharmaceuticals Division – Other operating income (expense)

	2025 (CHF m)	2024 (CHF m)	% change (CER)
Gains (losses) on disposal of products	43	376	–89
Gains (losses) on disposal of property, plant and equipment and right-of-use assets	(7)	8	–
Gains (losses) on divestment of subsidiaries	105	0	–
Other income (expense)	166	177	0
Other operating income (expense) – Core basis	**307**	**561**	**–43**
Global restructuring plans	60	236	–75
Impairment of goodwill	0	(3,209)	–100
Mergers and acquisitions, and alliance transactions	8	(43)	–
Legal and environmental cases	(179)	(18)	Over +500
Total – IFRS basis	**196**	**(2,473)**	**–**

Core other operating income (expense) on a net basis decreased by 43% at CER due to lower gains on disposal of products in 2025 compared to 2024. Gains on disposal of products in 2025 included the sale of rights for Esbriet outside of the US and in 2024 included the sale of rights for Roaccutane/Accutane. Gains on divestment of subsidiaries related to InterMune, which included the US rights to Esbriet.

Income from global restructuring plans in 2025 arose from a gain from the disposal of property at Chugai, while the income in 2024 was from the divestment of the Vacaville site in the US. Impairment of goodwill in 2024 consisted of CHF 1.1 billion for Flatiron Health and CHF 2.1 billion for Spark Therapeutics. The decrease in costs related to mergers and acquisitions, and alliance transactions was primarily driven by the reversal of previously recorded contingent consideration provisions. The cost of legal and environmental cases increased mainly reflecting the developments in several legal cases, including Avastin/Lucentis investigation in France and the Belgian Competition Authority investigation.

Roche Pharmaceuticals and Chugai subdivisional operating results

Pharmaceuticals subdivisional operating results in millions of CHF

	Roche Pharmaceuticals 2025	Roche Pharmaceuticals 2024	Chugai 2025	Chugai 2024	Pharmaceuticals Division 2025	Pharmaceuticals Division 2024
Sales						
– External customers	44,787	43,297	2,882	2,874	47,669	46,171
– Within division	1,458	1,274	3,106	2,927	4,564	4,201
Core operating profit	20,296	18,693	3,346	3,283	23,440	22,014
Operating profit	18,643	12,337	3,225	3,212	21,666	15,587
Operating free cash flow	16,925	19,328	2,621	2,946	19,539	22,288

Pharmaceuticals Division total core operating profit and operating profit both include the elimination of minus CHF 202 million of unrealised intercompany gains between Roche Pharmaceuticals and Chugai (2024: plus CHF 38 million).

The appreciation of the Swiss franc in 2025 relative to 2024 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 increased by 5% due to the growth in products that are already on the market, including Vabysmo, Hemlibra and Enspryng, and also newly launched products, including Phesgo and PiaSky. Sales within the division increased by 11% driven by higher sales of Hemlibra and Actemra/RoActemra to Roche Pharmaceuticals. Chugai's core operating profit increased by 6% due to higher profit from sales within the division. This was partially offset by higher research and development costs. Operating free cash flow at Chugai decreased by 7% mainly due to net working capital movements.

Financial position

Pharmaceuticals Division – Net operating assets

	2025 (CHF m)	2024 (CHF m)	% change (CHF)	% change (CER)	Movement: Transactions (CHF m)	Movement: CTA and other (CHF m)
Trade receivables	8,701	8,371	+4	+14	1,130	(800)
Inventories	4,483	4,442	+1	+7	377	(336)
Trade payables	(2,476)	(2,240)	+11	+18	(407)	171
Net trade working capital	**10,708**	**10,573**	**+1**	**+11**	**1,100**	**(965)**
Other receivables (payables)	(8,090)	(8,343)	–3	+4	(362)	615
Net working capital	**2,618**	**2,230**	**+17**	**+34**	**738**	**(350)**
Property, plant and equipment	13,658	14,437	–5	+1	176	(955)
Right-of-use assets	611	608	0	+12	64	(61)
Goodwill and intangible assets	20,797	18,380	+13	+26	4,526	(2,109)
Provisions	(1,968)	(2,038)	–3	+5	(94)	164
Other assets (liabilities)	595	830	–28	–22	(177)	(58)
Other net operating assets	**33,693**	**32,217**	**+5**	**+15**	**4,495**	**(3,019)**
Net operating assets	**36,311**	**34,447**	**+5**	**+16**	**5,233**	**(3,369)**

The absolute amount of the movement between the 2025 and 2024 consolidated balances reported in Swiss francs is split between actual 2025 transactions (translated at average rates for 2024) and the currency translation adjustment (CTA) that arises on consolidation. The 2025 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 51 of the Annual Financial Statements, and a reconciliation between that balance sheet and the information given above is on page 177.

Currency translation effects on balance sheet amounts. Compared to the start of the year the Swiss franc appreciated against most currencies, notably the US dollar, which had a significant negative effect on the net operating assets of the Pharmaceuticals Division, notably the goodwill and intangible assets. The exchange rates used are given on page 34.

Net working capital. The increase was driven by an increase in trade receivables. The increase in trade receivables of 14% was driven by the phasing of sales, with significant growth recorded towards the end of 2025 compared to the end of 2024. In the US, this was primarily driven by sales of Ocrevus and Xolair, as well as the impact of extended payment terms for Vabysmo. Inventories increased by 7% reflecting higher safety stock levels, as well as preparations to support anticipated sales growth. The 18% increase in trade payables was mainly related to research and development. The net liability position for other receivables (payables) increased by 4% driven by higher payables for intangible assets additions as well as for Medicare and various rebate programs in the US.

Other net operating assets. Property, plant and equipment increased by 1% due to additions in manufacturing facilities in the US, Japan and Switzerland, as well as site developments in Switzerland and the US, partially offset by depreciation expenses. The Poseida acquisition increased goodwill by CHF 0.5 billion and intangible assets by CHF 0.3 billion. Intangible assets also increased by CHF 1.5 billion from the 89bio acquisition and CHF 1.2 billion from the collaboration and licence agreement with Zealand Pharma. This increase was partially offset by intangible asset amortisation and impairment charges.

Free cash flow

Pharmaceuticals Division – Operating free cash flow

	2025 (CHF m)	2024 (CHF m)	% change (CHF)	% change (CER)
Operating profit	**21,666**	**15,587**	**+39**	**+47**
Depreciation, amortisation and impairment	2,320	7,277	–68	–67
Provisions	(41)	17	–	–
Equity compensation plans	604	605	0	+5
Other	227	1,041	–78	–77
Operating profit cash adjustments	**3,110**	**8,940**	**–65**	**–64**
Operating profit, net of operating cash adjustments	**24,776**	**24,527**	**+1**	**+7**
(Increase) decrease in net working capital	(1,366)	1,002	–	–
Investments in property, plant and equipment	(1,694)	(1,659)	+2	+6
Principal portion of lease liabilities paid	(208)	(195)	+7	+12
Investments in intangible assets	(1,969)	(1,387)	+42	+49
Operating free cash flow	**19,539**	**22,288**	**–12**	**–6**
– as % of sales	41.0	48.3	–7.3	–6.8

See pages 174–176 for the definition of free cash flow and a detailed breakdown.

The Pharmaceuticals Division's operating free cash flow decreased by 6% at CER (decrease of 12% in CHF) to CHF 19.5 billion, mainly due to CHF 1.2 billion paid to Zealand Pharma and the increase in net working capital. The cash generation of the business, measured by the operating profit, net of operating cash adjustments, increased by 7%. This was below the 13% increase in core operating profit mainly due to a base effect of CHF 1.0 billion of cash received for the divestment of Vacaville site in 2024. Net working capital absorbed an additional CHF 1.4 billion of cash, driven by the reasons described above in the 'Financial position' section, notably the increase in trade receivables. Capital expenditure was higher, due to investments at the manufacturing sites in Japan in 2025. Investments in intangible assets increased primarily due to CHF 1.2 billion paid with respect to the collaboration and licence agreement with Zealand Pharma. Cash outflows for mergers and acquisitions, such as the Poseida and 89bio transactions, are not included in the definition of free cash flow.

Diagnostics Division operating results

Diagnostics Division operating results

	2025 (CHF m)	2024 (CHF m)	% change (CHF)	% change (CER)
IFRS results				
Sales	13,847	14,324	–3	+2
Other revenue	58	29	+100	+100
Revenue	**13,905**	**14,353**	**–3**	**+2**
Cost of sales	(7,561)	(7,133)	+6	+10
Research and development	(2,052)	(2,005)	+2	+6
Selling, general and administration	(3,229)	(3,257)	–1	+4
Other operating income (expense)	7	(12)	–	–
Operating profit	**1,070**	**1,946**	**–45**	**–31**
– Margin, % of sales	7.7	13.6	–5.9	–4.4
Core results[a]				
Sales	13,847	14,324	–3	+2
Other revenue	58	29	+100	+100
Revenue	**13,905**	**14,353**	**–3**	**+2**
Cost of sales	(7,186)	(6,941)	+4	+7
Research and development	(1,844)	(1,946)	–5	–2
Selling, general and administration	(2,923)	(3,136)	–7	–2
Other operating income (expense)	46	72	–36	–32
Core operating profit	**1,998**	**2,402**	**–17**	**–4**
– Margin, % of sales	14.4	16.8	–2.4	–1.1
Financial position				
Net working capital	2,934	3,023	–3	+5
Other net operating assets	13,839	14,506	–5	+3
Net operating assets	**16,773**	**17,529**	**–4**	**+3**
Free cash flow[b]				
Operating free cash flow	682	1,734	–61	–48
– Margin, % of sales	4.9	12.1	–7.2	–5.9

a) See pages 171–174 for the definition of core results.
b) See pages 174–176 for the definition of free cash flow.

Sales overview

The Diagnostics Division reported sales of CHF 13.8 billion, an increase of 2% at CER (decline of 3% in CHF) driven by growth in demand for pathology and molecular solutions. There was a significant negative impact from healthcare pricing reforms in China.

Diagnostics Division – Sales by customer area

	2025 (CHF m)	2024 (CHF m)	% change (CER)	% of sales 2025	% of sales 2024
Core Lab	7,614	8,011	0	55.0	55.9
Molecular Lab	2,527	2,554	+4	18.3	17.8
Near Patient Care	1,983	2,160	–3	14.3	15.1
Pathology Lab	1,723	1,599	+14	12.4	11.2
Total sales	**13,847**	**14,324**	**+2**	**100**	**100**

Effective 1 January 2025, the Diagnostics Division changed its internal customer areas. Consequently, the comparative 2024 sales by customer areas information has been restated in the financial statements in 2025.

Core Lab. This customer area focuses on central labs and provides diagnostics solutions in the areas of immunoassays, clinical chemistry and custom biotech. Sales remained stable, as the decline in China due to healthcare pricing reforms for products such as oncology, cardiac and thyroid tests was offset by growth in demand for immunodiagnostic and clinical chemistry products across all other regions, in particular Europe, Middle East and Africa (EMEA) and North America.

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 as well as higher sales of Foundation Medicine's genomic profiling tests. This growth was partially offset by lower sales in HIV testing in Africa driven by changes in USAID funding.

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. The main drivers of the 3% sales decrease were reduced lateral flow testing and lower respiratory illness-related sales as well as lower sales in blood glucose monitoring, due to competitive pressure.

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 14% across all regions due to growth in advanced staining, companion diagnostics and primary staining.

Diagnostics Division – Sales by region

	2025 (CHF m)	2024 (CHF m)	% change (CER)	% of sales 2025	% of sales 2024
Europe, Middle East and Africa (EMEA)	4,965	4,822	+6	35.9	33.7
North America	4,444	4,335	+9	32.1	30.3
– *of which US*	*3,900*	*3,852*	*+7*	*28.2*	*26.9*
Asia-Pacific	3,386	4,099	–12	24.4	28.6
– *of which China*	*1,726*	*2,402*	*–24*	*12.5*	*16.8*
Latin America	1,052	1,068	+11	7.6	7.4
Total sales	**13,847**	**14,324**	**+2**	**100**	**100**

Sales in the Europe, Middle East and Africa (EMEA) region increased by 6%, driven by higher sales of immunodiagnostic products and the clinical chemistry portfolio. This was partly offset by the continued contraction of the blood glucose monitoring market. In North America the overall sales growth was driven by all customer areas and was partly offset by lower respiratory illness-related sales. In the Asia-Pacific region sales decreased by 12%, mainly due to the impact of healthcare pricing reforms in China.

Operating results

Diagnostics Division – Other revenue

	2025 (CHF m)	2024 (CHF m)	% change (CER)
Royalty income	2	22	–91
Profit-share income	0	0	–
Other income from collaboration and out-licensing agreements	46	0	–
Other	10	7	+55
Total – IFRS and Core basis	**58**	**29**	**+100**

Other revenue included income from two settlements of patent infringement claims leading to out-licensing agreements. Royalty income continued to decline due to the expiry of patents on out-licensed products.

Diagnostics Division – Cost of sales

	2025 (CHF m)	2024 (CHF m)	% change (CER)
Manufacturing cost of goods sold and period costs	(7,059)	(6,812)	+8
Royalty expenses	(119)	(122)	–2
Collaboration and profit-sharing agreements	0	(2)	–100
Amortisation of commercial software intangible assets	(6)	(3)	+127
Impairment of property, plant and equipment and right-of-use assets	(2)	(2)	–16
Cost of sales – Core basis	**(7,186)**	**(6,941)**	**+7**
Global restructuring plans	(230)	(53)	+362
Amortisation of intangible assets	(145)	(139)	+8
Total – IFRS basis	**(7,561)**	**(7,133)**	**+10**

Core cost of sales increased by 7% at CER. Globally the increasing number of installed instruments at customers led to higher depreciation and technical servicing costs. In addition, there were manufacturing ramp-up costs for new products, notably the Accu-Chek SmartGuide continuous glucose monitoring solution. The implementation of US tariffs also contributed to the increase in the cost of sales. Global restructuring plan costs for business efficiency measures and manufacturing and supply chain optimisations mainly consisted of site closure and employee-related costs. As a percentage of sales, the core cost of sales ratio increased by 3.4 percentage points to 51.9%. This margin deterioration was in part due to the negative impact on sales of the healthcare pricing reforms in China which had no corresponding negative impact on cost of sales, as well as the other factors mentioned above.

Diagnostics Division – Research and development

	2025 (CHF m)	2024 (CHF m)	% change (CER)
Research and development – Core basis	**(1,844)**	**(1,946)**	**–2**
Global restructuring plans	(206)	(51)	+322
Amortisation of intangible assets	(2)	(5)	–65
Impairment of intangible assets	0	(3)	–100
Total – IFRS basis	**(2,052)**	**(2,005)**	**+6**

Core research and development costs decreased by 2% at CER as a result of efficiency initiatives. The main areas of activity included the development of high medical value assays, notably for the oncology disease area, as well as for digital solutions and sequencing. In addition, there were continuing investments in cardiometabolic diseases, particularly for continuous glucose monitoring. As a percentage of sales, research and development core costs decreased to 13.3% from 13.6% in 2024. Global restructuring costs from measures to drive divisional efficiency increased and were primarily incurred for employee-related matters and to a lesser extent for site closure costs.

Diagnostics Division – Selling, general and administration

	2025 (CHF m)	2024 (CHF m)	% change (CER)
Marketing and distribution	(2,448)	(2,632)	–2
Administration	(461)	(491)	–2
Business taxes and capital taxes	(17)	(16)	+10
Other general items	3	3	+5
Selling, general and administration – Core basis	**(2,923)**	**(3,136)**	**–2**
Global restructuring plans	(296)	(106)	+188
Amortisation of intangible assets	(10)	(15)	–35
Total – IFRS basis	**(3,229)**	**(3,257)**	**+4**

Marketing and distribution costs decreased by 2% at CER due to effective cost management including lower personnel costs partly offset by increased spending on new product launches. Administration costs decreased by 2% due to organisational changes that reclassified certain centrally managed costs as corporate costs. On a core basis, selling, general and administration costs as a percentage of sales remained stable. Costs for global restructuring plans primarily consisted of organisational efficiency and business process transformation initiatives for system landscape simplification and were incurred for employee-related matters and site closure costs.

Diagnostics Division – Other operating income (expense)

	2025 (CHF m)	2024 (CHF m)	% change (CER)
Gains (losses) on disposal of property, plant and equipment and right-of-use assets	(1)	(1)	+8
Gains (losses) on divestment of subsidiaries	1	1	–24
Other income (expense)	46	72	–32
Other operating income (expense) – Core basis	**46**	**72**	**–32**
Global restructuring plans	(2)	0	–
Impairment of goodwill	(40)	0	–
Mergers and acquisitions, and alliance transactions	0	(29)	–100
Legal and environmental cases	3	(55)	–
Total – IFRS basis	**7**	**(12)**	**–**

Core other operating income (expense) on a net basis declined by 32% at CER due to the base effect of US government grants related to COVID-19 in 2024. The full write-off of the goodwill from the Medingo acquisition arose from a strategic reassessment carried out in the first half of 2025.

Financial position

Diagnostics Division – Net operating assets

	2025 (CHF m)	2024 (CHF m)	% change (CHF)	% change (CER)	Movement: Transactions (CHF m)	Movement: CTA and other (CHF m)
Trade receivables	3,018	3,052	–1	+9	256	(290)
Inventories	2,996	3,164	–5	–2	(44)	(124)
Trade payables	(1,328)	(1,295)	+3	+8	(100)	67
Net trade working capital	**4,686**	**4,921**	**–5**	**+3**	**112**	**(347)**
Other receivables (payables)	(1,752)	(1,898)	–8	–1	18	128
Net working capital	**2,934**	**3,023**	**–3**	**+5**	**130**	**(219)**
Property, plant and equipment	8,016	7,801	+3	+8	623	(408)
Right-of-use assets	345	543	–36	–31	(156)	(42)
Goodwill and intangible assets	6,016	6,799	–12	–2	(147)	(636)
Provisions	(570)	(620)	–8	–1	7	43
Other assets (liabilities)	32	(17)	–	–	49	0
Other net operating assets	**13,839**	**14,506**	**–5**	**+3**	**376**	**(1,043)**
Net operating assets	**16,773**	**17,529**	**–4**	**+3**	**506**	**(1,262)**

The absolute amount of the movement between the 2025 and 2024 consolidated balances reported in Swiss francs is split between actual 2025 transactions (translated at average rates for 2024) and the currency translation adjustment (CTA) that arises on consolidation. The 2025 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 51 of the Annual Financial Statements, and a reconciliation between that balance sheet and the information given above is on page 177.

Currency translation effects on balance sheet amounts. Compared to the start of the year the Swiss franc appreciated against most currencies, notably the US dollar, which had a negative 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 34.

Net working capital. The 5% increase in net working capital primarily reflected higher trade receivables in line with higher sales in locations with longer payment terms. This increase was partially offset by lower inventories as a result of transfers to property, plant and equipment following installation at customers, and higher trade payables, due to renegotiated payment terms. The decrease in the net liability for other receivables (payables) arose from the settlement of year-end positions and accruals.

Other net operating assets. Property, plant and equipment increased due to higher instrument placements and site investments in Germany. The right-of-use assets decrease arose from a sub-lease agreement, resulting in a partial derecognition of an asset, as well as an impairment booked on the retained portion. Goodwill and intangible assets decreased due to the regular intangible asset amortisation charges and the impairment of goodwill from the Medingo acquisition.

Free cash flow

Diagnostics Division – Operating free cash flow

	2025 (CHF m)	2024 (CHF m)	% change (CHF)	% change (CER)
Operating profit	**1,070**	**1,946**	**–45**	**–31**
Depreciation, amortisation and impairment	1,710	1,488	+15	+20
Provisions	(10)	(112)	–91	–91
Equity compensation plans	162	163	–1	+4
Other	242	295	–18	–13
Operating profit cash adjustments	**2,104**	**1,834**	**+15**	**+20**
Operating profit, net of operating cash adjustments	**3,174**	**3,780**	**–16**	**–6**
(Increase) decrease in net working capital	(276)	(8)	Over +500	Over +500
Investments in property, plant and equipment	(2,009)	(1,801)	+12	+17
Principal portion of lease liabilities paid	(145)	(144)	+1	+5
Investments in intangible assets	(62)	(93)	–33	–32
Operating free cash flow	**682**	**1,734**	**–61**	**–48**
– as % of sales	4.9	12.1	–7.2	–5.9

For the definition of free cash flow and a detailed breakdown see pages 174–176.

The operating free cash flow of the Diagnostics Division declined to CHF 0.7 billion driven by the reduced operating results of the business. The cash generation of the business, measured by the operating profit, net of operating cash adjustments, decreased by 6%, broadly in line with the 4% decrease in the core operating profit following the healthcare pricing reforms in China, with the additional negative cash flow impact of increased net working capital. The 17% increase in capital expenditure included higher instrument placements as well as site investments in Germany.

Corporate operating results

Corporate – Selling, general and administration

	2025 (CHF m)	2024 (CHF m)	% change (CER)
Administration	(3,642)	(3,555)	+4
Business taxes and capital taxes	(32)	(30)	+11
Other general items	0	(1)	–
Selling, general and administration – Core basis	**(3,674)**	**(3,586)**	**+5**
Global restructuring plans	(661)	(520)	+28
Total – IFRS basis	**(4,335)**	**(4,106)**	**+7**

Selling, general and administration costs increased by 5% at CER on a core basis. Administration expenses increased as a result of increased informatics costs from cloud-based solutions and projects in artificial intelligence. In addition, administration costs were further centralised following organisational changes in both divisions. Total costs on an IFRS basis increased by 7% at CER and included restructuring activities for a business process transformation to simplify the systems landscape and reduce process complexity as well as for a restructuring in informatics.

Corporate – Other operating income (expense)

	2025 (CHF m)	2024 (CHF m)	% change (CER)
Other operating income (expense) – Core basis	**69**	**(7)**	**–**
Legal and environmental cases	6	(3)	–
Total – IFRS basis	**75**	**(10)**	**–**

Other operating income (expense) on a core basis included governmental grants. The income from legal and environmental cases resulted from a release of provisions.

Corporate – Financial position and free cash flow

	2025 (CHF m)	2024 (CHF m)	% change (CER)
Financial position			
Net working capital	(653)	(653)	+4
Other net operating assets	58	192	–66
Net operating assets	**(595)**	**(461)**	**+33**
Free cash flow			
Operating free cash flow	(4,058)	(3,901)	+6

The change in net working capital resulted from an increase in other receivables in respect of governmental grants, as well as increased accruals due to services received. The change in other net operating assets was due to higher provisions driven by the restructuring in informatics. The operating free cash flow includes costs of global functions such as informatics, human resources, finance and procurement as well as restructuring costs for business process transformation. There was an increased outflow mainly due to higher administration costs and changes in net working capital.

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	+3	+9
Core operating profit	+6	+13
Operating free cash flow	–12	–6
Diagnostics Division		
Sales	–3	+2
Core operating profit	–17	–4
Operating free cash flow	–61	–48
Group		
Sales	+2	+7
Core operating profit	+5	+13
Operating free cash flow	–20	–12

Exchange rates against the Swiss franc

	31 December 2025	Average 2025	31 December 2024	Average 2024
1 USD	0.79	0.83	0.90	0.88
1 EUR	0.93	0.94	0.94	0.95
100 JPY	0.51	0.56	0.58	0.58

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 2025 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	305	95
Euro	92	20
Japanese yen	33	32
All other currencies	163	88

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

	2025 (CHF m)	2024 (CHF m)	% change (CHF)	% change (CER)
IFRS results				
Operating profit	18,476	13,417	+38	+48
Financing costs	(1,349)	(1,412)	–4	0
Other financial income (expense)	(154)	(212)	–27	–29
Profit before taxes	**16,973**	**11,793**	**+44**	**+52**
Income taxes	(3,174)	(2,606)	+22	+31
Net income	**13,799**	**9,187**	**+50**	**+58**
Attributable to				
– Roche shareholders	12,880	8,277	+56	+64
– Non-controlling interests	919	910	+1	+5
Core results[a]				
Operating profit	21,833	20,823	+5	+13
Financing costs	(1,323)	(1,398)	–5	–1
Other financial income (expense)	(154)	(212)	–27	–29
Profit before taxes	**20,356**	**19,213**	**+6**	**+13**
Income taxes	(3,781)	(3,202)	+18	+27
Net income	**16,575**	**16,011**	**+4**	**+11**
Attributable to				
– Roche shareholders	15,622	15,081	+4	+11
– Non-controlling interests	953	930	+2	+7
Financial position				
Net debt	(16,160)	(17,337)	–7	+6
Lease liabilities	(1,555)	(1,700)	–9	+2
Pensions	(2,159)	(2,125)	+2	+8
Income taxes	5,053	5,229	–3	+13
Equity, debt and fund investments	547	600	–9	–3
Derivatives, net	(528)	(12)	Over +500	Over +500
Collateral, net	126	(42)	–	–
Interest payable	(259)	(298)	–13	–5
Associated companies and other, net	326	331	–2	+10
Total net assets (liabilities)	**(14,609)**	**(15,354)**	**–5**	**+6**
Free cash flow[b]				
Treasury activities	(1,217)	(1,058)	+15	+21
Taxes paid	(3,139)	(3,727)	–16	–12
Total	**(4,356)**	**(4,785)**	**–9**	**–4**

a) See pages 171–174 for the definition of core results.
b) See pages 174–176 for the definition of free cash flow.

Financing costs

Core financing costs were CHF 1.3 billion in 2025, 1% lower at CER than in 2024. The lower interest expense from scheduled redemptions throughout 2025 and declining short-term interest rates, especially in US, was largely offset by new issuances and by higher volumes of commercial paper throughout 2025. 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 154 million compared to a net expense of CHF 212 million in 2024. This change in the net expense was driven by lower losses on the net monetary positions in hyperinflationary economies partially offset by higher losses from equity investments. The core income from equity investments, which reflected the fair value changes in the Roche Venture Fund investments as well as gains or losses realised upon sale of those investments, was a loss of CHF 56 million compared to a gain of CHF 32 million in 2024. The main driver was a significant fall in stock markets in the first half of 2025 leading to a reduction in the fair values of the publicly traded positions combined with the weakening of the US dollar against the Swiss franc. Interest income from debt securities was CHF 216 million (2024: CHF 263 million). The net foreign exchange results, which reflect hedging costs and gains and losses on unhedged positions, were net losses of CHF 273 million (2024: net losses of CHF 291 million). Losses on the net monetary positions in hyperinflationary economies in Argentina and Türkiye were CHF 48 million (2024: losses of CHF 163 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

	2025			2024		
	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	**20,356**	**(3,781)**	**18.6**	**19,213**	**(3,202)**	**16.7**
Global restructuring plans	(2,164)	441	20.4	(1,891)	389	20.6
Goodwill and intangible assets	(1,031)	182	17.7	(5,367)	238	4.4
Mergers and acquisitions, and alliance transactions	(11)	15	–	(79)	12	15.2
Legal and environmental cases	(177)	24	13.6	(83)	16	19.3
Transitional effect of Swiss tax reform	0	(119)	–	0	0	–
Normalisation of equity compensation plan tax benefit	0	64	–	0	(59)	–
Group's effective tax rate – IFRS basis	**16,973**	**(3,174)**	**18.7**	**11,793**	**(2,606)**	**22.1**

The Group's effective core tax rate increased by 1.9 percentage points to 18.6% in 2025. This was driven by the increased percentage of profit contribution coming from jurisdictions with higher tax rates. In addition, there was an impact from the resolution of tax disputes which reduced the Group's effective core tax rate by 0.9 percentage points in 2025 compared to 1.4 percentage points in 2024.

The effective tax rate on an IFRS basis decreased to 18.7% compared to 22.1% in 2024 mainly due to lower impairment of non-deductible goodwill and intangible assets in 2025. Changes to the tax laws in the canton of Basel-Stadt in Switzerland were enacted during 2025, which increased the tax rate on an IFRS basis. The relevant changes for the Roche Group include an increase in the Basel-Stadt tax rate, effective from 1 January 2026, and changes to limitations. The Group has carried out a remeasurement of its deferred tax positions, which resulted in a transitional deferred tax expense of CHF 119 million in 2025. This has been reported as a non-core item. Further details of the Group's income tax expenses are given in Note 5 to the Annual Financial Statements.

Financial position

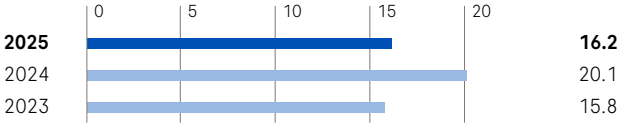
The decrease in net debt was due to the free cash flow of CHF 11.8 billion and currency translation effects of CHF 2.1 billion, partly offset by dividend payments of CHF 8.4 billion and the payments for acquisitions of CHF 3.1 billion. The net pension liability was 8% higher at CER following an increase of the limit on asset recognition of certain Swiss pension plans which more than offset the positive impact from higher plan assets in Switzerland. The net tax assets decreased mainly due to the income tax expenses exceeding taxes paid. As at 31 December 2025 the Group held equity, debt and fund investments with a market value of CHF 0.5 billion, which consist mostly of holdings in biotechnology and other pharmaceutical companies which were acquired as part of licensing transactions and scientific collaborations or as investments of the Roche Venture Fund. The net derivative liabilities increased to CHF 0.5 billion as a result of interest rate and exchange rate movements.

Free cash flow

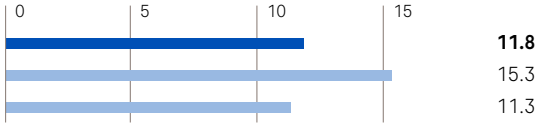
The net cash outflow from treasury activities was CHF 1.2 billion compared to an outflow of CHF 1.1 billion in 2024. This was due to higher financial long-term investments and also increased interest payments due to the timing of interest payments on newly issued and recently redeemed debt instruments. Total taxes paid were CHF 3.1 billion, a decrease of 12% at CER, with lower payments in the US due to the tax legislation passed in 2025 which repealed the mandatory capitalisation of research and development expenses previously required in US tax legislation.

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
2025				
Operating profit – IFRS basis	21,666	1,070	(4,260)	18,476
Operating profit cash adjustments	3,110	2,104	273	5,487
Operating profit, net of operating cash adjustments	**24,776**	**3,174**	**(3,987)**	**23,963**
(Increase) decrease in net working capital	(1,366)	(276)	(15)	(1,657)
Investments in property, plant and equipment	(1,694)	(2,009)	(45)	(3,748)
Principal portion of lease liabilities paid	(208)	(145)	(11)	(364)
Investments in intangible assets	(1,969)	(62)	0	(2,031)
Operating free cash flow	**19,539**	**682**	**(4,058)**	**16,163**
Treasury activities				(1,217)
Taxes paid				(3,139)
Free cash flow				**11,807**
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**

For the definition of free cash flow and a detailed breakdown see pages 174–176.

The free cash flows expressed in Swiss francs were heavily impacted by the appreciation of the Swiss franc in 2025 relative to 2024 against many currencies, notably the US dollar. The Pharmaceuticals Division reported a high level of cash generation from the underlying business. Net working capital for the Group increased more than in the prior year, mainly due to the increased trade receivables in the Pharmaceuticals Division. Investments in intangible assets were higher due to the collaboration with Zealand Pharma. The decline for the Diagnostics Division was due to the lower cash generation of the business and higher capital expenditure. Cash outflows for treasury activities included increased financial long-term investments and interest payments. Tax payments decreased due to the US tax legislation passed in 2025.

Net debt in millions of CHF

At 1 January 2025	
Cash and cash equivalents	6,975
Marketable securities	10,342
Long-term debt	(30,722)
Short-term debt	(3,932)
Net debt at beginning of period	**(17,337)**
Change in net debt during 2025	
Free cash flow	11,807
Dividend payments	(8,385)
Transactions in own equity instruments	(987)
Mergers and acquisitions, net of divestments of subsidiaries	(3,084)
Hedging and collateral arrangements	(288)
Currency translation, fair value and other movements	2,114
Change in net debt	**1,177**
At 31 December 2025	
Cash and cash equivalents	5,582
Marketable securities	9,894
Long-term debt	(27,430)
Short-term debt	(4,206)
Net debt at end of period	**(16,160)**

For the definition of net debt see page 178.

Net debt – currency profile in millions of CHF

	Cash and marketable securities 2025	Cash and marketable securities 2024	Debt 2025	Debt 2024
US dollar	2,390	2,223	(21,517)	(24,129)
Euro	2,770	4,166	(3,947)	(4,930)
Swiss franc	4,947	4,793	(5,589)	(5,320)
Japanese yen	4,560	5,231	0	0
Other	809	904	(583)	(275)
Total	**15,476**	**17,317**	**(31,636)**	**(34,654)**

The net debt position at 31 December 2025 was CHF 16.2 billion, a decrease of CHF 1.2 billion from 31 December 2024. The decrease was primarily due to the free cash flow of CHF 11.8 billion and currency translation effects of CHF 2.1 billion, partly offset by the dividend payments of CHF 8.4 billion and the CHF 3.1 billion payments for acquisitions. The CHF 1.0 billion for transactions in own equity instruments were purchases in connection with the Group's equity compensation plans. The positive currency translation effect was due to the appreciation of the Swiss franc against the US dollar during 2025, which decreased 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 2025 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 2025 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	3,790	3,958	10,951	19,466	38,165	30,268
– Other debt	1,368	0	0	0	1,368	1,368
Contingent consideration [20, 31]	99	0	479	93	671	304
Accounts payable [17]	5,779	0	0	0	5,779	5,779
Other non-current liabilities [18]	0	558	562	544	1,664	1,503
Other current liabilities [19]	13,360	74	3	0	13,437	13,406
Unfunded defined benefit plans [26]	221	224	676	5,509	6,630	3,625
Total on-balance sheet commitments	**24,617**	**4,814**	**12,671**	**25,612**	**67,714**	**56,253**
Off-balance sheet						
Capital commitments for property, plant and equipment [8]	1,097	476	244	14	1,831	0
Leasing commitments [28]	2	2	26	147	177	0
Contract manufacturing commitments [31]	1,275	755	1,267	6	3,303	0
Alliance collaboration commitments [10]	1,074	1,025	1,938	2,822	6,859	0
Total off-balance sheet commitments	**3,448**	**2,258**	**3,475**	**2,989**	**12,170**	**0**
Total contractual commitments	**28,065**	**7,072**	**16,146**	**28,601**	**79,884**	**56,253**

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, Suzhou, China, 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 2025 expenses for the Group's defined contribution plans were CHF 470 million (2024: CHF 462 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 plans are unfunded and the Group pays pensions to retired employees directly from its own financial resources. In 2025 expenses for the Group's defined benefit plans were CHF 678 million (2024: CHF 642 million).

Defined benefit plans

Funding status and balance sheet position in millions of CHF

	2025	2024
Funded plans		
– Fair value of plan assets	19,818	18,561
– Defined benefit obligation	(16,418)	(16,724)
Over (under) funding	**3,400**	**1,837**
Unfunded plans		
– Defined benefit obligation	(3,625)	(3,980)
Total funding status	**(225)**	**(2,143)**
Limit on asset recognition	(1,966)	(18)
Reimbursement rights	32	36
Net recognised asset (liability)	**(2,159)**	**(2,125)**

Overall the funding status on an IFRS basis of the Group's funded defined benefit plans increased to 121% compared to 111% at the start of the year. The increase in the fair value of plan assets was mainly driven by the positive performance of the Swiss plan assets. The defined benefit obligation decreased due to an increase in discount rates in Japan and the United Kingdom, together with the appreciation of the Swiss franc against currencies in all relevant regions compared to the end of 2024. The limit on asset recognition was higher compared to the start of the year due to a larger portion of the surplus of certain Swiss pension plans being not recognisable under IFRS. 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 decreased due to higher discount rates in Germany and due to the appreciation of the Swiss franc compared to the end of 2024.

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)

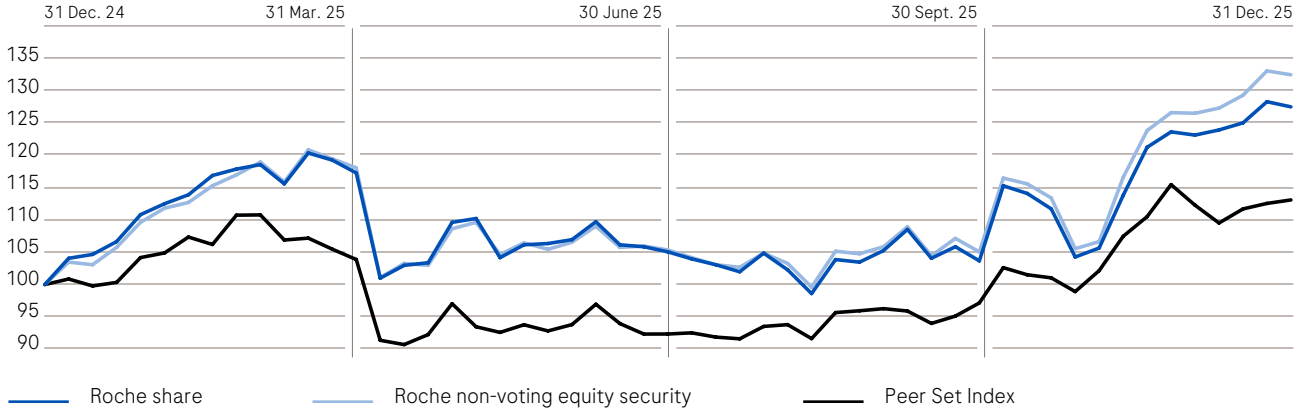
	2025	2024	% change (CHF)
Share price (CHF)	335.20	270.60	+23.9
Non-voting equity security (*Genussschein*) price (CHF)	328.20	255.50	+28.5
Market capitalisation (billions of CHF)	262	205	+27.8

In 2025 Roche ranked number 2 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 4, with the year-end return being plus 27.7% for Roche shares and plus 32.7% for Roche non-voting equity securities. The combined performance of Roche shares and non-voting equity securities was plus 32.0% compared to a weighted average return for the peer group of plus 13.2% in CHF terms and plus 19.9% at CER. The development of the Roche share price during 2025 was primarily driven by positive clinical trial results, as well as business performance, particularly sales and earnings growth.

In 2025 the healthcare sector experienced slower growth when compared to global equity markets, which improved performance as economic growth, favourable monetary policies and the expansion of artificial intelligence technology mitigated recession fears. The Swiss Market Index (SMI) experienced positive growth, although it lagged behind major US indices. Roche shares and non-voting equity securities outperformed the SMI.

a) Peer group for 2025: 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 2025. 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 2025 to CHF 9.80 per share and non-voting equity security (2024: CHF 9.70) for approval at the Annual General Meeting. This would be the 39th 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 7.9 billion (2024: CHF 7.8 billion). This dividend proposal would result in a pay-out ratio (based on core net income) of 50.4% (2024: 51.6%). Based on the prices at the end of 2025, the dividend yield on the Roche share was 2.9% (2024: 3.6%) and the yield on the non-voting equity security was 3.0% (2024: 3.8%). Further information on the Roche securities is given on pages 179 to 180.

For further details please refer to Notes 22 and 29 of the Annual Financial Statements and page 174. The pay-out ratio is calculated as dividend per share divided by core earnings per share.

Debt

Issuance of new debt

During 2025 the Group completed the following debt offerings:

- 27 August 2025: CHF 335 million fixed rate bonds with a coupon of 0.4625% and maturing in May 2030.
- 27 August 2025: CHF 255 million fixed rate bonds with a coupon of 0.8775% and maturing in August 2035.
- 27 August 2025: CHF 185 million fixed rate bonds with a coupon of 1.13% and maturing in August 2040.
- 2 December 2025: USD 500 million fixed rate notes with a coupon of 4.075% and maturing in December 2030.
- 2 December 2025: USD 600 million fixed rate notes with a coupon of 4.374% and maturing in December 2032.
- 2 December 2025: USD 800 million fixed rate notes with a coupon of 4.666% and maturing in December 2035.

The Group received total aggregate net proceeds of CHF 2.3 billion from these issuances.

Redemption of debt

During 2025 the Group redeemed the following debt at the due date:

- 25 February 2025: fixed rate notes with an outstanding amount of EUR 1 billion and an effective interest rate of 0.93%.
- 10 March 2025: fixed rate notes with an outstanding amount of USD 1 billion and an effective interest rate of 2.19%.
- 10 March 2025: floating rate notes with an outstanding amount of USD 750 million and an effective interest rate of 4.87%.
- 24 September 2025: fixed rate bonds with an outstanding amount of CHF 500 million and an effective interest rate of 0.25%.
- 10 November 2025: fixed rate notes with an outstanding amount of USD 506 million and an effective interest rate of 3.14%.

The combined cash outflow was CHF 3.4 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 2025 is shown in the table below.

Bonds and notes: nominal amounts at 31 December 2025 by contractual maturity

	US dollar (USD m)	Euro (EUR m)	Swiss franc (CHF m)	Total[a] (USD m)	Total[a] (CHF m)
2026	3,050	0	425	3,586	2,842
2027	2,100	600	825	3,846	3,047
2028	3,900	0	140	4,077	3,230
2029	1,775	750	600	3,413	2,704
2030	1,750	650	735	3,441	2,726
2031–2035	8,288	500	1,865	11,229	8,897
2036 and beyond	5,366	1,750	990	8,671	6,870
Total	**26,229**	**4,250**	**5,580**	**38,263**	**30,316**

a) Total translated at 31 December 2025 exchange rates.

The Group plans to meet its debt obligations using existing liquid funds as well as cash generated from business operations. In 2025 the free cash flow was CHF 11.8 billion (2024: CHF 15.3 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. Commercial paper notes totalling USD 1.0 billion were outstanding as of 31 December 2025 (31 December 2024: USD 0.2 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 2025 the Group had a net debt position of CHF 16.2 billion (2024: CHF 17.3 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

	2025		2024	
	(CHF m)	(% of total)	(CHF m)	(% of total)
Cash and cash equivalents	5,582	36	6,975	40
Money market instruments and time accounts over three months	9,365	61	9,831	57
Debt securities	529	3	511	3
Equity securities	0	0	0	0
Total cash and marketable securities	**15,476**	**100**	**17,317**	**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 15.5 billion of cash and fixed-income marketable securities remained high with 95% 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 11.8 billion as compared to CHF 15.3 billion in 2024.

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 2025 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 decreased since 31 December 2024, driven by a lower interest rate VaR. This mainly reflects a reduction in the Swiss franc value of the predominantly US dollar-denominated debt following the continued appreciation of the Swiss franc against the US dollar in 2025.

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 2025

In 2025 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.

IFRS 18 'Presentation and Disclosure in Financial Statements'

The Group will implement the new IFRS Accounting Standard effective 1 January 2027. IFRS 18 replaces IAS 1 'Presentation of Financial Statements'. IFRS 18 requires companies to classify income and expenses into operating, investing and financing categories in the income statement (which are not the same as the categories in the statement of cash flows), in addition to the income taxes and discontinued operations categories, and to present two newly defined subtotals, operating profit and profit before financing and income taxes. The new IFRS Accounting Standard also requires disclosures about management-defined performance measures ('MPMs') in the audited financial statements, including the disclosure of reconciliations between those measures and subtotals listed in IFRS 18 or totals or subtotals required by IFRS Accounting Standards.

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

Roche Group Consolidated Financial Statements

Roche Group consolidated income statement for the year ended 31 December 2025 in millions of CHF

	Pharmaceuticals	Diagnostics	Corporate	Group
Sales [2, 3]	47,669	13,847	–	61,516
Other revenue [2, 3]	1,782	58	–	1,840
Revenue [2, 3]	**49,451**	**13,905**	**–**	**63,356**
Cost of sales	(9,084)	(7,561)	–	(16,645)
Research and development [2]	(11,300)	(2,052)	–	(13,352)
Selling, general and administration	(7,597)	(3,229)	(4,335)	(15,161)
Other operating income (expense)	196	7	75	278
Operating profit [2]	**21,666**	**1,070**	**(4,260)**	**18,476**
Financing costs [4]				(1,349)
Other financial income (expense) [4]				(154)
Profit before taxes				**16,973**
Income taxes [5]				(3,174)
Net income				**13,799**
Attributable to				
– Roche shareholders [22]				12,880
– Non-controlling interests [24]				919
Earnings per share and non-voting equity security [29]				
Basic (CHF)				16.18
Diluted (CHF)				16.04

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 statement of comprehensive income in millions of CHF

	Year ended 31 December 2025	2024
Net income recognised in income statement	**13,799**	**9,187**
Other comprehensive income (OCI)		
Remeasurements of defined benefit plans [22]	(268)	1,138
Fair value changes on equity investments at fair value through OCI [22]	(164)	69
Items that will never be reclassified to the income statement	**(432)**	**1,207**
Fair value changes on debt securities at fair value through OCI [22]	5	7
Cash flow hedges [22]	(164)	77
Currency translation of foreign operations [22]	(3,238)	697
Items that are or may be reclassified to the income statement	**(3,397)**	**781**
Other comprehensive income, net of tax	**(3,829)**	**1,988**
Total comprehensive income	**9,970**	**11,175**
Attributable to		
– Roche shareholders [22]	9,633	10,371
– Non-controlling interests [24]	337	804
Total	**9,970**	**11,175**

Roche Group consolidated balance sheet in millions of CHF

	31 December 2025	31 December 2024
Non-current assets		
Property, plant and equipment [8]	21,949	22,557
Right-of-use assets [28]	985	1,183
Goodwill [9]	7,492	7,876
Intangible assets [10]	19,321	17,303
Deferred tax assets [5]	8,411	8,569
Defined benefit plan assets [26]	1,791	2,256
Other non-current assets [15]	2,025	2,021
Total non-current assets	**61,974**	**61,765**
Current assets		
Inventories [11]	7,479	7,606
Accounts receivable [12]	11,506	11,297
Current income tax assets [5]	393	415
Other current assets [16]	3,875	3,401
Marketable securities [13]	9,894	10,342
Cash and cash equivalents [14]	5,582	6,975
Total current assets	**38,729**	**40,036**
Total assets	**100,703**	**101,801**
Non-current liabilities		
Long-term debt [21]	(27,430)	(30,722)
Deferred tax liabilities [5]	(884)	(832)
Defined benefit plan liabilities [26]	(3,950)	(4,381)
Provisions [20]	(1,055)	(1,079)
Other non-current liabilities [18]	(1,503)	(1,603)
Total non-current liabilities	**(34,822)**	**(38,617)**
Current liabilities		
Short-term debt [21]	(4,206)	(3,932)
Current income tax liabilities [5]	(2,867)	(2,923)
Provisions [20]	(1,743)	(1,726)
Accounts payable [17]	(5,779)	(4,894)
Other current liabilities [19]	(13,406)	(13,548)
Total current liabilities	**(28,001)**	**(27,023)**
Total liabilities	**(62,823)**	**(65,640)**
Total net assets	**37,880**	**36,161**
Equity		
Capital and reserves attributable to Roche shareholders [22]	33,802	31,767
Equity attributable to non-controlling interests [24]	4,078	4,394
Total equity	**37,880**	**36,161**

Roche Group consolidated statement of cash flows in millions of CHF

	Year ended 31 December 2025	2024
Cash flows from operating activities		
Cash generated from operations [30]	25,524	24,332
(Increase) decrease in net working capital	(1,657)	1,161
Payments made for defined benefit plans [26]	(654)	(661)
Utilisation of provisions [20]	(1,222)	(1,012)
Other operating cash flows	0	1
Income taxes paid [5]	(3,139)	(3,727)
Total cash flows from operating activities	**18,852**	**20,094**
Cash flows from investing activities		
Purchase of property, plant and equipment	(3,748)	(3,529)
Purchase of intangible assets	(2,031)	(1,480)
Disposal of property, plant and equipment	139	61
Disposal of intangible assets	2	0
Disposal of products	43	376
Divestment of net assets previously held for sale	0	1,049
Business combinations [6]	(911)	(2,836)
Asset acquisitions [6]	(2,167)	(283)
Divestment of subsidiaries	16	1
Interest received (paid) and dividends received on marketable securities and other investments [30]	167	232
Sales of equity securities and debt securities	241	198
Purchases of equity securities and debt securities	(263)	(112)
Sales (purchases) of money market instruments and time accounts over three months, net	54	(5,084)
Other investing cash flows	(85)	14
Total cash flows from investing activities	**(8,543)**	**(11,393)**
Cash flows from financing activities		
Proceeds from issue of bonds and notes [21]	2,299	7,915
Redemption and repurchase of bonds and notes [21]	(3,386)	(3,095)
Increase (decrease) in commercial paper [21]	656	(709)
Increase (decrease) in other debt [21]	276	(292)
Hedging and collateral arrangements	(288)	30
Interest paid	(1,189)	(1,145)
Principal portion of lease liabilities paid [30]	(364)	(350)
Dividends paid [30]	(8,385)	(8,043)
Equity-settled equity compensation plans, net of transactions in own equity [27]	(987)	(1,130)
Total cash flows from financing activities	**(11,368)**	**(6,819)**
Net effect of currency translation on cash and cash equivalents	(334)	(283)
Increase (decrease) in cash and cash equivalents	**(1,393)**	**1,599**
Cash and cash equivalents at 1 January	6,975	5,376
Cash and cash equivalents at 31 December [14]	**5,582**	**6,975**

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 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)
At 31 December 2024	**107**	**43,842**	**(28)**	**(41)**	**(12,113)**	**31,767**	**4,394**	**36,161**
Year ended 31 December 2025								
At 1 January 2025	107	43,842	(28)	(41)	(12,113)	31,767	4,394	36,161
Net income recognised in income statement	–	12,880	–	–	–	12,880	919	13,799
Net change in fair value – financial assets at fair value through OCI	–	0	(159)	–	–	(159)	0	(159)
Cash flow hedges	–	–	–	(100)	–	(100)	(64)	(164)
Currency translation of foreign operations	–	–	0	10	(2,711)	(2,701)	(537)	(3,238)
Remeasurements of defined benefit plans	–	(287)	–	–	–	(287)	19	(268)
Total comprehensive income	**–**	**12,593**	**(159)**	**(90)**	**(2,711)**	**9,633**	**337**	**9,970**
Dividends	–	(7,731)	–	–	–	(7,731)	(655)	(8,386)
Equity compensation plans, net of transactions in own equity	–	134	–	–	–	134	1	135
Changes in non-controlling interests [24]	–	(1)	–	–	–	(1)	1	–
At 31 December 2025	**107**	**48,837**	**(187)**	**(131)**	**(14,824)**	**33,802**	**4,078**	**37,880**

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 27 January 2026 and are subject to approval by the Annual General Meeting of shareholders on 10 March 2026.

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 2025 are provided in Note 34.

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 2025 the Group had CHF 5,423 million in provisions and accruals for expected sales returns, chargebacks and other rebates, including Medicaid in the US and similar rebates in other countries (2024: CHF 5,542 million). The provisions and accruals relating to the US pharmaceuticals business amounted to CHF 2,344 million (2024: CHF 2,488 million), of which CHF 408 million (2024: CHF 487 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 2025 the Group had CHF 21,949 million in property, plant and equipment (see Note 8), CHF 985 million in right-of-use assets (see Note 28), CHF 7,492 million in goodwill (see Note 9) and CHF 19,321 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 2025 the Group had CHF 351 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 2025 the present value of the Group's defined benefit obligation was CHF 20,043 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 2025 the Group had CHF 217 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 2025 the Group had CHF 279 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 2025 the Group had CHF 304 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 671 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 2025 the Group had a current income tax net liability of CHF 2,474 million and a deferred tax net asset of CHF 7,527 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 2025 the Group had CHF 985 million in right-of-use assets and CHF 1,555 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.

Divisional information in millions of CHF

	Pharmaceuticals		Diagnostics		Corporate		Group	
	2025	2024	2025	2024	2025	2024	2025	2024
Revenue from external customers								
Sales	47,669	46,171	13,847	14,324	–	–	61,516	60,495
Other revenue	1,782	1,871	58	29	–	–	1,840	1,900
Total	**49,451**	**48,042**	**13,905**	**14,353**	**–**	**–**	**63,356**	**62,395**
Revenue from other operating segments								
Sales	–	–	57	102	–	–	57	102
Other revenue	–	–	2	9	–	–	2	9
Elimination of interdivisional revenue							(59)	(111)
Total	**–**	**–**	**59**	**111**	**–**	**–**	**–**	**–**
Segment results								
Operating profit	21,666	15,587	1,070	1,946	(4,260)	(4,116)	18,476	13,417
Capital expenditure								
Business combinations	868	2,808	0	364	–	–	868	3,172
Asset acquisitions	2,066	281	0	22	–	–	2,066	303
Additions to property, plant and equipment	1,565	1,616	2,009	1,810	45	69	3,619	3,495
Additions to right-of-use assets	310	285	125	146	8	9	443	440
Additions to intangible assets	2,461	1,363	62	93	–	–	2,523	1,456
Total	**7,270**	**6,353**	**2,196**	**2,435**	**53**	**78**	**9,519**	**8,866**
Research and development								
Research and development costs	11,300	13,299	2,052	2,005	–	–	13,352	15,304
Other segment information								
Depreciation of property, plant and equipment	1,146	1,145	1,207	1,151	57	62	2,410	2,358
Depreciation of right-of-use assets	158	173	132	140	10	10	300	323
Amortisation of intangible assets	513	580	163	162	–	–	676	742
Impairment (reversal) of property, plant and equipment	187	592	110	32	4	3	301	627
Impairment (reversal) of right-of-use assets	6	138	52	0	0	0	58	138
Impairment of goodwill	0	3,209	40	0	–	–	40	3,209
Impairment of intangible assets	310	1,440	6	3	–	–	316	1,443
Equity compensation plan expenses	604	605	162	163	91	87	857	855

Pharmaceuticals subdivisional information in millions of CHF

	Roche Pharmaceuticals 2025	Roche Pharmaceuticals 2024	Chugai 2025	Chugai 2024	Pharmaceuticals Division 2025	Pharmaceuticals Division 2024
Revenue from external customers						
Sales	44,787	43,297	2,882	2,874	47,669	46,171
Other revenue	1,698	1,734	84	137	1,782	1,871
Total	**46,485**	**45,031**	**2,966**	**3,011**	**49,451**	**48,042**
Revenue from other operating segments						
Sales	1,458	1,274	3,106	2,927	4,564	4,201
Other revenue	125	36	952	944	1,077	980
Elimination of revenue within division					(5,641)	(5,181)
Total	**1,583**	**1,310**	**4,058**	**3,871**	**–**	**–**
Segment results						
Operating profit	18,643	12,337	3,225	3,212	21,868	15,549
Elimination of results within division					(202)	38
Operating profit	**18,643**	**12,337**	**3,225**	**3,212**	**21,666**	**15,587**
Capital expenditure						
Business combinations	868	2,808	0	0	868	2,808
Asset acquisitions	1,987	281	79	0	2,066	281
Additions to property, plant and equipment	1,213	1,309	352	307	1,565	1,616
Additions to right-of-use assets	161	247	149	38	310	285
Additions to intangible assets	2,446	1,358	15	5	2,461	1,363
Total	**6,675**	**6,003**	**595**	**350**	**7,270**	**6,353**
Research and development						
Research and development costs	10,273	12,280	1,154	1,067	11,427	13,347
Elimination of costs within division					(127)	(48)
Total	**10,273**	**12,280**	**1,154**	**1,067**	**11,300**	**13,299**
Other segment information						
Depreciation of property, plant and equipment	1,007	1,005	139	140	1,146	1,145
Depreciation of right-of-use assets	125	142	33	31	158	173
Amortisation of intangible assets	510	574	3	6	513	580
Impairment (reversal) of property, plant and equipment	127	583	60	9	187	592
Impairment (reversal) of right-of-use assets	6	138	0	0	6	138
Impairment of goodwill	0	3,209	0	0	0	3,209
Impairment of intangible assets	310	1,422	0	18	310	1,440
Equity compensation plan expenses	601	603	3	2	604	605

Net assets in millions of CHF

At 31 December	Assets 2025	Assets 2024	Liabilities 2025	Liabilities 2024	Net assets 2025	Net assets 2024
Net operating assets						
Pharmaceuticals	51,216	48,926	(14,905)	(14,479)	36,311	34,447
Diagnostics	21,634	22,553	(4,861)	(5,024)	16,773	17,529
Corporate	668	631	(1,263)	(1,092)	(595)	(461)
Total	**73,518**	**72,110**	**(21,029)**	**(20,595)**	**52,489**	**51,515**
Current income tax net assets (liabilities)					(2,474)	(2,508)
Deferred tax net assets (liabilities)					7,527	7,737
Defined benefit plan net assets (liabilities)					(2,159)	(2,125)
Lease liabilities					(1,555)	(1,700)
Marketable securities					9,894	10,342
Cash and cash equivalents					5,582	6,975
Debt					(31,636)	(34,654)
Other net assets (liabilities)					212	579
Total net assets					**37,880**	**36,161**

Net operating assets – Pharmaceuticals subdivisional information in millions of CHF

At 31 December	Assets 2025	Assets 2024	Liabilities 2025	Liabilities 2024	Net assets 2025	Net assets 2024
Roche Pharmaceuticals	48,295	45,523	(15,684)	(14,882)	32,611	30,641
Chugai	6,664	6,383	(1,133)	(886)	5,531	5,497
Elimination within division	(3,743)	(2,980)	1,912	1,289	(1,831)	(1,691)
Pharmaceuticals Division	**51,216**	**48,926**	**(14,905)**	**(14,479)**	**36,311**	**34,447**

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
2025					
Switzerland	819	526	6,280	27	3,232
Germany	3,122	0	4,379	47	1,184
Rest of Europe	10,860	0	1,108	177	800
Europe	**14,801**	**526**	**11,767**	**251**	**5,216**
United States	29,504	1,220	5,906	398	21,275
Rest of North America	972	10	19	17	154
North America	**30,476**	**1,230**	**5,925**	**415**	**21,429**
Latin America	3,245	0	423	39	0
Japan	3,035	84	2,386	127	165
China	4,815	0	671	59	0
Rest of Asia	3,784	0	647	78	0
Asia	**11,634**	**84**	**3,704**	**264**	**165**
Africa, Australia and Oceania	1,360	0	130	16	3
Total	**61,516**	**1,840**	**21,949**	**985**	**26,813**
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
China	5,422	0	734	52	0
Rest of Asia	3,663	0	622	70	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**

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 2025 and in 2024. The three US national wholesale distributors are McKesson Corp. with CHF 9 billion (2024: CHF 9 billion), Cencora, Inc. with CHF 7 billion (2024: CHF 7 billion) and Cardinal Health, Inc. with CHF 4 billion (2024: CHF 4 billion). Approximately 99% (2024: 99%) of these sales were in the Roche Pharmaceuticals operating segment, with the residual in the Diagnostics operating segment.

3. Revenue

Disaggregated revenue information

Disaggregation of revenue in millions of CHF

	2025			2024		
	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	23,938	–	23,938	23,744	–	23,744
– *of which Oncology*	*15,318*	–	*15,318*	*15,835*	–	*15,835*
– *of which Haematology*	*8,620*	–	*8,620*	*7,909*	–	*7,909*
Neurology	9,834	–	9,834	9,267	–	9,267
Immunology	6,732	–	6,732	6,329	–	6,329
Ophthalmology	4,210	–	4,210	4,030	–	4,030
Other therapeutic areas	2,955	–	2,955	2,801	–	2,801
Sales	**47,669**	**–**	**47,669**	**46,171**	**–**	**46,171**
Royalty income	532	341	873	473	331	804
Profit-share income	0	767	767	0	785	785
Other income from collaboration and out-licensing agreements	136	0	136	269	0	269
Other	6	0	6	13	0	13
Other revenue	**674**	**1,108**	**1,782**	**755**	**1,116**	**1,871**
Diagnostics Division						
Sales by customer area						
Core Lab	6,995	619	7,614	7,400	611	8,011
Molecular Lab	2,431	96	2,527	2,445	109	2,554
Near Patient Care	1,965	18	1,983	2,134	26	2,160
Pathology Lab	1,611	112	1,723	1,493	106	1,599
Sales	**13,002**	**845**	**13,847**	**13,472**	**852**	**14,324**
Royalty income	2	0	2	22	0	22
Profit-share income	0	0	0	0	0	0
Other income from collaboration and out-licensing agreements	46	0	46	0	0	0
Other	3	7	10	0	7	7
Other revenue	**51**	**7**	**58**	**22**	**7**	**29**
Total	**61,396**	**1,960**	**63,356**	**60,420**	**1,975**	**62,395**

Effective 1 January 2025, the Diagnostics Division changed its internal customer areas. Consequently, the comparative 2024 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 revenue from collaborations in 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

	2025	2024
Gross sales	61,985	59,814
Government and regulatory mandatory price reductions	(7,208)	(6,900)
Contractual price reductions	(5,762)	(5,434)
Cash discounts	(315)	(307)
Customer returns reserves	(289)	(338)
Others	(742)	(664)
Net sales	**47,669**	**46,171**

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 6,814 million, equivalent to CHF 5,666 million (2024: USD 5,964 million, equivalent to CHF 5,250 million).

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

	2025	2024
Accounts receivable [12]	11,506	11,297
Other current receivables – contracts with customers [16]	567	745
Other non-current receivables – contracts with customers [15]	33	31
Total receivables	**12,106**	**12,073**

Other current receivables mainly include royalty and licensing receivables. At 31 December 2025 total receivables included lease receivables of 2% (2024: 2%) which are not considered receivables from contracts with customers.

Contract assets in millions of CHF

	2025	2024
Accrued income and contract costs	264	215
Total contract assets	**264**	**215**

Contract liabilities in millions of CHF

	2025	2024
Deferred income – non-current	105	150
Deferred income – current	792	809
Total contract liabilities	**897**	**959**

Movement in contract liabilities in millions of CHF

	2025	2024
At 1 January	959	820
Business combinations	19	1
Revenue recognised that was included in the contract liability balance at the beginning of the year	(829)	(723)
Increases due to cash received or receivable, excluding amounts recognised as revenue during the year	835	822
Divestment of subsidiaries	(3)	0
Currency translation effects	(84)	39
At 31 December	**897**	**959**

Revenue recognised in relation to performance obligations satisfied in previous years

In 2025 there was an increase in revenue recognised of CHF 184 million (2024: decrease in revenue of CHF 70 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 and leased out 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

	2025	2024
No contract liability held	6,493	5,041
Contract liability held	897	959
Total	**7,390**	**6,000**
Thereof expected to be recognised as revenue		
– Within one year	2,904	2,572
– Between one and five years	4,029	3,066
– More than five years	457	362
Total	**7,390**	**6,000**

4. Net financial expense

Financing costs in millions of CHF

	2025	2024
Interest expense	(1,137)	(1,199)
Amortisation of debt discount [21]	(8)	(9)
Net gains (losses) on debt derivatives	(1)	(7)
Fair value loss on debt derivatives designated as cash flow hedges – transferred from OCI	(2)	(2)
Discount unwind, including effects from discount rate changes [20]	(26)	(17)
Net interest cost of defined benefit plans [26]	(133)	(138)
Interest expense on lease liabilities [28]	(42)	(40)
Total financing costs	**(1,349)**	**(1,412)**

Other financial income (expense) in millions of CHF

	2025	2024
Net gains (losses) on equity investments at fair value through profit or loss	(56)	32
Net income (expense) from equity investments	**(56)**	**32**
Interest income (expense) from debt securities at fair value through OCI and at amortised cost	203	260
Net gains (losses) on debt investments/securities at fair value through profit or loss	2	2
Write-down and impairment reversal (charge) of debt securities	1	0
Net gains (losses) on fund investments at fair value through profit or loss	10	1
Net interest income (expense) and income from debt investments/securities and fund investments	**216**	**263**
Net foreign exchange gains (losses)	169	(322)
Net gains (losses) on foreign currency derivatives	(442)	31
Foreign exchange gains (losses)	**(273)**	**(291)**
Gains (losses) on net monetary position in hyperinflationary economies	(48)	(163)
Net other financial income (expense)	8	(8)
Associates [23]		
– Share of profits (losses) in associates	(30)	(45)
– Gains (losses) on disposal of investment in associate	29	0
Total other financial income (expense)	**(154)**	**(212)**

Net financial expense in millions of CHF

	2025	2024
Financing costs	(1,349)	(1,412)
Other financial income (expense)	(154)	(212)
Net financial expense	**(1,503)**	**(1,624)**
Financial result from treasury management	(1,369)	(1,441)
Financial result from pension management	(133)	(138)
Associates	(1)	(45)
Net financial expense	**(1,503)**	**(1,624)**

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 48 million resulting from the loss in purchasing power of the positive net monetary positions during 2025 of the Group's affiliates in Argentina and Türkiye (2024: loss of CHF 163 million).

5. Income taxes

Income tax expenses in millions of CHF

	2025	2024
Current income taxes and Pillar Two income taxes	(3,370)	(4,325)
– *of which current income taxes*	*(3,215)*	*(4,136)*
– *of which Pillar Two income taxes*	*(155)*	*(189)*
Deferred taxes	196	1,719
Total income tax (expense)	**(3,174)**	**(2,606)**

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 increased to 18.0% in 2025 (2024: 16.2%). This was driven by the increased percentage of profit contribution coming from jurisdictions with higher tax rates. During 2025 there were no significant changes to local tax rates in the tax jurisdictions in which the Group operates.

The Group's effective tax rate decreased to 18.7% in 2025 (2024: 22.1%). This was mainly due to lower impairment of non-deductible goodwill and intangible assets in 2025.

Changes to the tax laws in the canton of Basel-Stadt in Switzerland were enacted in 2025. The relevant changes for the Group include an increase in the Basel-Stadt tax rate, effective from 1 January 2026, and changes to limitations. The Group has carried out a remeasurement of its deferred tax positions, which increased the impacted net deferred tax liability positions on the balance sheet by CHF 154 million. This remeasurement does not have an impact on tax payments and resulted in a transitional deferred tax expense of CHF 119 million in 2025. The remaining amount of CHF 35 million was recorded to other comprehensive income, in so far as it relates to temporary differences arising on items that were themselves recorded to other comprehensive income, such as actuarial gains/losses on Swiss pension plans.

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

	2025	2024
Average expected tax rate	18.0%	16.2%
Tax effect of		
– Non-taxable income / non-deductible expenses	+0.5%	+7.3%
– Equity compensation plans	–0.4%	+0.5%
– Research and development tax credits and other deductions	–1.5%	–3.9%
– US state tax impacts	+0.5%	+0.6%
– Tax on unremitted earnings	0.0%	+0.2%
– Transitional effect of Swiss tax reform	+0.7%	0.0%
– Resolution of tax disputes	–1.0%	–2.2%
– Pillar Two income taxes	+0.9%	+1.6%
– Prior-year and other differences	+1.0%	+1.8%
Group's effective tax rate	**18.7%**	**22.1%**

The income tax benefit recorded in respect of equity compensation plans, which varies according to the price of the underlying equity, was CHF 236 million (2024: CHF 112 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 172 million (2024: CHF 171 million) would have been recorded.

Tax effects of other comprehensive income in millions of CHF

	2025			2024		
	Pre-tax amount	Tax	After-tax amount	Pre-tax amount	Tax	After-tax amount
Remeasurements of defined benefit plans	(147)	(121)	(268)	1,305	(167)	1,138
Equity investments at fair value through OCI	(192)	28	(164)	79	(10)	69
Debt securities at fair value through OCI	5	0	5	7	0	7
Cash flow hedges	(237)	73	(164)	110	(33)	77
Currency translation of foreign operations	(3,238)	–	(3,238)	697	–	697
Other comprehensive income	**(3,809)**	**(20)**	**(3,829)**	**2,198**	**(210)**	**1,988**

Income tax assets (liabilities) in millions of CHF

	2025	2024
Current income taxes		
– Assets	393	415
– Liabilities	(2,867)	(2,923)
Net current income tax assets (liabilities)	**(2,474)**	**(2,508)**
Deferred taxes		
– Assets	8,411	8,569
– Liabilities	(884)	(832)
Net deferred tax assets (liabilities)	**7,527**	**7,737**

Current income tax liabilities include accruals for uncertain tax positions.

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

	2025	2024
Net current income tax asset (liability) at 1 January	(2,508)	(1,913)
Income taxes paid	3,139	3,727
Business combinations	0	7
Asset acquisitions	(1)	(7)
(Charged) credited to the income statement (including Pillar Two income taxes)	(3,370)	(4,325)
(Charged) credited to equity from equity compensation plans and other transactions with shareholders	75	7
Currency translation effects and other movements	191	(4)
Net current income tax asset (liability) at 31 December	**(2,474)**	**(2,508)**

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 2024					
At 1 January 2024	(845)	2,119	682	4,333	6,289
Business combinations	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**
Year ended 31 December 2025					
At 1 January 2025	(670)	2,958	568	4,881	7,737
Business combinations	(5)	(7)	0	124	112
Asset acquisitions [6]	0	60	0	146	206
(Charged) credited to the income statement	30	(481)	(9)	656	196
(Charged) credited to other comprehensive income [22]	–	–	(121)	101	(20)
(Charged) credited to equity from equity compensation plans and other transactions with shareholders	–	–	–	191	191
Divestment of subsidiaries	0	1	0	0	1
Currency translation effects and other movements	47	(381)	(35)	(527)	(896)
At 31 December 2025	**(598)**	**2,150**	**403**	**5,572**	**7,527**

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

	Amount (CHF million)	2025 Applicable tax rate	Amount (CHF million)	2024 Applicable tax rate
Within one year	2,137	12%	1,070	12%
Between one and five years	3,669	12%	4,425	12%
More than five years	6,897	7%	7,116	6%
Total unrecognised tax losses	**12,703**	**9%**	**12,611**	**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 14.4 billion at 31 December 2025 (2024: CHF 17.4 billion).

Pillar Two income taxes

The Organisation for Economic Co-operation and Development (OECD) 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. Effective 1 January 2024, the Swiss government introduced 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 1 January 2025, the Swiss government introduced in addition the Income Inclusion Rule (IIR), which 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.

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 – 2025

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. The acquisition builds on the existing partnership between the Group and Poseida following the collaboration and licence agreement established in 2022, which included P-BCMA-ALLO1, an allogeneic CAR-T therapy in phase I targeting B-cell maturation antigen for the treatment of multiple myeloma, and P-CD19CD20-ALLO1 in phase I, an allogeneic dual CAR-T in B-cell malignancies, which is also investigated for the treatment of multiple sclerosis and systemic lupus erythematosus. Poseida is reported in the Pharmaceuticals Division. The total consideration was USD 1,132 million, of which USD 891 million was paid in cash on the acquisition date, USD 99 million was deferred consideration paid in cash on 17 January 2025 which related to the settlement of Poseida's own equity compensation plans, and USD 142 million arose from a contingent consideration arrangement. The contingent payments are based on the achievement of performance-related milestones, and the range of undiscounted outcomes is between zero and USD 472 million.

The identifiable assets acquired and liabilities assumed are set out in the table below.

Business combinations – 2025: net assets acquired in millions of CHF

	Poseida
Property, plant and equipment [8]	15
Right-of-use assets [28]	22
Intangible assets	
– Product intangibles: not available for use [10]	304
Deferred tax assets	178
Cash and cash equivalents	10
Marketable securities	153
Deferred income [3]	(19)
Provisions [20]	(7)
Short-term debt [21]	(59)
Lease liabilities [28]	(22)
Deferred tax liabilities	(66)
Other net assets (liabilities)	(7)
Net identifiable assets	**502**
Goodwill [9]	527
Total consideration	**1,029**
Cash	810
Deferred consideration	90
Contingent consideration [20, 31]	129
Total consideration	**1,029**

The fair values of the intangible assets were determined using an income approach 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 12.3%. The valuations were performed by an independent valuer.

Goodwill represents a control premium and a number of preclinical programmes, technology platforms and manufacturing capabilities that do not qualify for separate recognition of intangible assets. None of the goodwill is expected to be deductible for income tax purposes.

Directly attributable transaction costs of CHF 11 million were reported in the Pharmaceuticals operating segment within other operating income (expense).

In the twelve months ended 31 December 2025 Poseida contributed no material revenue and a net loss (after tax) of CHF 157 million to the results reported for the Pharmaceuticals Division and the Group. Management estimates that the results of the Group would not have been materially different had the acquisition been completed on 1 January 2025. This information is provided for illustrative purposes only and is not necessarily indicative of the future results of the Group.

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. 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 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. 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.

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 was 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.

Cash flows from business combinations

Business combinations: net cash outflows in millions of CHF

	Pharmaceuticals	Diagnostics	2025 Total	Pharmaceuticals	Diagnostics	2024 Total
Cash consideration paid	(810)	0	(810)	(2,526)	(311)	(2,837)
Deferred consideration paid	(90)	0	(90)	0	0	0
Contingent consideration paid [20]	(21)	0	(21)	(22)	(55)	(77)
Cash in acquired company	10	0	10	70	8	78
Total net cash outflows	**(911)**	**0**	**(911)**	**(2,478)**	**(358)**	**(2,836)**

Asset acquisitions – 2025

Kolm Therapeutics Inc. On 1 July 2025 the Group acquired a 100% controlling interest in Kolm Therapeutics Inc. ('Kolm'), a privately owned US company based in Woodbridge, Connecticut. With the acquisition, the Group obtained ownership of a preclinical conditional small-molecule programme for potential applications in oncology. Kolm is reported in the Pharmaceuticals Division. The cash consideration paid at the acquisition date was USD 126 million. Additional contingent payments may be made based upon the achievement of performance-related milestones.

89bio, Inc. On 30 October 2025 the Group acquired a 100% controlling interest in 89bio, Inc. ('89bio'), a publicly owned US company based in San Francisco, California, that had been listed on Nasdaq. With the acquisition, the Group obtained access to pegozafermin, a fibroblast growth factor 21 (FGF21) analogue in phase III for the treatment of moderate to severe metabolic dysfunction-associated steatohepatitis (MASH). 89bio is reported in the Pharmaceuticals Division. The purchase consideration was USD 2,428 million, of which USD 2,351 million was paid in cash on the acquisition date and USD 77 million was deferred consideration paid in cash on 5 November 2025 which related to the settlement of 89bio's own equity compensation plans. Additional contingent payments of up to USD 1,044 million may be made based upon the achievement of performance-related milestones.

Pentavision Biosciences Ltd. On 4 November 2025 the Group acquired a 100% controlling interest in Pentavision Biosciences Ltd. ('Pentavision'), a privately owned company. With the acquisition, the Group gained access to a phase I trispecific antibody in ophthalmology. Pentavision is reported in the Pharmaceuticals Division. The total consideration was USD 410 million, which was paid in cash at the acquisition date. Additional contingent payments may be made based on the achievement of performance-related milestones.

Other. Other asset acquisitions reported in the Pharmaceuticals Division included the acquisition of Renalys Pharma, Inc. by Chugai, a fully consolidated subsidiary of the Group. On 27 November 2025 Chugai acquired a 100% controlling interest in Renalys Pharma, Inc. ('Renalys Pharma'), a privately owned company based in Tokyo, Japan. With the acquisition, Chugai obtained the exclusive development and commercialisation rights for sparsentan, a small molecule drug in phase III for the treatment of IgA nephropathy, in Japan, South Korea and Taiwan. The cash consideration paid at the acquisition date was JPY 18 billion. Additional contingent payments may be made based upon the achievement of performance-related milestones and for consideration linked to sparsentan's net sales. There were other minor asset acquisitions in the Pharmaceuticals Division with a total consideration of CHF 5 million in cash.

Asset acquisitions – 2025: net assets acquired in millions of CHF

	Kolm	89bio	Pentavision	Other	Total
Property, plant and equipment [8]	0	1	0	2	3
Right-of-use assets [28]	0	1	0	6	7
Intangible assets					
– Product intangibles: not available for use	96	1,469	331	81	1,977
Deferred tax assets [5]	4	202	0	0	206
Cash and cash equivalents	0	298	0	8	306
Other net assets (liabilities)	0	(29)	0	3	(26)
Net identifiable assets	**100**	**1,942**	**331**	**100**	**2,473**
Cash	100	1,880	331	100	2,411
Deferred consideration	0	62	0	0	62
Total consideration	**100**	**1,942**	**331**	**100**	**2,473**

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. 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**

Cash flows from asset acquisitions

Asset acquisitions: net cash outflows in millions of CHF

	Pharmaceuticals	Diagnostics	2025 Total	Pharmaceuticals	Diagnostics	2024 Total
Cash consideration paid	(2,411)	0	(2,411)	(152)	0	(152)
Deferred consideration paid	(62)	0	(62)	0	0	0
Cash in acquired company	306	0	306	22	0	22
Contingent payments related to previous acquisitions	0	0	0	(131)	(22)	(153)
Total net cash outflows	**(2,167)**	**0**	**(2,167)**	**(261)**	**(22)**	**(283)**

In 2025 the Group recorded additions to product intangible assets not available for use of CHF 79 million (2024: CHF 153 million) for the achievement of performance-related milestones for asset acquisitions previously closed, with the respective payment to be made in 2026.

Potential commitments for asset acquisitions closed in 2025 and 2024

For asset acquisitions closed in 2025 and 2024, additional contingent payments may be made based on the achievement of performance-related milestones, as set out in the table below.

Commitments for future contingent payments for asset acquisitions closed in 2025 and 2024 in millions of CHF

	2025	2024
Total at 31 December	**2,057**	**773**
– thereof related to 89bio	827	–

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

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

7. Global restructuring plans

During 2025 the Group continued the implementation of various global restructuring plans initiated in 2025 and prior years.

Global restructuring plans: costs incurred in millions of CHF

	2025	2024
Global restructuring costs		
– Employee-related costs	911	492
– Site closure and other costs related to physical assets	335	827
– Divestment of products and businesses	0	(240)
– Other reorganisation expenses	918	812
Total global restructuring costs	**2,164**	**1,891**
Additional costs		
– Legal and environmental cases	0	0
Total costs	**2,164**	**1,891**

The Pharmaceuticals Division incurred restructuring costs of CHF 769 million (2024: CHF 1,161 million), primarily for research and development optimisation initiatives and a business process transformation to simplify the systems landscape. These costs also included a gain of CHF 50 million from the disposal of property at Chugai. In 2024 the manufacturing network initiatives included a gain of CHF 240 million on divestment of the Vacaville biologics manufacturing site in the US. Also in 2024, plans at Flatiron Health and Spark Therapeutics incurred costs of CHF 677 million, which included 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 734 million (2024: CHF 210 million) for initiatives to drive organisational effectiveness across manufacturing, research and development and administrative areas.

Corporate costs were CHF 661 million (2024: CHF 520 million) and included a business process transformation to simplify the systems landscape and to reduce process complexity as well as a restructuring in informatics. The business process 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

	2025	2024
Employee-related costs		
– Termination costs	618	280
– Defined benefit plans	4	0
– Other employee-related costs	289	212
Total employee-related costs	**911**	**492**
Site closure costs and other costs related to physical assets		
– Impairment (reversal) of property, plant and equipment and right-of-use assets	273	687
– Accelerated depreciation of property, plant and equipment and right-of-use assets	34	51
– (Gains) losses on disposal of property, plant and equipment and right-of-use assets	(55)	5
– Other site closure costs	83	84
Total site closure and other costs related to physical assets	**335**	**827**
Divestment of products and businesses		
– (Gains) losses on divestment, net of disposal costs [6]	0	(240)
Total (gains) losses on divestment of products and businesses	**0**	**(240)**
Other reorganisation expenses		
– Impairment (reversal) of commercial software intangible assets	(12)	20
– Other	930	792
Total other reorganisation expenses	**918**	**812**
Total global restructuring costs	**2,164**	**1,891**
Additional costs		
– Legal and environmental cases	0	0
Total costs	**2,164**	**1,891**

Global restructuring plans: classification of costs in millions of CHF

	2025			2024		
	Depreciation, amortisation and impairment	Other costs	Total	Depreciation, amortisation and impairment	Other costs	Total
Cost of sales						
– Pharmaceuticals	47	38	85	44	45	89
– Diagnostics	66	164	230	20	33	53
Research and development						
– Pharmaceuticals	28	361	389	567	271	838
– Diagnostics	25	181	206	6	45	51
Selling, general and administration						
– Pharmaceuticals	45	310	355	111	359	470
– Diagnostics	84	212	296	7	99	106
– Corporate	0	661	661	3	517	520
Other operating income (expense)						
– Pharmaceuticals	0	(60)	(60)	0	(236)	(236)
– Diagnostics	0	2	2	0	0	0
– Corporate	0	0	0	0	0	0
Total costs	**295**	**1,869**	**2,164**	**758**	**1,133**	**1,891**
Total by operating segment						
– Roche Pharmaceuticals	60	590	650	722	390	1,112
– Chugai	60	59	119	0	49	49
– Diagnostics	175	559	734	33	177	210
– Corporate	0	661	661	3	517	520
Total costs	**295**	**1,869**	**2,164**	**758**	**1,133**	**1,891**

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 2024					
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**
Year ended 31 December 2025					
At 1 January 2025	1,158	11,264	6,804	3,331	22,557
Business combinations [6]	0	7	8	0	15
Asset acquisitions [6]	0	0	3	0	3
Additions	242	5	1,178	2,194	3,619
Disposals	(4)	(7)	(78)	(3)	(92)
Transfers	7	620	899	(1,526)	–
Depreciation charge	–	(819)	(1,591)	–	(2,410)
Impairment reversal (charge)	0	(51)	(29)	(221)	(301)
Other	0	0	(16)	(41)	(57)
Currency translation effects	(119)	(652)	(428)	(186)	(1,385)
At 31 December 2025	**1,284**	**10,367**	**6,750**	**3,548**	**21,949**
Cost	1,284	19,880	20,908	4,072	46,144
Accumulated depreciation and impairment	0	(9,513)	(14,158)	(524)	(24,195)
Net book value	**1,284**	**10,367**	**6,750**	**3,548**	**21,949**

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

	2025	2024
Cost of sales	(191)	(63)
Research and development	(45)	(487)
Selling, general and administration	(65)	(77)
Total impairment reversal (charge)	**(301)**	**(627)**

In 2025 and 2024 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 2025 no borrowing costs were capitalised as property, plant and equipment (2024: none).

At 31 December 2025 machinery and equipment with an original cost of CHF 6.2 billion (2024: CHF 6.1 billion) and a net book value of CHF 2.0 billion (2024: CHF 1.8 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 1.8 billion (2024: CHF 1.3 billion).

9. Goodwill

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

	2025	2024
At 1 January		
Cost	15,729	13,781
Accumulated impairment	(7,853)	(4,391)
Net book value	**7,876**	**9,390**
Year ended 31 December		
At 1 January	7,876	9,390
Business combinations [6]	527	1,087
Impairment charge recorded within other operating income (expense)	(40)	(3,209)
Currency translation effects	(871)	608
At 31 December	**7,492**	**7,876**
Cost	12,841	15,729
Accumulated impairment	(5,349)	(7,853)
Net book value	**7,492**	**7,876**
Allocated to the following cash-generating units		
Roche Pharmaceuticals for strategic and technology transactions	2,700	2,531
Roche Pharmaceuticals for product transactions	307	339
Chugai	56	64
Total Pharmaceuticals Division	**3,063**	**2,934**
Diagnostics customer areas	3,353	3,814
Divisional goodwill	1,076	1,128
Total Diagnostics Division	**4,429**	**4,942**

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), Carmot (2024) and Poseida (2025).
- 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), PVT (2011), IQuum (2014), GenMark (2021), TIB Molbiol (2021) and LumiraDx (2024).

Impairment charge – 2025

Following a strategic reassessment in 2025, along with an updated valuation that indicated no surplus from estimated future revenues, the Group recognised a full impairment of CHF 39 million for the goodwill acquired in 2010 as part of the Medingo acquisition. This impairment was the major item of total goodwill impairment charges of CHF 40 million recorded in the Diagnostics Division.

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 was 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 was 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.

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 for the 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 was 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 did not support the carrying value of certain other assets. These were separately assessed for impairment as at 31 December 2024, and consequently impairments were 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.

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

	2025			2024		
	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	7.6%	5 years	n/a	7.0%
Diagnostics Division	5 years	1.5%	7.6%	5 years	1.5%	7.0%

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 2025.

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 2024				
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**
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
Transfers	968	(968)	0	–
Amortisation charge	(652)	–	(90)	(742)
Impairment reversal (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**
Year ended 31 December 2025				
At 1 January 2025	3,908	13,054	341	17,303
Business combinations [6]	0	304	0	304
Asset acquisitions	0	2,056	0	2,056
Additions	315	2,124	84	2,523
Disposals	(2)	0	0	(2)
Divestment of subsidiaries	0	0	(12)	(12)
Transfers	9	(9)	0	–
Amortisation charge	(612)	–	(64)	(676)
Impairment reversal (charge)	(117)	(205)	6	(316)
Currency translation effects	(263)	(1,575)	(21)	(1,859)
At 31 December 2025	**3,238**	**15,749**	**334**	**19,321**
Cost	20,205	18,807	1,904	40,916
Accumulated amortisation and impairment	(16,967)	(3,058)	(1,570)	(21,595)
Net book value	**3,238**	**15,749**	**334**	**19,321**
Allocated by operating segment				
Roche Pharmaceuticals	2,168	15,314	157	17,639
Chugai	7	88	0	95
Diagnostics	1,063	347	177	1,587
Total Group	**3,238**	**15,749**	**334**	**19,321**

Significant intangible assets at 31 December 2025 in millions of CHF

	Operating segment	Net book value	Remaining amortisation period
Product intangibles in use			
Elevidys (Sarepta in-licensing transaction)	Roche Pharmaceuticals	751	11 years
GenMark acquisition	Diagnostics	433	9 years
Xofluza (Shionogi in-licensing transaction)	Roche Pharmaceuticals	291	10 years
LumiraDx acquisition	Diagnostics	183	12 years
Rozlytrek (Ignyta acquisition)	Roche Pharmaceuticals	159	6 years
Product intangibles not available for use			
afimkibart (anti-TL1A) (Telavant acquisition)	Roche Pharmaceuticals	5,749	n/a
pegozafermin (89bio acquisition)	Roche Pharmaceuticals	1,454	n/a
CT-388 GLP-1/GIP receptor agonist (Carmot acquisition)	Roche Pharmaceuticals	1,219	n/a
petrelintide (Zealand Pharma in-licensing transaction)	Roche Pharmaceuticals	1,117	n/a
CDK inhibitors (Regor intangible asset purchase)	Roche Pharmaceuticals	673	n/a
zilebesiran (Alnylam in-licensing transaction)	Roche Pharmaceuticals	544	n/a
SPK-8011 haemophilia A gene therapy (Spark Therapeutics acquisition)	Roche Pharmaceuticals	458	n/a
YL201 antibody-drug conjugate (MediLink in-licensing transaction)	Roche Pharmaceuticals	439	n/a
Inflazome acquisition	Roche Pharmaceuticals	357	n/a
Pentavision acquisition	Roche Pharmaceuticals	331	n/a
Stratos Genomics acquisition	Diagnostics	326	n/a
P-BCMA-ALLO1 CAR-T therapy (Poseida acquisition)	Roche Pharmaceuticals	305	n/a
CT-996 GLP-1 receptor agonist (Carmot acquisition)	Roche Pharmaceuticals	238	n/a
CT-868 GLP-1/GIP receptor agonist (Carmot acquisition)	Roche Pharmaceuticals	227	n/a
Good Therapeutics acquisition	Roche Pharmaceuticals	193	n/a
BioNTech in-licensing transaction	Roche Pharmaceuticals	184	n/a

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

	Amortisation		Impairment	
	2025	2024	2025	2024
Cost of sales				
– Pharmaceuticals	(222)	(249)	(88)	(378)
– Diagnostics	(151)	(142)	0	0
Research and development				
– Pharmaceuticals	(290)	(325)	(222)	(1,041)
– Diagnostics	(2)	(5)	(6)	(3)
Selling, general and administration				
– Pharmaceuticals	(1)	(6)	0	(21)
– Diagnostics	(10)	(15)	0	0
Total	**(676)**	**(742)**	**(316)**	**(1,443)**

Internally generated intangible assets

At 31 December 2025 internally generated intangible assets relating to commercial software amounted to CHF 166 million (2024: CHF 126 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 2025 approximately 77% (2024: 33%) 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 – 2025

Pharmaceuticals Division. Impairment charges totalling CHF 310 million were recorded. The major items related to:

- A charge of CHF 143 million for two separate assets following the 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 104 million for the product intangible asset for SPK-9001, acquired as part of the Spark Therapeutics acquisition, due to the decision to stop the commercialisation by the alliance partner. The asset concerned, which was being amortised, was fully written down.
- A charge of CHF 43 million following the decision to terminate the development of a compound and the collaboration with an alliance partner. The asset concerned, which was not yet being amortised, was fully written down.

Diagnostics Division. Impairment charges totalling CHF 6 million were recorded.

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.
- 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.

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, and with associates (see Note 23).

Commitments for potential future third-party collaboration and purchase payments at 31 December 2025 in millions of CHF

	Pharmaceuticals	Diagnostics	Group
Within one year	1,024	50	1,074
Between one and two years	1,025	0	1,025
Between two and three years	850	0	850
Total	**2,899**	**50**	**2,949**

11. Inventories

Inventories in millions of CHF

	2025	2024
Raw materials and supplies	1,456	1,613
Work in process	164	155
Intermediates	4,838	4,966
Finished goods	1,736	1,566
Allowances for slow-moving and obsolete inventory	(715)	(694)
Total inventories	**7,479**	**7,606**

Inventories expensed through cost of sales totalled CHF 12.5 billion (2024: CHF 12.2 billion). Inventory write-downs during the year resulted in an expense of CHF 461 million (2024: CHF 399 million).

12. Accounts receivable

Accounts receivable in millions of CHF

	2025	2024
Trade receivables	12,742	12,458
Notes receivable	61	66
Other receivables	48	53
Allowances for doubtful accounts	(351)	(453)
Chargebacks and other allowances to be withheld upon settlement [3]	(994)	(827)
Total accounts receivable [3]	**11,506**	**11,297**

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

	2025	2024
At 1 January	(453)	(440)
Additional allowances created	(134)	(102)
Unused amounts reversed	189	72
Utilised during the year	36	16
Currency translation effects	11	1
At 31 December	**(351)**	**(453)**

Bad debt expenses recorded as selling, general and administration costs totalled CHF 14 million (2024: expense of CHF 34 million).

13. Marketable securities

Marketable securities in millions of CHF

	2025	2024
Debt securities at fair value through OCI [31]	529	511
Money market instruments at fair value through OCI [31]	4,931	5,412
Time accounts over three months at amortised costs [31]	4,434	4,419
Total marketable securities	**9,894**	**10,342**

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 2025.

Debt securities – contracted maturity in millions of CHF

	2025	2024
Within one year	261	133
Between one and five years	268	374
More than five years	0	4
Total debt securities	**529**	**511**

14. Cash and cash equivalents

Cash and cash equivalents in millions of CHF

	2025	2024
Cash – cash in hand and in current or call accounts	4,073	4,132
Cash equivalents – time accounts with a maturity of three months or less	1,509	2,843
Total cash and cash equivalents	**5,582**	**6,975**

15. Other non-current assets

Other non-current assets in millions of CHF

	2025	2024
Equity investments at fair value through OCI [31]	78	251
Equity investments at fair value through profit or loss [31]	221	250
Debt investments at fair value through profit or loss [31]	64	63
Fund investments at fair value through profit or loss [31]	184	36
Loans receivable	6	7
Restricted cash	1	1
Other receivables – contracts with customers [3]	33	31
Other receivables	280	95
Total financial non-current assets	**867**	**734**
Long-term employee benefits	56	207
Other assets	844	822
Total non-financial non-current assets	**900**	**1,029**
Associates	258	258
Total other non-current assets	**2,025**	**2,021**

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

	2025	2024
Accrued interest income	23	26
Derivative financial instruments [31]	109	178
Cash collateral receivables	129	22
Other receivables – contracts with customers [3]	567	745
Other receivables	609	199
Total financial current assets	**1,437**	**1,170**
Prepaid expenses and contract assets (including accrued income)	1,254	1,225
Other taxes recoverable	810	781
Other assets	374	225
Total non-financial current assets	**2,438**	**2,231**
Total other current assets	**3,875**	**3,401**

17. Accounts payable

Accounts payable in millions of CHF

	2025	2024
Trade payables	4,237	3,984
Other taxes payable	499	539
Dividends payable	3	3
Other payables	1,040	368
Total accounts payable	**5,779**	**4,894**

18. Other non-current liabilities

Other non-current liabilities in millions of CHF

	2025	2024
Deferred income	116	160
Lease liabilities [28]	1,244	1,375
Other long-term liabilities	143	68
Total other non-current liabilities	**1,503**	**1,603**

19. Other current liabilities

Other current liabilities in millions of CHF

	2025	2024
Deferred income	792	809
Lease liabilities [28]	311	325
Accrued payroll and related items	3,227	3,493
Interest payable	259	298
Derivative financial instruments [31]	637	190
Cash collateral payables	3	64
Accrued chargebacks and other allowances separately payable [3]	3,990	4,177
Accrued royalties and commissions	1,090	1,065
Other accrued liabilities	3,097	3,127
Total other current liabilities	**13,406**	**13,548**

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 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
– 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**
Year ended 31 December 2025						
At 1 January 2025	181	331	703	227	1,363	2,805
Additional provisions created	189	30	810	60	771	1,860
Unused amounts reversed	(34)	(13)	(116)	(70)	(339)	(572)
Utilised	(108)	(61)	(513)	(21)	(692)	(1,395)
Discount unwind, including effects from discount rate changes[4]	0	7	0	19	0	26
Business combinations and asset acquisitions						
– Acquired companies	7	0	0	0	0	7
– Deferred consideration	–	–	–	–	152	152
– Contingent consideration[6]	–	–	–	129	–	129
Currency translation effects	(18)	(15)	(18)	(40)	(123)	(214)
At 31 December 2025	**217**	**279**	**866**	**304**	**1,132**	**2,798**
Current	200	104	550	98	791	1,743
Non-current	17	175	316	206	341	1,055
At 31 December 2025	**217**	**279**	**866**	**304**	**1,132**	**2,798**
Expected outflow of resources						
Within one year	200	104	550	98	791	1,743
Between one and two years	11	89	171	0	101	372
Between two and three years	2	24	82	80	56	244
More than three years	4	62	63	126	184	439
At 31 December 2025	**217**	**279**	**866**	**304**	**1,132**	**2,798**

In 2025 CHF 1,395 million of provisions were utilised (2024: CHF 1,089 million). Thereof, CHF 1,222 million (2024: CHF 1,012 million) are included in the cash flows from operating activities. The remaining amount of CHF 173 million (2024: CHF 77 million) is included in the cash flows from investing activities in relation to payments for deferred and contingent consideration in business combinations and asset acquisitions (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, including the Avastin/Lucentis investigation in France and the Belgian Competition Authority investigation, there was a net expense of CHF 158 million for legal cases in 2025 (2024: net expense of CHF 70 million), 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 2025 significant provisions were discounted by between 4% and 5.2% (2024: between 3% and 5.5%) 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 various sites in the US. In 2025 environmental provisions decreased by CHF 52 million, mainly due to utilisations, partially offset by a net increase in provisions. The net environmental expenses reported in other operating income (expense) in 2025 were CHF 12 million (2024: net expenses of CHF 6 million).

The Group's procedures on environmental protection are included in the Annual Report on pages 89 to 117. 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% (2024: 1.0%) where the time value of money is material.

In 2025 the significant provisions recorded in the Pharmaceuticals Division relate to various research and development optimisation initiatives and the site development plans in Basel/Kaiseraugst. In the Diagnostics Division the significant provisions are associated with initiatives to drive organisational effectiveness across manufacturing, research and development and administrative areas. Additionally, provisions were also recorded for a restructuring in informatics. 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 5.2% (2024: 5.5%) 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

	2025	2024
Sales returns[3]	439	538
Employee provisions	419	452
Other items	274	373
Total other provisions	**1,132**	**1,363**

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 2025 legal provisions included provisions for legal cases of CHF 154 million (2024: CHF 98 million), mainly related to legal cases in the Pharmaceuticals Division of CHF 90 million (2024: CHF 31 million) and in the Diagnostics Division of CHF 64 million (2024: CHF 67 million). Provisions have been recorded, and in some cases settled, mainly relating to the legal matters listed below.

Avastin/Lucentis investigations. 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. On 25 June 2025 the French Supreme Court (Cour de cassation) issued its decision on the appeal of the FCA, overturning the Paris Court of Appeal's ruling from 2023 for insufficient reasoning which put Roche and Genentech back into the situation they were in before the judgment of the Paris Court of Appeal. On 29 July 2025 Roche and Genentech filed another appeal with the Paris Court of Appeal. In December 2025 the fine was again paid under protest to avoid additional penalty fees. 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. In January 2025 Roche received the reasoned decision from the TCA, and a fine of TRY 64 million was paid under protest to avoid additional fees. 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 2025 Roche was defending approximately 234 actions involving approximately 274 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 took place on 30 January 2025. The parties continue to await the court's ruling on class certification. The Group is vigorously defending itself in these matters. The outcome of these matters cannot be determined at this time.

Belgian Competition Authority investigation. On 17 March 2025 the Belgian Competition Authority ('BCA') issued a Statement of Objections against Roche SA and Roche Holding Ltd (together 'Roche') concerning the implementation of a strategy aimed at delaying the entry of biosimilars of two anticancer medicines into the Belgian market between 2017 and 2020. Roche filed its responses in September 2025. On 28 November 2025 the Auditor's Office of the BCA sent a proposed decision to Roche and the Competition College. Roche will file its response to the proposal, which would customarily be followed by a hearing and a formal decision by the Competition College. 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. On 6 March 2025 the parties executed a settlement agreement. On 13 March 2025 the University of Pennsylvania filed its notice of dismissal of the case. The matter is now concluded.

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, with a hearing held on 19 November 2024. On 23 January 2026 the US Court of Appeals for the District of Columbia Circuit reaffirmed its prior decision dated 4 January 2022 and remanded the case for further proceedings. 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.

21. Debt

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

	2025	2024
At 1 January	34,654	29,209
Proceeds from issue of bonds and notes	2,299	7,915
Redemption and repurchase of bonds and notes	(3,386)	(3,095)
Increase (decrease) in commercial paper	656	(709)
Increase (decrease) in other debt	276	(292)
Changes from financing cash flows	**(155)**	**3,819**
Amortisation of debt discount [4]	8	9
Financing costs	**8**	**9**
Business combinations [6]	59	0
Asset acquisitions	21	0
Currency translation effects	(2,964)	1,560
Changes in foreign exchange rates	**(2,964)**	**1,560**
Changes in fair values of hedging instruments	13	57
At 31 December	**31,636**	**34,654**
Bonds and notes	30,268	34,199
Commercial paper	783	180
Amounts due to banks and other financial institutions	584	275
Other borrowings	1	0
Total debt	**31,636**	**34,654**
Long-term debt	27,430	30,722
Short-term debt	4,206	3,932
Total debt	**31,636**	**34,654**

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	2025	2024
US dollar notes – fixed rate				
2.132% notes due 10 March 2025, principal USD 1.0 billion (ISIN: US771196BT89)	2.19%	n/a	–	903
3.0% notes due 10 November 2025, principal USD 1.0 billion, outstanding USD 0.51 billion (ISIN: US771196BJ08)	3.14%	n/a	–	457
0.991% notes due 5 March 2026, principal USD 0.65 billion (ISIN: US771196BS07)	1.03%	3.77%	512	564
2.625% notes due 15 May 2026, principal USD 1.0 billion (ISIN: US771196BK70)	2.78%	n/a	792	902
5.265% notes due 13 November 2026, principal USD 1.1 billion (ISIN: US771196CE02)	5.38%	n/a	871	994
2.375% notes due 28 January 2027, principal USD 0.85 billion (ISIN: US771196BL53)	2.54%	n/a	672	766
2.314% notes due 10 March 2027, principal USD 1.25 billion (ISIN: US771196BV36)	2.37%	n/a	990	1,129
3.625% notes due 17 September 2028, principal USD 0.65 billion (ISIN: US771196BP67)	3.69%	n/a	515	587
5.338% notes due 13 November 2028, principal USD 1.25 billion (ISIN: US771196CF76)	5.45%	n/a	989	1,128
1.93% notes due 13 December 2028, principal USD 2.0 billion (ISIN: US771196BW19)	1.97%	n/a	1,583	1,806
4.79% notes due 8 March 2029, principal USD 0.875 billion (ISIN: US771196CJ98)	4.89%	n/a	692	790
4.203% notes due 9 September 2029, principal USD 0.9 billion (ISIN: US771196CP58)	4.29%	n/a	712	812
5.489% notes due 13 November 2030, principal USD 1.25 billion (ISIN: US771196CG59)	5.60%	n/a	989	1,128
4.075% notes due 2 December 2030, principal USD 0.5 billion (ISIN: US771196CS97)	4.16%	n/a	396	–
4.909% notes due 8 March 2031, principal USD 0.75 billion (ISIN: US771196CK61)	5.00%	n/a	593	677
2.076% notes due 13 December 2031, principal USD 2.0 billion (ISIN: US771196BX91)	2.11%	2.16%	1,582	1,805
4.374% notes due 2 December 2032, principal USD 0.6 billion (ISIN: US771196CT70)	4.46%	n/a	475	–
5.593% notes due 13 November 2033, principal USD 1.6 billion (ISIN: US771196CH33)	5.71%	n/a	1,265	1,443
4.985% notes due 8 March 2034, principal USD 1.25 billion (ISIN: US771196CL45)	5.08%	n/a	988	1,127
4.592% notes due 9 September 2034, principal USD 1.0 billion (ISIN: US771196CQ32)	4.68%	n/a	791	902
4.666% notes due 2 December 2035, principal USD 0.8 billion (ISIN: US771196CU44)	4.75%	n/a	632	–
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%	862	982
4.0% notes due 28 November 2044, principal USD 0.65 billion (ISIN: US771196BH42)	4.16%	n/a	508	579
2.607% notes due 13 December 2051, principal USD 2.0 billion (ISIN: US771196BY74)	2.65%	2.74%	1,578	1,799
5.218% notes due 8 March 2054, principal USD 1.6 billion (ISIN: US771196CM28)	5.23%	n/a	1,279	1,459
US dollar notes – floating rate				
Notes due 10 March 2025, principal USD 0.75 billion (ISIN: US771196CA89)	4.87%	n/a	–	678
Notes due 13 November 2026, principal USD 0.3 billion (ISIN: US771196CD29)	5.60%	n/a	238	271
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
Euro bonds – fixed rate				
3.312% bonds due 4 December 2027, principal EUR 0.6 billion (ISIN: XS2726331932)	3.35%	3.20%	561	568
3.204% bonds due 27 August 2029, principal EUR 0.75 billion (ISIN: XS2592088236)	3.24%	3.19%	697	704
3.227% bonds due 3 May 2030, principal EUR 0.65 billion (ISIN: XS2813211294)	3.26%	3.13%	601	610
3.355% bonds due 27 February 2035, principal EUR 0.5 billion (ISIN: XS2592088400)	3.38%	n/a	464	469
3.586% bonds due 4 December 2036, principal EUR 0.9 billion (ISIN: XS2726335099)	3.61%	n/a	836	844
3.564% bonds due 3 May 2044, principal EUR 0.85 billion (ISIN: XS2813211617)	3.59%	n/a	788	796

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

	Effective interest rate			
	Underlying instrument	Including hedging	2025	2024
Swiss franc bonds – fixed rate				
0.25% bonds due 24 September 2025, principal CHF 0.5 billion (ISIN: CH0433761308)	0.25%	0.49%	–	500
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%	0.28%	829	832
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%	0.44%	254	255
0.4625% bonds due 27 May 2030, principal CHF 0.335 billion (ISIN: CH1474857013)	0.50%	n/a	334	–
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	626
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	419
0.8775% bonds due 27 August 2035, principal CHF 0.255 billion (ISIN: CH1474857021)	0.90%	n/a	254	–
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	274
1.13% bonds due 27 August 2040, principal CHF 0.185 billion (ISIN: CH1474857039)	1.15%	n/a	185	–
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	228	261
Total bonds and notes			**30,268**	**34,199**

Bonds and notes maturity in millions of CHF

	2025	2024
Within one year	2,838	3,477
Between one and two years	3,052	3,156
Between two and three years	3,227	3,295
Between three and four years	2,705	3,661
Between four and five years	2,720	2,911
More than five years	15,726	17,699
Total bonds and notes	**30,268**	**34,199**

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

	2025	2024
US dollar notes	45	57
Euro notes and bonds	8	9
Swiss franc bonds	(1)	(4)
Total unamortised discount	**52**	**62**

Issuance of bonds and notes – 2025

On 27 August 2025 the Group completed an offering of CHF 0.335 billion fixed rate bonds with a coupon of 0.4625%, CHF 0.255 billion fixed rate bonds with a coupon of 0.8775% and CHF 0.185 billion fixed rate bonds with a coupon of 1.13%. The bonds will mature on 27 May 2030, 27 August 2035 and 27 August 2040, respectively. These bonds are listed at the SIX Swiss Exchange. The Group received CHF 773 million aggregate net proceeds from the issuance and sale of these fixed rate bonds.

On 2 December 2025 the Group completed an offering of USD 0.5 billion fixed rate notes with a coupon of 4.075%, USD 0.6 billion fixed rate notes with a coupon of 4.374% and USD 0.8 billion fixed rate notes with a coupon of 4.666%. The notes will mature on 2 December 2030, 2 December 2032 and 2 December 2035, respectively. The Group received CHF 1,526 million aggregate net proceeds from the issuance and sale of these fixed rate notes.

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.

Redemption and repurchase of bonds and notes – 2025

On the due date of 25 February 2025 the Group redeemed the 0.875% fixed rate notes with a principal amount of EUR 1.0 billion. The cash outflow was CHF 939 million, plus accrued interest. The effective interest rate of these notes was 0.93%.

On the due date of 10 March 2025 the Group redeemed the 2.132% fixed rate notes with a principal amount of USD 1.0 billion. The cash outflow was CHF 880 million, plus accrued interest. The effective interest rate of these notes was 2.19%.

Also on the due date of 10 March 2025 the Group redeemed floating rate notes with a principal amount of USD 0.75 billion. The cash outflow was CHF 660 million, plus accrued interest. The effective interest rate of these notes was 4.87%.

On the due date of 24 September 2025 the Group redeemed the 0.25% fixed rate bonds with a principal amount of CHF 0.5 billion. The cash outflow was CHF 500 million, plus accrued interest. The effective interest rate of these bonds was 0.25%.

On the due date of 10 November 2025 the Group redeemed the 3.0% fixed rate notes with an outstanding amount of USD 0.51 billion. The cash outflow was CHF 407 million, plus accrued interest. The effective interest rate of these notes was 3.14%.

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 bonds 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%.

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

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

	2025	2024
US dollar notes	1,526	5,512
Swiss franc bonds	773	943
Euro bonds	0	1,460
Total cash inflows from issuance of bonds and notes	**2,299**	**7,915**

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

	2025	2024
US dollar notes	(1,947)	(2,345)
Euro Medium Term Note programme – Euro notes	(939)	0
Swiss franc bonds	(500)	(750)
Total cash outflows from redemption and repurchase of bonds and notes	**(3,386)**	**(3,095)**

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 2025 (2024: 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 2025 unsecured commercial paper notes with a principal amount of USD 1.0 billion (2024: USD 0.2 billion) and an average interest rate of 3.68% (2024: 4.45%) were outstanding.

Movements in commercial paper obligations in millions of CHF

	2025	2024
At 1 January	180	848
Net cash proceeds (payments)	656	(709)
Currency translation effects	(53)	41
At 31 December	**783**	**180**

Amounts due to banks and other financial institutions

At 31 December 2025 the amounts outstanding of CHF 584 million (2024: CHF 275 million) are due within one year. These amounts are denominated in various currencies and the average interest rate was 2.73% (2024: 4.03%).

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 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
– 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)
At 31 December 2024	**107**	**43,842**	**(28)**	**(41)**	**(12,113)**	**31,767**

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 2025						
At 1 January 2025	107	43,842	(28)	(41)	(12,113)	31,767
Net income recognised in income statement	–	12,880	–	–	–	12,880
Financial assets at fair value through OCI						
– Fair value gains (losses) – equity investments at fair value through OCI	–	–	(192)	–	–	(192)
– Fair value gains (losses) taken to retained earnings on disposal of equity investments at fair value through OCI	–	0	0	–	–	–
– Fair value gains (losses) – debt securities at fair value through OCI	–	–	5	–	–	5
– Income taxes [5]	–	0	28	–	–	28
– Non-controlling interests	–	0	0	–	–	0
Cash flow hedges						
– Gains (losses) taken to equity [31]	–	–	–	(441)	–	(441)
– Transferred to income statement [31]	–	–	–	249	–	249
– Transferred to initial carrying amount of hedged items [31]	–	–	–	(45)	–	(45)
– Income taxes [5]	–	–	–	73	–	73
– Non-controlling interests	–	–	–	64	–	64
Currency translation of foreign operations						
– Exchange differences	–	–	0	10	(3,159)	(3,149)
– Accumulated differences transferred to income statement on divestment of subsidiaries	–	–	–	–	(89)	(89)
– Non-controlling interests	–	–	–	–	537	537
Defined benefit plans						
– Remeasurement gains (losses) [26]	–	1,801	–	–	–	1,801
– Limit on asset recognition [26]	–	(1,948)	–	–	–	(1,948)
– Income taxes [5]	–	(121)	–	–	–	(121)
– Non-controlling interests	–	(19)	–	–	–	(19)
Other comprehensive income, net of tax	**–**	**(287)**	**(159)**	**(90)**	**(2,711)**	**(3,247)**
Total comprehensive income	**–**	**12,593**	**(159)**	**(90)**	**(2,711)**	**9,633**
Dividends	–	(7,731)	–	–	–	(7,731)
Equity compensation plans, net of transactions in own equity	–	134	–	–	–	134
Changes in non-controlling interests	–	(1)	–	–	–	(1)
At 31 December 2025	**107**	**48,837**	**(187)**	**(131)**	**(14,824)**	**33,802**

Proposed future changes to the Group's capital structure

On 22 July 2025 the Group announced the decision of the Board of Directors to propose to shareholders a modernisation of the Group's capital structure for approval at the Annual General Meeting to be held on 10 March 2026 (the '2026 AGM'). The proposals include the exchange of the existing non-voting equity securities (*Genussscheine*), which have no nominal value, for participation certificates (*Partizipationsscheine*) with a nominal value of CHF 0.001, thereby creating a new paid-up participation capital of CHF 702,562.70 from converting freely available equity (in the form of available earnings). Participation certificates are economically equivalent to non-voting equity securities. Following the exchange, the participation certificates replacing the non-voting equity securities will be listed on the SIX Swiss Exchange and have the same dividend entitlement as well as the same entitlement to any liquidation proceeds as the bearer shares. To ensure equal treatment of the participation certificates with the bearer shares in accordance with the articles of incorporation of Roche Holding Ltd, shareholders will be asked to approve a reduction of the nominal value of the bearer shares from CHF 1.00 to CHF 0.001 per share. Subject to the approval by shareholders at the 2026 AGM, holders of bearer shares will receive, by way of a repayment of nominal value, CHF 0.999 in cash per bearer share, resulting in a total repayment of CHF 106,584,309 and a share capital reduction from CHF 106,691,000 to CHF 106,691. Detailed explanations of the proposals of the Board of Directors will be made available together with the shareholder invitation to the 2026 AGM. Subject to the approval by shareholders at the 2026 AGM, the share capital reduction and the exchange together with the related participation capital creation are expected to be implemented shortly after the 2026 AGM.

Share capital

At 31 December 2025 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 2025, based on the information available to the Group, a shareholder group with pooled voting rights owned 69,318,000 shares representing 64.97% (2024: 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 2025, based on the information available to the Group, Ms Maja Oeri, formerly a member of the pool, held 4,045,950 shares independently of the pool, representing 3.79% of the issued shares (2024: 8,091,900 shares representing 7.58% of the issued shares). In addition, at 31 December 2025, based on the information available to the Group, Mr Melchior Oeri held 4,045,950 shares independently of the pool, representing 3.79% of the issued shares (2024: none). This is further described in Note 32.

Non-voting equity securities (*Genussscheine*)

At 31 December 2025, 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 25 March 2025 the shareholders approved the distribution of a dividend of CHF 9.70 per share and non-voting equity security (2024: CHF 9.60) in respect of the 2024 business year. The distribution to holders of outstanding shares and non-voting equity securities totalled CHF 7,731 million (2024: CHF 7,650 million), which was recorded against retained earnings in 2025. The Board of Directors has proposed dividends for the 2025 business year of CHF 9.80 per share and non-voting equity security. This dividend proposal is subject to approval at the Annual General Meeting on 10 March 2026. If approved, this would result in a total distribution to shareholders of CHF 7,931 million.

Own equity instruments

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

	2025 (millions)	2024 (millions)
Shares	0.5	0.5
Non-voting equity securities	13.1	13.4
Total	**13.6**	**13.9**

Own equity instruments are recorded within equity at original purchase cost. At 31 December 2025 the fair value of shares was CHF 155 million (2024: CHF 131 million) and the fair value of non-voting equity securities was CHF 4.3 billion (2024: CHF 3.4 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 2025 and 2024 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 2025 of 61.1% (2024: 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

	2025	2024
Income statement		
Sales [2]	5,988	5,801
Other revenue [2]	1,036	1,081
Total revenues	**7,024**	**6,882**
Operating profit [2]	3,225	3,212
Balance sheet		
Non-current assets	3,656	3,499
Current assets	8,811	9,287
– *thereof cash and cash equivalents and marketable securities*	*4,961*	*5,743*
Non-current liabilities	(176)	(112)
Current liabilities	(2,079)	(1,670)
Total net assets	**10,212**	**11,004**
Cash flows		
Cash flows from operating activities	2,146	2,602
Cash flows from investing activities	(1,118)	(1,322)
Cash flows from financing activities	(1,711)	(820)

Dividends. The dividends distributed to third parties holding Chugai shares during 2025 totalled CHF 647 million (2024: CHF 301 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.

Divestment of subsidiaries

On 5 February 2025 the Group sold its wholly-owned subsidiary InterMune, Inc. in South San Francisco, US, including the intellectual property rights to Esbriet (pirfenidone) in the US, to a third party. The total consideration of USD 20 million consisted of a fixed amount of USD 1 million received in cash and a variable amount, of which USD 15 million had been received in 2025 and an additional deferred amount estimated at USD 4 million will be received by the end of 2030. A total gain on this divestment of CHF 105 million was reported in the Pharmaceuticals operating segment and included in other operating income (expense).

On 1 December 2025 the Group sold its wholly-owned subsidiary Protocol First, Inc. in Utah, US, including Protocol First's software solutions, to a third party. The total consideration of USD 9 million, net of disposal costs of USD 1 million not yet paid, consisted of a fixed amount of USD 1 million received in cash and a variable amount, of which USD 1 million had been received in 2025 and an additional deferred amount estimated at USD 8 million will be received by the end of 2027. There was no gain or loss on this divestment.

The total gains (losses) on these two divestments are shown in the table below.

Gains (losses) on divestment of subsidiaries in millions of CHF

	2025
Cash consideration	15
Deferred consideration	10
Disposal costs not yet paid	(1)
Total consideration, net of disposal costs	**24**
Net assets disposed of as part of the divestments	(8)
Currency translation of foreign operations – accumulated differences transferred to the income statement	89
Gains (losses) on divestment of subsidiaries recorded within other operating income (expense)	**105**

During 2025 the Group also received deferred consideration of CHF 1 million from the sale of a former subsidiary with a corresponding gain on divestment reported in the Diagnostics operating segment (2024: CHF 1 million), which is included in other operating income (expense).

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. On 17 November 2025 the Group invested a further USD 75 million and entered into a licensing agreement to develop and commercialise cancer screening tests outside the US with additional contingent payments of up to USD 134 million to be made based on the achievement of performance-related milestones. At 31 December 2025 the Group's interest in Freenome was 15.9% (31 December 2024: 15.8%). 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 2024: CHF 258 million), is included in other non-current assets (see Note 15). The Group's share of Freenome's results, a loss of CHF 30 million (2024: a loss of CHF 45 million), is included in other financial income (expense) (see Note 4).

In 2025 the Group also recorded a gain of CHF 29 million from the disposal of an investment.

Other financial income (expense) from associates in millions of CHF

	2025	2024
Share of profits (losses) in associates [4]	(30)	(45)
Gains (losses) on disposal of investment in associate [4]	29	0
Total	**(1)**	**(45)**

24. Non-controlling interests

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

	2025	2024
At 1 January	4,394	3,948
Net income recognised in income statement		
– Chugai	913	898
– Other non-controlling interests	6	12
Total net income recognised in income statement	**919**	**910**
Equity investments at fair value through OCI	0	(1)
Cash flow hedges	(64)	29
Currency translation of foreign operations	(537)	(143)
Remeasurements of defined benefit plans	19	9
Other comprehensive income, net of tax	**(582)**	**(106)**
Total comprehensive income	**337**	**804**
Dividends to non-controlling shareholders		
– Chugai [23]	(647)	(301)
– Other non-controlling interests	(8)	(59)
Equity compensation plans, net of transactions in own equity	1	2
Changes in non-controlling interests	1	0
At 31 December	**4,078**	**4,394**
Chugai	3,936	4,238
Other non-controlling interests	142	156
Total non-controlling interests	**4,078**	**4,394**

25. Employee benefits

Employee remuneration in millions of CHF

	2025	2024
Wages and salaries	12,630	12,441
Social security costs	1,192	1,223
Defined contribution plans [26]	470	462
Operating expenses for defined benefit plans [26]	545	504
Equity compensation plans [27]	857	855
Termination costs [7]	618	280
Other employee benefits	716	1,071
Employee remuneration included in operating results	**17,028**	**16,836**
Net interest cost of defined benefit plans [26]	133	138
Total employee remuneration	**17,161**	**16,974**

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 470 million (2024: CHF 462 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 certain cases, notably for some of 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 90% of the Group's defined benefit obligation (2024: 89%).

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. No such payments were made by the Group in 2025 and 2024.

Pension plans in Germany. The Group's major pension arrangements in Germany are governed by the Occupational Pensions Act ('BetrAVG'). Most of 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 6% of the Group's defined benefit obligation (2024: 7%) 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 2025 and 2024 no additional voluntary contributions were made by Chugai to its pension plans. 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 (2024: 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 2025 contributions of USD 17 million were made by the Group to these plans (2024: contributions of USD 33 million). At 31 December 2025 the funding status under IFRS Accounting Standards was 86% (2024: 82%), including reimbursement rights, for the funded OPEB plans in the US.

Defined benefit plans: income statement in millions of CHF

	2025			2024		
	Pension plans	Other post-employment benefit plans	Total expense	Pension plans	Other post-employment benefit plans	Total expense
Current service cost	537	8	545	495	9	504
Past service (income) cost	0	0	0	0	0	0
Settlement (gain) loss	0	0	0	0	0	0
Total operating expenses	**537**	**8**	**545**	**495**	**9**	**504**
Net interest cost of defined benefit plans	115	18	133	119	19	138
Total expense recognised in income statement	**652**	**26**	**678**	**614**	**28**	**642**

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 121% (2024: 111%).

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

	2025			2024		
	Pension plans	Other post-employment benefit plans	Total	Pension plans	Other post-employment benefit plans	Total
Funded plans						
– Fair value of plan assets	19,487	331	19,818	18,216	345	18,561
– Defined benefit obligation	(16,003)	(415)	(16,418)	(16,267)	(457)	(16,724)
Over (under) funding	**3,484**	**(84)**	**3,400**	**1,949**	**(112)**	**1,837**
Unfunded plans						
– Defined benefit obligation	(3,368)	(257)	(3,625)	(3,689)	(291)	(3,980)
Total funding status	**116**	**(341)**	**(225)**	**(1,740)**	**(403)**	**(2,143)**
Limit on asset recognition	(1,966)	0	(1,966)	(18)	0	(18)
Reimbursement rights	–	32	32	–	36	36
Net recognised asset (liability)	**(1,850)**	**(309)**	**(2,159)**	**(1,758)**	**(367)**	**(2,125)**
Reported in balance sheet						
– Defined benefit plan assets	1,759	32	1,791	2,220	36	2,256
– Defined benefit plan liabilities	(3,609)	(341)	(3,950)	(3,978)	(403)	(4,381)

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 2025 the actual return on plan assets was a gain of CHF 1,869 million (2024: gain of CHF 1,325 million), which excludes the actual return on reimbursement rights.

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

	2025			2024		
	Pension plans	Other post-employment benefit plans	Total	Pension plans	Other post-employment benefit plans	Total
At 1 January	18,216	381	18,597	16,781	351	17,132
Interest income on plan assets and reimbursement rights	315	18	333	375	17	392
Remeasurements on plan assets and reimbursement rights	1,504	34	1,538	923	(4)	919
Currency translation effects	(423)	(86)	(509)	249	(15)	234
Employer contributions	434	12	446	434	30	464
Employee contributions	208	6	214	199	9	208
Benefits paid – funded plans	(763)	0	(763)	(741)	(5)	(746)
Benefits paid – settlements	0	0	0	0	0	0
Administration costs	(4)	(2)	(6)	(4)	(2)	(6)
At 31 December	**19,487**	**363**	**19,850**	**18,216**	**381**	**18,597**

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 increased in 2025 primarily due to higher discount rates in Switzerland. The movement of the limit on asset recognition recorded in other comprehensive income within equity was a decrease of CHF 1,948 million (2024: increase of CHF 1,029 million).

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

	2025	2024
Limit on asset recognition		
At 1 January	(18)	(1,032)
Limitation of interest income relating to unrecognised plan assets	0	(15)
Changes to limit on asset recognition [22]	(1,948)	1,029
At 31 December	**(1,966)**	**(18)**
Fair value of plan assets at 31 December		
Excluding limit on asset recognition	19,818	18,561
Limit on asset recognition	(1,966)	(18)
Including limit on asset recognition	17,852	18,543

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

	2025	2024
Equity securities	6,691	5,900
Debt securities	6,100	6,402
Property	3,162	2,863
Cash and money market instruments	325	180
Other investments	3,540	3,216
At 31 December	**19,818**	**18,561**

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 238 million (2024: CHF 190 million) and debt instruments issued by the Group with a fair value of CHF 15 million (2024: CHF 17 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

	2025			2024		
	Pension plans	Other post-employment benefit plans	Total	Pension plans	Other post-employment benefit plans	Total
At 1 January	19,956	748	20,704	18,723	737	19,460
Current service cost	537	8	545	495	9	504
Interest cost	430	36	466	479	36	515
Remeasurements:						
– Demographic assumptions	0	3	3	(31)	(87)	(118)
– Financial assumptions	(966)	7	(959)	545	45	590
– Experience adjustments	685	8	693	165	6	171
Currency translation effects	(523)	(129)	(652)	309	8	317
Employee contributions	208	6	214	199	9	208
Benefits paid – funded plans	(763)	0	(763)	(741)	(5)	(746)
Benefits paid – unfunded plans	(193)	(15)	(208)	(187)	(10)	(197)
Benefits paid – settlements	0	0	0	0	0	0
Past service (income) cost	0	0	0	0	0	0
Settlement (gain) loss	0	0	0	0	0	0
At 31 December	**19,371**	**672**	**20,043**	**19,956**	**748**	**20,704**
Composition of plans						
Active members	10,754	170	10,924	10,720	194	10,914
Deferred vested members	1,088	7	1,095	1,248	5	1,253
Retired members	7,529	495	8,024	7,988	549	8,537
At 31 December	**19,371**	**672**	**20,043**	**19,956**	**748**	**20,704**
Plans by geography						
Switzerland	11,575	–	11,575	11,448	–	11,448
United States	2,990	637	3,627	3,317	715	4,032
Germany	3,561	–	3,561	3,756	–	3,756
Rest of the World	1,245	35	1,280	1,435	33	1,468
At 31 December	**19,371**	**672**	**20,043**	**19,956**	**748**	**20,704**
Duration in years	12.9	9.4	12.7	13.1	8.5	12.9

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

Country	Mortality table	Male 2025	Male 2024	Female 2025	Female 2024
Switzerland	BVG 2020 projected with CMI model	21.9	21.9	23.7	23.6
United States	Pri-2012 projected with MP-2021	22.1	22.0	23.5	23.5
Germany	Heubeck tables 2018 G projected with CMI model	20.0	19.9	23.3	23.2

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% (2024: 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% (2024: 1.25%) for longevity improvements.

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

	2025		2024	
	Weighted average	Range	Weighted average	Range
Discount rates	2.69%	1.00% – 5.60%	2.42%	0.80% – 5.50%
Expected rates of salary increases	2.55%	0.00% – 4.00%	2.58%	0.00% – 4.00%
Expected rates of pension increases	0.48%	0.00% – 3.00%	0.53%	0.00% – 3.00%
Expected inflation rates	2.09%	0.00% – 2.80%	2.09%	0.00% – 3.10%
Immediate medical cost trend rate	9.57%	5.30% – 10.00%	8.33%	5.74% – 8.60%
Ultimate medical cost trend rate (in 2049)	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

	Change in assumption	31 December 2025 Increase in assumption	Decrease in assumption
Increase (decrease) in defined benefit obligation			
Life expectancy	1 year	506	n/a
Discount rates	0.25%	(584)	619
Expected inflation rates	0.25%	113	(110)
Immediate medical cost trend rate	1.00%	50	(43)

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

	2025	2024
Employer contributions, net of reimbursements – funded plans	(446)	(464)
Benefits paid – unfunded plans	(208)	(197)
Total cash inflows (outflows)	**(654)**	**(661)**

Based on the most recent actuarial valuations, the Group expects that employer contributions for funded plans in 2026 will be approximately CHF 436 million. Benefits paid for unfunded plans in 2026 are estimated to be approximately CHF 227 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

	2025	2024
Cost of sales	99	94
Research and development	387	394
Selling, general and administration	371	367
Total operating expenses	**857**	**855**
Equity compensation plans		
Roche Stock-settled Stock Appreciation Rights	193	193
Roche Restricted Stock Unit Plan	608	610
Roche Connect	45	43
Roche Option Plan	0	0
Executive stock compensation	8	7
Chugai plans	3	2
Total operating expenses	**857**	**855**
Of which		
– Equity-settled	857	855
– Cash-settled	–	–

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

	2025	2024
Roche Option Plan exercises	17	5
Chugai plans' exercises	1	1
Roche Connect costs	(45)	(43)
Transactions in own equity	(960)	(1,093)
Total cash inflows (outflows) from equity-settled equity compensation plans, net of transactions in own equity	**(987)**	**(1,130)**

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. Under the Roche S-SAR Plan 150 million S-SARs will be available for issuance over a ten-year period, starting from 2023. The rights, which are non-tradable equity-settled awards, have a ten-year duration and vest on a phased basis over four years.

Roche S-SARs – movement in number of rights outstanding

	2025		2024	
	Number of rights (thousands)	Weighted average exercise price (CHF)	Number of rights (thousands)	Weighted average exercise price (CHF)
Outstanding at 1 January	41,369	275.44	35,842	286.99
Granted	8,780	293.79	12,199	232.68
Forfeited	(830)	267.09	(1,026)	266.64
Exercised	(8,367)	253.19	(2,010)	234.50
Expired	(1,468)	319.33	(3,636)	271.21
Outstanding at 31 December	**39,484**	**282.78**	**41,369**	**275.44**
– of which exercisable	18,613	298.61	19,619	291.35

Roche S-SARs – terms of rights outstanding at 31 December 2025

	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)
2019	2,424	3.20	272.33	2,424	272.27
2020	3,934	4.17	308.32	3,934	308.24
2021	4,302	5.14	308.13	4,301	308.08
2022	4,594	5.97	358.65	3,351	358.49
2023	6,705	7.12	261.29	2,612	261.21
2024	9,524	8.10	232.76	1,790	232.69
2025	8,001	9.03	293.74	201	294.04
Total	**39,484**	**6.86**	**282.78**	**18,613**	**298.61**

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 2025. Under the Roche RSU Plan 30 million non-voting equity securities will be available for issuance over a ten-year period, starting from 2023. 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

	2025	2024
	Number of awards (thousands)	Number of awards (thousands)
Outstanding at 1 January	4,938	4,425
Granted	2,716	3,114
Forfeited	(527)	(531)
Transferred to participants	(2,176)	(2,070)
Outstanding at 31 December	**4,951**	**4,938**
– of which vested and transferable	2	3

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 2025 the administrators held 5.0 million non-voting equity securities (2024: 4.8 million). In 2025 the cost of the plan was CHF 45 million (2024: CHF 43 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. The weighted average share price of Roche non-voting equity securities during the year was CHF 276.82 (2024: CHF 250.50).

Impact of proposed future changes to the Group's capital structure on equity compensation plans. Subject to the approval by the shareholders at the 2026 AGM as described in Note 22, the employees' rights to receive non-voting equity securities under the Roche equity compensation plans (Roche S-SAR Plan, Roche Restricted Stock Unit Plan, Roche Option Plan and Roche Connect) will transition to rights to receive participation certificates under the plans' adjustment provision as of the exchange. The future fulfilment of outstanding awards, as well as new awards, will be with participation certificates instead.

Executive stock compensation. The Chief Executive Officer will be granted Bonus Stock Awards in lieu of the bonus in cash for the financial year 2025. These are subject to approval by the 2026 Annual General Meeting in March 2026 and will be issued in March 2026. 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 2025

	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)	8,780	2,716	18
Weighted average fair value (CHF)	24	294	24
Model used	Binomial	Market price[a]	Binomial
Inputs to option pricing model			
– Share price at grant date (CHF)	294	294	294
– Exercise price (CHF)	294	–	294
– Expected volatility[b]	19.47%	n/a	19.47%
– Expected dividend yield	6.44%	n/a	6.44%
– Early exercise factor[c]	1.260	n/a	1.260
– Expected exit rate	8.00%	n/a	8.00%

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 transactions 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.
- 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 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**
Year ended 31 December 2025				
At 1 January 2025	77	930	176	1,183
Business combinations [6]	0	22	0	22
Asset acquisitions [6]	0	7	0	7
Additions	1	320	122	443
Disposals	(15)	(47)	(18)	(80)
Depreciation charge	(4)	(202)	(94)	(300)
Impairment reversal (charge)	0	(58)	0	(58)
Other	17	(145)	0	(128)
Currency translation effects	(7)	(86)	(11)	(104)
At 31 December 2025	**69**	**741**	**175**	**985**
Cost	84	1,798	344	2,226
Accumulated depreciation and impairment	(15)	(1,057)	(169)	(1,241)
Net book value	**69**	**741**	**175**	**985**

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

	2025	2024
Cost of sales	0	(14)
Research and development	(6)	(100)
Selling, general and administration	(52)	(24)
Total impairment reversal (charge)	**(58)**	**(138)**

Impairment charges for right-of-use assets were mainly related to global restructuring plans (see Note 7). Included in the 2025 impairment charge was a write-off of CHF 52 million for right-of-use assets recorded by Foundation Medicine in relation to its leased building in Boston, US. The recoverable amount of CHF 36 million was determined using a fair value less costs of disposal calculation. The valuation was classified as a Level 3 fair value in the fair value hierarchy. A post-tax discount rate of 4.1% was applied to the projected post-tax cash flows for the remaining contractual period of Foundation Medicine's lease of approximately 13 years. 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.

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

	2025	2024
At 1 January	1,700	1,573
Business combinations [6]	22	32
Asset acquisitions	7	0
Increase from new lease arrangements	440	436
Repayment of lease liabilities	(396)	(389)
Disposals	(83)	(63)
Interest expense on lease liabilities [4]	42	40
Other	(4)	(1)
Currency translation effects	(173)	72
At 31 December	**1,555**	**1,700**
Non-current lease liabilities [18]	1,244	1,375
Current lease liabilities [19]	311	325
Total lease liabilities	**1,555**	**1,700**

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 2025 was CHF 23 million (2024: CHF 29 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 2025 was CHF 10 million (2024: CHF 8 million).

Expenses for variable lease payments not included in the measurement of lease liabilities was CHF 36 million in 2025 (2024: CHF 43 million). In 2025 income from subleasing right-of-use assets was CHF 6 million (2024: CHF 7 million). In 2025 and 2024 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

	2025	2024
Included in cash flows from operating activities	(69)	(79)
Included in cash flows from financing activities	(405)	(390)
Total lease payments	**(474)**	**(469)**

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.

Leases committed and not yet commenced. In November 2025 Chugai entered into a binding lease agreement with a third party. The commencement date of the lease is currently expected to be in 2029. The committed future cash outflows related to this agreement are estimated to be approximately JPY 30 billion based on current assumptions.

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 for diagnostics instruments.

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

Finance leases: selected items of income in millions of CHF

	2025	2024
Selling profit as the difference between sales and cost of sales	5	9
Finance income on the net investment in the lease	8	7

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 228 million (2024: CHF 148 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	
	2025	2024	2025	2024
Within one year	56	60	48	53
Between one and two years	43	37	43	34
Between two and three years	36	28	31	25
Between three and four years	29	21	24	19
Between four and five years	21	12	17	11
More than five years	86	7	65	6
Total	**271**	**165**	**228**	**148**
Unearned finance income	(43)	(17)	n/a	n/a
Unguaranteed residual value	n/a	n/a	0	0
Net investment in lease	**228**	**148**	**228**	**148**

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 2025 was CHF 785 million (2024: CHF 792 million) and was included in sales. Of this CHF 622 million (2024: CHF 545 million) relates to variable lease payments not depending upon an index or rate.

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

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

	2025			2024		
	Leased out	Own use	Total	Leased out	Own use	Total
At 1 January						
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**
Year ended 31 December						
At 1 January	1,795	5,009	6,804	1,573	4,700	6,273
Business combinations	0	8	8	0	31	31
Asset acquisitions	0	3	3	0	0	0
Additions	1,070	108	1,178	916	130	1,046
Disposals	(46)	(32)	(78)	(40)	(36)	(76)
Transfers	1	898	899	0	1,096	1,096
Reclassification to assets held for sale	0	0	0	0	(7)	(7)
Depreciation charge	(708)	(883)	(1,591)	(657)	(904)	(1,561)
Impairment reversal (charge)	1	(30)	(29)	(4)	(53)	(57)
Other	2	(18)	(16)	(6)	(9)	(15)
Currency translation effects	(127)	(301)	(428)	13	61	74
At 31 December	**1,988**	**4,762**	**6,750**	**1,795**	**5,009**	**6,804**
Cost	6,211	14,697	20,908	6,054	15,112	21,166
Accumulated depreciation and impairment	(4,223)	(9,935)	(14,158)	(4,259)	(10,103)	(14,362)
Net book value	**1,988**	**4,762**	**6,750**	**1,795**	**5,009**	**6,804**

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

	2025	2024
Within one year	225	212
Between one and two years	177	160
Between two and three years	133	125
Between three and four years	96	90
Between four and five years	59	56
More than five years	39	41
Total minimum lease receipts	**729**	**684**

29. Earnings per share and non-voting equity security

Basic earnings per share and non-voting equity security

	2025	2024
Net income attributable to Roche shareholders (CHF millions)	**12,880**	**8,277**
Number of shares (millions)[22]	107	107
Number of non-voting equity securities (millions)[22]	703	703
Weighted average number of own shares and non-voting equity securities held (millions)	(14)	(13)
Weighted average number of outstanding shares and non-voting equity securities used to calculate basic earnings per share (millions)	**796**	**797**
Basic earnings per share and non-voting equity security (CHF)	**16.18**	**10.39**

Diluted earnings per share and non-voting equity security

	2025	2024
Net income attributable to Roche shareholders (CHF millions)	12,880	8,277
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)	**12,880**	**8,277**
Weighted average number of outstanding shares and non-voting equity securities (millions)	796	797
Adjustment for assumed exercise of equity compensation plans, where dilutive (millions)	7	5
Weighted average number of outstanding shares and non-voting equity securities used to calculate diluted earnings per share (millions)	**803**	**802**
Diluted earnings per share and non-voting equity security (CHF)	**16.04**	**10.31**

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

	2025	2024
Net income	13,799	9,187
Add back non-operating (income) expense		
– Financing costs [4]	1,349	1,412
– Other financial (income) expense [4]	154	212
– Income taxes [5]	3,174	2,606
Operating profit	**18,476**	**13,417**
Depreciation of property, plant and equipment [8]	2,410	2,358
Depreciation of right-of-use assets [28]	300	323
Amortisation of intangible assets [10]	676	742
Impairment of goodwill [9]	40	3,209
Impairment of intangible assets [10]	316	1,443
Impairment (reversal) of property, plant and equipment [8]	301	627
Impairment (reversal) of right-of-use assets [28]	58	138
Operating (income) expense for defined benefit plans [26]	545	504
Operating expense for equity-settled equity compensation plans [27]	857	855
Net (income) expense for provisions	1,279	883
Bad debt (reversal) expense	14	34
Inventory write-downs	461	399
Net (gain) loss on disposal of products	(43)	(376)
Net (gain) loss on divestment, net of disposal costs [6]	0	(240)
Other adjustments	(166)	16
Cash generated from operations	**25,524**	**24,332**

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

	2025	2024
Interest received (paid)	167	232
Dividends received	0	0
Total	**167**	**232**

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

	2025	2024
Dividends to Roche shareholders	(7,731)	(7,650)
Dividends to non-controlling shareholders		
– Chugai	(647)	(301)
– Other non-controlling interests	(8)	(59)
Dividend withholding tax	1	(33)
Total	**(8,385)**	**(8,043)**

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 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)**
Year ended 31 December 2025						
At 1 January 2025	(34,654)	(298)	(1,698)	(12)	(42)	(36,704)
Cash flows						
– Outflows (inflows)	155	1,189	364	110	178	1,996
Non-cash changes						
– Financing costs	(8)	(1,137)	(42)	0	0	(1,187)
– Business combinations	(59)	0	(22)	0	0	(81)
– Asset acquisitions	(21)	0	(7)	0	0	(28)
– Fair value and other	(13)	(38)	(321)	(668)	(1)	(1,041)
– Foreign exchange rates	2,964	25	172	42	(9)	3,194
At 31 December 2025	**(31,636)**	**(259)**	**(1,554)**	**(528)**	**126**	**(33,851)**

Significant non-cash transactions

In 2025 there were no significant non-cash transactions (2024: 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 2025 the Group had trade receivables of CHF 12.7 billion (2024: CHF 12.5 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 2025						
Gross carrying amount	11,857	10,283	712	513	331	18
Group's expected credit loss rate	3%	0%	1%	8%	82%	100%
Allowance for doubtful accounts	(351)	(16)	(6)	(40)	(271)	(18)
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 2025 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 4.0 billion representing 31% of the Group's consolidated trade receivables (2024: CHF 3.9 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 2025 no collateral was considered to measure expected credit losses for trade receivables (2024: 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

	2025				2024			
Regions	Total	Public	Wholesalers/ distributors	Private	Total	Public	Wholesalers/ distributors	Private
Switzerland	486	88	202	196	438	126	108	204
Europe	1,966	820	496	650	1,697	686	471	540
North America	4,669	153	3,999	517	4,531	98	3,974	459
Latin America	651	184	233	234	722	191	214	317
Japan	746	3	737	6	739	8	722	9
Asia, Australia and Oceania	1,114	202	784	128	1,244	244	897	103
Rest of the World	635	194	256	185	578	204	215	159
Total	**10,267**	**1,644**	**6,707**	**1,916**	**9,949**	**1,557**	**6,601**	**1,791**

Cash and marketable securities (excluding equity securities). At 31 December 2025 the Group had cash and marketable securities (excluding equity securities) of CHF 15.5 billion (2024: CHF 17.3 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 (95% in 2025 and 96% in 2024), 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

	2025			2024		
	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	2,265	1,790	475	2,579	2,063	516
AA range	2,843	400	2,443	2,850	407	2,443
A range	9,534	2,739	6,795	11,197	3,119	8,078
BBB range	546	529	17	336	329	7
Total investment grade	**15,188**	**5,458**	**9,730**	**16,962**	**5,918**	**11,044**
Below BBB range (below investment grade)	20	1	19	64	4	60
Unrated	268	1	267	291	1	290
Total gross carrying amounts	**15,476**	**5,460**	**10,016**	**17,317**	**5,923**	**11,394**
Loss allowance[a]	**1**	**0**	**1**	**2**	**0**	**2**

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 2025 and 2024, 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 2025 there were no significant financial assets whose terms had been renegotiated (2024: none).

Impairment losses on financial assets excluding equity investments/securities. During 2025 there were no impairment losses (2024: 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 2025 the Group had an unused committed credit line with various financial institutions totalling CHF 6.1 billion (2024: CHF 7.0 billion), of which CHF 5.9 billion (2024: CHF 6.8 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.

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 2025						
Debt [21]						
– Bonds and notes	30,268	38,165	3,790	3,958	10,951	19,466
– Other debt	1,368	1,368	1,368	0	0	0
Contingent consideration [20]	304	348	99	0	234	15
Accounts payable [17]	5,779	5,779	5,779	–	–	–
Other non-current liabilities [18]	1,503	1,664	–	558	562	544
– *of which lease liabilities*	*1,244*	*1,405*	–	*326*	*542*	*537*
Other current liabilities [19]	13,406	13,437	13,360	74	3	0
– *of which lease liabilities*	*311*	*342*	*342*	–	–	–
– *of which derivative financial instruments*	*637*	*637*	*560*	*74*	*3*	*0*
Total financial liabilities	**52,628**	**60,761**	**24,396**	**4,590**	**11,750**	**20,025**
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*
Total financial liabilities	**54,926**	**66,272**	**23,940**	**4,823**	**13,156**	**24,353**

As described above, Chugai has independent treasury operations governed by policies reviewed by the board of directors of Chugai as appropriate to its area of statutory responsibility. Chugai held cash and cash equivalents and marketable securities as listed in the table below.

Cash and cash equivalents and marketable securities held by Chugai at 31 December in millions of CHF

	2025	2024
Total	**4,961**	**5,743**

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 remain the same as those of other trade payables, and the original liabilities subject to these arrangements are not substantially modified. In 2025 there were no significant non-cash changes in the carrying amount of financial liabilities under supplier finance arrangements (2024: none).

Supplier finance arrangements

	2025	2024
Financial liabilities (in CHF million)		
Trade payables under supplier finance arrangements	252	169
– *of which payments have been received by suppliers*	*212*	*139*
Range of payment due dates (in days after invoice date)		
Trade payables that are part of supplier finance arrangements	60–120 days	60–120 days
Comparable trade payables that are not part of supplier finance arrangements	0–120 days	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 3.3 billion at 31 December 2025 (2024: CHF 2.2 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 2025 the total uncalled capital commitments for the Group's fund investments amounted to CHF 64 million (2024: 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, equity and fair value measurements and disclosures.

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

	2025	2024
VaR – Interest rate component	618	711
VaR – Foreign exchange component	37	44
VaR – Other price component	25	46
Diversification	(47)	(63)
VaR – Total market risk	**633**	**738**

The interest rate component decreased due to a reduction in the Swiss franc value of the predominantly US dollar-denominated debt following the continued appreciation of the Swiss franc against the US dollar in 2025. The foreign exchange component was lower due to a favourable exposure mix. The other price component decreased due to a lower 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

	2025	2024
Capital and reserves attributable to Roche shareholders [22]	33,802	31,767
Equity attributable to non-controlling interests [24]	4,078	4,394
Total equity	**37,880**	**36,161**
Total debt [21]	**31,636**	**34,654**
Capitalisation	**69,516**	**70,815**

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 – 2025 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 2025							
Other non-current assets [15]							
– Equity investments	221	78	–	–	–	299	299
– Debt investments	64	–	–	–	–	64	64
– Fund investments	184	–	–	–	–	184	184
– Other financial non-current assets	–	–	–	320	–	320	320
Accounts receivable [12]	–	–	–	11,506	–	11,506	11,506
Marketable securities [13]							
– Debt securities	–	529	–	–	–	529	529
– Money market instruments	–	4,931	–	–	–	4,931	4,931
– Time accounts over three months	–	–	–	4,434	–	4,434	4,434
Cash and cash equivalents [14]	–	–	–	5,582	–	5,582	5,582
Other current assets [16]							
– Derivative financial instruments	–	–	109	–	–	109	109
– Other financial current assets	–	–	–	1,328	–	1,328	1,328
Total financial assets	**469**	**5,538**	**109**	**23,170**	**–**	**29,286**	**29,286**
Debt [21]							
– Bonds and notes	–	–	–	–	(30,268)	(30,268)	(29,778)
– Other debt	–	–	–	–	(1,368)	(1,368)	(1,368)
Contingent consideration [20]	(304)	–	–	–	–	(304)	(304)
Accounts payable [17]	–	–	–	–	(5,779)	(5,779)	(5,779)
Other non-current liabilities [18]	–	–	–	–	(1,503)	(1,503)	(1,503)
Other current liabilities [19]	–	–	(637)	–	(12,769)	(13,406)	(13,406)
Total financial liabilities	**(304)**	**–**	**(637)**	**–**	**(51,687)**	**(52,628)**	**(52,138)**

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 investments	250	251	–	–	–	501	501
– Debt investments	63	–	–	–	–	63	63
– Fund investments	36	–	–	–	–	36	36
– Other financial non-current assets	–	–	–	134	–	134	134
Accounts receivable [12]	–	–	–	11,297	–	11,297	11,297
Marketable securities [13]							
– 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)
Total financial liabilities	**(227)**	**–**	**(190)**	**–**	**(54,509)**	**(54,926)**	**(53,304)**

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 2025				
Marketable securities [13]				
– Debt securities at fair value through OCI	426	103	–	529
– Money market instruments at fair value through OCI	750	4,181	–	4,931
Derivative financial instruments [16]	–	109	–	109
Equity investments at fair value through OCI [15]	35	43	–	78
Equity investments at fair value through profit or loss [15]	64	157	–	221
Debt investments at fair value through profit or loss [15]	0	64	–	64
Fund investments at fair value through profit or loss [15]	0	113	71	184
Financial assets recognised at fair value	**1,275**	**4,770**	**71**	**6,116**
Derivative financial instruments [19]	–	(637)	–	(637)
Contingent consideration [20]	–	–	(304)	(304)
Financial liabilities recognised at fair value	**–**	**(637)**	**(304)**	**(941)**
At 31 December 2024				
Marketable securities [13]				
– 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 investments at fair value through profit or loss [15]	110	140	–	250
Debt investments at fair value through profit or loss [15]	0	63	–	63
Fund investments at fair value through profit or loss [15]	0	0	36	36
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)**

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

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, debt and fund 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 (2024: 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

	2025	2024
At 1 January	(227)	(95)
Arising from business combinations [6]	(129)	(157)
Utilised for settlements [6]	21	77
Total gains and losses included in the income statement		
– Unused amounts reversed – recorded within other operating income (expense)	70	2
– Additional amounts created – recorded within other operating income (expense)	(60)	(38)
– Discount unwind included in financing costs	(19)	(7)
Total gains and losses included in other comprehensive income		
– Currency translation effects	40	(9)
At 31 December	**(304)**	**(227)**

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 5.2% (2024: 5.5%). 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 2025 the total potential payments under contingent consideration arrangements arising from business combinations could be up to CHF 0.7 billion (2024: CHF 0.5 billion) as follows:

Potential payments under contingent consideration arrangements arising from business combinations in millions of CHF

Acquisition	Year acquired	Operating segment	2025	2024
Poseida	2025	Roche Pharmaceuticals	374	–
Carmot	2024	Roche Pharmaceuticals	297	362
Dutalys	2014	Roche Pharmaceuticals	0	176
At 31 December			**671**	**538**

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		Liabilities	
	2025	2024	2025	2024
Foreign currency derivatives				
– Forward exchange contracts	99	162	(631)	(165)
Interest rate derivatives				
– Swaps	10	16	(6)	(25)
Carrying value of derivative financial instruments [16, 19]	**109**	**178**	**(637)**	**(190)**
Derivatives subject to master netting agreements	(36)	(32)	36	32
Collateral arrangements	7	(61)	119	19
Net amount	**80**	**85**	**(482)**	**(139)**

Collateral arrangements

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

	2025	2024
At 1 January	(42)	50
Net cash delivered by (to) the Group	178	(94)
Fair value and other	(1)	1
Currency translation effects	(9)	1
At 31 December	**126**	**(42)**

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 2025 and 2024 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 2025 and 2024, 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 2025

	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 809 billion	63	(299)	2026–2027
Total		**63**	**(299)**	
Fair value hedges				
Risk hedged: interest rate fluctuations				
– Interest rate swaps	USD 650 million	0	(3)	2026
– Interest rate swaps	EUR 1,000 million	3	(3)	2027–2030
– Interest rate swaps	CHF 450 million	7	0	2027–2029
Total		**10**	**(6)**	

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)**	

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 certain debt derivatives (treasury locks) to hedge interest rate risk of fixed rate notes issued by the Group on 13 December 2021. At this date these debt derivatives were settled. At 31 December 2025 a relating hedging reserve of CHF 29 million was held as a deduction within equity (2024: CHF 31 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 2025 such instruments were recorded as fair value assets of CHF 63 million and as fair value liabilities of CHF 299 million (2024: fair value assets of CHF 36 million and fair value liabilities of CHF 58 million). There was no ineffective portion. At 31 December 2025 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 4,096 million (2024: CHF 4,495 million).

Hedging reserve for continuing hedging relationships in millions of CHF

	2025			2024		
	Total	Debt derivatives	Forward exchange contracts	Total	Debt derivatives	Forward exchange contracts
At 1 January	(41)	(31)	(10)	(90)	(33)	(57)
Gains (losses) taken to equity	(441)	0	(441)	(76)	0	(76)
Transferred to income statement[a)]	249	2	247	278	2	276
Transferred to initial carrying amount of hedged items[b)]	(45)	–	(45)	(92)	–	(92)
Income taxes	73	0	73	(33)	0	(33)
Non-controlling interests	64	0	64	(29)	0	(29)
Currency translation effects	10	0	10	1	0	1
At 31 December	**(131)**	**(29)**	**(102)**	**(41)**	**(31)**	**(10)**

a) In 2025, an amount of CHF 2 million transferred to the income statement (2024: CHF 2 million) and reported in financing costs (see Note 4) was related to the release of a portion of the hedging reserve for debt derivatives as described above. An additional amount of CHF 247 million (2024: CHF 276 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 33 million (2024: CHF 16 million) were reported in other financial income (expense) (see Note 4), and CHF 143 million (2024: CHF 181 million) and CHF 71 million (2024: CHF 79 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

	2025			2024		
	Total	Less than 1 year	More than 1 year	Total	Less than 1 year	More than 1 year
Cash inflows	5,415	4,515	900	5,785	4,631	1,154
Cash outflows	(5,796)	(4,841)	(955)	(5,872)	(4,709)	(1,163)
Total cash inflows (outflows)	**(381)**	**(326)**	**(55)**	**(87)**	**(78)**	**(9)**

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 2025 such instruments were recorded as fair value assets of CHF 10 million and as fair value liabilities of CHF 6 million (2024: fair value assets of CHF 16 million and fair value liabilities of CHF 25 million). During 2025 fair value adjustments of CHF 13 million were recorded as income on these interest rate swaps (2024: CHF 58 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 2025			
Bonds and notes	1,895	4	13
At 31 December 2024			
Bonds and notes	1,745	(9)	58

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

32. Related parties

Controlling shareholders

At 31 December 2025, based on the information available to the Group, a shareholder group with pooled voting rights owned 69,318,000 shares representing 64.97% (2024: 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 Barbotin-Larrieu, 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 2025, based on the information available to the Group, Ms Maja Oeri, formerly a member of the pool, held 4,045,950 shares independently of the pool, representing 3.79% of the issued shares (2024: 8,091,900 shares representing 7.58% of the issued shares). In addition, at 31 December 2025, based on the information available to the Group, Mr Melchior Oeri held 4,045,950 shares independently of the pool, representing 3.79% of the issued shares (2024: none).

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 (2024: CHF 400,000) and Dr Duschmalé received remuneration totalling CHF 394,673 (2024: CHF 394,602).

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 except as described in Note 23.

Key management personnel

Total remuneration of key management personnel was CHF 43 million (2024: 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

	2025	2024
Salaries, including cash-settled bonus	19	18
Executive stock compensation	8	7
Social security costs	2	2
Pensions and other post-employment benefits	3	3
Equity compensation plans	7	8
Board fees	3	3
Other employee benefits	1	1
Total	**43**	**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 187 to 211. 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

	2025	2024
Total remuneration of the members of the Board of Directors and Corporate Executive Committee (IFRS basis – see table above)	43	42
Deduct		
– Executive stock compensation (IFRS basis)	(8)	(7)
– Equity compensation plans (IFRS basis)	(7)	(8)
Add back		
– Executive stock compensation (Swiss legal basis)	5	5
– Equity compensation plans (Swiss legal basis)	10	9
Total remuneration of the members of the Board of Directors and Corporate Executive Committee (Swiss legal basis)	**43**	**41**
Of which (including social security costs)		
– Board of Directors (page 201 of the Annual Report)	10	9
– Corporate Executive Committee (page 208 of the Annual Report)	33	32

Executive stock compensation. The Chief Executive Officer will be granted Bonus Stock Awards in lieu of the bonus in cash for the financial year 2025. These are subject to approval by the 2026 Annual General Meeting in March 2026 and will be issued in March 2026. 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

	2025	2024
Roche Stock-settled Stock Appreciation Rights	216,453	269,581
Roche Restricted Stock Unit Plan	7,926	9,295

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

	2025	2024
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 261,865 million	Basel	CHF	106.7	
Japan	Chugai Pharmaceutical Co., Ltd. Stock Exchange: Tokyo Stock code: TSE:4519 ISIN: JP3519400000 Market capitalisation: JPY 13,565,616 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	17.5	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	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 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.	Mississauga	USD	1.6	100
	Hoffmann-La Roche Limited	Mississauga	CAD	40.3	100
	Notch Therapeutics (Canada) Inc.	Vancouver	CAD	114.7	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	330.0	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	218.6	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
Colombia	Productos Roche S.A.	Bogotá	COP	26,923.7	100

Location	Company	City		Share capital (in millions)	Equity interest (in %)
Costa Rica	Roche Services Americas, Sociedad de Responsabilidad Limitada	San José	CRC	361.4	100
	Roche Servicios S.A.	San José	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	2,000.0	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
	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	Flatiron Health GmbH	Cologne	EUR	(–)	100
	Foundation Medicine GmbH	Penzberg	EUR	(–)	100
	Galenus Mannheim Pharma GmbH	Mannheim	EUR	(–)	100
	Roche Beteiligungs GmbH	Grenzach-Wyhlen	EUR	3.6	100
	Roche Deutschland Holding GmbH	Grenzach-Wyhlen	EUR	6.0	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	9.1	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
Israel	89bio Ltd.	Rehovot	ILS	4.8	100
	Medingo Ltd.	Yokneam Illit	ILS	8.0	100
	Roche Pharmaceuticals (Israel) Ltd.	Hod Hasharon	ILS	(–)	100
Italy	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

Location	Company	City		Share capital (in millions)	Equity interest (in %)
Japan	Flatiron Health K.K.	Tokyo	JPY	10.0	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	50.1	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	78.7	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 (Panamá), 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 Diagnostics Polska Sp. z o.o.	Warsaw	PLN	13.1	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
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 (Pty) Ltd	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

Location	Company	City		Share capital (in millions)	Equity interest (in %)
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 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
	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 Chemical Manufacturing and Trading Company Ltd.	Basel	USD	0.5	100
	Roche Corporate Transactions Ltd	Basel	CHF	0.1	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 Re Limited	Basel	USD	10.0	100
	Roche Sapac Ltd.	Basel	USD	0.6	100
	Tavero Ltd	Basel	CHF	0.1	100
Taiwan	Roche Diagnostics Ltd.	Taipei	TWD	1,259.8	100
	Roche Products Ltd.	Taipei	TWD	2,810.1	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	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
	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	89bio, Inc.	South San Francisco	USD	(–)	100
	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
	IQuum, Inc.	Indianapolis	USD	(–)	100
	Jecure Therapeutics, Inc.	South San Francisco	USD	(–)	100
	Kapa Biosystems, Inc.	Wilmington	USD	(–)	100
	Kolm Therapeutics Inc.	South San Francisco	USD	(–)	100
	Lexent Bio, Inc.	Boston	USD	(–)	100
	LumiraDx, Inc.	Waltham	USD	(–)	100
	Memory Pharmaceuticals Corp.	Little Falls	USD	(–)	100
	Poseida Therapeutics, Inc.	San Diego	USD	(–)	100
	Prescient Design Corp.	South San Francisco	USD	(–)	100
	Promedior, Inc.	South San Francisco	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
	Syntex Agribusiness, Inc.	South San Francisco	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	975,600.0	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 2025.

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 and leased out 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 for diagnostics instruments.

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. Cost reimbursements to collaboration partners or payments receivable from collaboration partners to share these costs pursuant to the terms of the collaboration agreement are recorded as increases or decreases to research and development expenses.

Collaborative arrangements

The Group has entered into collaborative arrangements that provide the Group with varying rights to develop, manufacture and commercialise products together with its collaboration partners. When the Group is the principal on sales transactions with customers, it recognises sales, cost of sales and selling, general and administration expenses on a gross basis. Profit-sharing amounts payable by the Group to its collaboration partners are recorded within 'Cost of sales'. When the collaboration partner is the principal on sales transactions with customers, the Group records profit-sharing amounts receivable from its collaboration partners within 'Other revenue'. Such profit-share income is recorded net of cost of sales and includes an adjustment to share commercialisation costs between the partners in accordance with the collaboration agreement. The adjustment is determined by comparing the commercialisation costs which the Group has incurred directly and reported within selling, general and administrative expenses with the costs that the collaboration partner has incurred.

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. Right-of-use assets are also assessed for impairment in sublease arrangements where the Group transfers substantially all of the risks and rewards of ownership to the sub-lessee prior to derecognition.

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 and sublease arrangements of office leases where the Group is the lessee 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 for diagnostics instruments. For subleases of office leases where the Group is the lessee, the finance income is recorded in the selling, general and administration.
- 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 extrapolated 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 and has raised valid expectations in those affected by the plan. 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, debt investments and fund 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, forward exchange 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 of debt-related hedging instruments are reported in financing costs.

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 2025 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.

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 2026 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 for the financial year 2026. The Group is also assessing other new and revised accounting standards which are not mandatory until after 2026.

IFRS 18 'Presentation and Disclosure in Financial Statements'

The Group will implement the new IFRS Accounting Standard effective 1 January 2027. IFRS 18 replaces IAS 1 'Presentation of Financial Statements'. Requirements in IAS 1 that are unchanged are transferred to IFRS 18 and other IFRS Accounting Standards. IFRS 18 introduces several new presentation and disclosure requirements and will increase the disclosure information.

IFRS 18 requires companies to classify income and expenses into operating, investing and financing categories in the income statement (which are not the same as the categories in the statement of cash flows), in addition to the income taxes and discontinued operations categories, and to present two newly defined subtotals, operating profit and profit before financing and income taxes. The new IFRS Accounting Standard also requires disclosures about management-defined performance measures ('MPMs') in the audited financial statements, including to disclose reconciliations between those measures and subtotals listed in IFRS 18 or totals or subtotals required by IFRS Accounting Standards. MPMs are subtotals of income and expenses used in public communications to communicate management's view of an aspect of the financial performance for a company as a whole. Other changes introduced by IFRS 18 include limited changes to the statement of cash flows, as defined in IAS 7 'Statement of Cash Flows' effective 1 January 2027, which requires companies to use the operating profit subtotal as the starting point for reporting cash flows from operating activities using the indirect method.

Presentational changes. Upon adoption of IFRS 18, the Group will make a number of presentational changes to the income statement. Impairment of goodwill currently classified in 'Other operating income (expense)' (see Note 9) will be presented as a separate line item in the income statement. The main impact on the Group's operating profit under the currently applied presentation will come from foreign exchange gains (losses) and gains (losses) on the net monetary position in hyperinflationary economies. These are currently included in 'Other financial income (expense)' (see Note 4) and will be reclassified into the operating results of Corporate and included in 'Other operating income (expense)' when IFRS 18 will be applied. In 2025 the combined effect was a net loss of CHF 321 million (see Note 4). These presentational changes have no impact on sales, net income and earnings per share of the Group as a whole.

New disclosures. For the new disclosure requirements on MPMs, the existing financial information on the 'Core results' related to the income statement in the 'Alternative Performance Measures' section reported outside the Annual Financial Statements, including the core results reconciliations and core earnings per share information, will be included in the audited Annual Financial Statements. The Group does not foresee a change to its 'Core results' concept. In addition, expanded or disaggregated disclosures of certain items will be provided in the notes to the income statement.

Transition. The Group will apply the full retrospective method for the transition. This means that the comparative 2026 results will be restated when the new standard is applied in 2027.

Report of Roche Management on Internal Control over Financial Reporting

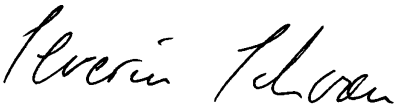
Report of Roche Management on Internal Control over Financial Reporting

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 2025 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 2025.

The Statutory Auditor KPMG AG has audited the consolidated financial statements of Roche Holding Ltd for the year ended 31 December 2025 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, 27 January 2026

KPMG

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 2025, the related consolidated balance sheet as at 31 December 2025, 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 48–161) give a true and fair view of the consolidated financial position of the Group as at 31 December 2025, and of 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 (ISA) 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 and the requirements of the Swiss audit profession that are relevant to audits of the financial statements of public interest entities, 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), as applicable to audits of financial statements of public interest entities. We have also 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

Government and regulatory mandatory 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.

Government and regulatory mandatory 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 price reductions. These create obligations for the Group 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 or as a deduction from accounts receivable. These estimates are based on analyses of existing contractual or legislatively mandated obligations, recent trends and historical experience.

Management has determined the mandatory price reductions in the US pharmaceuticals business to be CHF 5,666 million for the year ended 31 December 2025, which we defined as a 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, 340B Drug Discount Program and other plans in the US using the terms of specific rebate programs 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 price reductions in the US pharmaceuticals business refer to the following:

— Page 54 (Note 1 General accounting principles – Key accounting judgements, estimates and assumptions)

— Pages 61, 89 and 92 (Note 3 Revenue, Note 12 Accounts receivable and Note 19 Other current liabilities)

— Page 149 (Note 34 Accounting policies)

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 in the amount of CHF 15,402 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, obtaining 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 forecasted 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 54 (Note 1 General accounting principles – Key accounting judgements, estimates and assumptions)

— Page 85 (Note 10 Intangible assets)

— Page 149 (Note 34 Accounting policies)

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 audited items of 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, which 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, ISA 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, ISA 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.

— 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 to 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

François Rouiller
Licensed Audit Expert
Auditor in Charge

Paul Nichols

Basel, 27 January 2026

KPMG AG, Grosspeteranlage 5, CH-4002 Basel

Multi-Year Overview and Supplementary Information

Multi-year overview

Statistics, as reported

	2021	2022	2023	2024	2025
Income statement in millions of CHF					
Sales	62,801	63,281	58,716	60,495	61,516
EBITDA	24,692	25,015	21,976	23,538	24,608
Operating profit	18,155	17,476	15,395	13,417	18,476
Net income attributable to Roche shareholders	13,930	12,421	11,498	8,277	12,880
Research and development	14,799	15,225	14,200	15,304	13,352
Balance sheet in millions of CHF					
Non-current assets	56,690	54,335	57,022	61,765	61,974
Current assets	35,627	33,816	33,446	40,036	38,729
Total assets	92,317	88,151	90,468	101,801	100,703
Non-current liabilities	(25,556)	(28,897)	(32,381)	(38,617)	(34,822)
Current liabilities	(38,416)	(27,239)	(24,824)	(27,023)	(28,001)
Total liabilities	(63,972)	(56,136)	(57,205)	(65,640)	(62,823)
Net assets	28,345	32,015	33,263	36,161	37,880
Capital and reserves attributable to Roche shareholders	24,489	27,992	29,315	31,767	33,802
Equity attributable to non-controlling interests	3,856	4,023	3,948	4,394	4,078
Additions to property, plant and equipment	3,826	3,402	3,770	3,495	3,619
Key ratios					
Net income attributable to Roche shareholders as % of sales	22	20	20	14	21
Net income attributable to Roche shareholders as % of equity	57	44	39	26	38
Research and development as % of sales	24	24	24	25	22
Current ratio %	93	124	135	148	138
Equity and non-controlling interests as % of total assets	31	36	37	36	38
Data on shares and non-voting equity securities					
Number of shares	160,000,000	106,691,000	106,691,000	106,691,000	106,691,000
Number of non-voting equity securities (*Genussscheine*)	702,562,700	702,562,700	702,562,700	702,562,700	702,562,700
Total shares and non-voting equity securities	862,562,700	809,253,700	809,253,700	809,253,700	809,253,700
Total dividend in millions of CHF	7,526	7,688	7,769	7,850	7,931[a)]
Earnings per share and non-voting equity security (diluted) in CHF	16.20	15.37	14.31	10.31	16.04
Dividend per share and non-voting equity security in CHF	9.30	9.50	9.60	9.70	9.80[a)]

Information in this table is stated as reported and changes in accounting policies arising from changes in IFRS Accounting Standards are not applied retrospectively.

a) 2025 dividend proposed by the Board of Directors.

Sales by division in millions of CHF

	2021	2022	2023	2024	2025
Pharmaceuticals	45,041	45,551	44,265	46,171	47,669
Diagnostics	17,760	17,730	14,451	14,324	13,847
Total	**62,801**	**63,281**	**58,716**	**60,495**	**61,516**

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

	2021	2022	2023	2024	2025
Switzerland	731	683	679	747	819
Germany	4,292	3,295	2,867	2,928	3,122
Rest of Europe	11,375	10,326	9,703	10,291	10,860
Europe	**16,398**	**14,304**	**13,249**	**13,966**	**14,801**
United States	26,519	27,939	27,183	28,902	29,504
Rest of North America	915	1,101	837	889	972
North America	**27,434**	**29,040**	**28,020**	**29,791**	**30,476**
Latin America	2,746	2,870	2,971	3,249	3,245
Japan	4,999	5,695	4,374	3,154	3,035
China	5,519	5,447	5,241	5,422	4,815
Rest of Asia	4,230	4,405	3,649	3,663	3,784
Asia	**14,748**	**15,547**	**13,264**	**12,239**	**11,634**
Africa, Australia and Oceania	1,475	1,520	1,212	1,250	1,360
Total	**62,801**	**63,281**	**58,716**	**60,495**	**61,516**

Additions to property, plant and equipment by division in millions of CHF

	2021	2022	2023	2024	2025
Pharmaceuticals	2,134	1,694	1,820	1,616	1,565
Diagnostics	1,628	1,622	1,866	1,810	2,009
Corporate	64	86	84	69	45
Total	**3,826**	**3,402**	**3,770**	**3,495**	**3,619**

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

	2021	2022	2023	2024	2025
Switzerland	857	639	561	600	524
Germany	635	668	612	612	666
Rest of Europe	344	278	309	319	458
Europe	**1,836**	**1,585**	**1,482**	**1,531**	**1,648**
United States	925	881	1,276	1,099	992
Rest of North America	2	3	5	6	12
North America	**927**	**884**	**1,281**	**1,105**	**1,004**
Latin America	116	138	192	176	149
Japan	609	456	448	315	364
China	136	138	147	97	129
Rest of Asia	157	161	176	215	283
Asia	**902**	**755**	**771**	**627**	**776**
Africa, Australia and Oceania	45	40	44	56	42
Total	**3,826**	**3,402**	**3,770**	**3,495**	**3,619**

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.

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 – 2025 in millions of CHF

	IFRS results	Global restructuring	Intangibles amortisation	Intangibles impairment	M&A and alliance transactions	Legal and environmental cases	Pension plan settlements	Global issues	Normalisation of ECP tax benefit	Core results
Sales	61,516	–	–	–	–	–	–	–	–	61,516
Other revenue	1,840	0	–	–	–	–	–	–	–	1,840
Cost of sales	(16,645)	315	366	100	0	–	–	–	–	(15,864)
Research and development	(13,352)	595	292	222	–	–	–	–	–	(12,243)
Selling, general and administration	(15,161)	1,312	11	0	–	–	–	–	–	(13,838)
Other operating income (expense)	278	(58)	–	40	(8)	170	0	–	–	422
Operating profit	**18,476**	**2,164**	**669**	**362**	**(8)**	**170**	**0**	**–**	**–**	**21,833**
Financing costs	(1,349)	0	–	–	19	7	–	–	–	(1,323)
Other financial income (expense)	(154)	–	–	–	0	–	–	–	–	(154)
Profit before taxes	**16,973**	**2,164**	**669**	**362**	**11**	**177**	**0**	**–**	**–**	**20,356**
Income taxes	(3,174)	(441)	(116)	(66)	(15)	(24)	0	119	(64)	(3,781)
Net income	**13,799**	**1,723**	**553**	**296**	**(4)**	**153**	**0**	**119**	**(64)**	**16,575**
Attributable to										
– Roche shareholders	12,880	1,690	552	296	(4)	153	0	119	(64)	15,622
– Non-controlling interests	919	33	1	0	0	0	0	0	–	953

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	Global issues	Normalisation 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	0	–	930

Divisional core results reconciliation – 2025 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	47,669	–	–	–	–	–	–	47,669
Other revenue	1,782	0	–	–	–	–	–	1,782
Cost of sales	(9,084)	85	221	100	0	–	–	(8,678)
Research and development	(11,300)	389	290	222	–	–	–	(10,399)
Selling, general and administration	(7,597)	355	1	0	–	–	–	(7,241)
Other operating income (expense)	196	(60)	–	0	(8)	179	0	307
Operating profit	**21,666**	**769**	**512**	**322**	**(8)**	**179**	**0**	**23,440**
Diagnostics								
Sales	13,847	–	–	–	–	–	–	13,847
Other revenue	58	0	–	–	–	–	–	58
Cost of sales	(7,561)	230	145	0	0	–	–	(7,186)
Research and development	(2,052)	206	2	0	–	–	–	(1,844)
Selling, general and administration	(3,229)	296	10	0	–	–	–	(2,923)
Other operating income (expense)	7	2	–	40	0	(3)	0	46
Operating profit	**1,070**	**734**	**157**	**40**	**0**	**(3)**	**0**	**1,998**
Corporate								
Selling, general and administration	(4,335)	661	–	–	–	–	–	(3,674)
Other operating income (expense)	75	0	–	–	0	(6)	0	69
Operating profit	**(4,260)**	**661**	**–**	**–**	**0**	**(6)**	**0**	**(3,605)**

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)**

Core EPS (basic)

	2025	2024
Core net income attributable to Roche shareholders (CHF millions)	15,622	15,081
Weighted average number of outstanding shares and non-voting equity securities used to calculate basic earnings per share (millions) [29]	796	797
Core earnings per share (basic) (CHF)	**19.63**	**18.93**

Core EPS (diluted)

	2025	2024
Core net income attributable to Roche shareholders (CHF millions)	15,622	15,081
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)	**15,622**	**15,081**
Weighted average number of outstanding shares and non-voting equity securities used to calculate diluted earnings per share (millions) [29]	**803**	**802**
Core earnings per share (diluted) (CHF)	**19.46**	**18.80**

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 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

	2025	2024
Cash flows from operating activities (IFRS basis in accordance with IAS 7)	**18,852**	**20,094**
Add back		
– Income taxes paid	3,139	3,727
Deduct		
– Investments in property, plant and equipment	(3,748)	(3,529)
– Principal portion of lease liabilities paid	(364)	(350)
– Investments in intangible assets	(2,031)	(1,480)
– Disposal of property, plant and equipment	139	61
– Disposal of intangible assets	2	0
– Disposal of products	43	376
– Divestment of net assets previously held for sale	0	1,049
Pensions and other post-employment benefits		
– Add back total payments for defined benefit plans	654	661
– Deduct allocation of payments to operating free cash flow	(545)	(504)
Acquisition-related items, including transaction costs	22	17
Other operating items	0	(1)
Operating free cash flow	**16,163**	**20,121**

Free cash flow reconciliation in millions of CHF

	2025	2024
Cash flows from operating activities (IFRS basis in accordance with IAS 7)	**18,852**	**20,094**
Deduct		
– Investments in property, plant and equipment	(3,748)	(3,529)
– Principal portion of lease liabilities paid	(364)	(350)
– Investments in intangible assets	(2,031)	(1,480)
– Disposal of property, plant and equipment	139	61
– Disposal of intangible assets	2	0
– Disposal of products	43	376
– Divestment of net assets previously held for sale	0	1,049
– Interest paid	(1,189)	(1,145)
Other operating items, including acquisition-related items	22	16
Other treasury items	81	244
Free cash flow	**11,807**	**15,336**

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		Diagnostics		Corporate		Group	
	2025	2024	2025	2024	2025	2024	2025	2024
Depreciation, amortisation and impairment								
Depreciation of property, plant and equipment	1,146	1,145	1,207	1,151	57	62	2,410	2,358
Depreciation of right-of-use assets	158	173	132	140	10	10	300	323
Amortisation of intangible assets	513	580	163	162	–	–	676	742
Impairment (reversal) of property, plant and equipment	187	592	110	32	4	3	301	627
Impairment (reversal) of right-of-use assets	6	138	52	0	0	0	58	138
Impairment of goodwill	0	3,209	40	0	–	–	40	3,209
Impairment of intangible assets	310	1,440	6	3	–	–	316	1,443
Total	**2,320**	**7,277**	**1,710**	**1,488**	**71**	**75**	**4,101**	**8,840**
Other adjustments								
Add back								
– Expenses for equity-settled equity compensation plans	604	605	162	163	91	87	857	855
– Net (income) expense for provisions	866	707	245	145	168	31	1,279	883
– Net (gain) loss from disposals	(206)	(610)	7	20	0	0	(199)	(590)
– Non-cash working capital and other items	311	213	174	227	2	0	487	440
Deduct								
– Utilisation of provisions	(907)	(690)	(255)	(257)	(60)	(65)	(1,222)	(1,012)
– Proceeds from disposals	122	1,438	61	48	1	0	184	1,486
Total	**790**	**1,663**	**394**	**346**	**202**	**53**	**1,386**	**2,062**
Operating profit cash adjustments	**3,110**	**8,940**	**2,104**	**1,834**	**273**	**128**	**5,487**	**10,902**

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		Diagnostics		Corporate		Group	
	2025	2024	2025	2024	2025	2024	2025	2024
EBITDA								
Core operating profit	23,440	22,014	1,998	2,402	(3,605)	(3,593)	21,833	20,823
Depreciation and impairment of property, plant and equipment – Core basis	1,209	1,162	1,195	1,150	61	62	2,465	2,374
Depreciation and impairment of right-of-use assets – Core basis	155	184	132	140	10	10	297	334
Amortisation and impairment of commercial software intangible assets – Core basis	1	4	12	3	–	–	13	7
EBITDA	**24,805**	**23,364**	**3,337**	**3,695**	**(3,534)**	**(3,521)**	**24,608**	**23,538**
– Margin, % of sales	52.0	50.6	24.1	25.8	–	–	40.0	38.9

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 – 2025 in millions of CHF

	Pharmaceuticals	Diagnostics	Corporate	Treasury and taxation	Group
Property, plant and equipment	13,658	8,016	275	–	21,949
Right-of-use assets	611	345	29	–	985
Goodwill	3,063	4,429	–	–	7,492
Intangible assets	17,734	1,587	–	–	19,321
Inventories	4,483	2,996	–	–	7,479
Provisions	(1,968)	(570)	(260)	–	(2,798)
Current income tax net liabilities	–	–	–	(2,474)	(2,474)
Deferred tax net assets	–	–	–	7,527	7,527
Defined benefit plan net liabilities	–	–	–	(2,159)	(2,159)
Lease liabilities	–	–	–	(1,555)	(1,555)
Marketable securities	–	–	–	9,894	9,894
Cash and cash equivalents	–	–	–	5,582	5,582
Debt	–	–	–	(31,636)	(31,636)
Other net assets (liabilities)					
– Net working capital	(1,865)	(62)	(653)	–	(2,580)
– Other net operating assets	595	32	14	–	641
– Other	–	–	–	212	212
Total net assets	**36,311**	**16,773**	**(595)**	**(14,609)**	**37,880**

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 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 39 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 25 (Pharmaceuticals Division), page 31 (Diagnostics Division) and page 33 (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 2025 line item and its 2024 equivalent is calculated using the average exchange rate for the year ended 31 December 2024 for both the 2025 line item and the 2024 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.

Roche Securities

Number of shares and non-voting equity securities[a]

	2021	2022	2023	2024	2025
Number of shares (nominal value: CHF 1.00)	160,000,000	106,691,000	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**	**809,253,700**	**809,253,700**	**809,253,700**	**809,253,700**
Number of own shares and non-voting equity securities (*Genussscheine*) held	(62,159,409)	(10,073,029)	(12,011,755)	(13,853,005)	(13,636,063)
Total outstanding	**800,403,291**	**799,180,671**	**797,241,945**	**795,400,695**	**795,617,637**

Data per share and non-voting equity security in CHF

		2021	2022	2023	2024	2025
Earnings (basic)		16.38	15.52	14.40	10.39	16.18
Earnings (diluted)		16.20	15.37	14.31	10.31	16.04
Core earnings (basic)		20.04	20.49	18.69	18.93	19.63
Core earnings (diluted)		19.81	20.30	18.57	18.80	19.46
Equity attributable to Roche shareholders		30.60	35.03	36.77	39.94	42.48
Dividend		9.30	9.50	9.60	9.70	9.80[c]
Stock price of share[b]	Opening	310.00	408.80	358.40	261.40	270.60
	High	420.00	433.00	362.20	312.00	339.40
	Low	303.80	343.00	247.20	231.60	247.20
	Year end	408.80	358.40	261.40	270.60	335.20
Stock price of non-voting equity security (*Genussschein*)[b]	Opening	309.00	379.10	290.50	244.50	255.50
	High	383.60	400.55	297.80	287.70	329.60
	Low	297.05	290.50	233.85	214.10	235.40
	Year end	379.10	290.50	244.50	255.50	328.20

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) 2025 dividend proposed by the Board of Directors.

Market capitalisation in millions of CHF

	2021	2022	2023	2024	2025
Year end	306,601	239,405	196,720	204,829	261,865

Key ratios (year end)

	2021	2022	2023	2024	2025
Dividend yield of shares in %	2.3	2.7	3.7	3.6	2.9
Dividend yield of non-voting equity securities (*Genussscheine*) in %	2.5	3.3	3.9	3.8	3.0
Price/earnings of shares	25	23	18	26	21
Price/earnings of non-voting equity securities (*Genussscheine*)	23	19	17	25	20

Stock codes

	Share	Non-voting equity security	American Depositary Receipt (ADR)
SIX Swiss Exchange	RO	ROG	–
Bloomberg	RO SW	ROG SW	RHHBY US
Reuters	RO.S	ROG.S	RHHBY.PK

Roche Holding Ltd, Basel

Financial Statements

Balance sheet in millions of CHF

	31 December 2025	31 December 2024
Current assets		
Cash and cash equivalents	202	52
Marketable securities	100	0
Accounts receivable from Group companies	5,495	5,325
Other short-term receivables	1	1
Total current assets	**5,798**	**5,378**
Non-current assets		
Investments	8,596	8,596
Total non-current assets	**8,596**	**8,596**
Total assets	**14,394**	**13,974**
Short-term liabilities		
Accounts payable to Group companies	8	5
Provisions	55	0
Other short-term liabilities	355	204
Total short-term liabilities	**418**	**209**
Long-term liabilities		
Provisions	35	35
Total long-term liabilities	**35**	**35**
Total liabilities	**453**	**244**
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	3,900	4,105
Available earnings:		
– Balance brought forward	1,573	882
– Net income for the year	8,061	8,336
Total shareholders' equity	**13,941**	**13,730**
Total shareholders' equity and liabilities	**14,394**	**13,974**

p. m. = pro memoria. Non-voting equity securities (*Genussscheine*) have no nominal value.

Income statement in millions of CHF

	Year ended 31 December 2025	2024
Income		
Income from investments (dividend income)	8,161	8,311
Other financial income		
– Interest income	2	11
– Income from marketable securities and other	8	3
Guarantee fee income from Group companies	61	71
Total income	**8,232**	**8,396**
Expenses		
Administration expenses	(42)	(38)
Other expenses	(111)	0
Financial expenses	(8)	(10)
Direct taxes	(10)	(12)
Total expenses	**(171)**	**(60)**
Net income	**8,061**	**8,336**

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. 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.

Other short-term liabilities

Other short-term liabilities mainly relate to Pillar Two income taxes.

Other expenses

In 2025 other expenses mainly related to legal cases.

Taxes

Direct taxes include corporate income and capital taxes.

2. Shareholders' equity

Proposed future changes to the Company's capital structure

On 22 July 2025 the Company announced the decision of the Board of Directors to propose to shareholders a modernisation of the Company's capital structure for approval at the Annual General Meeting to be held on 10 March 2026 (the '2026 AGM'). The proposals include the exchange of the existing non-voting equity securities (*Genussscheine*), which have no nominal value, for participation certificates (*Partizipationsscheine*) with a nominal value of CHF 0.001, thereby creating a new paid-up participation capital of CHF 702,562.70 from converting freely available equity (in the form of available earnings). Participation certificates are economically equivalent to non-voting equity securities. Following the exchange, the participation certificates replacing the non-voting equity securities will be listed on the SIX Swiss Exchange and have the same dividend entitlement as well as the same entitlement to any liquidation proceeds as the bearer shares. To ensure equal treatment of the participation certificates with the bearer shares in accordance with the articles of incorporation of the Company, shareholders will be asked to approve a reduction of the nominal value of the bearer shares from CHF 1.00 to CHF 0.001 per share. Subject to the approval by shareholders at the 2026 AGM, holders of bearer shares will receive, by way of a repayment of nominal value, CHF 0.999 in cash per bearer share, resulting in a total repayment of CHF 106,584,309 and a share capital reduction from CHF 106,691,000 to CHF 106,691. Detailed explanations of the proposals of the Board of Directors will be made available together with the shareholder invitation to the 2026 AGM. Subject to the approval by shareholders at the 2026 AGM, the share capital reduction and the exchange together with the participation capital creation are expected to be implemented shortly after the 2026 AGM.

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 2025 the Company did not hold any bearer shares or non-voting equity securities (2024: none). During 2025 and 2024 the Company neither purchased nor sold bearer shares or non-voting equity securities.

Article 659b of the Swiss Code of Obligations (CO) 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. At 31 December 2025 such foundations held 461,188 bearer shares (2024: 485,293 bearer shares) and 13,174,875 non-voting equity securities (2024: 13,367,712 non-voting equity securities) at their purchase cost of CHF 3,900 million (2024: CHF 4,105 million).

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	Total equity
As at 1 January 2024	107	300	3,322	9,434	13,163
Net income	–	–	–	8,336	8,336
Dividends	–	–	–	(7,769)	(7,769)
Transfer to (from) legal reserves for own equity instruments held at 31 December 2023	–	–	434	(434)	–
Transfer to (from) legal reserves for own equity instruments held at 31 December 2024	–	–	349	(349)	–
As at 31 December 2024	**107**	**300**	**4,105**	**9,218**	**13,730**
Net income	–	–	–	8,061	8,061
Dividends	–	–	–	(7,850)	(7,850)
Transfer to (from) legal reserves for own equity instruments held	–	–	(205)	205	–
As at 31 December 2025	**107**	**300**	**3,900**	**9,634**	**13,941**

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 2025 was CHF 30.9 billion (2024: CHF 34.2 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, on the exercise of voting rights at the Annual General Meeting of 25 March 2025 and on other information available to the Company.

Controlling shareholders

At 31 December 2025, based on the information available to the Company, a shareholder group with pooled voting rights owned 69,318,000 shares representing 64.97% (2024: 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 Barbotin-Larrieu, 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 2025, based on the information available to the Company, Ms Maja Oeri, formerly a member of the pool, held 4,045,950 shares independently of the pool, representing 3.79% of the issued shares (2024: 8,091,900 shares representing 7.58% of the issued shares). In addition, at 31 December 2025, based on the information available to the Company, Mr Melchior Oeri held 4,045,950 shares independently of the pool, representing 3.79% of the issued shares (2024: none).

5. Full-time equivalent employees

The annual average number of full-time equivalent employees for 2025 and 2024 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 187 to 211. 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

	2025 Number	2025 Amount (CHF million)	2024 Number	2024 Amount (CHF million)
Roche Stock-settled Stock Appreciation Rights	216,453	8	269,581	8
Roche Restricted Stock Units	7,926	2	9,295	1

Executive stock compensation. For the financial year 2025 the Chief Executive Officer will be granted Bonus Stock Awards in lieu of the bonus in cash. These are subject to approval by the 2026 Annual General Meeting in March 2026 and will be issued in March 2026. For the financial year 2024 the Chief Executive Officer was granted Bonus Stock Awards in lieu of the bonus in cash. These were approved by the 2025 Annual General Meeting in March 2025 and were issued in March 2025. The Chairman of the Board of Directors 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 187 to 211. The number of shares transferred is calculated at the dates of transfer. Total number of shares transferred in 2025 was 24 thousand shares (2024: 34 thousand shares). Executive stock compensation amounted to CHF 5 million (2024: CHF 5 million).

Roche Connect. In 2025 Roche paid contributions of CHF 0.1 million (2024: 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 187 to 211.

Appropriation of Available Earnings

Proposals to the Annual General Meeting in CHF

	2025
Available earnings	
Balance brought forward from previous year	1,368,301,554
Transfer from legal reserves for own equity instruments held by subsidiaries	204,482,241
Balance brought forward after transfer from legal reserves for own equity instruments held by subsidiaries	**1,572,783,795**
Net profit for the year	8,060,780,516
Total available earnings	**9,633,564,311**
Appropriation of available earnings	
Distribution of an ordinary dividend of CHF 9.80 gross per share and non-voting equity security (*Genussschein*) entitled to dividend as against CHF 9.70 last year	(7,930,686,260)
Total appropriation of available earnings	**(7,930,686,260)**
To be carried forward on this account	**1,702,878,051**

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 2025, 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 181–189) 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 and the requirements of the Swiss audit profession that are relevant to audits of the financial statements of public interest entities. We have also 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 audited items of 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 to 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.

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 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, 27 January 2026

KPMG AG, Grosspeteranlage 5, CH-4002 Basel

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Next Annual General Meeting:
10 March 2026

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 2026 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.

Printed on non-chlorine bleached, FSC-certified paper.

A recrystallised thin film of the **CT-996** drug substance, viewed using hot-stage polarised light microscopy. The needle-shaped, radiating crystals are known as ‘acicular spherulites’. The colours, shapes and thermal behaviour of these structures reveal important information about the drug’s crystal form, which directly impacts its stability, processability and bioavailability.

Microscopic photos:
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