

Notes

BASF Group

1 Summary of accounting policies

1.1 General information

BASF SE (registered at the district trade register, or Amtsgericht, for Ludwigshafen am Rhein, number HRB 6000) is a publicly listed corporation headquartered in Ludwigshafen am Rhein, Germany. Its official address is Carl-Bosch-Str. 38, 67056 Ludwigshafen am Rhein, Germany.

The Consolidated Financial Statements of BASF SE as of December 31, 2025, have been prepared in accordance with the IFRS® Accounting Standards (hereinafter referred to as “IFRS Accounting Standards”) of the International Accounting Standards Board (IASB®) and section 315e (1) of the German Commercial Code (HGB). IFRS Accounting Standards are generally only applied after they have been endorsed by the European Union. For the 2025 fiscal year, all of the binding IFRS Accounting Standards and pronouncements of the International Financial Reporting Interpretations Committee (IFRIC®) were applied. The Consolidated Financial Statements are for the period from January 1, 2025, to December 31, 2025, and are presented in euros. They are written in German and translated into English. All amounts, including the figures for previous years, are given in million euros unless otherwise indicated.

Due to rounding, individual figures in this report may not add up to the totals shown and percentages may not correspond exactly to the figures shown.

The individual financial statements of the consolidated companies are prepared as of the balance sheet date of the Consolidated Financial Statements. Business continuity is assumed. The accounting policies applied are largely the same as those used in 2024.

On February 23, 2026, the Board of Executive Directors prepared the Consolidated Financial Statements, submitted them to the Supervisory Board for review and approval, and released them for publication.

1.2 Changes in accounting principles

Accounting policies applied for the first time in 2025

Standard/interpretation	Name of standard/interpretation or amendments	Date of publication	Date of endorsement by the EU
Amendments to IAS® 21	The Effects of Changes in Foreign Exchange Rates (Determination of Exchange Rates in the Event of Lack of Exchangeability)	August 15, 2023	November 12, 2024
Amendments to IFRS 9 and IFRS 7	Financial Instruments / Financial Instruments: Disclosures (Contracts Referencing Nature-dependent Electricity)	December 18, 2024	June 30, 2025

BASF falls within the scope of the amendments to IFRS 9 and IFRS 7 for contracts referencing nature-dependent electricity. BASF adopted these amendments early, beginning with the Half-Year Financial Statements 2025. Upon retrospective initial application of the amended own use exemption, one power purchase agreement (PPA) was derecognized at its carrying amount at the beginning of the current fiscal year against the opening balance of equity without affecting profit and loss. In accordance with the transition requirements, the prior-year figures were not restated. The amendments to IAS 21 had no material effect on the Consolidated Financial Statements of BASF SE.

IFRS Accounting Standards and IFRICs not yet to be considered but already endorsed by the EU

Standard/interpretation	Name of standard/interpretation or amendments	Date of publication	Date of endorsement	Mandatory date of initial application
Amendments to IFRS 9 and IFRS 7	Financial Instruments / Financial Instruments: Disclosures (Amendments to the Classification and Measurement of Financial Instruments)	May 30, 2024	May 27, 2025	January 1, 2026
Annual Improvements to IFRS Accounting Standards – Volume 11	Amendments to – IFRS 1 First-Time Adoption of International Financial Reporting Standards (Hedge Accounting by a First-Time Adopter) – IFRS 7 Financial Instruments: Disclosures (Gain or Loss on Derecognition) Guidance on Implementing IFRS 7 – IFRS 9 Financial Instruments (Derecognition of Lease Liabilities / Transaction Price) – IFRS 10 Consolidated Financial Statements (Determination of a "De Facto Agent") – IAS 7 Statement of Cash Flows (Cost Method)	July 18, 2024	July 9, 2025	January 1, 2026
Introduction of IFRS 18	Presentation and Disclosure in Financial Statements (Replaces policies under the current IAS 1 and introduces new disclosure requirements)	April 9, 2024	February 13, 2026	January 1, 2027

The effects on the BASF Group financial statements of the IFRS Accounting Standards and IFRICs not yet in force in 2025 but already endorsed by the European Union were assessed. The amendments, with exception of the introduction of IFRS 18, are unlikely to have a material impact on the reporting of BASF. The introduction of IFRS 18 will have a significant impact on the presentation of the statement of income. Income and expenses from foreign currency transactions will be presented in the prescribed categories in accordance with the standard's requirements. In the statement of cash flows, interest and dividends received as well as interest paid will no longer be classified as cash flows from operating activities but will be reported under cash flows from investing or financing activities, respectively. Furthermore, the standard requires that management-defined performance measures (MPMs) be disclosed in the notes to the financial statements. BASF currently intends to introduce new MPMs, the precise details of which are still being reviewed. BASF does not plan on early adoption of the described amendments.

IFRS Accounting Standards and IFRICs not yet to be considered and not yet endorsed by the EU

Standard/interpretation	Name of standard/interpretation or amendments	Date of publication	Expected date of initial application
Introduction of IFRS 19	Subsidiaries without Public Accountability: Disclosures (Reduced disclosure requirements for eligible subsidiaries)	May 9, 2024	January 1, 2027
Amendments to IFRS 19	Subsidiaries without Public Accountability: Disclosures (Reduced disclosure requirements for eligible subsidiaries)	August 21, 2025	January 1, 2027
Amendments to IAS 21	The Effects of Changes in Foreign Exchange Rates (Translation to a Hyperinflationary Presentation Currency)	November 13, 2025	January 1, 2027

The IASB issued further standards and amendments to standards and interpretations which are still subject to EU endorsement and whose application is not yet mandatory. The introduction of IFRS 19 and Amendments to IFRS 19 do not affect the Consolidated Financial Statements of BASF SE as BASF SE does not fall within the scope of application of this standard. The Amendments to IAS 21 are not expected to have an impact on BASF's reporting. BASF does not plan on early adoption of the described amendments.

1.3 Group accounting principles

Scope of consolidation: The scope of consolidation is based on the application of the standards IFRS 10 and 11 and IAS 28.

According to IFRS 10, a group consists of a parent entity and the subsidiaries controlled by the parent. "Control" of an investee assumes the simultaneous fulfillment of the following three criteria:

- The parent company holds decision-making power over the relevant activities of the investee
- The parent company has rights to variable returns from the investee
- The parent company can use its decision-making power to affect the variable returns

Fulfillment of these three criteria is analyzed based on the corporate governance structure of the companies.

According to IFRS 11, which regulates the accounting of joint arrangements, a distinction must be made between joint ventures and joint operations. In the case of a joint venture, the parties that have joint control of a legally independent company have rights to the net assets of that arrangement. In joint operations, the parties that have joint control have direct rights to the assets and obligations for the liabilities relating to the arrangement. This requirement is particularly fulfilled if the production output of the joint arrangement is almost entirely transferred to the partners, through which the partners guarantee the joint arrangement's ongoing financing.

Companies whose corporate governance structures classify them as joint arrangements are analyzed to determine if they meet the criteria for joint ventures or joint operations in accordance with IFRS 11. If the joint arrangement is structured as a separate vehicle, its legal form, any other contractual arrangements and all other facts and circumstances are reviewed.

In addition to BASF SE, the Consolidated Financial Statements include all material subsidiaries on a fully consolidated and all material joint operations on a proportionally consolidated basis. Companies of minor importance for the presentation of a true and fair view of the net assets, financial position and results of operations are not consolidated, but rather are reported under other shareholdings (for more information, see Note 25.4, footnote a on page [398](#)). The aggregate assets and equity of these companies amount to less than 1% of the corresponding value at Group level.

Joint ventures and associated companies are accounted for using the equity method in the Consolidated Financial Statements in accordance with IAS 28. Associated companies are entities that are not subsidiaries, joint ventures or joint operations, and over whose operating and financial policies significant influence can be exercised. In general, this applies to companies in which BASF has an investment of between 20% and 50%. Associated companies and joint ventures that are fully or predominantly allocated to operating divisions are classified as integral because they are integrated into the value chain of the respective division; are controlled by the divisions; and they generate their income in close cooperation with the other assets of the BASF Group and/or of these divisions. Equity-accounted income from integral joint ventures or associated companies is reported as part of income from operations (EBIT). Equity-accounted income from non-integral associated companies is reported in net income from shareholdings (for more information, see Note 10 from page [339](#) onward).

Consolidation methods: Assets and liabilities of consolidated companies are uniformly recognized and measured in accordance with the principles described herein. For companies accounted for using the equity method, material deviations in measurement resulting from the application of other accounting principles than those applied by BASF are adjusted.

Transactions between consolidated companies as well as intercompany profits resulting from trade between consolidated companies are eliminated in full. Sales and material other balances and transactions between joint operations and fully consolidated Group companies are also eliminated. Material intercompany profits and losses related to companies accounted for using the equity method are eliminated.

Capital consolidation is conducted on the acquisition date according to the purchase method. Initially, all assets, liabilities and additional intangible assets that are to be capitalized are measured at fair value regardless of the scope of any noncontrolling interests. Subsequently, the cost of acquiring the company is compared with the proportional share of the fair value of the net assets acquired. The resulting positive differences are capitalized as goodwill. Negative differences are reviewed once more, then recognized directly in the income statement.

Noncontrolling interests are measured at fair value on the date of acquisition proportional to the assets acquired and liabilities assumed (partial goodwill method).

The acquisition of shares in companies already controlled by BASF or included in the Consolidated Financial Statements as a joint arrangement is treated as a transaction between shareholders if it does not result in a change in the consolidation method.

The incidental acquisition costs of a business combination are recognized in the income statement under other operating expenses.

Foreign currency translation: The cost of assets acquired in foreign currencies and revenue from sales in foreign currencies are determined by the exchange rate on the date the transaction is recognized. Foreign currency receivables and liabilities are valued at the exchange rates on the balance sheet date. Changes in assets and liabilities arising from foreign currency translation are either recognized in the income statement under other operating income or expenses or in other financial result, and those related to financial assets measured at fair value through other comprehensive income are shown in other comprehensive income.

Translation of foreign currency financial statements: The translation of foreign currency financial statements depends on the functional currency of the consolidated companies. For companies whose functional currency is not the euro, translation into the reporting currency is based on the closing rate method: Balance sheet items are translated into euros using closing rates on the balance sheet date; expenses and income are translated into euros at monthly average rates and accumulated for the year. The difference between a company's equity translated at historical rates at the time of acquisition or

retention and its equity translated at closing rates on the balance sheet date is reported under other comprehensive income (translation adjustments) and is recognized in the income statement only upon the disposal of the company or a foreign business.

For certain companies outside the eurozone or U.S. dollar zone, the euro or U.S. dollar is the functional currency; this includes, among others, BASF Tuerk Kimya Sanayi ve Ticaret Ltd. Sti., Istanbul, Türkiye, and BASF Argentina S.A., Buenos Aires, Argentina. In such cases, financial statements prepared in the local currency are translated into the functional currency using the temporal method: All nonmonetary assets and related depreciation and amortization as well as equity are translated at the exchange rate applying to the respective transactions. All other balance sheet items are translated using closing rates on the balance sheet date; other expenses and income are translated at monthly average rates. The resulting translation differences are recognized in the income statement under other operating income or expenses. If necessary, financial statements in the functional currency are translated into the presentation currency according to the closing rate method.

Selected exchange rates

	Closing rates		Average rates	
	Dec. 31, 2025	Dec. 31, 2024	2025	2024
EUR 1 equals				
Brazil (BRL)	6.44	6.43	6.31	5.83
China (CNY)	8.23	7.58	8.12	7.79
Japan (JPY)	184.09	163.06	169.04	163.85
Malaysia (MYR)	4.77	4.65	4.83	4.95
Mexico (MXN)	21.12	21.55	21.67	19.83
Switzerland (CHF)	0.93	0.94	0.94	0.95
South Korea (KRW)	1,696.94	1,532.15	1,605.45	1,475.40
United States (USD)	1.18	1.04	1.13	1.08
United Kingdom (GBP)	0.87	0.83	0.86	0.85

1.4 Accounting policies

The accounting policies for the individual items in the balance sheet and the income statement are presented in the respective sections of the Notes.

Business combinations: In business combinations, the acquired assets and liabilities are recognized at fair value on the date the acquirer effectively obtains control. The fair value of acquired assets and assumed liabilities at the date of acquisition, as well as the useful lives of the acquired assets, are largely based on projected cash flows. Actual cash flows can deviate significantly from those. Independent external appraisals are typically used for the purchase price allocation of material business combinations. Valuations in the course of business combinations are based on existing information as of the acquisition date.

Groups of assets and liabilities held for sale (disposal groups): These comprise those assets and directly associated liabilities shown separately on the balance sheet whose sale in the context of a single transaction is highly probable. A transaction is assumed to be highly probable if there are no significant risks to the completion of the transaction, which usually requires the conclusion of binding agreements. Assets and liabilities classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell; this does not apply to assets that do not fall under the valuation principles of IFRS 5. Scheduled depreciation and amortization of noncurrent assets and the use of the equity method are suspended.

Discontinued operations: These are classified as held for sale and are presented as discontinued operations in BASF's Consolidated Financial Statements in accordance with IFRS 5. Until closing of the transaction, the income after taxes of discontinued operations is shown in income after taxes of the BASF Group as a separate item (income after taxes from discontinued operations). The BASF Group's sales and earnings are retroactively adjusted for the consolidated contributions from discontinued operations as of the beginning of the business year. The prior-year figures are restated. In addition, the assets and liabilities of the discontinued operations are reclassified to a disposal group (assets or liabilities of disposal groups). Depreciation and amortization of noncurrent assets and the use of the equity method are suspended as of the date when the disposal group is initially presented. The statement of cash flows is not adjusted. The activities of discontinued operations are not allocated to any reportable segment in financial reporting. The assets and liabilities of the discontinued business are reported under Other.

Use of estimates and assumptions in preparing the Consolidated Financial Statements

The carrying amount of assets, liabilities and provisions, contingent liabilities and other financial obligations reported in the Consolidated Financial Statements depends on the use of estimates, assumptions and discretionary scope. Specific estimates or assumptions used in individual accounting or valuation methods are disclosed in their respective sections of the Notes to the Consolidated Financial Statements. They are based on the circumstances and estimates on the balance sheet date and thus affect the amounts of income and expenses shown for the reporting periods presented. These assumptions primarily relate to the determination of discounted cash flows in the context of impairment tests and purchase price allocations; the useful lives of depreciable property, plant and equipment and intangible assets; the carrying amount of shareholdings; and the measurement of provisions for items such as employee benefits, warranties, trade discounts, environmental protection or the extent of recognition of assets, liabilities and provisions for taxes. Although uncertainty is appropriately incorporated in the valuation factors, actual results can differ from these estimates. Uncertainties persist in connection with the current geopolitical and economic situation, which could impact the Consolidated Financial Statements. A potential escalation of international conflicts could disrupt global supply chains and lead to further restrictions in the availability of energy, raw materials or intermediate products. The ongoing war in Ukraine and the tense situation in the Middle East pose significant risks to market development and raw material supplies. Furthermore, the continuation of higher U.S. tariffs and potential retaliatory measures by other trading partners make it difficult to reliably assess the impact on sales volumes, price trends and the competitive landscape. These uncertainties were reflected in the estimates and assumptions used. Current inflation developments were taken into account both in the measurement of pension provisions and other provisions as well as in the fixed asset impairment tests.

Climate and sustainability-related developments: The chemical industry is resource-intensive. BASF is committed to the Paris Climate Agreement. Using resources as efficiently and responsibly as possible and the concept of a circular economy are firmly embedded in BASF's strategy and its actions. BASF aims to reduce CO₂ emissions and increase the use of renewable and recycled raw materials. In this context, BASF always strives to use raw materials more efficiently and improve production processes as well as to continually seek ways to use nonfossil, renewable or recycled feedstocks. Despite the current global political situation, the path to climate neutrality is resolutely being pursued (for more information on electricity supply contracts, see Note 25 from page [389](#) onward).

BASF is exposed to physical and transition climate-related risks. Physical climate risks are the direct consequences of extreme weather scenarios in the form of floods, droughts, hurricanes, extreme rainfall or heat. These can cause damage to assets, interrupt deliveries to customers or have adverse effects on the supply of raw materials and precursors to plants. BASF responds to risks related to weather scenarios by adapting operational processes, for example in the area of logistics, by investing in assets and infrastructure or by maintaining broad insurance coverage.

Transition risks are risks that arise from the transition to a low-emission economy. These can arise from developments aimed at preventing or reversing damage to the climate or to nature. As an energy-intensive company, BASF expects, among other things, rising energy and CO₂ prices as part of the structural transition.

The transition also creates opportunities, for example, through increasing demand for products based on renewable raw materials, insulation foams for buildings, coolants and battery materials as well as better circular economy and climate protection solutions. The market-oriented approach anchored in the strategy is intended to enable BASF to leverage these opportunities and support the green transformation of various customer industries in a differentiated manner by prioritizing investments and projects with a sustainability focus according to customer demand and willingness to pay.

At the end of December 2025, BASF began commissioning the steam cracker at its new Verbund site in Zhanjiang, China. The Zhanjiang Verbund site is strategically positioned to produce high-quality chemical products with a lower carbon footprint, thereby participating in the growth of the largest chemicals market in the world. The site's electricity supply comes 100% from renewable sources via long-term supply agreements.

Climate-related risks are taken into account in estimates and discretionary decisions when preparing the Consolidated Financial Statements. Physical and transition risks are assessed on an ongoing basis and can, for example, have an impact on useful lives and residual carrying amounts of fixed assets, the valuation of provisions for environmental or restoration obligations, the valuation of inventories or growth rates in goodwill impairment tests.

The transition to electromobility will have a negative long-term impact on the emissions catalyst business. This development is reflected in a negative long-term growth rate in the goodwill impairment test of the Environmental Catalyst and Metal Solutions (ECMS) cash-generating unit. Other BASF businesses will benefit from this transformation, in particular as a result of growing demand for lightweight components and battery materials. In the short term, however, lower demand is expected in the battery materials market, which was taken into account accordingly in the impairment test for the goodwill of the cash-generating unit Battery Materials.

2 Scope of consolidation

Scope of consolidation

Number of companies	Europe	of which Germany	North America	Asia Pacific	South America, Africa, Middle East	2025	2024
As of January 1	148	50	35	72	22	277	269
of which proportionally consolidated	7	–	–	2	–	9	9
First-time consolidations ^a	3	2	4	9	1	17	13
of which proportionally consolidated	–	–	–	–	–	–	–
Deconsolidations ^b	8	6	–	2	2	12	5
of which proportionally consolidated	1	–	–	–	–	1	–
As of December 31	143	46	39	79	21	282	277
of which proportionally consolidated	6	–	–	2	–	8	9

^a Acquisitions, newly established companies, or reclassification due to increased importance

^b Divestitures, mergers, liquidations, or downgrades due to decreased importance

In 2025, a total of 17 companies were newly included in the scope of consolidation. Fourteen companies were fully consolidated for the first time due to their increased importance. Of these, two were located in Germany, three in North America, one in South America, Africa, Middle East and eight in Asia Pacific. One company was newly established in North America. One company established in Asia Pacific in 2025 was initially reported under other shareholdings and valued at cost before being included in the Consolidated Financial Statements for the first time due to its increased importance. Furthermore, in the Europe region, BASF acquired DOMO Chemicals' 49% stake in the joint operation Alsachimie S.A.S., Chalampé, France, and is now the sole owner of the company. Since July 2025, Alsachimie has been fully consolidated in the Consolidated Financial Statements. Until then, Alsachimie was proportionally consolidated (for more information, see Note 3 from page [318](#) onward).

Four companies based in Germany and one company in the region South America, Africa, Middle East were merged with other companies. One company in each of the regions Europe (Germany), Asia Pacific, and South America, Africa, Middle East was divested. One company based in Asia Pacific was liquidated and two companies in Europe (one of which was in Germany) were no longer included in the Consolidated Financial Statements due to their diminished significance.

In the previous year, eight companies were included in the scope of consolidation for the first time due to their increased importance and one newly founded company was added. Of these companies, eight were in Europe (including two in Germany) and one in South America, Africa, Middle East. In addition, four acquired companies based in Germany were newly included in the scope of consolidation, and an additional German company was included for the first time using the equity method. Four companies – two with headquarters in Europe and one each with headquarters in North America and in Asia Pacific – were liquidated. A further company based in South America, Africa, Middle East was merged.

Overview of impact of changes in the scope of consolidation (excluding acquisitions and divestitures)

	2025		2024	
	Million €	% ^a	Million €	% ^a
Sales	0	0.0	–	–
Noncurrent assets	17	0.0	-2	0.0
of which property, plant and equipment	34	0.1	–	–
Current assets	-34	0.1	0	0.0
of which cash and cash equivalents	0	0.0	2	0.1
Assets	-17	0.0	-2	0.0
Equity	9	0.0	1	0.0
Noncurrent liabilities	-8	0.1	–	–
of which financial indebtedness	–	–	–	–
Current liabilities	16	0.0	-3	0.0
of which financial indebtedness	–	–	–	–
Total equity and liabilities	17	0.0	-2	0.0
Other financial obligations	–	–	–	–

^a Proportional share in relation to the BASF Group

The joint operations proportionally consolidated as of December 31, 2025, include, in particular:

- Ellba C.V., Rotterdam, Netherlands, which is jointly operated with Shell for the production of propylene oxide and styrene monomer
- BASF DOW HPPO Production BVBA, Antwerp, Belgium, which is jointly operated with Dow for the production of propylene oxide
- Butachimie SNC, Chalampé, France, which is jointly operated with Invista for the production of adiponitrile (ADN) and hexamethylenediamine (HMD)

Furthermore, Alsachimie S.A.S. had been proportionally consolidated throughout the prior year and until the assumption of full control on July 1, 2025, as described above.

In addition to the fully and proportionally consolidated companies, 22 joint ventures and/or associated companies (previous year: 24) were consolidated using the equity method as of December 31, 2025.

A list of the companies included in the Consolidated Financial Statements and of all companies in which BASF SE has a shareholding as required by section 313(2) of the German Commercial Code (HGB) is provided in the list of shares held (for more information, see Note 4 from page [325](#) onward).

3 Acquisitions and divestitures

Acquisitions

In 2025, BASF acquired the following activity:

- On July 1, 2025, BASF completed its purchase of the 49% stake held by DOMO Chemicals GmbH, Leuna, Germany, in the Alsachimie S.A.S. joint operation, Chalampé, France, thereby acquiring sole ownership of the production entity for essential polyamide 6.6 precursors, including adipic acid and hexamethylenediamine adipate (AH salt). The transaction enables BASF to optimize backward integration of key raw materials, ensuring supply reliability and efficiency across the polyamide 6.6 value chain and the provision of site services. The company, which had previously been proportionally consolidated, has been fully consolidated since July 1, 2025. The fair value of the equity interest held by BASF immediately before the acquisition date was €52 million. The revaluation required upon transfer of control resulted in a gain in the amount of €10 million, which was recognized in other operating income. The acquired businesses accounted for €2 million in sales and €7 million in income from operations in the 2025 business year. Fully consolidating the businesses and assets of Alsachimie in BASF's Consolidated Financial Statements as of January 1, 2025, would have resulted in a sales revenue contribution of €4 million and income from operations of €15 million. These pro forma data are for comparison purposes. These values would not necessarily have resulted had the transaction taken place as of January 1, 2025, and are not suitable for forecasting future developments or events. The gross amounts of contractual trade accounts receivable were €6 million.

In 2024, BASF acquired the following activity:

- On July 31, 2023, BASF and Huntsman, together with their Chinese partner companies, announced the separation of their joint MDI production in the associated company Shanghai Lianheng Isocyanate Co., Ltd. BASF took over one of the two MDI plants, including production plants for the precursors aniline and nitrobenzene as well as the employees in production. The transaction fell within the scope of IFRS 3 and was completed on January 31, 2024. The purchase price was €192 million and was cash-effective in full. It was attributable to the acquired plants and, to a lesser extent, to inventories.

The following overview shows the effects of the acquisitions in 2025 and 2024 on the Consolidated Financial Statements. When acquisitions resulted in the transfer of assets or the assumption of additional liabilities, the effects are shown as net amounts.

Effects of acquisitions

	2025		2024	
	Million €	% ^a	Million €	% ^a
Goodwill	–	–	0	0.0
Other intangible assets	0	0.0	1	0.0
Property, plant and equipment	-13	0.0	188	0.7
Financial assets	–	–	–	–
Other noncurrent assets	4	0.0	–	–
Noncurrent assets	-9	0.0	188	0.4
Current assets	63	0.2	16	0.1
of which cash and cash equivalents	–	–	–	–
Assets	55	0.1	205	0.3
Equity	13	0.0	–	–
of which noncontrolling interests	–	–	–	–
Noncurrent liabilities	22	0.1	–	–
of which financial indebtedness	3	0.0	–	–
Current liabilities	19	0.1	3	0.0
of which financial indebtedness	2	0.1	–	–
Total equity and liabilities	54	0.1	3	0.0
Payments made for acquisitions	1		202	
Additions of cash and cash equivalents	–		–	
Payments made for acquisitions according to statement of cash flows	1		202	

^a Proportional share in relation to the BASF Group

Divestitures

In 2025, BASF sold the following activities:

- Effective April 21, 2025, and following the approval of the relevant authorities, BASF completed the sale of its shares in BASF Markor Chemical Manufacturing (Xinjiang) Co., Ltd. and Markor Meiou Chemical (Xinjiang) Co., Ltd. in Korla, China. The companies operate production plants for butanediol and PolyTHF, which were allocated to the Chemicals segment. The disposed assets and liabilities had been reclassified to a disposal group in the previous business year. The calculation of the disposal gain, which is reported under other operating income, is presented in the following table:

Calculation of the disposal gain from the divestment of shares in BASF Markor Chemical Manufacturing (Xinjiang) Co., Ltd. and Markor Meiou Chemical (Xinjiang) Co., Ltd.

Million €	April 21, 2025
Selling price	30
Disposed net assets	-42
Assets of the disposal group	-53
Reinstated receivables	5
Liabilities of the disposal group	17
Reinstated liabilities	-11
Noncontrolling interests	13
Recycling of income and expenses previously recognized directly in equity	4
Other	0
Disposal gain before taxes	5
Tax expense	-
Disposal gain after taxes	5

- Effective September 30, 2025, and following the approval of the relevant authorities, BASF completed the sale of its food and health performance ingredients business to Louis Dreyfus Company (LDC), Rotterdam, Netherlands. The business was previously part of BASF's Nutrition & Health division. The transaction included the production site in Illertissen, Germany, three application laboratories outside Germany, and approximately 300 employees who transferred to LDC as part of the transaction. The disposed assets and liabilities had been reclassified to a disposal group in the previous business year. The calculation of the disposal gain, which is reported under other operating income, is presented in the following table:

Calculation of the disposal gain from the divestment of the food and health performance ingredients business

Million €	September 30, 2025
Selling price	162
Disposed net assets	-96
Assets of the disposal group	-120
Liabilities of the disposal group	26
Reinstated liabilities	-2
Other	-6
Disposal gain before taxes	59
Tax expense	0
Disposal gain after taxes	59

- With effect from October 1, 2025, and following the approval of the relevant competition authority, BASF completed the sale of its Brazilian decorative paints business to Sherwin-Williams, Cleveland, Ohio. The business had previously been part of BASF's Coatings division. The purchase price on a cash and debt-free basis was \$1.15 billion. The transaction was structured as a share deal and included the production sites in Demarchi and Jaboaão, the associated contracts, the Suvinil and Glasu! brands and the transfer of around 1,000 employees. Upon agreement on the sale, the affected assets and liabilities were reclassified to a disposal group as of March 31, 2025. With the sale of the business, which operates almost exclusively in Brazil, the disposal group was derecognized. The calculation of the disposal gain, which is reported under other operating income, is presented in the following table:

Calculation of the disposal gain from the divestment of the Brazilian decorative paints business

Million €	October 1, 2025
Selling price	981
Disposed net assets	-275
Assets of the disposal group	-409
Reinstated receivables	29
Liabilities of the disposal group	106
Reinstated liabilities	-2
Recycling of income and expenses previously recognized directly in equity	-57
Other	16
Disposal gain before taxes	664
Tax expense	-264
Disposal gain after taxes	400

In 2024, BASF sold the following activity:

- On September 3, 2024, BASF completed the sale of the exploration and production business (E&P business) of the Wintershall Dea AG oil and gas company (Wintershall Dea GmbH as of September 23, 2024), Kassel, Germany, to Harbour Energy plc, London, United Kingdom. The E&P business included assets used in production and development, exploration rights and Wintershall Dea's carbon storage licenses. In exchange, Wintershall Dea shareholders – BASF (72.7%) and LetterOne (27.3%) – received a cash consideration totaling \$1.78 billion (BASF share: \$1.29 billion), including a purchase price adjustment, and new shares issued by Harbour Energy equating to a total shareholding of 54.5% in the expanded Harbour Energy company (BASF share: 39.59%). The non-integral investment in Harbour Energy, accounted for using the equity method, was initially recognized at the closing price of the shares on September 3, 2024, plus directly attributable incidental acquisition costs. Wintershall Dea's headquarters, which are slated to be closed, its employees at headquarters as well as the Russia-related business, for which significant German federal guarantees exist, were not part of the transaction. The shares in Wintershall Dea continued to be accounted for using the equity method. Income from the sale of the E&P business to Harbour Energy was reported in income from non-integral companies accounted for using the equity method.

The following overview shows the effects of the divestitures in 2025 and 2024 on the Consolidated Financial Statements. The sales line item shows the decline resulting from divestitures as compared to the adjusted prior-year values. The impact on equity related mainly to gains and losses from divestitures.

Effects of divestitures

	2025		2024	
	Million €	% ^a	Million €	% ^a
Sales	-349	-0.6	-86	-0.1
Noncurrent assets	-154	-0.3	-683	-1.4
of which property, plant and equipment	-63	-0.2	-12	-0.0
Current assets	-383	-1.2	-25	-0.1
of which cash and cash equivalents	-46	-1.6	–	–
Assets	-538	-0.7	-708	-0.9
Equity	736	2.1	496	1.3
Noncurrent liabilities	0	0.0	-2	-0.0
of which financial indebtedness	–	–	–	–
Current liabilities	-116	-0.7	41	0.2
of which financial indebtedness	–	–	–	–
Total equity and liabilities	620	0.8	536	0.7
Payments received from divestitures	1,154		1,244	
Further effects in connection with divestitures ^b	-283		-1,169	
Payments received from divestitures according to statement of cash flows	871		75	

^a Proportional share in relation to the BASF Group

^b Includes project-related tax payments and derecognition of cash and cash equivalents. The sale of Wintershall Dea's E&P business to Harbour Energy in 2024 is not reported under divestitures in the statement of cash flows, but as a disposal of equity instruments.

Agreed transactions

- BASF and Carlyle, Washington D.C., announced on October 10, 2025, the signing of an agreement for the sale of BASF's automotive OEM coatings, automotive refinish coatings and surface treatment business units ("coatings"). The enterprise value of the transaction amounts to €7.7 billion. The transaction is structured as a share deal. Subject to approval from the relevant regulatory bodies, the transaction is expected to close in the second quarter of 2026. Upon closing, BASF will receive pre-tax cash proceeds of approximately €5.8 billion as well as a 40% equity stake in the new coatings entity, which it will report as a financial investment accounted for using the equity method. Owing to the planned divestment, the affected business units have been reported as discontinued operations in accordance with IFRS 5 as of September 30, 2025. Accordingly, the results of the discontinued operations for the reporting period and the prior-year period are presented separately in BASF Group's statement of income. Impairments, mainly on shareholdings, in the amount of €21 million were recognized in the period up to December 31, 2025.

Earnings from the discontinued coatings business are presented in the following table:

Statement of income from the discontinued coatings business

Million €	2025	2024
Sales	3,746	3,816
Cost of sales	-1,914	-1,949
Gross profit on sales	1,832	1,867
Selling expenses	-1,164	-1,179
General administrative expenses	-132	-133
Research and development expenses	-86	-92
Other operating income and expenses	-176	-240
EBIT	274	223
Net income from shareholdings	-18	-4
Financial result	-12	-11
Income before income taxes	244	208
Income taxes	-59	-43
Income after income taxes	185	165
of which attributable to noncontrolling interests	21	21
Income after noncontrolling interests	164	144
Earnings per share from discontinued operations (€)	0.18	0.16

Of the other comprehensive income after taxes attributable to shareholders of BASF SE in the amount of -€1,634 million (previous year: €2,107 million), -€162 million (previous year: €98 million) was attributable to the discontinued coatings business.

The carrying amounts of the balance sheet items of the discontinued operations are presented in the following table.

Disposal group coatings business

Million €	December 31, 2025
Balance sheet	
Goodwill	-577
Other intangible assets	-492
Property, plant and equipment	-1,042
Integral investments accounted for using the equity method	–
Non-integral investments accounted for using the equity method	–
Other financial assets	-38
Deferred tax assets	5
Receivables for income taxes	-1
Other receivables and miscellaneous assets	-204
Noncurrent assets	-2,349
Inventories	-535
Accounts receivable, trade	-764
Receivables for income taxes	-36
Other receivables and miscellaneous assets	-141
Marketable securities	–
Cash and cash equivalents	-148
Current assets	-1,624
Assets of the disposal group	3,973
Provisions for pensions and similar obligations	-203
Deferred tax liabilities	-44
Income tax provisions	-1
Other provisions	-33
Financial indebtedness	–
Other liabilities	-41
Noncurrent liabilities	-322
Accounts payable, trade	-305
Provisions	-192
Liabilities for income taxes	-57
Financial indebtedness	-5
Other liabilities	-130
Current liabilities	-689
Liabilities of the disposal group	1,011
Net assets	2,962

Items of other comprehensive income as of December 31, 2025, included an amount of –€300 million (previous year: –€138 million) for the disposal group coatings business. Of this, –€274 million (previous year: –€75 million) resulted from currency translations and –€26 million (previous year: –€62 million) from remeasurement of defined benefit plans.

The discontinued coatings business contributed the following amounts to BASF's statement of cash flows:

Cash flows from the discontinued coatings business

Million €	2025	2024
Cash flows from operating activities	356	399
Cash flows from investing activities	-159	-175
Cash flows from financing activities	-45	-25
Total	152	199

- BASF and Catexel GmbH, Wiesbaden, announced on December 16, 2025, the signing of an agreement for the sale of BASF's business with optical brightening agents, an ingredient in detergent formulations. The business is currently part of the Care Chemicals division within the Nutrition & Care segment. The transaction involves the international business, including optical brightener production at Monthey, Switzerland, approximately 80 employees and a non-integral investment accounted for using the equity method. The transaction is expected to close in the first quarter of 2026.

4 BASF Group list of shares held pursuant to section 313(2) of the German Commercial Code (HGB)

The list of consolidated companies and the complete list of all companies in which BASF SE holds shares as required by section 313(2) HGB as well as information on the exemption of subsidiaries from accounting and disclosure obligations are an integral component of the audited Consolidated Financial Statements submitted to the German Company Register. The list of shares held is also published online.

» For more information, see basf.com/en/corporategovernance

5 Reporting by segment and region

Accounting policies

The divisions are allocated to the segments based on their business models and according to their focal points, customer groups, the focus of their innovations, their investment relevance and sustainability aspects. Activities that are not allocated to any of the divisions are recorded under Other.

In general, the same accounting rules are used for segment reporting as those used for the Group, which are presented in these Notes. Transfers between the segments are executed at adjusted market-based prices, taking into account the higher cost efficiency and lower risk of intragroup transactions. Assets, as well as their depreciation and amortization, are allocated to the segments based on economic control. Assets used by more than one segment are allocated according to the percentage of usage.

The most important financial key performance indicators used for steering the BASF Group are income from operations before depreciation, amortization and special items (EBITDA before special items) and free cash flow. Accordingly, all segments are also measured by their absolute contribution to EBITDA before special items. To manage cash flow at segment level, a specific indicator, segment cash flow, is used. It includes the elements of free cash flow that can be managed by the operating divisions (for more information on the steering model, see the Combined Management's Report from page [29](#) onward).

EBITDA before special items is determined based on income from operations (EBIT), which is calculated from gross profit on sales, selling expenses, general administrative expenses, research and development expenses, other operating income and expenses, and income from integral companies accounted for using the equity method. EBIT is adjusted for special items that arise from the integration of acquired businesses, from restructuring measures, gains or losses on divestitures and sales of investments, as well as other expenses and income that may arise outside of ordinary business activities. To determine EBITDA before special items, depreciation, amortization, impairments and reversals of impairments on property, plant and equipment and intangible assets are added to EBIT before special items, provided they do not represent special items.

EBIT and EBIT before special items as well as EBITDA before special items are alternative performance measures that are not defined under IFRS and are to be considered complementary to the indicators defined by IFRS.

Explanation of segments

The composition of the Surface Technologies segment underwent several changes during the 2025 business year. Effective January 1, 2025, the former Catalysts division was split into two independent divisions: Environmental Catalyst and Metal Solutions (ECMS) and Battery Materials. At the same time, the Catalysts business with chemical and refining catalysts was allocated to the Performance Chemicals operating division within the Industrial Solutions segment. As of the beginning of the 2025 business year, the Surface Technologies segment therefore comprised the ECMS, Battery Materials and Coatings divisions. The prior-year figures were adjusted accordingly.

Furthermore, the Coatings division was affected by two significant portfolio measures in 2025, which will lead to its complete divestiture: First, the sale of the Brazilian decorative paints business to Sherwin-Williams, Cleveland, Ohio, was completed on October 1, 2025. Then, on October 10, 2025, an agreement was announced for the sale of the automotive OEM coatings, automotive refinish coatings and surface treatment businesses to Carlyle, Washington, D.C. This transaction is expected to close in the second quarter of 2026. In accordance with IFRS 5, these activities were allocated to the coatings business disposal group and are reported as discontinued operations as of September 30, 2025. Consequently, the sales and results of the disposal group are no longer reported as part of the sales and EBIT(DA) of the BASF Group and the Surface Technologies segment retroactively as of January 1, 2025. The prior-

year figures were adjusted accordingly. Until the completion of the transaction with Carlyle, the coatings business disposal group's income after taxes is presented as a separate item (income after taxes from discontinued operations) in BASF Group's income after taxes. The 2024 figures were adjusted accordingly. The assets and liabilities of the coatings disposal group are allocated to Other in the segment reporting to ensure a consistent definition of the Surface Technologies segment for balance sheet and income statement figures. Due to this retroactive adjustment, the contributions of the Coatings division to the Surface Technologies segment in 2024 and 2025 include only the decorative paints business.

As of December 31, 2025, the BASF Group's business comprised 11 divisions, structured in six segments:

- Chemicals: Petrochemicals, Intermediates
- Materials: Performance Materials, Monomers
- Industrial Solutions: Dispersions & Resins, Performance Chemicals
- Nutrition & Care: Care Chemicals, Nutrition & Health
- Surface Technologies: ECMS, Battery Materials
- Agricultural Solutions: Agricultural Solutions

The **Chemicals** segment comprises the Petrochemicals and Intermediates divisions and is the cornerstone of BASF's Verbund structure. The segment mainly serves customers in downstream industries, especially in the chemical and plastics industries. In addition, the Chemicals segment supplies the other segments with basic chemicals and intermediates, thereby contributing to the organic growth of BASF Group's key value chains. The segment's competitiveness is strengthened by process and product innovations as well as the development of sustainable technologies.

The **Materials** segment is composed of the Performance Materials and the Monomers divisions. The segment offers high-performance plastics and their precursors for new applications and systems. Its product portfolio includes isocyanates and polyamides as well as inorganic basic products and specialties for the plastics and plastics processing industries. In addition to specific technological knowledge, industry expertise and customer proximity, BASF's products that contribute to the circular economy as well as sustainable production methods especially help to differentiate the company from its competitors in this segment.

The **Industrial Solutions** segment consists of the Dispersions & Resins and the Performance Chemicals divisions. They develop and market ingredients and additives for industrial applications, such as polymer dispersions, resins, chemical and refining catalysts, additives, electronic materials and antioxidants. Its customers are located in various key industries, such as the automotive, plastics and electronics industries. The focus of research and development is on increasing efficiency in the use of resources and in production structures, as well as on developing more sustainable products and production processes.

The **Nutrition & Care** segment comprises the Care Chemicals division and the Nutrition & Health division. This segment produces ingredients for consumer goods in the areas of nutrition and home and personal care. Its customers include food and feed producers as well as the pharmaceutical, cosmetics and detergent and cleaner industries. The increasing demand for more sustainable consumer goods is a key growth driver in the segment.

As a result of the changes described above, the **Surface Technologies** segment consists of the ECMS and Battery Materials divisions as of the end of 2025. Its product portfolio serves the automotive and chemical industries and includes emissions catalysts, battery materials, and precious and base metal services. An innovative technology portfolio and tailor-made solutions for customers are the basis for the success of this segment.

The **Agricultural Solutions** segment consists of the division of the same name. Its product portfolio is designed for different crop systems, combining seeds and traits, seed treatment products, and biological and chemical crop protection products. Agricultural Solutions offers farmers innovative and sustainable solutions supported by digital tools.

The following activities and transactions are presented under **Other**:

- Cross-divisional corporate research working on long-term topics of strategic importance to the BASF Group
- The BASF Group's steering by corporate headquarters and centrally managed strategic projects
- Other businesses which include commodity trading, engineering and other services, rental income and leases, as well as renewable energy trading
- Certain activities remaining after divestitures as well as remanent fixed costs and one-time expenses resulting from organizational changes or restructuring that are not allocated to the operating divisions
- Assets and liabilities of discontinued operations, as well as any expenses and income arising in connection with the divestiture
- Foreign currency results not allocated to the segments and measurement effects from the hedging of raw materials price and foreign currency exchange risks as well as gains and losses from the long-term incentive programs (LTI programs)
- Idle capacity costs from internal human resource platforms as well as consolidation effects that cannot be allocated to a division

EBITDA before special items of Other

Million €	2025	2024
Costs for cross-divisional corporate research	-168	-183
Costs of corporate headquarters	-241	-232
Other businesses	176	182
Miscellaneous income and expenses	-372	-334
EBITDA before special items of Other	-604	-567

EBITDA before special items of Other decreased compared with the previous year. This resulted mainly from higher expenses arising from the LTI program as well as lower earnings contributions from Other businesses. **EBITDA** in Other included special items amounting to -€1,128 million in 2025. This included special charges in the amount of €595 million relating to restructuring projects. Further expenses of €328 million were recorded in connection with the sale of BASF's equity shares in the Nordlicht 1 and 2 wind farm projects.

Reconciliation of the assets of the segments and of Other to the assets of the BASF Group

Million €	Dec. 31, 2025	Dec. 31, 2024
Segment assets	57,875	60,768
Assets of businesses included in Other	2,160	3,070
Other financial assets and non-integral investments accounted for using the equity method	4,303	4,576
Deferred tax assets	544	574
Cash and cash equivalents / marketable securities	2,760	2,981
Defined benefit assets	1,824	1,383
Other receivables / prepaid expenses	2,736	3,024
Assets of the coatings disposal group	3,973	4,039
Assets of Other	18,299	19,647
Assets of the BASF Group	76,174	80,415

Reconciliation of segment income to income before income taxes

Million €	2025	2024
EBITDA before special items of the segments	7,158	7,807
EBITDA before special items of Other	-604	-567
EBITDA before special items	6,554	7,240
Special items excluding depreciation and amortization of the segments	192	-429
Special items excluding depreciation and amortization of Other	-1,128	-601
Special items excluding depreciation and amortization	-936	-1,030
Depreciation and amortization of the segments ^a	3,825	4,240
Depreciation and amortization of Other ^a	159	160
Depreciation and amortization^a	3,984	4,400
EBIT of the segments	3,525	3,138
EBIT of Other	-1,891	-1,328
EBIT	1,634	1,810
Net income from shareholdings	1,313	602
Financial result	-500	-552
Income before income taxes	2,447	1,861

^a Depreciation and amortization of property, plant and equipment and intangible assets (including impairments and reversals of impairments), excluding depreciation and amortization or impairments relating to the discontinued coatings business; prior-year figures have been adjusted

Segments 2025

Million €	Chemicals	Materials	Industrial Solutions ^a	Nutrition & Care	Surface Technologies ^{a,b}	Agricultural Solutions	Other ^b	BASF Group
Sales	10,055	12,742	8,594	6,509	8,967	9,587	3,202	59,657
Intersegment transfers	3,432	778	468	452	43	63	75	5,311
Sales including transfers	13,488	13,520	9,063	6,961	9,010	9,650	3,277	64,968
Material consumption	4,971	6,440	4,081	2,923	7,404	2,860	2,705	31,384
Income from integral companies accounted for using the equity method	-2	13	14	5	34	–	-315	-251
Income from operations before depreciation and amortization (EBITDA)	747	1,502	1,153	630	1,394	1,925	-1,732	5,618
EBITDA before special items	853	1,575	1,200	649	800	2,081	-604	6,554
Income from operations (EBIT)	-374	635	705	76	1,141	1,342	-1,891	1,634
Special Items in EBIT	-286	-87	-81	-57	555	-158	-1,139	-1,253
of which impairments and reversals of impairments	-180	-14	-33	-38	-39	-2	-11	-318
Assets	14,400	9,226	6,560	7,610	5,836	14,243	18,299	76,174
of which goodwill	193	180	1,122	823	1,053	3,114	68	6,553
other intangible assets	62	180	68	128	145	2,528	28	3,140
property, plant and equipment	10,304	5,082	2,287	3,623	1,239	1,911	958	25,405
integral investments accounted for using the equity method	749	82	16	34	447	–	419	1,746
Liabilities	2,466	2,566	1,773	1,975	1,305	3,520	28,230	41,836
Research and development expenses	87	184	187	137	155	990	254	1,995
Additions to property, plant and equipment and intangible assets (including acquisitions) ^b	2,108	940	391	662	116	351	219	4,787
Depreciation and amortization of property, plant and equipment and intangible assets ^b	1,120	867	448	554	253	583	337	4,163
of which impairments	204	48	42	59	37	9	30	429
reversals of impairments	3	3	1	2	0	0	0	9

^a Since January 1, 2025, the business with chemical and refinery catalysts has been reported as part of the Performance Chemicals division in the Industrial Solutions segment. It was previously part of the Surface Technologies segment.

^b Other also includes assets and liabilities as well as amortization of intangible assets and depreciation of property, plant and equipment of the discontinued coatings business. The depreciation and amortization (including impairments and reversals of impairments) of the discontinued coatings business included in Other amounted to €178 million in 2025. The prior-year figures were adjusted accordingly. Until reclassification to the disposal group, additions to intangible assets and property, plant and equipment (including acquisitions) of the discontinued coatings business included in Other amounted to €89 million.

Segments 2024

Million €	Chemicals	Materials	Industrial Solutions ^a	Nutrition & Care	Surface Technologies ^{a,b}	Agricultural Solutions	Other ^b	BASF Group
Sales	10,838	13,510	9,223	6,729	8,055	9,798	3,290	61,444
Intersegment transfers	3,962	825	558	446	33	50	93	5,968
Sales including transfers	14,800	14,335	9,781	7,176	8,088	9,848	3,384	67,412
Material consumption	5,280	7,057	4,394	2,838	6,427	3,257	2,870	32,124
Income from integral companies accounted for using the equity method	27	17	11	6	46	–	-105	2
Income from operations before depreciation and amortization (EBITDA)	1,314	1,769	1,412	819	405	1,659	-1,167	6,211
EBITDA before special items	1,342	1,805	1,437	814	470	1,938	-567	7,240
Income from operations (EBIT)	429	939	959	220	-392	984	-1,328	1,810
Special Items in EBIT	-74	-48	-35	-53	-595	-286	-622	-1,713
of which impairments and reversals of impairments	-46	-12	-10	-58	-530	-7	-21	-683
Assets	14,266	10,135	7,494	7,887	5,609	15,377	19,647	80,415
of which goodwill	215	196	1,317	871	993	3,341	787	7,721
other intangible assets	62	209	95	162	198	2,913	624	4,262
property, plant and equipment	9,938	5,373	2,436	3,607	1,516	2,132	2,196	27,197
integral investments accounted for using the equity method	854	136	14	39	473	–	882	2,399
Liabilities	3,316	2,946	2,170	2,347	1,088	3,309	28,356	43,532
Research and development expenses	80	180	187	149	179	919	276	1,969
Additions to property, plant and equipment and intangible assets (including acquisitions) ^b	3,403	1,139	349	809	309	387	431	6,826
Depreciation and amortization of property, plant and equipment and intangible assets ^b	885	830	453	599	797	675	408	4,648
of which impairments	65	25	21	87	530	18	35	781
reversals of impairments	1	2	0	0	0	0	1	5

^a Since January 1, 2025, the business with chemical and refinery catalysts has been reported as part of the Performance Chemicals division in the Industrial Solutions segment. It was previously part of the Surface Technologies segment. The figures for 2024 have been adjusted accordingly.

^b Other includes assets and liabilities as well as amortization of intangible assets and depreciation of property, plant and equipment of the discontinued coatings business. The depreciation and amortization (including impairments and reversals of impairments) of the discontinued coatings business included in Other amounted to €247 million in 2024. Additions to intangible assets and property, plant and equipment (including acquisitions) of the discontinued coatings business included in Other amounted to €190 million.

Regions 2025

Million €	Europe	of which Germany	North America	Asia Pacific	South America, Africa, Middle East	BASF Group
Location of customer						
Sales	23,019	5,774	15,667	15,068	5,903	59,657
Share %	38.6	9.7	26.3	25.3	9.9	100.0
Location of company						
Sales	24,373	9,990	16,148	14,766	4,370	59,657
Assets	34,692	19,873	17,429	20,119	3,933	76,174
of which intangible assets	4,278	2,177	4,435	749	231	9,692
property, plant and equipment	9,332	5,482	5,011	10,539	524	25,405
integral investments accounted for using the equity method	439	12	89	1,218	–	1,746
Additions to property, plant and equipment and intangible assets (including acquisitions)	1,750	1,047	1,090	1,845	102	4,787
Depreciation and amortization of property, plant and equipment and intangible assets including impairments and reversals of impairments	1,945	1,209	1,243	869	106	4,163

In the **United States**, sales to third parties in 2025 amounted to €13,803 million (previous year: €14,502 million) according to location of companies and €13,134 million (previous year: €13,912 million) according to location of customers. On December 31, 2025, the carrying amounts of intangible assets, property, plant and equipment, and investments accounted for using the equity method in the United States amounted to €9,137 million (previous year: €10,975 million).

In **China**, sales to third parties in 2025 amounted to €7,827 million (previous year: €7,424 million) according to location of companies and €7,794 million (previous year: €7,333 million) according to location of customers. On December 31, 2025, the carrying amounts of intangible assets, property, plant and equipment, and investments accounted for using the equity method amounted to €10,370 million (previous year: €10,753 million) in China.

Regions 2024

Million €	Europe	of which Germany	North America	Asia Pacific	America, Africa, Middle East	BASF Group
Location of customer						
Sales	23,430	5,722	16,666	15,126	6,222	61,444
Share %	38.1	9.3	27.1	24.6	10.1	100.0
Location of company						
Sales	24,734	10,329	17,067	14,817	4,826	61,444
Assets	36,083	20,656	19,483	20,557	4,292	80,415
of which intangible assets	4,986	2,563	5,516	1,229	252	11,983
property, plant and equipment	9,914	5,860	5,922	10,773	589	27,197
integral investments accounted for using the equity method	906	502	109	1,385	–	2,399
Additions to property, plant and equipment and intangible assets (including acquisitions)	1,953	1,249	1,193	3,549	131	6,826
Depreciation and amortization of property, plant and equipment and intangible assets including impairments and reversals of impairments	2,530	1,814	1,198	781	139	4,648

6 Earnings per share

Earnings per share

		2025	2024
Income after taxes from continuing operations	Million €	1,540	1,288
of which noncontrolling interests	Million €	85	134
Net income from continuing operations	Million €	1,455	1,154
Income after taxes from discontinued operations	Million €	185	165
of which noncontrolling interests	Million €	21	21
Net income from discontinued operations	Million €	164	144
Income after taxes	Million €	1,726	1,453
of which noncontrolling interests	Million €	107	155
Net income	Million €	1,619	1,298
Weighted average number of outstanding shares	1,000	891,742	892,522
Dilution effect from BASF's "plus" incentive share program	1,000	2,315	2,449
Weighted average number of shares for diluted earnings per share	1,000	894,057	894,971
Earnings per share			
From continuing operations	€	1.63	1.29
Diluted	€	1.63	1.29
From discontinued operations	€	0.18	0.16
Diluted	€	0.18	0.16
From continuing and discontinued operations	€	1.82	1.45
Diluted	€	1.81	1.45

In accordance with IAS 33, **earnings per share** are determined by dividing earnings attributable to shareholders of BASF SE by the weighted average of outstanding shares. The average number of outstanding shares declined compared with 2024 due to the ongoing share buyback program. Pursuant to IAS 33, a potential dilutive effect must be considered in the **diluted earnings per share** for those BASF shares that will be granted in the future as part of BASF's "plus" share program. This applies regardless of the fact that the necessary shares are acquired on the market by third parties on behalf of BASF and that there are no plans to issue new shares. In 2025, there was a dilutive effect of €0.0047 (previous year: €0.0040) from the issue of "plus" shares.

7 Sales revenue

Accounting policies

Sales revenue from contracts with customers is recognized in the amount of the consideration BASF expects to receive in exchange for the goods or services when the customer obtains control of the goods or services. Control is considered to be transferred when the customer can direct the use of the goods or services and can obtain all substantial remaining benefits from them.

BASF primarily generates income from the sale of goods. Because the customer obtains control of the goods at a specific point in time, the corresponding sales revenue is recognized based on a given point in time. Determination of this point in time occurs in the context of an overall assessment of the circumstances which considers the existence of a present claim to payment, the legal title to the goods, actual physical possession of the goods, the transfer of risks and rewards as well as customer acceptance. The transfer of risks and rewards takes into account the underlying terms of delivery (especially Incoterms) and is of particular practical significance. According to these principles, sales revenue from the sale of goods is generally recognized upon delivery. If products are delivered to a consignment warehouse, BASF normally retains control of the goods. Accordingly, sales revenue is not recognized until the customer collects the goods from the consignment warehouse. Long-term supply agreements usually contain variable prices, which depend, among other factors, on the development of raw materials prices and variable volumes.

Services rendered to customers by BASF are invoiced according to work completed and recognized as revenue accordingly.

BASF generates a portion of its sales revenue from license agreements. Sales revenue from license agreements is recognized based on a point in time or a period of time depending on whether the licensee is being granted a right to use (revenue recognized at a point in time) or a right to access (revenue recognized over time) the intellectual property of BASF. Revenues from sales and usage-based royalties are recognized when the underlying sale or usage occurs.

Sales revenue from the sale of precious metals to industrial customers is recognized on delivery and the corresponding purchase prices are recorded as cost of sales. In the trading of precious metals and their derivatives with traders, where there is usually no physical delivery, revenues are netted against the corresponding costs.

Commodity swaps that do not lead to a transfer of economic control are eliminated.

If a consideration that is contractually agreed upon by a customer includes variable components, BASF estimates the amount of the consideration. Variable components are recognized as revenue only to the extent that it is highly probable that previously recognized sales revenue will not have to be cancelled as soon as there is no longer uncertainty about the actual amount of the consideration. Primarily rebates and other discounts are recognized as a reduction in revenue in accordance with the principle of individual measurement. BASF grants customers rebates, among other things, if the goods purchased by

the customer exceed a contractually defined threshold within the period specified. Rebates are usually deducted from amounts payable by the customer. Taking into account the specific terms of the underlying contract, BASF uses the expected value method or the most likely amount to estimate a variable consideration amount. The method is selected based primarily on number of possible results such as the number of volume thresholds with rebates. All available information, particularly historical values, is used for making estimates.

In some contracts, BASF grants the customer the right to return goods within a specific period of time, even if they meet the agreed specifications (sale with right of return). The actual expected amount of the consideration BASF is entitled to receive in this case is estimated using the expected value method. Refund liabilities are recognized in the amount of considerations paid by the customer for goods that are expected to be returned.

BASF opts to apply the practical expedient in IFRS 15.63 to not adjust the amount of the agreed consideration for the effects of a material financing component if, at the beginning of a contract, no more than one year is expected to lapse between the transfer of control of the goods or services and payment by the customer.

According to the practical expedient under IFRS 15.94, BASF recognizes the costs of obtaining a contract as an expense when they are incurred if the amortization period of the asset does not exceed one year.

BASF also applies the practical expedient in IFRS 15.121 of not reporting information on remaining performance obligations resulting from a contract with a maximum expected original term of one year. Furthermore, information on performance obligations is not reported if the resulting revenue is recognized in accordance with IFRS 15.B16.

Explanation of sales revenue

Sales by division or by indication and sector

Million €	2025	2024
Petrochemicals	7,492	8,050
Intermediates	2,564	2,788
Chemicals	10,055	10,838
Performance Materials	6,425	6,848
Monomers	6,316	6,661
Materials	12,742	13,510
Dispersions & Resins	4,801	5,110
Performance Chemicals	3,794	4,114
Industrial Solutions	8,594	9,223
Care Chemicals	4,765	4,751
Nutrition & Health	1,744	1,978
Nutrition & Care	6,509	6,729
Coatings	347	486
Battery Materials	642	599
ECMS	7,978	6,970
Surface Technologies	8,967	8,055
Fungicides	2,838	3,014
Herbicides	3,059	2,965
Insecticides	1,089	1,102
Seed Treatment	575	598
Seeds & Traits	2,026	2,119
Agricultural Solutions	9,587	9,798
Other	3,202	3,290
BASF Group	59,657	61,444

Sales revenue of €35 million that was included in contract liabilities as of January 1, 2025, was recognized in 2025 (previous year: €44 million).

Sales revenue for the 2025 business year includes €87 million from performance obligations satisfied in prior periods (previous year: €261 million). This relates in particular to adjustments for sales and usage-based royalties as well as the reversal of over accruals for rebates and product returns from the previous year.

8 Functional costs

Under the cost of sales method, functional costs incurred by the operating functions are determined on the basis of cost center accounting. The functional costs particularly contain the personnel costs, depreciation and amortization accumulated on the underlying final cost centers as well as allocated costs within the cost accounting cycle. Operating expenses that cannot be allocated to the functional costs are reported as other operating expenses (for more information, see Note 9 from page [337](#) onward).

Cost of sales

Cost of sales includes all production and purchase costs of the goods that have been sold in the period (for more information, see Note 16 from page [366](#) onward). For services, the costs necessary for their provision are included in the cost of sales.

Selling expenses

Selling expenses primarily include marketing and advertising costs, freight costs, packaging costs, distribution management costs, commissions and licensing costs.

General administrative expenses

General administrative expenses include the costs of the Corporate Center, of general management, the Board of Executive Directors and the Supervisory Board. They also include the costs of managing operating divisions and business units as well as the costs of the supporting services in departments such as accounting, legal, taxes and controlling.

Research and development expenses

Research and development expenses include the costs resulting from research projects as well as the necessary license fees for research activities.

9 Other operating income and expenses

Other operating income

Million €	2025	2024
Income from the adjustment and release of provisions recognized in other operating expenses	72	37
Revenue from miscellaneous other activities	213	147
Income from hedging transactions and LTI programs	57	47
Income from foreign currency transactions and the translation of financial statements in foreign currencies	50	60
Gains on divestitures and the disposal of noncurrent assets	798	71
Reversals of impairment losses on noncurrent assets	8	–
Gains/losses from precious metal trading	238	158
Income from refunds and government grants	468	305
Other	423	479
Other operating income	2,328	1,303

Income from the adjustment and release of provisions recognized in other operating expenses increased in 2025 compared to the previous year, mainly related to provisions for environmental protection measures in North America. Provisions were reversed or adjusted if, based on the circumstances on the balance sheet date, utilization was no longer expected, or expected to a lesser extent.

In both years, **revenue from miscellaneous other activities** primarily included income from rentals, catering operations, cultural events and logistics services. The increase in revenue over the previous year was largely offset by higher production costs.

In 2025, **income from hedging transactions and LTI programs** mainly included unrealized gains from derivatives used to hedge natural gas purchases. In 2024, this item primarily included income from the valuation of virtual and physical power purchase agreements.

Income from foreign currency transactions and the translation of financial statements in foreign currencies related to the translation of receivables and liabilities in foreign currencies and included income from the translation of companies' financial statements whose local currency is different from the functional currency. In the event of losses, these are reported under other operating expenses.

Gains on divestitures and the disposal of noncurrent assets in 2025 resulted mainly from the sale of the Brazilian decorative paints business and the disposal of the food and health performance ingredients business.

Gains/losses from precious metal trading were generated exclusively in the Surface Technologies segment.

Income from refunds and government grants was largely attributable to government grants in the Surface Technologies segment, primarily relating to previous periods. Moreover, grants for regional business development in China and other support measures in various countries were recorded.

Other income in both years included income from a number of individual matters.

Other operating expenses

Million €	2025	2024
Restructuring and integration measures	1,109	682
Environmental protection and safety measures, costs of demolition and removal, and project costs not subject to mandatory capitalization	555	500
Depreciation, amortization and impairments of noncurrent assets and of the disposal groups	419	767
Costs from miscellaneous revenue-generating activities	187	128
Expenses from hedging transactions and LTI programs	110	89
Losses from foreign currency transactions and the translation of financial statements in foreign currencies	238	208
Losses from divestitures and the disposal of noncurrent assets	130	6
Impairment losses (including reversals of impairments) on business-related receivables	74	45
Expenses for derecognition of obsolete inventory	229	309
Other	905	1,075
Other operating expenses	3,957	3,809

In 2025, **expenses from restructuring and integration measures** related mainly to measures in connection with the ongoing cost savings programs and adjustments to production structures in Germany. In addition, expenses were incurred for global restructuring measures, mainly in the Chemicals segment.

Environmental protection and safety measures, costs of demolition and removal, and project costs not subject to mandatory capitalization were expensed if requirements for capitalization pursuant to IFRS were not met. Expenses for project costs not subject to mandatory capitalization amounted to €415 million in 2025 (previous year: €390 million) and in both years were attributable in particular to the new Verbund site in China and the Ludwigshafen site. In addition, expenses of €117 million in 2025 (previous year: €97 million) were incurred for additions to environmental provisions. In 2025, these mainly related to sites located in North America and Europe, whereas in the previous year they were primarily due to the Ludwigshafen site.

Depreciation, amortization and impairments of noncurrent assets and of the disposal groups in 2025 included impairments in the amount of €414 million. These comprised impairments on property, plant and equipment in particular in the Chemicals und Nutrition & Care segments and on intangible assets, mainly in the Agricultural Solutions segment. In 2024, impairments amounted to €749 million and mainly related to property, plant and equipment in the Surface Technologies segment, especially in the battery materials business, as well as property, plant and equipment in the Chemicals segment and property, plant and equipment and intangible assets in the Nutrition & Care segment (for more information, see Note 14 from page [354](#) onward).

Costs from miscellaneous revenue-generating activities relate to the corresponding items presented in other operating income.

Expenses from hedging transactions and LTI programs included expenses of €83 million in 2025 (previous year: €89 million), mainly from changes in market values of derivatives used to hedge natural

gas supplies as well as expenses for option premiums related to these hedges. LTI programs led to expenses in the amount of €27 million in 2025 (previous year: €1 million).

In both years, **losses from divestitures and the disposal of noncurrent assets** resulted from costs in connection with various divestment projects and purchase price adjustments for completed divestments.

The net expenses from the recognition and reversal of **impairments on business-related receivables** in 2025 included in particular impairments on receivables in the Agricultural Solutions division in the regions Europe and South America, Africa, Middle East.

In both years, **other expenses** included mainly expenses for litigation, for REACH, for the provision of services and other services and for warranties, as well as other expenses for social commitment. The previous year also included expenses associated with the out-of-court settlement of the multidistrict litigation proceedings in connection with aqueous film-forming foam products in the United States.

10 Investments accounted for using the equity method and other financial assets

Accounting policies

Joint ventures and associated companies are accounted for using the equity method. The carrying amounts of shareholdings are adjusted annually based on the pro rata share of net income, dividends and other changes in equity. Should there be indications of a reduction in the value of an investment, an impairment test is conducted and, if necessary, an impairment is recognized in the income statement. In the case of publicly listed associated companies, share prices are included in the impairment test and form the basis of valuation if there is an indication for permanent impairment or reversal of an impairment. Furthermore, earnings and the carrying amount are adjusted when accounting policies deviate or as a result of purchase price allocations.

10.1 Integral companies accounted for using the equity method

Income from integral companies accounted for using the equity method

Million €	2025	2024
Proportional income after taxes	99	158
of which joint ventures	90	136
associated companies	9	22
Other adjustments to income and expenses	-349	-156
of which joint ventures	-24	-16
associated companies	-325	-140
Income from integral companies accounted for using the equity method	-251	2

The only material equity-accounted shareholding that is classified as integral is BASF-YPC Company Ltd., Nanjing, China, in which BASF and Sinopec each hold 50%, and which operates the Verbund site in Nanjing.

Income from integral companies accounted for using the equity method decreased by a total of €253 million in 2025. This decline is primarily attributable to the sale of BASF's 49% stake in the Nordlicht 1 and 2 wind farm projects, which was completed in March 2025. This transaction resulted in a loss of €325 million, which is reflected in the other adjustments to income and expenses for associated companies. The previous year's figure included impairments of €108 million for these projects.

Reconciliation of the carrying amounts of integral shareholdings accounted for using the equity method

Million €	Joint ventures		Associated companies	
	2025	2024	2025	2024
Carrying amounts according to the equity method as of the beginning of the year	1,798	1,842	600	212
Proportional income after taxes and other adjustments to income and expenses	66	120	-316	-117
Proportional changes in other comprehensive income	-109	-12	-8	9
Total comprehensive income	-43	108	-325	-109
Changes in the scope of consolidation	–	–	3	–
Additions	26	8	13	598
Disposals	–	–	-92	-80
Transfers	-107	-160	-127	-21
Carrying amounts according to the equity method as of the end of the year	1,674	1,798	72	600

Proportional changes in other comprehensive income included income and expense recognized directly in equity and related to currency effects as well as to changes in the market values of derivatives.

Changes in the scope of consolidation in 2025 resulted from the inclusion of Mingyang BASF New Energy (Zhanjiang) Co., Ltd., Xuwen, China, which was accounted for using the equity method for the first time. Although BASF holds only 10% of the company, extensive co-determination rights justify significant influence and thus its classification as an associated company.

Additions at joint ventures in 2025 resulted only from capital injections. The divestitures of Markor Meiou Chemical (Xinjiang) Co., Ltd., Korla, China, and Nordlicht Offshore Wind GmbH, Hamburg, Germany, as well as capital reductions at Yara Freeport LLC, Freeport, Texas, led to **disposals** at associated companies.

The additions in 2024 primarily involved the investment in the associated company Nordlicht Offshore Wind GmbH. The disposals in 2024 resulted mainly from capital reductions at the associated companies Shanghai Lianheng Isocyanate Co. Ltd., Shanghai, China as well as Markor Meiou Chemical (Xinjiang) Co., Ltd., and Yara Freeport LLC.

Transfers in both years primarily included dividend payments from the joint ventures Heesung Catalysts Corporation, Seoul, South Korea, Southeast Texas Pipelines LLC, Houston, Texas, BASF-YPC Company Ltd., N.E. Chemcat Corporation, Tokyo, Japan, and in 2025 additionally a dividend payment from the associated company BASF Huntsman Shanghai Isocyanate Investment B.V., Arnhem, Netherlands.

Additional information on the BASF-YPC Company Ltd. material integral investment accounted for using the equity method

Financial information on BASF-YPC Company Ltd., Nanjing, China (100%)

Million €	Dec. 31, 2025	Dec. 31, 2024
Balance sheet		
Noncurrent assets	824	846
Current assets	721	943
of which cash and cash equivalents	315	205
Assets	1,545	1,789
Equity	1,357	1,559
Noncurrent liabilities	1	1
of which financial indebtedness	–	–
Current liabilities	187	229
of which financial indebtedness	–	–
Total equity and liabilities	1,545	1,789
Statement of income	2025	2024
Sales revenue	2,014	2,627
Amortization/impairments and reversals of impairments	-125	-135
Interest income	4	5
Interest expenses	–	–
Income taxes	16	-19
Income after taxes and other adjustments to income and expenses	-48	55
Changes in other comprehensive income	-123	54

Reconciliation of the carrying amount of the shareholding in BASF-YPC Company Ltd.

Million €		2025	2024
BASF interest	%	50	50
Carrying amount as of the beginning of the year		780	746
Proportional income after taxes and other adjustments to income and expenses		-24	28
Proportional changes in other comprehensive income		-62	27
Dividends received		-16	-21
Carrying amount as of the end of the year		678	780

10.2 Non-integral companies accounted for using the equity method

Income from non-integral companies accounted for using the equity method

Million €	2025	2024
Proportional income after taxes	1,650	269
Other adjustments to income and expenses	-344	382
Income from non-integral companies accounted for using the equity method	1,306	651

The non-integral companies accounted for using the equity method are exclusively associated companies.

Stahl Lux 2 S.A., Luxembourg (BASF interest: 16.32%), and CIMO Compagnie industrielle de Monthey S.A., Monthey, Switzerland (BASF interest: 15.0%), are classified as associated companies because BASF is represented in the relevant boards and can thus exercise significant influence over the companies.

In both years, **income from non-integral companies accounted for using the equity method** primarily related to the shareholding in Wintershall Dea GmbH, Kassel, Germany. The increase in income after taxes of Wintershall Dea in 2025 resulted mainly from income for reimbursements under the German federal guarantees that exist for the shareholdings in Russia. In this context, the goodwill of €389 million included in the carrying amount was fully impaired, which is reported under other adjustments to income and expenses. In the previous year, this item included income of €390 million before taxes from the sale of Wintershall Dea's E&P business to Harbour Energy plc., London, United Kingdom.

As of December 31, 2025, Harbour Energy shares were quoted at £1.97 per share. The market value of BASF's stake in Harbour Energy was therefore €1,481 million as of the balance sheet date, while the carrying amount was approximately €1,941 million. For this reason, BASF conducted an impairment test on this investment. The determined value in use exceeded the carrying amount, so there was no need to recognize an impairment loss. In addition to assumptions regarding production and cost trends, the valuation was primarily impacted by expected oil and gas prices and discount rates. The latter ranged from 7.4% to 13.2%, depending on country risks. For the oil price (Brent crude), an increase of \$5 per barrel in each of the two subsequent years was assumed, starting from \$65 per barrel in 2026. For the natural gas price (TTF), however, a downward trend from around €30/MWh in 2026 to €25.6/MWh in 2028 was assumed. For the following years, prices were assumed to remain constant in real terms.

The value in use would have corresponded to the carrying amount if the discount rates had increased by 1 percentage point or if oil prices had decreased by 4% or gas prices by 10% over the entire planning period.

» For more information on Wintershall Dea and Harbour Energy, see Note 3 from page 318 onward and the "Annual Report & Accounts" of Harbour Energy plc.

Reconciliation of carrying amounts of non-integral associated companies accounted for using the equity method

Million €	Associated companies	
	2025	2024
Carrying amounts according to the equity method as of the beginning of the year	3,411	4,518
Proportional income after taxes and other adjustments to income and expenses	1,306	262
Proportional changes in other comprehensive income	-170	112
Total comprehensive income	1,136	373
Changes in the scope of consolidation and disposals	-35	-3,512
Additions	–	2,294
Transfers	-1,264	-262
Carrying amounts according to the equity method as of the end of the year	3,247	3,411

In 2025, **proportional changes in other comprehensive income** included positive changes in the fair value of derivatives as well as offsetting currency effects, primarily at Harbour Energy.

In 2024, changes in the fair value of derivatives and currency effects at Harbour Energy were also the main reason for changes in other comprehensive income. In addition, as a result of the sale of Wintershall Dea's E&P business to Harbour Energy, €43 million in currency effects and €2 million in changes in the fair value of derivatives were recognized as expenses in the disposal gain.

Changes in the scope of consolidation and disposals in 2025 resulted from the sale of shares under Harbour Energy's share buyback program. The company announced the launch of a share buyback program with a volume of up to \$100 million on August 7, 2025. BASF participated proportionally to its shareholding in this program during the year 2025, so its stake in Harbour Energy did not change significantly.

The changes in the scope of consolidation and disposals in 2024 particularly related to the disposal of the proportionate carrying amount of the shareholding in Wintershall Dea attributable to the E&P business sold to Harbour Energy.

The **additions** in the previous year included the shareholding in Harbour Energy at fair value plus directly attributable incidental acquisition costs.

Transfers mainly included dividend payments from Wintershall Dea in both years as well as from Harbour Energy in 2025.

Additional information on the Harbour Energy and Wintershall Dea material non-integral shareholdings accounted for using the equity method

At the time of the preparation of these Consolidated Financial Statements, detailed financial information for Harbour Energy's 2025 business year was not yet available. For further information, please see the annual financial statements of Harbour Energy, which are scheduled to be published on March 5, 2026.

Financial information on Harbour Energy plc, London, United Kingdom (100%)

Million €	Dec. 31, 2024
Balance sheet	
Noncurrent assets ^a	26,207
Current assets	3,498
of which cash and cash equivalents	775
Assets of disposal groups	267
of which cash and cash equivalents	11
Assets	29,972
Equity attributable to shareholders of Harbour Energy plc	5,150
Subordinate bonds issued by Harbour Energy	1,504
Equity	6,654
Noncurrent liabilities	17,914
of which financial indebtedness	4,057
Current liabilities	5,180
of which financial indebtedness	976
Liabilities of disposal groups	224
of which financial indebtedness	–
Total equity and liabilities	29,972
Statement of income	2024
Sales revenue	3,335
Depreciation and amortization/impairment and reversals of impairments	-1,325
Interest income	33
Interest expenses	-73
Income taxes	-849
Income after taxes and other adjustments to income and expenses	-151
Changes in other comprehensive income and other changes in equity	320

^a Goodwill from fair value adjustments is shown in the following table.

Reconciliation of the carrying amount of the shareholding in Harbour Energy

Million €		2025	2024
BASF's share of equity attributable to shareholders of Harbour Energy plc	%	39.59	39.59
Carrying amount of shareholding as of January 1, 2025 / September 3, 2024		2,361	2,294
of which proportional goodwill from fair value adjustments		529	498
Proportional income after taxes and other adjustments to income and expenses		-47	-60
Proportional changes in other comprehensive income and other changes in equity		-186	127
Disposals resulting from the share buyback program		-35	–
Dividends received		-151	–
Carrying amount as of the end of the year		1,941	2,361
of which proportional goodwill from fair value adjustments		468	529

The following table contains financial information on the Wintershall Dea material non-integral shareholding accounted for using the equity method, including adjustments for fair value made at initial recognition and the resulting effects on earnings.

Financial information on Wintershall Dea, Kassel, Germany (100%)

Million €	Dec. 31, 2025	Dec. 31, 2024
Balance sheet		
Noncurrent assets ^a	113	266
Current assets	2,348	1,403
of which cash and cash equivalents	1,436	1,186
Assets of disposal groups	70	2
of which cash and cash equivalents	–	–
Assets	2,531	1,671
Equity attributable to shareholders of Wintershall Dea GmbH ^b	1,455	562
Subordinate bonds issued by Wintershall Dea	–	–
Equity	1,455	562
Noncurrent liabilities	197	522
of which financial indebtedness	–	28
Current liabilities	879	587
of which financial indebtedness	210	246
Liabilities of disposal groups	3	–
of which financial indebtedness	–	–
Total equity and liabilities	2,531	1,671
Statement of income^c	2025	2024
Sales revenue	48	139
Depreciation and amortization/impairment and reversals of impairments	-641	39
Interest income	38	85
Interest expenses	-13	-20
Income taxes	-21	-44
Income after taxes and other adjustments to income and expenses from continuing operations	1,792	41
Income after taxes and other adjustments to income and expenses from discontinued operations	–	426 ^c
Changes in other comprehensive income	-26	-26

^a Goodwill resulting from fair value adjustments is shown in the following table.

^b Wintershall Dea AG until September 23, 2024

^c This does not include earnings from the spin-off recognized in Wintershall Dea's 2024 financial statements or the effects on earnings resulting from presentation of the assets and liabilities transferred to Harbour Energy as a disposal group (€4,420 million).

Reconciliation of the carrying amount of the shareholding in Wintershall Dea

Million €		2025	2024
BASF's share of equity attributable to shareholders of Wintershall Dea GmbH ^a	%	72.70	72.70
Carrying amount as of the beginning of the year		798	4,251
of which proportional goodwill from fair value adjustments		389	2,310
Disposal of the carrying amount attributable to the business sold to Harbour Energy		–	-2,956
Proportional income after taxes and other adjustments to income and expenses		1,302	340
Proportional changes in other comprehensive income		18	-19
Dividends received / capital repayments		-1,061	-818
Carrying amount as of the end of the year		1,058	798
of which proportional goodwill from fair value adjustments		–	389

^a Wintershall Dea AG until September 23, 2024

10.3 Other shareholdings and financial assets

Net income from other shareholdings

Million €	2025	2024
Dividends and similar income	41	35
Income from the disposal of / measurement at fair value of shareholdings	9	31
Income from profit transfer agreements / tax allocation to shareholdings	5	6
Income from other shareholdings	55	72
Expenses from loss transfer agreements	-22	-103
Losses from the disposal of / write-downs to fair value of shareholdings	-26	-18
Expenses from other shareholdings	-48	-121
Net income from other shareholdings	7	-49

Net income from other shareholdings in 2025 increased year on year by €56 million.

Carrying amounts of other financial assets

Million €	Dec. 31, 2025	Dec. 31, 2024
Other shareholdings	446	533
Long-term securities	609	632
Other financial assets	1,055	1,165

11 Financial result

Financial result

Million €	2025	2024
Interest income from cash and cash equivalents	306	337
Interest and dividend income from securities and loans	32	32
Interest income	338	369
Interest expenses	-893	-922
Interest result	-555	-553
Reversals of write-downs on / income from securities and loans	28	18
Income from the capitalization of borrowing costs	152	146
Interest income on income taxes	13	72
Miscellaneous financial income	42	29
Other financial income	235	264
Write-downs on / losses from securities and loans	-13	-7
Net interest expense from underfunded pension plans and similar obligations	-31	-89
Unwinding the discount on other noncurrent liabilities	-27	-18
Interest expenses on income taxes	-31	-7
Miscellaneous financial expenses	-79	-141
Other financial expenses	-180	-262
Other financial result	55	2
Financial result	-500	-551

Interest expenses declined primarily because of lower interest expenses for financial indebtedness.

The decrease in **interest income on income taxes** resulted from lower reversals of provisions for interest on taxes and lower tax credits.

The higher **miscellaneous financial income** resulted from a financial guarantee and the valuation of an option written as part of a divestiture.

The decrease in **miscellaneous financial expenses** was primarily due to lower expenses for financial guarantees and lower net expenses associated with the translation of loans and the measurement of the corresponding hedging instruments against interest and currency risks.

12 Income taxes

Accounting policies

In Germany, a uniform corporate income tax rate of 15.0% as well as a solidarity surcharge of 5.5% thereon are levied on all distributed and retained earnings. In addition to corporate income tax, income generated in Germany is subject to a trade tax. It varies depending on the municipality in which the company is represented. The weighted average tax rate was 14.7% in 2025 (previous year: 14.6%).

Following the enactment of the act for an immediate tax-based investment program to strengthen Germany as a business location in July 2025, the German corporate income tax rate will be reduced stepwise between 2028 and 2032 from the current level of 15% to 10% in 2032. This resulted in effects on deferred tax assets and liabilities in 2025. These effects were determined based on detailed tax planning or, where not available, on best-estimate assumptions, and constitute the primary component of the 'changes in the tax rate' line in the reconciliation. Earnings of foreign group entities are taxed at the applicable local tax rates.

Deferred taxes are recorded for temporary differences between the carrying amount of assets and liabilities in the financial statements according to IFRS and the carrying amounts for tax purposes as well as for tax loss carryforwards and unused tax credits. These also include temporary differences arising from business combinations, with the exception of goodwill. Deferred tax assets and liabilities are calculated using the respective country-specific tax rates applicable for the period in which the asset or liability is realized or settled. Tax rate changes enacted or substantively enacted on or before the balance sheet date are taken into consideration.

Deferred tax assets are offset against deferred tax liabilities provided they are related to the same taxation authority. Surpluses of deferred tax assets are only recognized provided the tax benefits are likely to be realized. The valuation of deferred tax assets is based on the assessment of the ability to utilize tax loss carryforwards and unused tax credits. This depends on whether future taxable profits will exist during the period in which temporary differences are reversed and in which tax loss carryforwards and unused tax credits can be claimed. The assessment of recoverability of deferred tax assets is based on internal projections of the future earnings of the particular taxable entity.

Changes in deferred taxes in the balance sheet are recorded as deferred tax expense or income unless the underlying transaction is recognized directly in equity or in income and expenses recognized in equity. For those effects which have been recognized in equity, changes to deferred tax assets and tax liabilities are also recognized directly in equity.

Deferred tax liabilities are recognized for differences between the proportional IFRS equity and the tax base of the investment in a consolidated subsidiary if a reversal of these differences is expected in the foreseeable future. Deferred tax liabilities are recognized for dividend distributions planned for the following year if these distributions lead to a reversal of temporary differences.

Provisions for German trade tax, corporate income tax and similar income taxes are calculated and recognized based on the expected taxable income of the consolidated companies less any prepayments that have been made. Provisions are set up for interest accrued. This interest is reported under other financial result, not tax expense. Other taxes to be assessed are considered accordingly.

IFRIC 23 clarifies the application of the recognition and measurement policies from IAS 12 when there is uncertainty regarding income tax-related treatment of individual transactions. They are accounted for with the assumption that tax authorities will examine the questionable transaction and have all relevant information. The amount of risk provisions is calculated and reviewed with consideration for the results of past tax audits as well as the legal assessment of not yet audited transactions and the risk of a deviating

tax-related interpretation by the tax authorities. The most probable value of the individual risks is recognized.

BASF falls within the scope of the OECD Pillar Two Model Rules. The relevant Pillar Two legislation has been enacted and is in effect in Germany and in other jurisdictions in which BASF operates.

BASF applies the exception in IAS 12 whereby no deferred tax assets or liabilities are recognized in connection with Pillar Two income taxes under the OECD Model Rules; nor are any disclosures regarding the matter provided.

Tax expense and tax rate

The BASF Group tax rate amounted to 37.1% in 2025 and 30.8% in the previous year. In both years, the tax rate was impacted by the nonrecognition of deferred tax assets, especially in Germany.

The application of the Pillar Two legislation resulted in an additional expense of €18 million (previous year: €22 million), which was included in income taxes.

The tax effects of various underlying matters are presented in the following reconciliation of income taxes and the effective tax rate. An expected tax rate of 30% is continued to be assumed, as the overall tax rate applicable for 2025 remains unchanged.

Tax expense

Million €	2025	2024
Current tax expense	1,202	940
Corporate income tax, solidarity surcharge and trade taxes (Germany)	23	24
Foreign income tax	1,083	1,001
Taxes for prior years	96	-85
Deferred tax expense (+) / income (-)	-295	-367
from changes in temporary differences	21	-284
from changes in tax loss carryforwards/unused tax credits	-27	34
from changes in the tax rate	-131	5
from the adjustment of valuation allowances for deferred tax assets	-158	-122
Income taxes	907	573

Reconciliation of income taxes and the effective tax rate

	2025		2024	
	Million €	%	Million €	%
Income before income taxes	2,447		1,861	
Expected tax based on German tax rate (30%)	733	30.0	558	30.0
Foreign tax rate differential	-155	-6.3	-233	-12.5
Tax-exempt income	-206	-8.4	-226	-12.1
Nondeductible expenses	414	16.9	331	17.8
Income of companies accounted for using the equity method (income after taxes)	-315	-12.9	-196	-10.5
Taxes for prior years (current and deferred taxes)	88	3.6	-62	-3.3
Deferred tax liabilities for the future reversal of temporary differences associated with shares in participating interests	-6	-0.2	-30	-1.6
Changes in the tax rate	-131	-5.4	5	0.3
Nonrecognition / changes in valuation allowances for deferred tax assets	452	18.5	358	19.2
Other	33	1.3	67	3.6
Income taxes / effective tax rate	907	37.1	573	30.8

Deferred taxes

Deferred taxes are shown in the following table based on the corresponding balance sheet items.

Deferred tax assets and liabilities 2025

Million €	Jan. 1, 2025, net	Effects recognized in income	Effects recognized in equity (OCI)	Business combinations	Other	Dec. 31, 2025, net	Deferred tax assets	Deferred tax liabilities
Intangible assets	-522	7	-8	-3	99	-427	136	-563
Property, plant and equipment	-1,384	170	91	-5	60	-1,068	173	-1,241
Financial assets	2	3	5	-	-34	-24	13	-38
Inventories and accounts receivable	-491	228	11	-	2	-250	227	-477
Provisions for pensions and similar obligations	688	-170	-335	-2	-21	160	248	-88
Other provisions and liabilities	1,064	-110	-98	7	-22	841	1,189	-348
Tax loss carryforwards	205	166	-9	-	-5	357	357	-
Other	7	2	-6	-	-1	2	48	-45
Deferred tax assets (liabilities) before netting	-430	296	-349	-3	78	-408	2,391	-2,800
Netting	-	-	-	-	-	-	-1,847	1,847
Deferred tax assets (liabilities) after netting	-430	296	-349	-3	78	-408	544	-953

Deferred tax assets and liabilities 2024

Million €	Jan. 1, 2024, net	Effects recog- nized in income	Effects recog- nized in equity (OCI)	Business combina- tions	Other	Dec. 31, 2024, net	Deferred tax assets	Deferred tax liabilities
Intangible assets	-678	128	7	-1	22	-522	193	-715
Property, plant and equipment	-1,363	40	-64	2	1	-1,384	172	-1,556
Financial assets	18	-3	-6	-	-6	2	12	-10
Inventories and accounts receivable	-602	121	-15	1	4	-491	330	-821
Provisions for pensions and similar obligations	862	39	-213	-1	1	688	856	-168
Other provisions and liabilities	1,122	-13	-49	-	4	1,064	1,368	-304
Tax loss carryforwards	163	56	-18	-	4	205	205	-
Other	-44	-1	49	-	3	7	53	-46
Deferred tax assets (liabilities) before netting	-522	367	-309	1	33	-430	3,189	-3,620
Netting	-	-	-	-	-	-	-2,615	2,615
Deferred tax assets (liabilities) after netting	-522	367	-309	1	33	-430	574	-1,005

Deferred tax assets on deductible temporary differences in the amount of €627 million (previous year: €694 million) were not recognized in 2025, as their utilization at reversal was not reasonably certain.

No deferred tax liabilities on income or withholding taxes were recognized for temporary differences from undistributed earnings of subsidiaries as these earnings are either not subject to taxation on payout or are expected to be reinvested for an indefinite period of time. The deferred tax liabilities not recognized in this context amounted to €111 million in 2025 (previous year: €156 million).

Tax loss carryforwards

The table below presents the expiration of tax loss carryforwards for which no deferred tax assets were recognized.

Expiration of tax loss carryforwards for which no deferred taxes have been recognized

Million €	2025	2024
Within one year	3	2
Within two to five years	129	327
After five years (including non-expiring tax loss carryforwards)	14,719	11,496
Tax loss carryforwards	14,851	11,825
of which German income tax	6,367	5,046
of which German trade tax	6,518	5,251
of which interest carryforward from the German interest barrier	718	482
of which foreign income tax	1,087	672

Net surpluses of deferred tax assets for companies that reported tax losses in 2025 or 2024 totaled €125 million as of December 31, 2025 (previous year: €104 million). Deferred tax assets were recognized because, due to planned earnings, the use of temporary differences or loss carryforwards is expected.

Income tax liabilities

Income tax liabilities include assessed income taxes as well as estimated income taxes not yet assessed for the current year.

Contingent liabilities related to income taxes amounted to €88 million (previous year: €89 million).

13 Noncontrolling interests

Noncontrolling interests in profits and losses

Million €	2025	2024
Noncontrolling interests in profits	144	199
Noncontrolling interests in losses	-38	-44
Total	107	155

Noncontrolling interests in profits decreased versus the prior year, in particular due to a lower earnings contribution from BASF TotalEnergies Petrochemicals LLC, Houston, Texas, which also generated the largest share of noncontrolling interests in profits. In each of the years 2025 and 2024, noncontrolling interests in profits included €21 million from the discontinued coatings business.

Income and expenses recognized in equity that were attributable to noncontrolling interests totaled -€134 million in 2025 and €54 million in 2024. These effects mainly resulted from currency translation in both years.

Noncontrolling interests

Group company	Partner	December 31, 2025		December 31, 2024	
		Equity interest		Equity interest	
		%	Million €	%	Million €
BASF India Limited, Mumbai, India	Free float	26.67	99	26.67	110
BASF PETRONAS Chemicals Sdn. Bhd., Kuala Lumpur, Malaysia	PETRONAS Chemicals Group Berhad, Kuala Lumpur, Malaysia	40.00	180	40.00	214
BASF Shanghai Coatings Co., Ltd., Shanghai, China	Shanghai Huayi Fine Chemical Co., Ltd, Shanghai, China	40.00	106	40.00	129
BASF Shanshan Battery Materials Co., Ltd., Changsha, China	Ningbo Yongxiang Investment Co., Ltd., Ningbo, China	49.00	241	49.00	275
BASF TODA Battery Materials LLC, Yamaguchi, Japan	TODA KOGYO CORP., Hiroshima, Japan	34.00	25	34.00	33
BASF TotalEnergies Petrochemicals LLC, Houston, Texas	TotalEnergies Petrochemicals & Refining USA, Inc., Houston, Texas	40.00	249	40.00	240
Shanghai BASF Polyurethane Company Ltd., Shanghai, China	Shanghai Huayi Holdings Group Co., Ltd, Shanghai, China, and SINOPEC Shanghai Gaoqiao Petrochemical Company Limited, Shanghai, China	30.00	116	30.00	128
Other			127		154
Total			1,143		1,284

14 Fixed assets

Accounting policies

Intangible assets

Goodwill is only written down in the case of an impairment. Impairment testing for goodwill is performed once a year and whenever there is an indication of impairment. Goodwill impairments are not reversed.

Acquired intangible assets (excluding goodwill) with defined useful lives are generally measured at cost less straight-line amortization and impairments. The useful life is determined using the period of the underlying contract or the period of time over which the intangible asset can be expected to be used.

Intangible assets with indefinite useful lives are mainly trade names and trademarks that have been acquired as part of acquisitions. These are measured at cost and tested for impairment annually or when there is an indication that their value has declined.

Internally generated intangible assets primarily comprise internally developed software. Such software and other internally generated intangible assets are measured at cost and amortized over their estimated useful lives. Impairments are recognized if the carrying amount of an asset exceeds the recoverable amount. In addition to those costs directly attributable to the asset, costs of internally generated intangible assets also include an appropriate portion of overhead costs.

The expected useful lives and amortization methods of intangible assets are based on historical values, plans and estimates and are reviewed on each balance sheet date.

Depending on the type of intangible asset, amortization is reported under cost of sales, selling expenses, research and development expenses or other operating expenses.

Property, plant and equipment

Property, plant and equipment are measured at cost less scheduled depreciation over their useful lives and impairment. The revaluation method is not applied. Low-value assets are fully expensed in the year of acquisition.

The cost of self-constructed plants includes direct costs, appropriate allocations of material and production overhead costs, and a share of the general administrative costs of the divisions involved in the construction of the plants.

Expenditures related to the scheduled maintenance of large-scale plants are capitalized separately and depreciated using the straight-line method over the period until the next planned turnaround. Costs for the replacement of components are recognized as assets if an additional future benefit is expected. The carrying amount of the replaced components is derecognized. Costs for maintenance and repair as part of normal business operations are recognized as an expense.

Investment properties held to realize capital gains or rental income are immaterial. They are valued at the lower of fair value or cost less depreciation.

The estimated useful lives and depreciation methods of property, plant and equipment are based on historical values, plans and estimates. The depreciation methods, useful lives and residual values are reviewed at each balance sheet date. Movable and immovable property, plant and equipment are principally depreciated using the straight-line method.

Borrowing costs: If borrowing costs are directly incurred as part of the acquisition, construction or production of a qualifying asset, they are capitalized as part of the acquisition or production cost of that asset. A qualifying asset is an asset for which the process necessary to make it ready for its intended use or sale is longer than one year. Borrowing costs are capitalized up to the date the asset is ready for its

intended use. Borrowing costs were calculated based on a rate of 2.25% (previous year: 2.25%). All other borrowing costs are recognized as an expense in the period in which they are incurred.

Government grants: Government grants for the acquisition or construction of property, plant and equipment reduce the acquisition or construction cost of the respective assets (net method). Other government grants or government assistance are recognized immediately as other operating income or treated as deferred income and released over the underlying period.

Impairment tests

Impairment tests are carried out on intangible assets, property, plant and equipment, and goodwill whenever certain triggering events indicate potential impairment. External triggering events include, for example, changes in customer industries or technologies used, economic downturns, or expected impacts from climate change. Internal triggering events for an impairment test include lower product profitability, planned restructuring measures or physical damage to assets. In addition, goodwill and intangible fixed assets with an indefinite useful life are tested for impairment annually.

Impairment tests entail a comparison of the carrying amount and the recoverable amount. The recoverable amount is the higher of fair value less costs to sell and the value in use. As a rule, value in use is determined using the discounted cash flow method. The estimation of cash flows and the assumptions used consider all information available on the respective balance sheet date about the future development of the operating business. Actual future developments may vary. Impairment testing relies upon the cash-generating unit's long-term earnings forecasts, which are based on macroeconomic trends.

The weighted average cost of capital (WACC) after taxes based on the capital asset pricing model, which is used in calculating the discount for cash flows, plays an important role in impairment testing. It comprises a risk-free interest rate, the market risk premium and an industry-specific spread for the credit risk. Additional important parameters are the detailed planning period and, if applicable, the terminal growth rates used.

An impairment of assets (excluding goodwill) is recognized if the recoverable amount of the asset is lower than the carrying amount. An impairment is recognized for the difference between the carrying amount and the recoverable amount. If the reasons for impairment of an asset (excluding goodwill) no longer exist, the write-downs are reversed up to the value of the asset, had an impairment not been recognized. Impairments and reversals of impairments are reported in other operating income and expenses.

The **goodwill impairment test** is based on cash-generating units or groups of cash-generating units. At BASF, these correspond to the divisions. If there is a need for impairment, the existing goodwill is, if necessary, completely written off as a first step. Any additional impairment is then allocated to the remaining assets of the cash-generating unit in proportion to their carrying amounts. Goodwill impairments are reported under other operating expenses.

The respective recoverable amounts were generally determined using the value in use. Plans approved by company management and their respective cash flows for the next five years were used.

A terminal value was calculated for the subsequent period using a forward projection from the last detailed planning year as a perpetual annuity. Planning is based on experience, current performance and management's best possible estimates on the future development of individual parameters. These include sales revenue (excluding precious metals), contribution margins, fixed costs and investments from which income from operations before depreciation and amortization and, based on this, the EBITDA margin are determined. Market assumptions regarding, for example, natural gas and raw materials prices, exchange rates, economic development, inflation expectations and market growth of the

respective customer industries are included based on external macroeconomic and industry-specific sources.

In addition, planning is also based on the strategies of the individual strategic business units and divisions which comprise the respective cash-generating units. The digitalization and sustainability trends identified in the strategies are thus taken into account in the respective impairment tests (for more information on strategy and identified digitalization and sustainability trends, see from page [15](#) and from page [25](#) onward in the Combined Management's Report).

14.1 Explanation of intangible assets

The weighted average amortization periods of intangible assets were as follows:

Weighted average amortization in years

	2025	2024
Distribution and similar rights	14	14
Product rights, licenses and trademarks	18	19
Know-how, patents and production technologies	17	15
Internally generated intangible assets	10	8
Other rights and values	6	7

The following table shows the development of intangible assets.

Development of intangible assets 2025

Million €	Distribution and similar rights	Product rights, licenses and trademarks	Know-how, patents and production technologies	Internally generated intangible assets	Other rights and values ^a	Goodwill	Total
Cost							
As of January 1, 2025	1,973	1,319	4,346	317	785	8,510	17,249
Changes in the scope of consolidation	–	–	–	–	-1	–	-1
Additions	-1	3	43	63	14	–	122
Disposals	-80	-17	-476	-35	-122	–	-729
Transfers	2	–	-69	8	26	–	-33
Transfers to disposal groups	-972	-44	-125	-53	-31	-1,416	-2,642
Currency effects	-135	-65	-243	-1	-14	-541	-998
As of December 31, 2025	787	1,196	3,475	300	657	6,553	12,968
Accumulated amortization							
As of January 1, 2025	1,190	368	2,021	217	681	789	5,267
Changes in the scope of consolidation	–	–	–	–	-1	–	-1
Additions	107	61	224	39	45	–	476
of which impairments	–	–	8	7	–	–	15
Disposals	-80	-17	-476	-35	-119	–	-726
Transfers	–	–	-2	1	–	–	0
Transfers to disposal groups	-567	-15	-106	-38	-13	-743	-1,482
Currency effects	-85	-15	-102	-1	-9	-46	-258
As of December 31, 2025	565	383	1,560	184	584	–	3,275
Net carrying amount as of December 31, 2025	222	813	1,915	116	73	6,553	9,692

^a Including licenses to such rights and values

Additions in 2025 related primarily to internally developed software in the Agricultural Solutions segment and not allocated to a segment, as well as production technologies in the Surface Technologies segment.

Disposals of intangible assets with a gross carrying amount of €729 million primarily concerned fully amortized assets.

The **transfers to disposal groups** related to the intangible assets of the coatings business as well as the Brazilian decorative paints business.

Currency effects reduced intangible assets by €740 million and resulted primarily from the devaluation of the U.S. dollar against the euro.

In 2025, additions to **accumulated amortization** contained impairments of €15 million. These related mainly to know-how and production technologies in the Agricultural Solutions segment and not allocated to a segment, as well as internally generated intangible assets not allocated to a segment.

Development of intangible assets 2024

Million €	Distribution and similar rights	Product rights, licenses and trademarks	Know-how, patents and production technologies	Internally generated intangible assets	Other rights and values ^a	Goodwill	Total
Cost							
As of January 1, 2024	2,244	1,309	4,296	323	898	8,269	17,338
Changes in the scope of consolidation	1	–	–	–	–	–	1
Additions	–	2	72	44	14	–	132
Additions from acquisitions	–	–	1	–	–	–	1
Disposals	-226	-21	-102	-41	-148	-4	-541
Transfers	1	–	-9	-10	17	–	-1
Transfers to disposal groups	-86	-4	-40	–	–	-5	-135
Currency effects	40	33	128	1	4	250	455
As of December 31, 2024	1,973	1,319	4,346	317	785	8,510	17,249
Accumulated amortization							
As of January 1, 2024	1,303	319	1,770	196	765	769	5,122
Changes in the scope of consolidation	1	–	–	–	–	–	1
Additions	156	67	333	61	53	–	670
of which impairments	1	5	60	20	1	–	87
Disposals	-226	-21	-104	-41	-139	–	-531
Transfers	–	–	–	–	–	–	–
Transfers to disposal groups	-71	-4	-35	–	–	–	-110
Currency effects	27	7	57	–	3	20	114
As of December 31, 2024	1,190	368	2,021	217	681	789	5,267
Net carrying amount as of December 31, 2024	783	950	2,325	101	103	7,721	11,983

^a Including licenses to such rights and values

In both years, BASF's **goodwill** was allocated to 20 cash-generating units, which are defined either on the basis of business units or at a higher level.

In the 2025 business year, the goodwill of the Coatings division was assigned to disposal groups. The portion of goodwill attributable to the decorative paints business was derecognized upon closing of the transaction on October 1, 2025. For the remaining portion, an impairment test was performed in the third quarter of 2025 in connection with the announced transaction with Carlyle, prior to the reclassification into the disposal group. This test was based on fair value less costs of disposal (Level 2 fair value measurement).

As of January 1, 2025, the Catalysts division within the Surface Technologies segment was dissolved. It previously comprised the cash-generating units Battery Materials and Catalysts excluding Battery Materials. The battery materials business has since been operated as a stand-alone division with its corresponding cash-generating unit remaining unchanged. The chemical and refinery catalysts business, formerly part of the Catalysts excluding Battery Materials unit, was reassigned to the Performance Chemicals division and its corresponding cash-generating unit within the Industrial Solutions segment. Upon the transfer of the chemical and refinery catalysts business, the perpetual growth rate applied to the Performance Chemicals division was adjusted from 2.0% in the previous year to 1.0% in 2025. The remaining business of the former cash-generating unit Catalysts excluding Battery Materials is continued as an independent division named Environmental Catalyst and Metal Solutions (ECMS) within the Surface Technologies segment. The goodwill of the Catalysts excluding Battery Materials unit was allocated to the two receiving units proportionate to their respective fair values.

For the impairment test of the Battery Materials cash-generating unit, the recoverable amount was determined in 2024 and 2025 based on fair value less costs of disposal. Due to the parameters applied, this represents a Level 3 fair value measurement. This amount exceeded the unit's value in use. The detailed planning period covered 10 years to adequately reflect expected market developments. Demand for electric vehicles and the related battery materials is expected to be delayed over the coming years; however, medium-term demand for battery materials is projected to increase.

The ongoing transformation of the automotive industry is expected to have a substantial impact on the emissions catalysts business, which is allocated to the ECMS cash-generating unit. The transition from combustion engines to electromobility will lead to a continuous medium- to long-term decline in demand. However, as the pace of electrification in Europe and North America has been slower than previously anticipated, a delayed decline is projected compared with the prior year, resulting in adjusted planning assumptions. In this context, the perpetual growth rate has been adjusted from -4.7% in the previous year to -2.4% in 2025. At the same time, due to stricter environmental regulations, demand for catalysts is expected to remain stable over the detailed planning period.

As a result of geopolitical conflicts, increased intra-year volatility in natural gas and raw material prices is anticipated. Despite this, average prices for natural gas are projected to decline slightly over the detailed planning period. For other raw materials, a modest short-term decrease is anticipated, followed by an increase in prices toward the end of the detailed planning period. These trends, together with broader macroeconomic developments, such as easing inflation in certain industrialized economies, are reflected in future business expectations.

The perpetual growth rate for the cash-generating unit Agricultural Solutions in the corresponding segment was reduced from 2.0% in the previous year to 1.4% in 2025, reflecting adjusted expectations.

Goodwill of cash-generating units or groups of cash-generating units

Million €	2025			2024		
Cash-generating unit or group of cash-generating units	Goodwill	Weighted cost of capital after taxes	Growth rate ^a	Goodwill	Weighted cost of capital after taxes	Growth rate ^a
Agricultural Solutions division	3,116	6.74%	1.40%	3,341	6.30%	2.00%
Environmental Catalyst and Metal Solutions division	751	7.84%	-2.40%	747	7.57%	-4.70%
Battery Materials division	302	7.85%	2.00%	330	7.57%	2.00%
Care Chemicals division	631	6.68%	2.00%	677	6.64%	2.00%
Coatings division	–	–	–	723	7.57%	2.00%
Performance Chemicals division	847	6.50%	1.00%	946	6.84%	2.00%
Petrochemicals division	177	6.23%	2.00%	200	7.08%	2.00%
Other cash-generating units	729	5.96% –6.77%	0.00% –2.00%	757	6.64% –7.08%	0.00% –2.00%
Goodwill as of December 31	6,553			7,721		

^a Growth rates used in impairment tests to determine terminal values in accordance with IAS 36

The annual impairment tests of the 14 cash-generating units or groups of cash-generating units were performed, with the exception of the units in the Coatings division, as of December 31, 2025. The calculation also takes into account capital structure and the beta factor of the respective peer group as well as the average tax rate of each cash-generating unit. Impairment tests were performed on the units assuming a weighted average cost of capital rate after taxes of between 5.96% and 7.85% (previous year: between 6.30% and 7.57%). This corresponds to a weighted average cost of capital rate before taxes of between 7.26% and 11.68% (previous year: between 7.74% and 10.19%).

After determining the recoverable amounts of the cash-generating units, an analysis was performed to assess whether possible changes in key assumptions could cause the carrying amount of any unit to exceed its recoverable amount. For all units except the Petrochemicals division, which is part of the Chemicals segment, such changes would not result in carrying amounts exceeding their respective recoverable amounts.

For the annual impairment test of the goodwill of the Petrochemicals division, a post-tax weighted average cost of capital of 6.23% (prior year: 7.08%) and an EBITDA margin for the final year of the detailed planning period of 11.23% (prior year: 12.19%) were applied to determine the terminal value. The recoverable amount of this unit exceeded its carrying amount by €2,802 million. The recoverable amount would equal the unit's carrying amount if the EBITDA margin of the final detailed planning year used to determine the terminal value were reduced by 1.41 percentage points.

14.2 Explanation of property, plant and equipment

The weighted average depreciation periods were as follows:

Weighted average depreciation in years

	2025	2024
Buildings and structural installations	19	18
Machinery and technical equipment	12	10
Miscellaneous equipment and fixtures	6	7

The following table shows the development of property, plant and equipment including right-of-use assets recognized by BASF as lessee (for more information on leases, see Note 15 from page [364](#) onward).

Development of property, plant and equipment including right-of-use assets arising from leases in 2025

Million €	Land	Right-of-use land	Buildings	Right-of-use buildings	Machinery and technical equipment	Right-of-use machinery and technical equipment	Miscellaneous equipment and fixtures	Right-of-use miscellaneous equipment and fixtures	Advance payments and construction in progress	Total
Cost										
As of January 1, 2025	883	720	12,753	1,207	51,849	834	5,461	1,208	9,712	84,627
Changes in the scope of consolidation	-6	–	-31	7	-121	–	-9	-4	-24	-187
Additions	2	44	304	60	1,414	178	211	195	2,153	4,562
Additions from acquisitions	15	–	15	–	52	–	3	3	14	103
Disposals	-9	-2	-82	-67	-1,670	-39	-239	-164	-88	-2,360
Transfers	7	–	1,350	2	4,088	–	214	–	-5,620	42
Transfers to disposal groups	-104	-36	-741	-71	-1,283	-1	-309	-50	-146	-2,740
Currency effects	-49	-47	-550	-57	-2,315	-62	-237	-49	-642	-4,009
As of December 31, 2025	740	679	13,018	1,082	52,015	909	5,096	1,140	5,360	80,039
Accumulated depreciation										
As of January 1, 2025	52	179	8,194	632	42,546	544	4,331	664	288	57,430
Changes in the scope of consolidation	–	–	-10	4	-61	–	-5	-2	–	-74
Additions	1	21	416	122	2,385	134	340	189	77	3,687
of which impairments	–	–	20	8	248	39	9	5	75	405
Disposals	-1	-2	-78	-58	-1,659	-38	-234	-151	-58	-2,279
Transfers	–	–	24	2	7	–	–	–	-23	10
Transfers to disposal groups	-2	-12	-449	-39	-923	-1	-246	-26	-1	-1,699
Currency effects	-3	-12	-315	-32	-1,828	-40	-181	-27	-2	-2,440
As of December 31, 2025	47	174	7,783	631	40,468	599	4,005	647	281	54,634
Net carrying amount as of December 31, 2025	694	505	5,235	451	11,547	310	1,092	493	5,079	25,405

Additions to property, plant and equipment arising from investment projects (excluding leases) amounted to €4,085 million in 2025 (previous year: €6,078 million). Material investments included the development of infrastructure and technical equipment at the new Verbund site in Zhanjiang, China, as well as modification and capacity expansion of the MDI plant in Geismar, Louisiana. Further investments included construction of the menthol and linalool plants and modification of the acid chloride and chloroformate plant in Ludwigshafen as well as various modernization and expansion projects at the site in Antwerp, Belgium.

Government grants for funding investment measures reduced asset additions by €78 million (previous year: €73 million).

In 2025, **accumulated depreciation** included impairments in the amount of €414 million (previous year: €694 million) and reversals of impairments in the amount of €9 million (previous year: €5 million).

A full impairment of €155 million for a plant at a production site in North America was recognized in the Chemicals segment. The impairment was due to a disadvantageous cost position globally as well as reduced product price expectations. The impairment affected all of the fixed asset classes. Further impairments of €33 million were recognized for technical equipment at the production site in Ludwigshafen in connection with plant closures. The impairments affected in particular the segments Chemicals, Materials and Nutrition & Care. Furthermore, impairments were recognized for buildings, machinery and technical equipment as well as miscellaneous equipment and fixtures at two sites in Asia. Due to cessation of the production of certain mobile emissions catalysts, a plant with a carrying amount of €33 million in the Surface Technologies segment was fully written off. A further full impairment of €20 million was recognized in the Industrial Solutions segment in response to increasingly weaker demand.

Impairments to construction in progress in the amount of €34 million related to discontinued investment projects.

Transfers comprised mainly the reclassification of operation-ready assets from construction in progress to other asset categories.

Transfers to disposal groups related to the Brazilian decorative paints business divested as of October 1 and the discontinued coatings business.

Currency effects reduced property, plant and equipment by €1,569 million and resulted primarily from devaluation of the U.S. dollar and the Chinese renminbi against the euro.

Development of property, plant and equipment including right-of-use assets arising from leases in 2024

Million €	Land	Right-of-use land	Buildings	Right-of-use buildings	Machinery and technical equipment	Right-of-use machinery and technical equipment	Miscellaneous equipment and fixtures	Right-of-use miscellaneous equipment and fixtures	Advance payments and construction in progress	Total
Cost										
As of January 1, 2024	878	695	12,136	1,129	49,184	759	5,291	1,112	6,701	77,884
Changes in the scope of consolidation	–	–	–	–	1	–	–	–	–	2
Additions	14	23	166	125	771	72	213	208	4,914	6,506
Additions from acquisitions	–	7	40	–	137	1	4	–	–	188
Disposals	-7	-22	-104	-64	-510	-13	-276	-121	-62	-1,180
Transfers	2	–	410	–	1,505	–	163	-1	-2,072	7
Transfers to disposal groups	-11	-1	-54	–	-111	-3	-12	–	-3	-195
Currency effects	7	18	160	17	873	19	80	9	234	1,416
As of December 31, 2024	883	720	12,753	1,207	51,849	834	5,461	1,208	9,712	84,627
Accumulated depreciation										
As of January 1, 2024	49	173	7,665	544	39,936	453	4,138	586	260	53,804
Changes in the scope of consolidation	–	–	–	–	1	–	–	–	–	1
Additions	2	24	547	127	2,504	95	381	191	107	3,978
of which impairments	1	2	162	3	388	1	26	–	108	689
Disposals	–	-22	-98	-47	-499	-12	-249	-115	-60	-1,103
Transfers	–	–	4	–	6	–	7	-1	-19	-3
Transfers to disposal groups	–	–	-25	–	-90	-2	-10	–	–	-127
Currency effects	2	4	102	7	688	10	63	4	–	879
As of December 31, 2024	52	179	8,194	632	42,546	544	4,331	664	288	57,430
Net carrying amount as of December 31, 2024	832	541	4,558	575	9,303	290	1,131	544	9,424	27,197

15 Leases

Accounting policies

A lease is an agreement that conveys the right to control the use of an identified asset for a defined period of time in return for a payment.

Leases can be embedded within other contracts. If separation is required under IFRS, the embedded lease is recorded separately from its host contract and each component of the contract is accounted and measured in accordance with the applicable regulations.

Leases in which BASF is a lessee mainly relate to real estate, transportation and technical equipment.

As lessee, BASF accounts for all leases, recognizing right-of-use assets for leased assets and liabilities for lease agreements subject to the following principles:

- BASF exercises the exemption for lease agreements with a maximum term of 12 months from the date of provision and low-value assets. Low-value assets are generally defined as leased assets worth a maximum of €5,000.
- Lease liabilities are measured at the present value of the remaining lease payments, taking into account the incremental borrowing rate.
- As a general rule, BASF separates non-lease components, such as services, from lease payments.
- A right-of-use asset is generally recognized at the same amount as the lease liability. Differences may arise from the lease payments made prior to the provision of the leased asset, less any lease incentives received.
- After capitalization, the right-of-use asset is generally depreciated over the lease term using the straight-line method.
- A number of leases, particularly for real estate and barges, include extension and termination options. Extension and termination options are taken into account on recognition of the lease liability only if BASF is reasonably certain that these options will be exercised in the future. When contract terms are being determined, consideration is given to all facts and circumstances that offer an economic incentive for exercising extension options or not exercising termination options. Changes in lease terms arising from the exercise of an extension option or non-exercise of a termination option are only considered if sufficient certainty exists. Estimates and expectations which are asserted at the commencement date of the lease liability and the right-of-use asset and pertain to future payments not yet determined on the date of provision are assessed continuously during the lease term. If subsequently improved or changed knowledge influences the expected payment profile over time, the lease liability is remeasured.
- If an existing lease contract is modified, the lease liability and right-of-use asset must be remeasured, provided the modification changes the payment profile (pursuant to the interest and principal plan) or the scope (either quantitatively or time-related) of use of the asset.

Explanation of leases

BASF as lessee

Lease liabilities

Million €	December 31, 2025			December 31, 2024		
	Lease liabilities	Interest portion	Future lease payments	Lease liabilities	Interest portion	Future lease payments
Following year 1	358	53	412	340	53	393
Following year 2	257	43	300	253	44	297
Following year 3	187	35	221	183	39	222
Following year 4	130	29	159	143	32	175
Following year 5	97	25	122	107	27	134
Over 5 years	580	156	736	638	174	812
Total	1,608	341	1,950	1,664	369	2,033

As of December 31, 2025, the lease liabilities contained €55 million lease liabilities of the discontinued coatings operations.

Expenses and income in the statement of income from leases for BASF as lessee

Million €	2025	2024
Interest expenses for lease liabilities	-61	-66
Expenses for variable lease payments not included in the measurement of lease liabilities	-8	-8
Income from sublease agreements	5	4
Expenses for short-term leases	-150	-157
Expenses for leases of low-value assets	-27	-36
Total	-241	-263

There were no significant sale and leaseback transactions in 2025 or 2024.

BASF as lessor

BASF acts as a lessor for finance leases to a minor extent only. Receivables on finance leases were €29 million in 2025 (previous year: €31 million). The leased assets pertained primarily to buildings and production facilities.

Claims arising from operating leases amounted to €218 million in 2025 (previous year: €243 million). As in the previous year, there were no material operating leases for property, plant and equipment.

Future lease payments to BASF from operating lease contracts

Million €	December 31, 2025	December 31, 2024
Following year 1	44	46
Following year 2	35	38
Following year 3	34	37
Following year 4	33	36
Following year 5	31	36
Over 5 years	41	50
Total	218	243

Income from leases for BASF as lessor

Million €	2025	2024
Income from finance leases	1	2
of which financial income from net investments	1	2
Income from operating leases	45	46
Total	46	48

16 Inventories

Accounting policies

Inventories are measured at acquisition cost or cost of conversion based on the weighted average method. If the sales products' market price or fair value based on net realizable value is lower, the sales products are written down to this lower value. The net realizable value is the estimated price in the ordinary course of business less the estimated costs of completion and the estimated selling costs. Inventories may be impaired if the prices of the sales products decline, or in cases of a high rate of days sales of inventory (DSI). Write-downs on inventories are reversed if the reasons for them no longer apply.

In addition to direct costs, cost of conversion includes an appropriate allocation of production overhead costs based on normal utilization rates of the production plants, provided they are related to the production process. Pensions, social services and voluntary social benefits are also included, as well as allocations for administrative costs, provided they relate to the production. Borrowing costs are not included in cost of conversion.

Inventories held for the purpose of precious metals trading are measured at fair value less costs to sell, and are recognized in the precious metal trading item under miscellaneous current assets. All changes in value are immediately recognized in the statement of income. The fair values of precious metal trading inventories are primarily classified as Level 1 fair values.

Explanation of inventories

Inventories

Million €	December 31, 2025	December 31, 2024
Raw materials and factory supplies	4,201	4,602
Work in progress, finished goods and merchandise	7,857	8,980
Advance payments and services in progress	110	99
Inventories	12,168	13,681

Work in progress, finished goods and merchandise are combined into one item due to production conditions in the chemical industry. Services in progress mainly relate to services not invoiced as of the balance sheet date.

Cost of sales included inventories recognized as an expense amounting to €31,384 million in 2025, and €32,124 million in 2024.

Write-downs on inventory were recognized in the amount of €9 million in 2025, whereas reversals of write-downs on inventory in the amount of €54 million were recognized in 2024. Climate-related risks, as described in Note 1.4 from page [314](#) onward, did not result in any additional write-downs in either year.

17 Receivables and miscellaneous assets

Other receivables and miscellaneous assets

Million €	December 31, 2025		December 31, 2024	
	Noncurrent	Current	Noncurrent	Current
Loans and interest receivables	20	138	52	119
Derivatives with positive fair values	347	207	395	555
Receivables from finance leases	27	2	29	2
Receivables from capital equipment of nonconsolidated subsidiaries	42	80	42	148
Receivables from bank acceptance drafts	–	260	–	234
Other	129	417	321	271
Other receivables and assets that qualify as financial instruments	565	1,104	839	1,329
Prepaid expenses	134	207	68	264
Defined benefit assets	1,824	–	1,383	–
Other tax receivables	41	563	51	501
Employee receivables	–	24	–	23
Precious metal trading items	–	1,327	–	702
Emission rights	–	138	–	84
Other	138	399	25	353
Other receivables and assets that do not qualify as financial instruments	2,137	2,658	1,527	1,927
Other receivables and miscellaneous assets	2,702	3,762	2,366	3,256

The increase in current **loan and interest receivables** mainly concerned receivables from joint venture partners. This was partially offset by reclassifications to the disposal group.

For noncurrent and current **derivatives with positive fair values**, the change was mainly due to a decline in the fair values for long-term interest rate currency swaps and for commodity derivatives on precious metals.

Bank acceptance drafts are used as a means of payment in China. Bank acceptance drafts are issued at a discount to their nominal value. They can be held to maturity, traded or redeemed prematurely at a discount. If BASF discounts a bank acceptance draft with recourse, a liability toward the credit institution is recognized in the amount of the payment received.

Noncurrent **other receivables that qualify as financial instruments** mainly include a receivable from the retrospective initial fund loan to the BASF Pensionskasse VVaG (pension fund) as well as receivables from customer financing in North America. Current other receivables that qualify as financial instruments primarily consist of call deposits with banks, receivables from suppliers as well as receivables from customer financing. In 2025, the decline was mainly due to reclassifications to the disposal group.

Prepaid expenses in 2025 mainly included prepayments of €27 million for operating activities compared with €39 million in 2024, as well as €100 million in prepaid insurance premiums in 2025 compared with €78 million in 2024. Prepayments for license costs decreased from €72 million in 2024 to €17 million in 2025.

As in the previous year, **defined benefit assets** were recognized in 2025 mainly at Group companies in Germany, Switzerland and the United Kingdom. As in the previous year, pension plans in Switzerland were subject to an asset ceiling in 2025. In the reporting year, BASF Pensionskasse VVaG in Germany was also subject to an asset ceiling for the first time since 2010 (for more information, see Note 21 from page [376](#) onward).

The change in current **other tax receivables** was mainly attributable to the build-up of a refundable input tax surplus from investment promotion programs in China.

Precious metal trading items primarily comprise physical items, precious metal accounts as well as long positions in precious metals, most of which were hedged through forward sales or derivatives. The carrying amount of the precious metals trading portfolio held for trading purposes was €1,327 million as of December 31, 2025 (previous year: €702 million).

Emission rights granted free of charge by the German Emissions Trading Authority (DEHSt) or a comparable authority in other countries are recognized in the balance sheet at a value of zero. Certificates purchased on the market are capitalized at cost and reported as other assets. Emission rights purchased on the market are subsequently measured at amortized cost. If the fair value is lower than the carrying amount on the balance sheet date, the emission rights are impaired.

The rise in current **other receivables and assets that do not qualify as financial instruments** resulted primarily from higher advance payments made as well as from assets arising from rights of return granted in the Agricultural Solutions division.

The table below presents the gross values and credit risks for trade accounts receivable other than trade accounts receivable measured at fair value through profit or loss, and other receivables as of December 31, 2025, and in the previous year.

Gross carrying amounts of receivables (financial instruments)

Million €	Equivalence to external rating ^a	Accounts receivable, trade		Other receivables ^b		
		Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
High/medium credit rating	from AAA to BBB–	4,649	31	430	0	107
Low credit rating	from BB– to D	3,375	291	542	29	68
Gross carrying amount as of December 31, 2025		8,024	322	972	29	175
High/medium credit rating	from AAA to BBB–	6,258	23	532	1	113
Low credit rating	from BB– to D	3,808	259	543	33	47
Gross carrying amount as of December 31, 2024		10,066	282	1,075	33	161

^a Standard & Poor's rating

^b Other receivables (financial instruments) subject to the impairment model according to IFRS 9

There are currently no significant credit risks (or a concentration thereof) associated with other financial instruments.

Valuation allowances on receivables (financial instruments) 2025

Million €	As of Jan. 1, 2025	Additions	Releases	Reclassification between stages	Translation adjustment	Reclassification to disposal group	As of Dec. 31, 2025
Accounts receivable, trade	289	118	89	–	-6	-11	301
of which stage 2	43	32	32	–	-2	-3	38
stage 3	246	86	57	–	-4	-8	263
Other receivables	141	12	11	–	-3	–	139
of which stage 1	8	5	4	–	–	–	9
stage 2	–	–	–	–	–	–	–
stage 3	133	7	7	–	-3	–	130
Total	430	130	100	–	-9	-11	440

Valuation allowances on receivables (financial instruments) 2024

Million €	As of Jan. 1, 2024	Additions	Releases	Reclassifica- tion between stages	Translation adjustment	As of Dec. 31, 2024
Accounts receivable, trade	269	129	-97	-1	-12	288
of which stage 2	38	42	-37	–	–	43
stage 3	231	87	-60	-1	-12	245
Other receivables	157	18	-34	–	1	142
of which stage 1	7	4	-2	–	–	9
stage 2	–	–	–	–	–	–
stage 3	150	14	-32	–	1	133
Total	426	147	-131	-1	-11	430

Payment terms are generally agreed upon individually with customers and, as a rule, are within 90 days. The Agricultural Solutions division is an exception, where longer payment terms are common. In 2025, impairments for trade accounts receivable were added in the amount of €118 million (previous year: €129 million) and released in the amount of €89 million (previous year: €97 million).

In 2025, valuation allowances of other receivables that qualify as financial instruments were recognized in the amount of €12 million and released in the amount of €11 million. In the previous year, valuation allowances of €18 million were recognized and valuation allowances of €34 million were released (for more information, see Note 25 from page [389](#) onward).

18 Capital, reserves and retained earnings

Subscribed capital / share capital

BASF SE has only issued fully paid-up registered shares with no par value. There are no preferential rights or other restrictions.

The subscribed capital of BASF SE as of December 31, 2025, and December 31, 2024, was €1,142 million, divided into 892,522,164 qualifying no par value shares. As of December 31, 2025, 884,325,217 shares (previous year: 892,522,164) were entitled to dividends, and 8,196,947 were treasury shares (previous year: 0) acquired in 2025 as part of the share buyback program.

Share buyback / treasury shares

By way of a resolution of the Annual Shareholders' Meeting of April 29, 2022, the Board of Executive Directors was authorized to buy back shares until April 28, 2027, in accordance with section 71(1) no. 8 of the German Stock Corporation Act (AktG).

The buyback may not exceed 10% of the company's share capital at the time the resolution was passed and can take place via the stock exchange, a public purchase offer addressed to all shareholders, or a public invitation to the shareholders to submit sales offers.

The Board of Executive Directors is authorized to redeem the shares bought back without a further resolution of the Annual Shareholders' Meeting and to reduce the share capital by the proportion of the share capital accounted for by the redeemed shares. The Board of Executive Directors can also redeem the shares without reducing the share capital so that the proportion of the other shares in relation to the share capital is increased through the redemption. In that event, the Board of Executive Directors is authorized to adjust the number of shares in the Statutes.

On October 28, 2025, the Board of Executive Directors announced a share buyback program. The program has a volume of up to €1.5 billion. The buyback began on November 3, 2025, and is scheduled to be completed by the end of June 2026.

In the 2025 business year, under its share buyback authorization, BASF acquired 8,196,947 shares, or 0.92% of its share capital, at an average price of €43.27 per share for the purpose of cancellation. In total, BASF spent €355 million on share buybacks in 2025. This amount was taken from other retained earnings. As of the balance sheet date, BASF held a total of 8,196,947 treasury shares.

In the 2024 business year, the share buyback authorization was not utilized.

Authorized capital

In accordance with the resolution of the Annual Shareholders' Meeting of April 25, 2024, the Board of Executive Directors was authorized, with the consent of the Supervisory Board, to increase the company's share capital by a total of up to €300 million on a one-off basis or in portions on a number of occasions until April 24, 2029, by issuing new registered shares with no par value against contributions in cash or in kind, and thereby to also exclude shareholders' statutory subscription right in certain cases (Authorized Capital 2024).

The total shares issued on the basis of the above authorization with the exclusion of the shareholders' subscription right in the case of capital increases in return for contributions in cash or in kind must not exceed 10% of the share capital at the time that this authorization comes into effect or – if this value is lower – at the time of its exercise.

Shares issued during the term of this authorization on the basis of other capital measures excluding the subscription right must be credited against the aforementioned ceiling of 10%.

This authorization was not exercised in the 2025 or 2024 business years.

Conditional capital

At the Annual Shareholders' Meeting on April 29, 2022, the Board of Executive Directors was authorized, with the approval of the Supervisory Board, up to April 28, 2027, on a one-off basis or in portions on more than one occasion to issue bearer or registered convertible bonds and/or bonds with warrants or a combination of these instruments with or without maturity limitations with a total nominal value of up to €10 billion and to grant or impose holders and/or creditors of these debt instruments conversion or option rights for up to 91,847,800 registered shares in the company with a pro rata amount of share capital of up to €117,565,184 subject to the respective terms and conditions of the debt instruments. The debt instruments can be issued in exchange for contributions in cash, but also for contributions in kind, particularly shareholdings in other companies.

To hedge the subscription right to conversion and option rights issued under the authorization, the share capital was increased conditionally by up to €117,565,184 with the option of issuing a maximum of 91,847,800 new registered BASF shares. The conditional capital increase shall only be carried out to the extent to which holders of convertible bonds or warrants attached to bonds with warrants issued by the company or one of its subsidiaries up to April 28, 2027, under the authorization granted to the Board of Executive Directors, exercise their conversion or option rights and/or fulfill their conversion or option obligations, and provided that no other forms of fulfillment of delivery are used. The new BASF shares shall be issued at the conversion or option prices determined in each case in the terms and conditions of the debt instruments and/or the warrants in accordance with the above-mentioned authorization. The new BASF shares issued under this provision shall participate in profits from the beginning of the financial year in which they are issued.

This authorization was also not used in the 2025 or 2024 business years.

Capital reserves

Capital reserves include effects from BASF's share program, premiums from capital increases and consideration for warrants and negative goodwill from the capital consolidation resulting from acquisitions of subsidiaries in exchange for the issue of BASF SE shares at par value. In 2025, the valuation of BASF shares in connection with the BASF "plus" share program led to a decline in capital reserves of €8 million (previous year: €0 million).

Retained earnings

Retained earnings include earnings generated in the past and in 2025 by companies included in the Consolidated Financial Statements as well as reclassifications from non-recyclable items in other comprehensive income.

Retained earnings

Million €	December 31, 2025	December 31, 2024
Legal reserves	1,110	1,088
Other retained earnings	28,821	29,795
Retained earnings	29,931	30,883

Legal reserves rose by €22 million in both 2025 and 2024 due to reclassifications from other retained earnings.

Furthermore, in 2025, €180 million from the measurement of securities at fair value through other comprehensive income (previous year: €0 million) as well as €15 million from the remeasurement of defined benefit plans (previous year: €90 million) were allocated to retained earnings.

Payment of dividends

In accordance with the resolution of the Annual Shareholders' Meeting of May 2, 2025, BASF SE paid a dividend of €2.25 (previous year: €3.40) per qualifying share from the retained profit of the 2024 business year. With 892,522,164 (previous year: 892,522,164) qualifying shares, this represented total dividends of €2,008 million (previous year: €3,035 million). The remaining €696 million (previous year: €4,399 million) in retained profits was allocated to retained earnings.

19 Other comprehensive income

Accounting policies

The expenses and income shown in other comprehensive income are divided into two categories: items that will be recognized in the income statement in the future (known as "recycling") and items that will not be reclassified to the income statement in the future. The first category includes gains and losses from currency translation, the measurement of certain securities classified as debt instruments, and changes in the fair value of derivatives held to hedge future cash flows. Items that will not be reclassified to the income statement at a future date include effects from the remeasurement of defined benefit plans.

Remeasurement of defined benefit plans

In 2025, the performance of the defined benefit plans resulted in an increase in other comprehensive income of €563 million (including taxes of €316 million), of which €22 million related to investments accounted for using the equity method. In addition, €15 million was reclassified to retained earnings.

In 2024, changes in the value of defined benefit pension plans resulted in an increase in other comprehensive income in the amount of €1,477 million (including taxes of €273 million), of which €23 million was attributable to investments accounted for using the equity method. In addition, €90 million was reclassified to retained earnings in connection with the sale of the E&P business of Wintershall Dea GmbH, Kassel, Germany, which is accounted for using the equity method, to Harbour Energy plc, London, United Kingdom. Furthermore, the change in BASF's share of the assets of the BASF Pensionskasse VVaG, a multi-employer plan, resulted in a decrease of €98 million in other comprehensive income.

Currency translation

Differences resulting from currency translation reduced equity by a total of €2,442 million in 2025, of which €456 million was related to shareholdings accounted for using the equity method. In addition, accumulated currency losses of €33 million relating to the divestiture of two fully consolidated companies and one equity-accounted company were reclassified to the income statement.

In the previous year, equity was increased by €782 million, of which €215 million related to investments accounted for using the equity method.

In 2025, the differences resulted mainly from the depreciation of the U.S. dollar relative to the euro. In 2024, the differences were mainly due to the appreciation of the U.S. dollar relative to the euro.

Measurement of securities at fair value

Measurement of securities at fair value resulted in an increase in other comprehensive income of €178 million in 2025 (previous year: decrease of €1 million). The increase in 2025 resulted primarily from

the reclassification of €180 million in impairments on equity instruments recognized in equity at Wintershall Dea GmbH into retained earnings. The decrease of €1 million in 2024 resulted from the valuation of debt instruments at fair value.

Cash flow hedges

Changes in the fair value of derivatives designated in hedging relationships (cash flow hedges) adjusted for deferred taxes in the amount of €24 million reduced equity by a total of €129 million, including €147 million for hedging of future cash flows at shareholdings accounted for using the equity method. In addition, realized losses totaling €343 million from the hedging of a foreign currency loan and from the hedging of commercial paper were reclassified to the income statement and recognized in financial result. Furthermore, €5 million was removed from other comprehensive income not affecting profit and loss and recorded as acquisition cost of property, plant and equipment and of inventories, for the procurement of which a hedge relationship existed.

In the previous year, changes in fair value adjusted for deferred taxes in the amount of -€7 million decreased equity by a total of €50 million; this included €100 million for the hedging of future cash flows at shareholdings accounted for using the equity method. In addition, realized gains in the amount of €101 million were recognized in profit and loss. Furthermore €38 million related to realized losses from the hedging of natural gas purchases were reclassified without affecting profit and loss.

20 Liabilities

Financial indebtedness

Million €	Currency	Nominal value (million, currency of issue)	Effective interest rate	Carrying amounts based on effective interest method	
				Dec. 31, 2025	Dec. 31, 2024
BASF SE					
1.750% Bond 2017/2025	GBP	300	1.87%	–	362
0.875% Bond 2018/2025	EUR	750	0.97%	–	750
3.675% Bond 2013/2025	NOK	1,450	3.70%	–	123
0.750% Bond 2022/2026	EUR	1,000	0.82%	1,000	999
0.250% Bond 2020/2027	EUR	1,000	0.32%	999	998
0.875% Bond 2017/2027	EUR	1,000	1.04%	997	995
3.125% Bond 2022/2028	EUR	750	3.27%	747	747
2.670% Bond 2017/2029	NOK	1,600	2.69%	135	136
0.875% Bond 2019/2029	EUR	250	1.00%	249	249
4.000% Bond 2023/2029	EUR	500	4.08%	499	499
1.500% Bond 2018/2030	EUR	500	1.63%	497	497
1.500% Bond 2016/2031	EUR	200	1.58%	199	199
1.500% Bond 2022/2031	EUR	1,000	1.53%	998	998
0.875% Bond 2016/2031	EUR	500	1.01%	496	496
2.370% Bond 2016/2031	HKD	1,300	2.37%	142	161
4.250% Bond 2023/2032	EUR	500	4.30%	499	498
3.750% Bond 2022/2032	EUR	750	3.85%	746	745
1.450% Bond 2017/2032	EUR	300	1.57%	298	298
3.000% Bond 2013/2033	EUR	500	3.15%	495	495
2.875% Bond 2013/2033	EUR	200	2.96%	199	199
4.000% Bond 2018/2033	AUD	160	4.24%	90	94
4.500% Bond 2023/2035	EUR	500	4.54%	499	498
1.625% Bond 2017/2037	EUR	750	1.73%	741	741
3.250% Bond 2013/2043	EUR	200	3.27%	200	200
1.025% Bond 2018/2048	JPY	10,000	1.03%	54	61

Financial indebtedness

Million €	Currency	Nominal value (million, currency of issue)	Effective interest rate	Carrying amounts based on effective interest method	
				Dec. 31, 2025	Dec. 31, 2024
U.S. private placement 3.890% series A 2013/2025	USD	250	3.92%	–	241
U.S. private placement 4.090% series B 2013/2028	USD	700	4.11%	595	673
U.S. private placement 5.520% 2024/2030	USD	350	5.64%	297	336
U.S. private placement 5.670% 2024/2033	USD	250	5.78%	212	240
U.S. private placement 5.710% 2024/2034	USD	400	5.82%	340	384
U.S. private placement 4.430% series C 2013/2034	USD	300	4.45%	255	288
U.S. private placement 5.810% 2024/2036	USD	200	5.82%	170	192
U.S. private placement 5.910% 2024/2039	USD	300	6.01%	255	288
BASF Finance Europe N.V.					
3.625% Bond 2018/2025	USD	200	3.69%	–	193
0.750% Bond 2016/2026	EUR	500	0.88%	499	499
BASF Ireland DAC					
2.390% Panda Bond 2024/2027	CNY	2,000	2.39%	243	263
2.030% Panda Bond 2025/2028	CNY	2,000	2.03%	243	–
2.280% Panda Bond 2025/2030	CNY	1,000	2.28%	121	–
BASF Corporation					
6.950% Bond 1998/2028	USD	120	6.95%	104	118
Bonds and other liabilities to the capital market				14,114	15,751
Liabilities to credit institutions				6,975	6,011
Financial indebtedness				21,088	21,762

Breakdown of financial indebtedness by currency

Million €	December 31, 2025	December 31, 2024
Euro	12,869	14,228
Chinese renminbi	4,815	2,515
U.S. dollar	2,247	3,281
Polish zloty	237	–
Japanese yen	233	274
Hong Kong dollar	142	161
Norwegian krone	135	258
Australian dollar	90	94
South African rand	44	102
Indonesian rupiah	37	67
Brazilian real	33	45
Pound sterling	–	362
Other currencies	207	373
Total	21,088	21,762

Maturities of financial indebtedness

Million €	December 31, 2025	December 31, 2024
Following year 1	2,608	2,639
Following year 2	2,645	2,723
Following year 3	2,102	2,662
Following year 4	895	1,875
Following year 5	1,885	982
Following year 6 and maturities beyond this year	10,954	10,880
Total	21,088	21,762

Liabilities to credit institutions

Liabilities to credit institutions increased from €6,011 million as of December 31, 2024, to €6,975 million as of December 31, 2025. The weighted average interest rate on loans amounted to 3.4% in 2025, compared with 3.9% in 2024.

In 2023, BASF Integrated Site (Guangdong) Co. Ltd., China, signed a 40 billion Chinese renminbi syndicated bank term loan facility with a maturity of 15 years for its Verbund site in Zhanjiang, and had utilized an amount of 34 billion Chinese renminbi (€4,190 million) as of December 31, 2025. As of December 31, 2024, utilization amounted to 17 billion Chinese renminbi (€2,130 million). When drawn, the interest rate is variable.

Unused credit lines

BASF SE had committed and unused credit lines, when drawn with variable interest rates, amounting to €6 billion as of December 31, 2025 (previous year: €6 billion).

Other liabilities

Other liabilities

Million €	December 31, 2025		December 31, 2024	
	Noncurrent	Current	Noncurrent	Current
Derivatives with negative fair values	338	361	77	249
Liabilities from leases	1,212	342	1,323	340
Loan and interest liabilities	7	559	10	561
Advances received on future orders	–	638	–	727
Miscellaneous liabilities	47	608	46	934
Other liabilities that qualify as financial instruments	1,605	2,508	1,456	2,811
Liabilities related to social security	27	92	31	94
Employee liabilities	14	273	21	297
Liabilities from precious metal trading positions	–	59	–	15
Contract liabilities	95	21	108	30
Deferred income	143	50	109	46
Miscellaneous liabilities	18	402	19	422
Other liabilities that do not qualify as financial instruments	298	897	289	904
Other liabilities	1,903	3,405	1,744	3,714

Miscellaneous liabilities that qualify as financial instruments include, among others, liabilities arising from unpaid dividends and profit and loss transfer agreements and liabilities arising from cash-pooling accounts with nonconsolidated Group companies. The change resulted in particular from the payment of the out-of-court settlement of the multidistrict litigation proceedings in connection with AFFF products in the United States (for more information, see Note 23 from page [388](#) onward).

The majority of **contract liabilities** have terms of up to five years. Of the contract liabilities reported as of December 31, 2025, €28 million are expected to be recognized as revenue in 2026.

Carrying amounts of assets used to secure liabilities

Million €	December 31, 2025	December 31, 2024
To secure		
liabilities to credit institutions	9	12
accounts payable, trade	3	6
other liabilities	262	54
Carrying amounts of assets used	275	71

Liabilities to credit institutions were secured primarily with registered land charges. Secured **other liabilities** relate primarily to derivatives with negative fair values that are secured with cash. This results in recognition of receivables under other receivables and miscellaneous assets.

21 Provisions for pensions and similar obligations

Economic and legal environment of the plans

In addition to state pension plans, most employees are granted company pension benefits from either defined contribution or defined benefit plans. Benefits generally depend on years of service, contributions or compensation, and take into consideration the legal framework of labor, tax and social security laws of the countries where the companies are located. To limit the risks of changing financial market conditions as well as demographic developments, employees have, for a number of years now, been almost exclusively offered defined contribution plans for future years of service.

The Group Pension Committee monitors the risks of all pension plans of the Group with regard to the financing of pension commitments and the portfolio structure of existing plan assets. The organization, responsibilities, strategy, implementation and reporting requirements are documented for the units involved.

In some countries – especially in Germany, the United States, the United Kingdom and Switzerland – there are pension obligations subject to government supervision or similar legal restrictions. For example, there are minimum funding requirements to cover pension obligations, which are based on actuarial assumptions and differ from those pursuant to IAS 19. Furthermore, there are qualitative and quantitative restrictions on allocating plan assets to certain asset categories. This could result in annual fluctuations in employer contributions, financing measures and the assumption of obligations in favor of the pension funds to comply with regulatory requirements.

The obligations and the plan assets used to fund the obligations are exposed to demographic, legal and economic risks. Economic risks are primarily due to unforeseen developments on commodity and capital markets. They affect, for example, pension adjustments based on the level of inflation in Germany and in the United Kingdom, as well as the impact of discount rates on the amount of the defined benefit obligation.

The strategy of the BASF Group with regard to financing pension commitments takes into account country-specific supervisory and tax regulations.

In some countries, pension benefits were granted for which the employer has a subsidiary liability. Pension benefits in a number of countries include minimum interest guarantees to a limited extent. If the pension fund cannot generate the income needed to provide the minimum guarantee, this guarantee must be provided by the employer under the subsidiary liability. To the extent that recourse to the employer is unlikely based on the structure and execution of the pension benefits as well as the asset situation of the pension fund, these plans are treated as defined contribution plans.

Accounting policies

With regard to pensions and similar obligations, a distinction is made between defined benefit and defined contribution plans. In the case of defined contribution plans, current contributions are recognized as an expense.

In the case of defined benefit obligations, provisions for pensions are calculated on an actuarial basis in accordance with the projected unit credit method. Assumptions relating to the following valuation parameters, among others, are used: future developments in compensation, pensions and inflation, employee turnover and the life expectancy of beneficiaries. Actuarial reports are used to calculate the amount of pension provisions. Obligations are discounted based on the market yields on high-quality corporate fixed-rate bonds. Pension provisions are recognized as a net defined benefit liability if the discounted benefit obligation exceeds the plan assets used to cover it.

A plan asset surplus exists if a defined benefit plan's assets exceed the plan's obligations. IAS 19 requires the employer to test any such surplus for impairment. If no economic benefit (for example, reduced contributions or a refund) to the company is present, an asset ceiling must be reported.

Similar obligations, especially those arising from commitments by North American Group companies to pay the healthcare costs and life insurance premiums of retired staff and their dependents, are reported under provisions for similar obligations.

The assumptions used to ascertain the defined benefit obligation as of December 31 are used in the following year to determine the expenses for pension plans.

Actuarial gains and losses from changes in estimates relating to the actuarial assumptions used to calculate defined benefit obligations, the difference between standardized and actual returns on plan assets, as well as the effects of the asset ceiling are recognized directly in equity as other comprehensive income.

The interest on the net defined benefit liability at the beginning of the year is recognized in the financial result. This is the difference between the interest cost of the defined benefit obligation and the standardized interest return on plan assets as well as the interest cost for the asset ceiling. Net interest expense of the respective fiscal year is based on the discount rate and the defined benefit obligation at the beginning of the year. The expected contribution payments and benefits paid over the course of the fiscal year are taken into account when determining net interest.

The standardized return on pension assets is determined by multiplying plan assets at the beginning of the year by the discount rate used for existing defined benefit obligations at the beginning of the year, taking into account benefits paid from plan assets and contributions to plan assets during the year.

Description of the defined benefit plans

The following section describes the typical plan structure in the individual countries. Different arrangements may exist, in particular due to the assumption of plans as part of acquisitions; however, these do not have any material impact on the description of plans in the individual countries.

Germany

For BASF SE and German Group companies, a basic level of benefits is provided by BASF Pensionskasse VVaG, a legally independent plan, which is financed by employer and employee contributions as well as the return on plan assets. BASF SE ensures the necessary contributions to adequately finance the benefits promised by BASF Pensionskasse VVaG. Some of the benefits financed via BASF Pensionskasse VVaG are subject to adjustments that must be borne by its member companies to the extent that these cannot be borne by BASF Pensionskasse VVaG due to the regulations imposed by the German supervisory authority. In 2004, the basic benefit plan was closed for newly hired employees at German BASF companies and replaced by a defined contribution plan. A new defined contribution plan was introduced as of July 1, 2021, for new hires in the German BASF companies. At BASF SE, occupational pension promises that exceed the basic level of benefits are financed under a contractual trust arrangement by BASF Pensionstreuhand e.V.; at German Group companies, these benefits are financed primarily via pension provisions. As of 2022, new employees receive a securities-based pension award while other employees are granted benefits primarily based on cash balance plans. Furthermore, employees are given the option of participating in various deferred compensation schemes.

United States

Employees are granted benefits based on defined contribution plans.

Effective 2010, the existing defined benefit plans were closed to further increases in benefits based on future years of service, and benefits earned in the past were frozen. There is no entitlement to pension adjustments to compensate for cost-of-living increases.

The legal and regulatory frameworks governing the plans are based on the U.S. Employee Retirement Income Security Act (ERISA), which requires the plan sponsor to ensure a minimum funding level. Any employer contributions necessary to meet the minimum funding level are based on the results of an actuarial valuation. Furthermore, there are unfunded pension plans that are not subject to ERISA requirements.

Additional similar obligations arise from plans that assume the healthcare costs and life insurance premiums of retired employees and their dependents. Such plans have been closed to new entrants since 2007. In addition, the amount of the benefits for such plans has been frozen.

Switzerland

The employees of the BASF Group in Switzerland receive a company pension, which is financed through a pension fund by employer and employee contributions as well as the return on plan assets. The pension plans are accounted for as defined benefit plans, as the obligatory minimum pension guaranteed by law under the Swiss Pension Fund Act (BVG) is included in the scheme. All benefits vest immediately. According to government regulations, the employer is obligated to make contributions, so that the pension funds are able to grant the minimum benefits guaranteed by law. The pension funds are managed by boards, where employer and employees are equally represented, which steer and monitor the benefit plans and asset allocation.

United Kingdom

Employees are granted benefits based on a defined contribution plan.

The BASF Group also maintains defined benefit plans in the United Kingdom, which have been closed for further increases based on future years of service. Adjustments to compensate for increases in the cost of living until the beginning of retirement are legally required for beneficiaries of defined benefit plans.

The financing of the pension plans is determined by the provisions of the regulatory authority for pensions and the relevant social and labor law requirements. The defined benefit plans are administered by a trust company, whose Board of Trustees, according to the trustee agreement and law, represents the interests of the beneficiaries and ensures that the benefits can be paid in the future. The required funding is determined using technical valuations according to local regulations every three years.

Other countries

For Group companies in other countries, defined benefits are covered in some cases by pension provisions, but mainly by external insurance companies or pension funds.

Actuarial assumptions

The valuation of the pension obligations is based on the following key assumptions:

Actuarial assumptions

Assumptions used to determine the defined benefit obligation as of December 31								
	Germany		United States		Switzerland		United Kingdom	
%	2025	2024	2025	2024	2025	2024	2025	2024
Discount rate	4.20	3.40	5.20	5.50	1.20	0.80	5.40	5.40
Projected pension increase	2.00	2.00	–	–	–	–	2.80	3.10

Assumptions used to determine expenses for pension benefits in the respective business year								
	Germany		United States		Switzerland		United Kingdom	
%	2025	2024	2025	2024	2025	2024	2025	2024
Discount rate	3.40	3.20	5.50	5.00	0.80	1.30	5.40	4.50
Projected pension increase	2.00	2.20	–	–	–	–	3.10	3.10

The discount rates for material pension obligations in Germany, the United States, Switzerland and the United Kingdom are mostly determined based on the standard Willis Towers Watson approach (e.g., WTW RATE:Link model). 2025 saw the refinement of the Willis Towers Watson RATE:Link model used to derive discount rates, which are used to determine pension obligations in Germany, the United States and the United Kingdom. For BASF, this refinement resulted in a €342 million reduction in obligations as of December 31, 2025, with the effect limited to pension plans in Germany.

The majority of domestic pension obligations are subject to legally required regular adjustments to current pension payments based on interim inflation developments. The last pension adjustment took place on January 1, 2025. The long-term inflation assumption as of December 31, 2025, was 2.00% (previous year: 2.00%).

The valuation of the defined benefit obligation is generally performed using the most recent actuarial mortality tables as of December 31 of the respective business year.

Actuarial mortality tables (significant countries) as of December 31, 2025

Germany	Heubeck Richttafeln 2018G
United States	Pri-2012 base mortality tables with Scale MP-2021 projection
Switzerland	BVG 2020 generational with CMI 2018 mortality improvement
United Kingdom	SAPSS4 (standard actuarial mortality tables for self-administered plans (SAPS))

Sensitivity analysis

A change in the material actuarial assumptions would have the following effects on the defined benefit obligation:

Sensitivity of the defined benefit obligation as of December 31

Million €	Increase by 0.5 percentage points		Decrease by 0.5 percentage points	
	2025	2024	2025	2024
Discount rate	-1,030	-1,239	1,146	1,386
Projected pension increase	799	1,036	-664	-863

An alternative valuation of the defined benefit obligation was performed to determine how changes in the underlying assumptions influence the amount of the defined benefit obligation. A linear extrapolation of these amounts based on alternative changes in the assumptions as well as an addition of combined changes in the individual assumptions is not possible.

Explanation of the amounts in the statement of income and balance sheet

Composition of expenses for pension benefits

Million €	2025	2024
Expenses for defined benefit plans	194	245
Expenses for defined contribution plans	332	309
Expenses for pension benefits (recognized in income from operations)	526	554
Net interest expense from underfunded pension plans and similar obligations	96	161
Net interest income from overfunded pension plans	-68	-70
Unwinding the discount on asset ceiling	3	5
Expenses for pension benefits (recognized in the financial result)	31	96

Development of defined benefit obligations

Million €	2025	2024
Defined benefit obligation as of January 1	21,964	23,213
Current service cost	211	252
Past service cost	0	-7
Settlements / plan adjustments	-228	0
Interest cost	717	760
Benefits paid	-1,178	-1,109
Employee contributions	33	35
Actuarial gains/losses	-1,579	-1,287
of which adjustments relating to financial mathematical assumptions	-1,653	-949
adjustments relating to demographic assumptions	4	-58
experience adjustments	81	-276
Effects from acquisitions, divestitures/transfers to disposal groups	-649	-21
Other changes	34	-64
Currency effects	-352	192
Defined benefit obligation as of December 31	18,973	21,964

As of December 31, 2025, the weighted average duration of the defined benefit obligation amounted to 12.6 years (previous year: 12.3 years).

Development of plan assets

Million €	2025	2024
Plan assets as of January 1	21,350	20,880
Standardized return on plan assets	694	670
Deviation between actual and standardized return on plan assets	162	452
Employer contributions	164	193
Employee contributions	33	35
Benefits paid	-715	-690
Reimbursement from the CTA for pension payments made by BASF SE	-517	-161
Effects from acquisitions, divestitures/transfers to disposal groups	-478	-
Settlements / plan adjustments	-212	-
Change in the share of assets attributable to BASF Group in BASF Pensionskasse VVaG as a multi-employer plan	79	-98
Other changes	-10	-77
Currency effects	-260	146
Plan assets as of December 31	20,290	21,350

BASF SE has paid out pension benefits covered by the assets of BASF Pensionstreuhand e.V. under the CTA (Contractual Trust Arrangement). BASF Pensionstreuhand e.V. reimbursed BASF SE €517 million in 2025, of which €339 million related to 2025 and €178 million to 2024. In 2024, an amount €161 million was reimbursed for pension payments, of which €130 million related to 2024 and €31 million to 2023. Through continuous monitoring of the financing requirements of its pension plans, BASF strives to achieve the necessary yields to fill financing gaps over the course of time. Company contributions for 2026 are currently expected to be around €144 million.

Development of net defined benefit liability

Million €	2025	2024
Net defined benefit liability as of January 1	-1,020	-2,726
Current service cost	-211	-252
Past service cost	0	7
Settlements / plan adjustments	16	–
Interest cost	-717	-760
Standardized return on plan assets	694	670
Deviation between actual and standardized return on plan assets	162	452
Actuarial gains/losses of the defined benefit obligation	1,579	1,287
Benefits paid by unfunded plans	-54	258
Employer contributions	164	193
Change in the share of assets attributable to BASF Group in BASF Pensionskasse VVaG as a multi-employer plan	79	-98
Effects from acquisitions, divestitures/transfers to disposal groups	170	21
Other changes	-44	-13
Currency effects	92	-46
Change of asset ceiling for plan assets	-918	-13
Net defined benefit liability as of December 31	-8	-1,020
of which defined benefit assets	1,824	1,383
provisions for pensions and similar obligations	1,832	2,403

Effects from **plan settlements and plan adjustments** in 2025 resulted primarily from the transfer of benefit entitlements and the corresponding assets from the pension plan in the United States to an external insurer.

Regional allocation of defined benefit plans as of December 31

Million €	Pension obligations		Plan assets		Asset ceiling		Net defined benefit liability	
	2025	2024	2025	2024	2025	2024	2025	2024
Germany	13,378	15,516	14,622	15,205	-789	–	455	-311
United States	2,077	2,671	1,454	1,862	–	–	-623	-809
Switzerland	1,653	1,754	2,227	2,195	-536	-406	38	35
United Kingdom	1,052	1,183	1,217	1,343	–	–	165	160
Other	813	840	770	745	–	–	-43	-95
Total	18,973	21,964	20,290	21,350	-1,325	-406	-8	-1,020

Explanations regarding plan assets

The target asset allocation of plan assets has been defined by using asset liability studies and is reviewed regularly. Accordingly, plan assets are aligned with the long-term development of the obligations, taking into consideration the risks associated with the specific asset classes and the regulations relating to the investment of plan assets. The existing portfolio structure is based on the target asset allocation. In addition, current market assessments are taken into consideration. In order to mitigate risks and maximize returns, a widely spread global portfolio of individual assets is held.

Liability-driven investment (LDI) techniques, such as hedging against changes in interest rates and inflation, are used in some pension plans, particularly in U.K., U.S. and German pension plans.

Structure of plan assets

Million €	2025	2024
Equities	3,887	3,898
Debt instruments	8,821	9,348
of which for government debtors	3,437	3,463
for other debtors	5,384	5,885
Real estate	1,527	1,654
Alternative investments	5,573	5,912
Cash and cash equivalents	482	538
Total	20,290	21,350

In addition to promissory notes and mortgage bonds, the **debt instruments** asset class also includes corporate and government bonds. The government bonds are predominantly bonds from countries with very high and high credit ratings, such as the United Kingdom, Germany, France, Switzerland and the United States. Government bonds from emerging markets are also held to a limited extent. Corporate bonds are primarily bonds from borrowers with good credit ratings, although a deliberate limited amount of high-yield bonds is also held. As part of the ongoing monitoring of default risks, which is based on a predetermined risk budget and observation of the development of the issuers' creditworthiness, the investment of pension assets may be adjusted if the market assessment changes. **Alternative investments** primarily include investments in private and infrastructure equity, absolute return funds and secured corporate loans.

The majority of **equities** (94.3% / previous year: 91.6%) and **debt instruments** for government debtors (95.2% / previous year: 95.4%) are priced on active markets. Overall, in 2025 price quotations on an active market existed for 80.9% (previous year: 77.6%) of debt instruments for other debtors. In the **alternative investments** and **real estate** categories, there was only a fungible market price for 2.3% (previous year: 2.5%) and 4.7% (previous year: 5.2%) of the respective investments, as of December 31, 2025. The capital market compensates for this lack of fungibility with yield premiums depending on maturity.

The plan assets as of the balance sheet date in 2025 did not include any significant amount of securities issued by BASF Group companies. In 2024, securities issued by BASF Group companies amounted to €12 million. The market value of the properties leased by the legally independent pension schemes to BASF Group companies was €112 million as of December 31, 2025, the same as in the previous year.

The retrospective initial fund loan BASF SE temporarily provided to BASF Pensionskasse VVaG in 2021 had a nominal value of €320 million as of the balance sheet date. Of this, €80 million had been utilized as of December 31, 2025.

The funding of the plans was as follows:

Current funding situation of the pension plans as of December 31

Million €	2025		2024	
	Defined benefit obligation	Plan assets	Defined benefit obligation	Plan assets
Unfunded pension plans	1,575	–	1,931	–
Funded pension plans	17,398	20,290	20,033	21,350
Asset ceiling	–	-1,325	–	-406
Total	18,973	18,965	21,964	20,944

Asset ceiling

In 2025, as in the previous year, an asset ceiling in accordance with IAS 19.64 applied to the pension plans in Switzerland. This amounted to €536 million as of December 31, 2025, and €406 million as of December 31, 2024. For the first time since 2010, an asset ceiling also applied to the BASF Pensionskasse VVaG in the reporting year. This amounted to €789 million as of December 31, 2025. The available economic benefit in the amount of €38 million corresponds to the employer contribution reserve of the pension plans in Switzerland and therefore is not subject to the asset ceiling.

Development of asset ceiling

Million €	2025	2024
Limit on plan assets on January 1	406	393
Interest expense on unrecognized portion of plan assets	3	5
Change in limit excluding interest cost (remeasurement)	918	11
Currency translation	-2	-3
Limit on plan assets on December 31	1,325	406

Defined contribution plans and insolvency protection

Contributions to defined contribution plans recorded in the income from operations amounted to €332 million in 2025 and €309 million in 2024. This includes contributions to pension protection schemes in the amount of €29 million in 2025 and €24 million in 2024.

Government pension plans

Contributions to government pension plans were €664 million in 2025 and €627 million in 2024.

22 Other provisions

Accounting policies

Other provisions are recognized when there is a present obligation as a result of a past event and when there is a probable outflow of resources whose amount can be reliably estimated. Provisions are recognized at the probable settlement value.

The probable amount required to settle noncurrent provisions is discounted if the effect of discounting is material. In this case, the provision is recognized at present value. Financing costs related to unwinding the discount of provisions in subsequent periods are shown in other financial result.

Provisions for **restoration obligations** include expected costs for dismantling existing plants and buildings. If BASF is the only responsible party that can be identified, the provision covers the entire expected obligation. At sites operated together with one or more partners, the provision generally covers only BASF's share of the expected obligation. The amount of the provision is determined based on the available technical information on the site, the technology used, legal regulations, and official requirements. The calculation accounts for expected significant changes in obligations.

Provisions for **environmental protection and remediation costs** are recognized for expected costs for rehabilitating contaminated sites, recultivating landfills, removal of environmental contamination at existing production or storage sites, and for similar measures as well as for obligations to surrender emission certificates.

Provisions for **employee obligations** primarily consist of variable compensation including associated social security contributions, as well as obligations for granting long-service bonuses. The latter are predominantly calculated based on actuarial principles.

Provisions for **obligations from sales and purchase contracts** largely comprise obligations arising from rebates granted and other price discounts in the Agricultural Solutions segment, warranties and product liabilities, sales commissions and losses from onerous contracts.

Provisions for **restructuring measures** include severance payments to departing employees or similar personnel expenses as well as expected costs for site closures, including costs for demolition and similar measures. As a rule, provisions are recognized for these expenses when a corresponding plan has been approved and announced by management.

Provisions for **litigation, damage claims and similar obligations** contain anticipated expenses from lawsuits in which BASF is the defendant party, as well as obligations under damage claims against BASF and fines. In order to determine the amount of the provisions, the company takes into consideration the facts related to each case, the size of the claim, compensation awarded in similar cases and independent expert advice as well as assumptions regarding the probability of a successful claim and the range of possible claims. Actual costs can deviate from these estimates (for more information, see Note 23 on page [388](#) onward).

Noncurrent provisions were discounted at a rate between 2.2% and 3.5% (previous year: between 2.2% and 3.5%).

Explanation of other provisions

Other provisions

Million €	December 31, 2025		December 31, 2024	
	Noncurrent	Current	Noncurrent	Current
Restoration obligations	235	–	241	–
Environmental protection and remediation costs	855	208	854	262
Employee obligations	345	1,098	406	926
Obligations from sales and purchase contracts	112	1,611	145	1,688
Restructuring measures	139	417	59	62
Litigation, damage claims and similar obligations	75	61	93	63
Other	93	300	86	319
Total	1,854	3,693	1,883	3,320

The decrease in provisions for **environmental protections measures and remediation** resulted mainly from lower provisions for remediation, primarily due to the devaluation of the U.S. dollar against the euro as well as lower provisions for obligations to surrender emission certificates.

The increase in provisions for **employee obligations** was mainly due to higher provisions for variable compensation and offsetting reclassifications to disposal groups.

The decrease in provisions for **obligations from sales and purchase contracts** resulted mainly from lower provisions for rebates, mainly due to the devaluation of the U.S. dollar as well as reclassifications to disposal groups.

The increase in provisions for **restructuring measures** was mainly attributable to higher provisions for severance payments.

Other includes interest on noncurrent tax provisions.

The following table shows the development of other provisions by category. Other changes include changes in the scope of consolidation, acquisitions, divestitures, currency effects and reclassifications to disposal groups as well as the reclassification of obligations to liabilities when the amount and timing of these obligations become known. The climate risks presented in Note 1.4 (from page [314](#) onward) did not lead to additional provisions in either year.

Development of other provisions in 2025

Million €	Jan. 1, 2025	Additions	Unwinding of discount	Utilization	Releases	Other changes	Dec. 31, 2025
Restoration obligations	241	32	6	-34	-1	-10	235
Environmental protection and remediation costs	1,115	204	14	-199	-8	-62	1,063
Employee obligations	1,332	1,125	1	-864	-37	-115	1,443
Obligations from sales and purchase contracts	1,833	1,878	3	-1,593	-100	-299	1,723
Restructuring measures	120	478	0	-49	-6	13	556
Litigation, damage claims and similar obligations	155	26	0	-26	-14	-5	136
Other	405	235	2	-150	-36	-64	392
Total	5,202	3,979	26	-2,916	-201	-542	5,548

23 Risks from litigation and claims

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Since 2019, numerous lawsuits filed by individuals, corporations, municipalities, tribal governments, and/or states claiming various injuries, including personal injury, property and/or natural resource damages for alleged contamination through per-fluorinated and polyfluorinated alkyl compounds ("PFAS") have been pending against, among others, members of BASF Group, primarily BASF Corporation (a U.S. subsidiary of BASF) in the United States and, since 2024, also in Canada.

Defendants are primarily manufacturers/distributors of aqueous film-forming firefighting foam ("AFFF") and their suppliers; some cases also involve allegations relating to alleged PFAS from non-AFFF sources (such as paper mills or site operations). BASF is primarily named as a defendant as the legal successor to Ciba, which until 2003 produced and distributed surfactants for the firefighting foam industry (trade name "Lodyne").

Overall, members of BASF Group are defendants in over 8,700 of such lawsuits as of February 2026 and are defending against these claims. Most of the lawsuits are pending in a multi-district litigation (MDL) pending in federal court in South Carolina; other cases are pending in federal and state courts in Alabama, Maine, Washington, and Wisconsin. At this time, BASF cannot predict the outcome of resolving these matters or what potential actions may be taken by regulatory agencies. An adverse outcome could be material to BASF's financial results.

On May 20, 2024, BASF Corporation agreed to a class settlement with U.S. public water systems that detected PFAS in their drinking water sources, which they allege to be associated with the use of AFFF products. BASF Corporation agreed to contribute €305 million (\$316.5 million) in total (€301 million (\$312.5 million) to resolve the PFAS claims, plus €4 million (\$4 million) toward settlement administration costs). BASF Corporation paid the administration cost in July 2024, and the amount to resolve the PFAS claims in March 2025. BASF Corporation has insurance through a number of insurers and is pursuing recovery of its settlement payment under those policies. The settlement releases these claims against BASF Corporation, Ciba, and other related corporate entities. It does not constitute an admission of liability or wrongdoing by BASF Corporation or Ciba. BASF and its relevant affiliates also intend to continue to defend itself in all remaining PFAS matters.

Furthermore, BASF SE and its affiliated companies are regularly involved as defendants or other parties in legal and regulatory proceedings. To our current knowledge, none of these proceedings will have a material impact on the economic situation of BASF.

24 Other financial obligations

The figures listed below are stated at nominal value:

Other financial obligations

Million €	December 31, 2025	December 31, 2024
Bills of exchange	2	1
Guarantees	20	20
Warranties	29	32
Collateral granted on behalf of third-party liabilities	–	0
Initiated investment projects	4,243	7,027
of which purchase commitments	952	2,158
for the purchase of intangible assets	6	7
Payment and loan commitments and other financial obligations	396	430

The table does not include financial guarantees (for more information on financial guarantees, see Note 25 from page [389](#) onward). Of the initiated investment projects, companies allocated to the coatings disposal group accounted for €79 million as of December 31, 2025.

Obligations arising from purchase contracts

Obligations from purchase contracts resulted primarily from long-term purchase obligations for raw materials. Starting from December 31, 2025, obligations arising from supply agreements for energy from renewable sources are shown in Note 25.2 from page [393](#) onward.

Obligations arising from purchase contracts

Million €	December 31, 2025	December 31, 2024
Following year 1	7,391	7,169
Following year 2	3,120	3,341
Following year 3	1,801	2,798
Following year 4	1,734	2,433
Following year 5	1,646	2,322
Following year 6 and maturities beyond this year	5,163	11,228
Total	20,854	29,292

25 Supplementary information on financial instruments

25.1 Accounting policies

Financial assets and financial liabilities are recognized in the consolidated balance sheet when the BASF Group becomes a party to a financial instrument. Financial assets are derecognized when BASF no longer has a contractual right to the cash flows from the financial asset or when the financial asset is transferred together with all material risks and rewards of ownership or the significant risks and rewards are neither transferred nor retained and BASF does not have control of the financial asset after it has been transferred. For example, receivables are derecognized when they are definitively found to be uncollectible such as in the event of concluded insolvency proceedings. Financial liabilities are derecognized when the contractual obligations expire, are discharged or cancelled. Regular-way purchases and sales of financial instruments are accounted for using the settlement date; in precious metal trading, the trade date is used.

The fair value of a financial instrument 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. If pricing on an active market is available, for example in the form of exchange prices, these are used as

the basis for the measurement. Otherwise, the measurement is based on either internal measurement models using current market parameters or external measurements, for example, from banks. These internal measurements rely predominantly on the net present value method and option pricing models. These models incorporate, for example, expected future cash flows as well as discount factors adjusted for term and, potentially, risk. Depending on the availability of market parameters, BASF assigns financial instruments' market values one of the three levels of the fair value hierarchy pursuant to IFRS 13. Reassignment to a different level during a fiscal year is only carried out if the availability of observable market parameters for identical or similar items changes.

If the level 3 fair values calculated at the time of initial recognition using a valuation model, differ from the transaction price, the differences are deferred and reported in the balance sheet together with the positive or negative fair value of the respective financial instrument according to the valuation model. The differences are generally amortized over the terms of the contracts using the straight-line method.

The classification and measurement of financial assets is based on the one hand on the cash flow condition (the "solely payments of principal and interest" criterion), that is, the contractual cash flow characteristics of an individual financial asset. On the other hand, it also depends on the business model used for managing financial asset portfolios. Based on these two criteria, BASF uses the following measurement categories for financial assets:

Financial assets measured at fair value through profit or loss include all financial assets whose cash flows are not solely payments of principal and interest in accordance with the cash flow condition established in IFRS 9. Furthermore, this measurement category includes financial assets whose business model does not consist of collecting at least a portion of the contractually agreed cash flows expected over the term by holding them. At BASF, derivatives, for example, are allocated to this measurement category. In general, BASF does not exercise the fair value option in IFRS 9, which permits the allocation of financial instruments not to be measured at fair value through profit or loss on the basis of the cash flow condition or the business model criterion to the above category under certain circumstances. These instruments are initially measured at fair value, which typically equals the transaction price.

In 2024, BASF concluded a climate protection agreement with the Federal Republic of Germany to fund a heat pump at the Ludwigshafen site. This agreement is a contract for difference and is measured as a derivative at fair value. The effects on earnings from measurement of the contract are initially deferred. When the heat pump goes into operation, the deferred subsidy will be recognized in profit or loss in line with the utilized amount of the funding.

Financial assets measured at amortized cost include all assets with contractual terms that give rise to cash flows on specific dates, provided these cash flows are solely payments of principal and interest on the principal amount outstanding in accordance with the cash flow condition in IFRS 9, to the extent that the asset is held with the intention of collecting the expected contractual cash flows over its term. At BASF, this measurement category includes trade accounts receivable, as well as receivables reported under other receivables and miscellaneous assets and certain securities.

Initial measurement of these assets is generally at fair value plus directly attributable transaction costs. The fair value usually corresponds to the transaction price at the time of acquisition or, in the case of trade accounts receivable, to the transaction price pursuant to IFRS 15. Subsequent measurement effects are recognized in income using the effective interest method.

Impairments are recognized for expected credit losses at both initial and subsequent measurement, even before the occurrence of any default event. Counterparties are generally considered to default when they become insolvent, become a debtor in a creditor protection program or are in a finance-related legal dispute with BASF, or more than half of BASF's receivables portfolio with them is more than 90 days

overdue. In these cases, individual impairments are recognized for the financial assets measured at amortized cost that are then considered to be credit impaired.

The extent of expected credit losses is determined based on the credit risk of a financial asset, as well as any changes to this credit risk: If the credit risk of a financial asset has increased significantly since initial recognition, expected credit losses are generally recognized over the lifetime of the asset. If, however, the credit risk has not increased significantly in this period, impairments are generally only recognized as 12-month expected credit losses. By contrast, under the simplified approach for determining expected credit losses permitted by IFRS 9, impairments for receivables such as lease receivables and trade accounts receivable always cover the lifetime expected credit losses of the receivable concerned.

At BASF, the credit risk of a financial asset is assessed using both internal information and external rating information on the respective counterparty. A significant increase in the counterparty's credit risk is assumed if its rating is lowered by a certain number of notches. It is generally assumed that the credit risk for a counterparty with a high credit rating will not have increased significantly.

Regional and, in certain circumstances, industry-specific factors and expectations are taken into account when assessing the extent of impairment as part of the calculation of expected credit losses and individual impairments. In addition, BASF uses internal and external ratings and the assessments of debt collection agencies and credit insurers, when available. Individual impairments are also based on experience relating to customer solvency and customer-specific risks. Bank guarantees and letters of credit are used to an immaterial extent. Expected credit losses and individual impairments are only calculated for receivables to the extent they are not covered by collateral.

A decrease in impairment due, for example, to a reduction in the credit risk of a counterparty or an objective event occurring after the impairment is recorded in profit or loss. Reversals of impairments may not exceed amortized cost less any expected future credit losses.

Financial assets measured at fair value through other comprehensive income include all assets with contractual terms that give rise to cash flows on specified dates that are solely payments of principal and interest on the principal amount outstanding, in accordance with the cash flow condition in IFRS 9.

Furthermore, the assets in this measurement category may not just be held with the intention of collecting the expected contractual cash flows over their term, but also generating cash flows from their sale. At BASF, trade accounts receivable that are available for sale as part of a factoring agreement are allocated to this category. Additionally, certain securities that are reported as other financial assets or marketable securities are allocated to this category. BASF does not exercise the option to subsequently measure equity instruments through other comprehensive income. Assets measured at fair value through other comprehensive income are initially measured at fair value including directly attributable transaction costs. At initial recognition, the fair value usually corresponds to the transaction price of the receivables and securities allocated to this category. Subsequent measurement is likewise at fair value. Changes in the fair value are recognized in other comprehensive income and reclassified to the statement of income when the asset is disposed of. Impairments on financial assets measured at fair value through other comprehensive income are calculated in the same way as impairments on financial assets measured at amortized cost and recognized in profit or loss.

The following measurement categories are used for financial liabilities:

Financial liabilities measured at amortized cost generally include all financial liabilities, provided these do not represent derivatives. At initial recognition, they are generally measured at fair value, taking into account directly attributable transaction costs. At initial recognition, the fair value usually corresponds to the value of the consideration received. Subsequent measurement is recognized in profit or loss at amortized cost using the effective interest method. At BASF, for example, bonds and liabilities to banks reported under financial indebtedness are measured at amortized cost.

BASF has concluded supplier finance arrangements under which suppliers are entitled to receive invoice amounts prior to the original due date. Payment to the supplier is made by one of several participating banks with a discount. BASF pays the full invoice amount to the banks on the original due date. As the original payment obligations remain in place and there is no change in the main payment terms, the obligations continue to be reported under trade accounts payable.

Financial liabilities measured at fair value through profit or loss contain derivative financial liabilities. At initial recognition, these are measured at fair value, which generally equates to the transaction price. Fair value is also applied as a measurement basis for these liabilities in subsequent measurement. The option to subsequently measure non-derivative financial liabilities at fair value is not exercised. Derivative financial instruments can be embedded within other contracts, creating a hybrid financial instrument. If IFRS policies require separation, the embedded derivative is accounted for separately from its host contract and measured at fair value. If IFRS 9 does not provide for separation, the hybrid instrument is accounted for at fair value in its entirety.

Financial guarantees of the BASF Group are contracts that require compensation payments to be made to the guarantee holder if a debtor fails to make payment when due under the terms of a transaction entered into with the holder of the guarantee. Financial guarantees issued by BASF are measured at fair value upon initial recognition. In subsequent periods, these financial guarantees are carried at the higher of amortized cost or the expected credit losses as of the reporting date.

In **cash flow hedges**, future cash flows and the related income and expenses are hedged against the risk of changes in value. To this end, future underlying transactions and the corresponding hedging instruments are designated in a cash flow hedge accounting relationship for accounting purposes. The effective portion of the change in fair value of the hedging instrument, which often meets the definition of a derivative, and the cost of hedging are recognized directly in equity under other comprehensive income over the term of the hedge, taking deferred taxes into account. The ineffective portion is recognized immediately in the income statement. In the case of future transactions that lead to recognition of a nonfinancial asset or a nonfinancial liability, the cumulative fair value changes of the hedge in equity are generally charged against the cost of the hedged item on its initial recognition. For hedges based on financial assets, financial liabilities or future transactions, cumulative fair value changes of the hedges are transferred from equity to the income statement in the reporting period in which the hedged item is recognized in the income statement. The maturity of the hedging instrument is aligned with the effective date of the future transaction.

When **fair value hedge** accounting is used, the asset or liability recognized is hedged against the risk of a change in fair value. The hedging instruments used, which often take the form of a derivative, are measured at fair value and changes in fair value are recognized in the statement of income. The carrying amounts of the assets or liabilities designated as the underlying transaction are also measured at fair value through the statement of income.

25.2 Financial risks

Market risks

Foreign currency risks: Changes in exchange rates could lead to losses in the value of financial instruments and adverse changes in future cash flows from planned transactions. Foreign currency risks from financial instruments result from the translation at the closing rate of financial receivables, loans, securities, cash and financial liabilities into the functional currency of the respective Group company. Foreign currency contracts in various currencies are used to hedge foreign exchange risks from non-derivative financial instruments and planned transactions.

The foreign currency risk exposure corresponds to the net amount of the nominal volume of the primary and the derivative financial instruments that are exposed to currency risks. Long and short positions in the same currency are offset against each other. Primary and derivative financial instruments are generally taken into account in currency risk management. Planned purchasing and sales transactions are usually not included in the currency exposure.

As of December 31, 2025, and December 31, 2024, there was no significant currency exposure as all material currency risks were hedged. Appreciation or depreciation of the respective functional currency would not have had a significant impact on BASF's income before income taxes or equity.

Interest rate risks: Interest rate risks arise from changes in prevailing market interest rates, which can lead to changes in the fair value of fixed-rate instruments and in interest payments for variable-rate instruments. Interest rate swaps and combined interest rate and currency derivatives are used in individual cases to hedge these risks. The derivatives are presented in Note 25.5 (from page [403](#) onward). Interest rate risks are relevant to BASF's financing activities but are not of material significance to BASF's operating activities.

The variable interest risk exposure, which also includes fixed rate bonds maturing in the following year, amounted to -€5,497 million as of December 31, 2025 (previous year: -€3,377 million). An increase in all relevant interest rates by one half of a percentage point would have lowered income before income taxes by €17 million as of December 31, 2025. An increase in all relevant interest rates by one percentage point would have lowered income before income taxes by €34 million as of the same date. An increase in all relevant interest rates by one half of a percentage point would have reduced income before income taxes by €10 million as of December 31, 2024 (an increase of one percentage point would have reduced income before income taxes by €19 million). As of December 31, 2025, interest rate derivatives were designated in a hedge accounting relationship. An increase in the relevant interest rates by half a percentage point would have raised shareholders' equity by €10 million (€19 million increase in shareholders' equity with an increase of one percentage point). There were no interest derivatives designated in hedge accounting relationships as of December 31, 2024. The sensitivity of the variable interest risk exposure has a linear relationship to the assumed interest rate changes. Declining interest rates would have the opposite effect compared to the previously mentioned sensitivities.

Carrying amounts of primary interest-bearing financial instruments

Million €	December 31, 2025		December 31, 2024	
	Fixed interest rate	Variable interest rate	Fixed interest rate	Variable interest rate
Loans	79	112	117	68
Securities	386	79	399	44
Financial indebtedness	14,507	6,581 ^a	16,888	4,873 ^a

^a Including fixed-interest bonds due in the following year

Nominal and fair values of combined interest rate and currency swaps as well as interest rate swaps

Million €	December 31, 2025		December 31, 2024	
	Nominal value	Fair value	Nominal value	Fair value
Combined interest rate and currency swaps	2,849	-15	3,960	248
of which fixed rate	2,849	-15	3,960	248
Interest rate swaps	467	1	–	–
of which fixed rate	467	1	–	–

Commodity price risks: Some of BASF's divisions are exposed to strong fluctuations in raw materials prices. These result primarily from raw materials (for example, naphtha, benzene, natural gas, LPG condensate) as well as from precious metals and battery metals.¹ BASF takes the following measures to reduce commodity price risks:

- BASF uses derivatives to hedge the risks of raw materials prices. These are primarily derivatives on natural gas, crude oil and oil products.
- The divisions ECMS as well as Battery Materials enter into both short-term and long-term purchase contracts with precious and battery metal producers. They also buy metals on spot markets from various business partners. The price risk from metals purchased to be sold on to third parties, or for use in the production of catalysts and battery materials, is hedged using derivative instruments. This is mainly performed using forward contracts, which are settled by either entering into offsetting contracts or by delivering the metal.
- In the Agricultural Solutions division, the sales prices of products are sometimes pegged to the price of certain agricultural commodities. To hedge the resulting risks, derivatives on agricultural commodities are concluded.

In addition, BASF holds limited unhedged precious metal, natural gas and oil product positions, which can also include derivatives, for trading on its own account. The value of these positions is exposed to market price volatility and is subject to constant monitoring.

By holding commodity derivatives, precious metal trading positions and unhedged oil product and battery metals positions, BASF is exposed to price risks. The valuation of commodity derivatives and precious metal trading positions at fair value as well as unhedged oil product and battery metals positions means that adverse changes in market prices could negatively affect the earnings and equity of BASF.

BASF holds several physical power purchase agreements (PPAs) with terms of up to 25 years, under which BASF procures electricity from renewable sources based on their production profiles. Under these physical PPAs, BASF procures electricity and associated green electricity certificates. The volumes and risks resulting from these physical PPAs are subject to continuous monitoring, and the electricity is primarily consumed in production processes, thus contributing to BASF's value generation. Due to volatile production profiles, BASF faces the volume risk that, at the time of delivery, the amount of electricity delivered exceeds its electricity demand, requiring BASF to purchase and immediately sell the excess electricity. However, these sales are offset by electricity purchases within reasonable periods (up to 12 months), so that BASF remains a net electricity purchaser. Since BASF holds the physical PPAs for the purpose of fully consuming the delivered electricity and remains a net purchaser even with volatile production profiles, these physical PPAs fall under the own use exemption and are therefore not accounted for as derivatives. The costs for electricity deliveries from physical PPAs under which BASF is exposed to volume risk amounted to €113 million in 2025. In 2025, 654 GWh could not be consumed upon delivery. The resulting sales transactions generated €45 million in income. The costs of

¹ These include, in particular, nickel, lithium, cobalt und manganese.

repurchasing unused electricity amounted to €39 million in 2025. The following expected obligations resulted from physical PPAs that fall under the own use exemption:

Obligations arising from physical PPAs

Million €	December 31, 2025	
	PPAs with volatile delivery profiles	PPAs without volatile delivery profiles
Following year 1	204	49
Following year 2	176	49
Following year 3	184	62
Following year 4	184	47
Following year 5	185	45
Following year 6 and maturities beyond this year	3,053	787
Total	3,987	1,038

Unlike electricity, green electricity certificates obtained from physical PPAs can be stored in case of oversupply and are consumed at a later date. They fall under the own use exemption and are not accounted for as derivatives.

Furthermore, BASF holds several virtual PPAs in the United States with initial terms of up to 15 years, under which BASF does not receive a physical delivery of electricity. The electricity forward agreements embedded in virtual PPAs are recognized separately as derivatives at fair value through profit or loss. In the event of adverse changes in energy market prices, measurement of electricity forward agreements at fair value can lead to negative effects on BASF's earnings. The electricity price risks resulting from virtual PPAs are partly hedged with derivatives.

BASF performs value-at-risk analyses for commodity derivatives and precious metal trading positions. Value at risk continuously measures the market price risk and quantifies the loss that is not exceeded by a specific confidence level during a defined holding period. BASF bases the value-at-risk calculation on a confidence interval of 95% and a holding period of one day. BASF applies the variance-covariance method to calculate value at risk.

BASF uses value at risk in conjunction with other risk management tools. Besides value at risk, BASF sets volume-based limits as well as exposure and stop-loss limits.

Risk positions from commodity derivatives not eligible for the own use exemption^a

Million €	December 31, 2025		December 31, 2024	
	Exposure	Value at Risk	Exposure	Value at Risk
Crude oil, oil products and natural gas	118	7	3	8
Precious metals	71	2	81	1
Agricultural commodities	61	0	116	0
Electricity	2	0	–	–

^a Certain commodity derivatives categorized as level 3 fair value, such as power purchase agreements and the climate protection agreement, are not included in the table above. Sensitivities for these commodity derivatives are provided in Note 25.4 from page 401 onward.

The exposure corresponds to the net amount of all long and short positions of the respective commodity category (for more information on financial risks and BASF's risk management, see the Opportunities and Risks Report from page 90 onward).

Default and credit risk

Default or credit risks arise due to the fact that customers and debtors may not fulfill their obligations. BASF regularly analyzes the creditworthiness of the counterparties and grants credit limits on the basis of this analysis. Due to the global activities and diversified customer structure of the BASF Group, there

is no significant concentration of default risk. The risk of default is mitigated to a limited extent by collateral, in particular bank guarantees and assets. The carrying amount of all receivables, loans and interest-bearing securities plus the nominal value of financial obligations stemming from contingent liabilities not to be recognized represents the maximum default risk for BASF (for more information on credit risks, see Note 17 from page [367](#) onward).

In 2025, €27 million was dissolved from other liabilities relating to financial guarantees (previous year: €37 million addition). The balance recognized for expected credit losses amounted to €10 million as of December 31, 2025 (previous year: €37 million). The maximum default amount of the financial guarantees issued was €142 million. The maturity of the entire amount is possible in 2026 at the earliest. The maximum default amount in the previous year was €182 million and the earliest possible maturity was €170 million for 2025 and €12 million for 2026.

BASF holds interests in funds to which receivables were previously transferred. BASF's interest represents the second loss tranche for the previously transferred receivables. The first and third loss tranches are held by investors. The carrying amount of the interests held, reported under short-term securities, was €58 million as of December 31, 2025 (previous year: €36 million). This corresponds approximately to the fair value and the maximum loss amount. The transfer of receivables to the funds took place primarily in the second half of the year, reflecting the seasonality of the business.

Liquidity risks

BASF promptly recognizes any risks from cash flow fluctuations as part of liquidity planning. BASF has ready access to sufficient liquid funds from the ongoing commercial paper program and confirmed lines of credit from banks.

25.3 Maturity analysis

The interest and principal payments as well as other payments for derivative financial instruments are relevant for the presentation of the maturities of the contractual cash flows from financial liabilities. Future cash flows are not discounted here.

Derivatives are included using their net cash flows, provided they have negative fair values and therefore represent a liability. Derivatives with positive fair values are assets and are therefore not taken into account.

Maturities of contractual cash flows from financial liabilities as of December 31, 2025

Million €	Bonds and other liabilities to the capital market	Liabilities to credit institutions	Accounts payable, trade	Derivative liabilities	Miscellaneous liabilities	Total
2026	1,841	1,254	5,471	361	1,557	10,484
2027	2,572	540	6	160	297	3,575
2028	2,007	458	7	16	219	2,706
2029	1,269	208	–	48	156	1,681
2030	1,027	923	–	24	121	2,096
2031 and thereafter	7,746	4,761	–	150	745	13,403
Total	16,462	8,145	5,484	759	3,095	33,945

Maturities of contractual cash flows from financial liabilities as of December 31, 2024

Million €	Bonds and other liabilities to the capital market	Liabilities to credit institutions	Accounts payable, trade	Derivative liabilities	Miscellaneous liabilities	Total
2025	2,058	1,150	6,901	236	1,188	11,532
2026	1,856	1,361	11	5	305	3,538
2027	2,608	541	11	–	224	3,385
2028	1,872	459	–	–	181	2,511
2029	1,160	199	–	–	136	1,496
2030 and thereafter	9,060	3,460	–	82	813	13,415
Total	18,615	7,170	6,923	323	2,847	35,876

25.4 Classes and categories of financial instruments

Carrying amounts and fair values of financial instruments as of December 31, 2025

Million €	Carrying amounts	Total carrying amounts within scope of application of IFRS 7	Valuation category in accordance with IFRS 9 ^b	Fair value	Of which fair value level 1 ^c	Of which fair value level 2 ^d	Of which fair value level 3 ^e
Shareholdings ^a	446	446	FVTPL	0	–	0	–
Receivables from finance leases	29	29	n. a.	29	–	–	–
Accounts receivable, trade	7,575	7,575	AC	7,575	–	–	–
Accounts receivable, trade	477	477	FVTOCI	477	–	477	–
Accounts receivable, trade	273	273	FVTPL	273	–	273	–
Derivatives – no hedge accounting	404	404	FVTPL	426	7	203	215 ^g
Derivatives – hedge accounting	149	149	n. a.	149	–	149	–
Other receivables and miscellaneous assets ^f	5,793	998	AC	998	–	–	–
Other receivables and miscellaneous assets ^f	89	89	FVTPL	89	–	89	–
Securities	71	71	AC	71	–	–	–
Securities	367	367	FVTOCI	367	277	90	–
Securities	261	261	FVTPL	261	258	2	–
Cash equivalents	129	129	FVTPL	129	129	–	–
Cash and cash equivalents	2,541	2,541	AC	2,541	–	–	–
Total assets	18,604	13,809		13,385	672	1,285	215
Bonds	14,114	14,114	AC	13,857	11,472	2,386	–
Liabilities to credit institutions	6,975	6,975	AC	6,997	–	6,997	–
Liabilities from leases	1,553	1,553	n. a.	1,553	–	–	–
Accounts payable, trade	5,484	5,484	AC	5,484	–	–	–
Derivatives – no hedge accounting	611	611	FVTPL	569	31	577	-39 ^h
Derivatives – hedge accounting	89	89	n. a.	89	–	89	–
Financial guarantees	10	10	n. a.	10	–	–	–
Other liabilities ^f	3,045	1,850	AC	1,850	–	–	–
Total liabilities	31,881	30,686		30,409	11,503	10,048	-39

^a The values presented under "Fair value" in the table above relate to significant shareholdings because only these are measured at fair value. All insignificant shareholdings are measured at cost (carrying amount: €446 million). Fair value level 1 is applied to publicly listed shareholdings. Level 2 is applied to shareholdings for which valuation is based on parameters observable in the market to the greatest extent possible. These may be adjusted to reflect valuation-relevant characteristics of the respective shareholding in the fair value.

^b AC: amortized cost; FVTOCI: fair value through other comprehensive income; FVTPL: fair value through profit or loss; a more detailed description of the categories can be found in Note 25.1 from page 389 onward.

^c Fair value was determined based on quoted, unadjusted prices on active markets.

^d Fair value was determined based on parameters for which directly or indirectly quoted prices on active markets are available.

^e Fair value was determined based on parameters for which there is no observable market data.

^f Does not include separately shown derivatives or receivables and liabilities from finance leases. Furthermore, other liabilities are presented without the separately disclosed financial guarantees. If miscellaneous receivables are valued at fair value through profit or loss, their valuation is generally based on parameters observable on the market. These are adjusted to reflect valuation-relevant characteristics of the respective assets in the fair value.

^g The carrying amount of the included electricity forward agreements reported in the balance sheet under other receivables and miscellaneous assets is €6 million after subtracting the differences of €22 million described on page 401. This item also includes options on electricity forward agreements with a fair value of €94 million and the climate protection agreement with a fair value of €94 million.

^h The carrying amount of the electricity forward agreements reported in the balance sheet under other liabilities is €3 million after subtracting the differences of €42 million described on page 401.

Carrying amounts and fair values of financial instruments as of December 31, 2024

Million €	Carrying amounts	Total carrying amounts within scope of application of IFRS 7	Valuation category in accordance with IFRS 9 ^b	Fair value	Of which fair value level 1 ^c	Of which fair value level 2 ^d	Of which fair value level 3 ^e
Shareholdings ^a	533	533	FVTPL	0	–	0	–
Receivables from finance leases	31	31	n. a.	31	–	–	–
Accounts receivable, trade	9,665	9,665	AC	9,665	–	–	–
Accounts receivable, trade	396	396	FVTOCI	396	–	396	–
Accounts receivable, trade	332	332	FVTPL	332	–	332	–
Derivatives – no hedge accounting	647	647	FVTPL	787	5	519	263 ^g
Derivatives – hedge accounting	303	303	n. a.	303	–	303	–
Other receivables and miscellaneous assets ^f	4,552	1,098	AC	1,098	–	–	–
Other receivables and miscellaneous assets ^f	89	89	FVTPL	89	–	89	–
Securities	36	36	AC	36	–	–	–
Securities	376	376	FVTOCI	376	294	82	–
Securities	288	288	FVTPL	288	283	4	–
Cash equivalents	75	75	FVTPL	75	75	–	–
Cash and cash equivalents	2,838	2,838	AC	2,838	–	–	–
Total assets	20,162	16,708		16,315	657	1,727	263
Bonds	15,751	15,751	AC	15,300	12,493	2,807	–
Liabilities to credit institutions	6,011	6,011	AC	6,032	–	6,032	–
Liabilities from leases	1,663	1,663	n. a.	1,663	–	–	–
Accounts payable, trade	6,923	6,923	AC	6,923	–	–	–
Derivatives – no hedge accounting	325	325	FVTPL	285	3	314	-32 ^h
Derivatives – hedge accounting	1	1	n. a.	1	–	1	–
Other liabilities ^f	3,470	2,277	AC	2,277	–	–	–
Total liabilities	34,144	32,951		32,482	12,496	9,155	-32

^a The values presented under "Fair value" in the table above relate to significant shareholdings because only these are measured at fair value. All insignificant shareholdings are measured at cost (carrying amount: €533 million). Fair value level 1 is applied to publicly listed shareholdings. Level 2 is applied to shareholdings for which valuation is based on parameters observable in the market to the greatest extent possible. These may be adjusted to reflect valuation-relevant characteristics of the respective shareholding in the fair value.

^b AC: amortized cost; FVTOCI: fair value through other comprehensive income; FVTPL: fair value through profit or loss; a more detailed description of the categories can be found in Note 25.1 from page 389 onward.

^c Fair value was determined based on quoted, unadjusted prices on active markets.

^d Fair value was determined based on parameters for which directly or indirectly quoted prices on active markets are available.

^e Fair value was determined based on parameters for which there is no observable market data.

^f Does not include separately shown derivatives or receivables and liabilities from finance leases. If miscellaneous receivables are valued at fair value through profit or loss, their valuation is generally based on parameters observable on the market. These are adjusted to reflect valuation-relevant characteristics of the respective assets in the fair value.

^g The carrying amount of the electricity forward agreements reported in the balance sheet under other receivables and miscellaneous assets is €38 million after subtracting the differences of €140 million. This item also includes the climate protection agreement with a fair value of €84 million.

^h The carrying amount of the electricity forward agreements reported in the balance sheet under other liabilities is €8 million after subtracting the differences of €41 million.

For trade accounts receivable, other receivables and miscellaneous assets, cash and cash equivalents, as well as trade accounts payable and other liabilities measured at amortized cost as well as financial guarantees, the carrying amount approximates the fair value.

Financial instruments measured at fair value – valuation methods and input factors

Million €

Financial instrument	Fair value level	Description	Valuation method	Key input factors to determine fair value	Dec. 31, 2025	Dec. 31, 2024
Accounts receivable, trade	Level 2	Receivables with embedded commodity derivatives	Discounting of expected future cash flows	Observable commodity price quotations, yield curves, credit default premiums	273	332
	Level 2	Receivables available for sale under a factoring agreement	Valuation using nominal values	Nominal values	477	396
Derivatives with positive fair values	Level 1	Exchange-traded commodity derivatives	Price quotation on an active market for identical assets	Market price on the balance sheet date	7	5
	Level 2	OTC currency, interest rate and commodity derivatives	Discounting of expected future cash flows, option pricing models	Exchange rate quotations, observable yield curves, commodity price quotations, currency and commodity price volatility, credit default premiums	353	823
	Level 3	Electricity forward agreements and options	Discounting of expected future cash flows, Monte Carlo simulation	Electricity price quotations, long-term electricity price forecasts, ^a expected electricity volumes, ^a estimated startup date, ^a yield curves, credit default premiums	122 ^b	178 ^c
	Level 3	Climate protection agreement	Discounting of expected future cash flows	Price quotations for emissions, natural gas and electricity, long-term price forecasts for emissions, ^a natural gas ^a and electricity, ^a estimated production volumes ^a and yield curves	94	84
	Level 2	Performance-based interest-bearing loan to BASF Pensionskasse VWaG and others	Discounting of expected future cash flows	Expected cash flows from the investment portfolio, discount factors	82	80
Other receivables and miscellaneous assets	Level 2	Surrender values for insurance policies	Surrender values according to contractual agreement	Surrender values on the balance sheet date	7	9
	Level 1	Publicly traded fund shares	Price quotation on an active market for identical assets	Market price on the balance sheet date	237	260
Securities	Level 1	Publicly traded bonds	Price quotation on an active market for identical assets	Market price on the balance sheet date	299	317
	Level 2	Bonds not publicly traded	Issuer pricing based on recognized valuation methods	Yield curves, credit default premiums	89	82
	Level 2	Fund shares not publicly traded	Fair value of the equity and debt instruments in which funds are invested	Market price on the balance sheet date, yield curves, credit default premiums, net asset value of fund investments	3	4
Cash and cash equivalents	Level 1	Publicly traded money market funds	Price quotation on an active market for identical assets	Market price on the balance sheet date	129	75
	Level 1	Exchange-traded commodity derivatives	Price quotation on an active market for identical liabilities	Market price on the balance sheet date	31	3
Derivatives with negative fair values	Level 2	OTC currency, interest rate and commodity derivatives as well as derivatives on equity instruments	Discounting of expected future cash flows, option pricing models	Exchange rate quotations, observable yield curves, commodity and stock price quotations, currency and commodity as well as stock price volatilities, credit default premiums	665	315
	Level 3	Electricity forward agreements	Discounting of expected future cash flows	Electricity price quotations, long-term electricity price forecasts, ^a expected electricity volumes, ^a estimated startup date, ^a yield curves, credit default premiums	-39 ^d	-32 ^e

^a Unobservable level 3 input factors

^b The carrying amount of the electricity forward agreements reported in the balance sheet under other receivables and miscellaneous assets is €6 million after subtracting the differences of €22 million described on page 401. This item also includes options on electricity forward agreements with a fair value of €94 million.

^c The carrying amount of the electricity forward agreements reported in the balance sheet under other receivables and miscellaneous assets is €38 million after subtracting the differences of €140 million described on page 401.

^d The carrying amount of the electricity forward agreements reported in the balance sheet under other liabilities is €3 million after subtracting the differences of €42 million described on page 401.

^e The carrying amount of the contract for difference for electricity prices reported in the balance sheet under other liabilities is €8 million after subtracting the differences of €41 million described on page 401.

The electricity forward agreements presented in the previous table are derivatives embedded in virtual and physical PPAs that are not eligible for the own use exemption. A change in the key valuation parameters would have affected the level 3 fair values of the fair value hierarchy as follows:

Sensitivities for level 3 fair values as of December 31, 2025

Million €	Change in expected prices		Change in expected production volumes		Change in yield curves	
	+10%	-10%	+10%	-10%	Increase by	Decrease by
					1 percentage point	1 percentage point
Electricity forward agreements and options	88	-72	16	-16	-56	88
Climate protection agreement	-7	7	9	-9	-7	7

Sensitivities for level 3 fair values as of December 31, 2024

Million €	Change in expected prices		Change in expected production volumes		Change in yield curves	
	+10%	-10%	+10%	-10%	Increase by	Decrease by
					1 percentage point	1 percentage point
Electricity forward agreements	76	-76	22	-22	-30	36
Climate protection agreement	-6	6	8	-8	-6	7

At initial recognition, the fair values of the electricity forward agreements, which were calculated using a valuation model, were higher than the respective transaction price. Development of the differences is presented in the table below.

Development of differences yet to be amortized of electricity forward agreements

Million €	2025	2024
Differences yet to be amortized through profit or loss as of January 1	153 ^a	204
Additions in the reporting period	32	–
Amounts recognized in profit or loss in the current reporting period	-116	-31
Currency translation	-5	8
Differences yet to be amortized through profit or loss as of December 31	64	181

^a With the first-time application of the amendments to IFRS 9 and IFRS 7 relating to Contracts Referencing Nature-dependent Electricity, one PPA was derecognized. Since no adjustment was made to the prior-year figures, the opening balance as of January 1, 2025, differs from the closing balance as of December 31, 2024.

Development of assets and liabilities measured at level 3 fair value

Million €	Electricity forward agreements ^a		Options on electricity forward agreements	
	2025	2024	2025	2024
Carrying amounts as of January 1	168 ^b	246	–	–
Purchases	32	–	88	–
Settlements	2	-1	–	–
Gains and losses recognized in income from operations	-130	-44	6	–
of which unrealized gains and losses attributable to assets and liabilities held at the end of the reporting period	5	-44	6	–
Currency translation	-5	10	–	–
Carrying amounts as of December 31	67	211	94	–

^a Carrying amounts before subtracting differences presented in the table "Development of differences yet to be amortized of electricity forward agreements."

^b With the first-time application of the amendments to IFRS 9 and IFRS 7 relating to Contracts Referencing Nature-dependent Electricity, one PPA was derecognized. Since no adjustment was made to the prior-year figures, the opening balance as of January 1, 2025, differs from the closing balance as of December 31, 2024.

The changes in carrying amounts were recognized in the income statement as other operating income or other operating expenses.

No reclassifications arose between fair value levels 1, 2 and 3 for financial assets or liabilities recognized at fair value in the reporting period.

Offsetting of derivative assets and liabilities as of December 31, 2025

Million €	Offset amounts			Potential netting volume		Potential net amount
	Gross amount	Amount offset	Net amount	Due to global netting agreements	Relating to financial collateral	
Derivatives with positive fair values	521	-67	455	-94	-110	250
Derivatives with negative fair values	413	-67	346	-94	-245	7

Offsetting of derivative assets and liabilities as of December 31, 2024

Million €	Offset amounts			Potential netting volume		Potential net amount
	Gross amount	Amount offset	Net amount	Due to global netting agreements	Relating to financial collateral	
Derivatives with positive fair values	601	-27	573	-131	-240	202
Derivatives with negative fair values	294	-27	267	-131	-23	113

The table "Offsetting of derivative assets and liabilities" shows the extent to which assets and liabilities were offset in the balance sheet, as well as potential effects from the offsetting of derivatives subject to a legally enforceable global netting agreement (primarily in the form of an ISDA agreement) or similar agreement. For positive fair values of combined interest rate and currency swaps, the respective counterparties provided cash collaterals in an amount comparable to the outstanding fair values.

Deviations from the derivatives with positive fair values and derivatives with negative fair values reported in other receivables and other liabilities at the end of 2025 and 2024 arose from derivatives not subject to any netting agreements. These are not included in the table above.

In addition to the offsetting of derivatives presented in the table above, trade accounts receivable in 2025 were offset against trade accounts payable and advance payments received on orders, which were included in current other liabilities, provided specific netting agreements with customers existed. As a result, trade accounts receivable were reduced by €1,266 million. The reduction in trade accounts payable was €30 million and the reduction in advance payments received on orders was €1,236 million. Accordingly, the net amount for trade accounts receivable was €8,325 million (gross amount before offsetting: €9,591 million). The resulting net amount for trade accounts payable was €5,484 million (gross amount before offsetting: €5,514 million). The net amount for advance payments received on orders was €638 million (gross amount before offsetting: €1,874 million). In 2024, trade accounts receivable were also offset against trade accounts payable and the advance payments received on orders included in current other liabilities. This reduced trade accounts receivable by €1,066 million. The reduction in trade accounts payable was €57 million and the reduction in advance payments received on orders was €1,009 million. Accordingly, the net amount for trade accounts receivable was €10,393 million (gross amount before offsetting: €11,459 million). The resulting net amount for trade accounts payable was €6,923 million (gross amount before offsetting: €6,980 million). The net amount for advance payments received on orders was €727 million (gross amount before offsetting: €1,736 million).

The net gains and losses from financial instruments shown in the following table comprise the results of valuations, the amortization of discounts, the recognition and reversal of impairments, results from the translation of foreign currencies as well as interest, dividends and all other effects on the earnings

resulting from financial instruments. The line item financial instruments measured at fair value through profit or loss contains only measurement effects from instruments that are not designated as hedging instruments in a hedging relationship in accordance with IFRS 9 (gains and losses from the valuation of securities recognized in equity are shown in development of income and expense recognized in equity attributable to shareholders of BASF SE on page [303](#). For more information, see the statement of changes in equity on page [307](#)).

Net gains and losses from financial instruments

Million €	2025	2024
Financial assets measured at amortized cost	-305	602
of which interest result	122	145
Financial instruments measured at fair value through profit or loss	277	224
of which interest result	48	66
Financial assets measured at fair value through other comprehensive income	-17	11
of which interest result	11	13
Financial liabilities measured at amortized cost	-252	-896
of which interest result	-507	-545

25.5 Derivative financial instruments and hedging relationships

The use of derivative financial instruments

BASF is exposed to foreign currency, interest rate and commodity price risks during the normal course of business. These risks are hedged using derivative instruments as necessary in accordance with a centrally determined strategy. Hedging is employed for existing underlying transactions from the product business, cash investments and financing as well as for planned sales, raw materials purchases and capital measures. Furthermore, hedging may also be used for cash flows from acquisitions and divestitures. The risks from the hedged items and the derivatives are continually monitored. Where derivatives have a positive market value, BASF is exposed to credit risks from derivative transactions in the event of nonperformance of the other party. To minimize the default risk on derivatives with positive market values, transactions are exclusively conducted with creditworthy banks and partners and are subject to predefined credit limits.

To ensure efficient risk management, risk positions are centralized at BASF SE and certain Group companies. The contracting and execution of derivative financial instruments for hedging purposes are conducted according to internal guidelines and subject to strict control mechanisms.

Fair value of derivative instruments

Million €	Dec. 31, 2025	Dec. 31, 2024
Foreign currency forward contracts	12	53
Foreign currency options	1	0
Foreign currency derivatives	13	53
of which designated hedging instruments as defined by IFRS 9 (hedge accounting)	–	0
Combined interest rate and currency swaps	-15	247
Interest rate swaps	1	–
Interest derivatives	-14	247
of which designated hedging instruments as defined by IFRS 9 (hedge accounting)	61	301
Commodity derivatives^a	-144	337
of which designated hedging instruments as defined by IFRS 9 (hedge accounting)	0	1
Call and put options on equity instruments	–	-13
Derivative financial instruments	-146	624

^a Market values after deduction of the differences shown in the table "Development of differences yet to be amortized of electricity forward agreements"

Hedge accounting

Cash flow hedge accounting is employed to a minor extent for the procurement of natural gas, which is exposed to commodity price risks. Commodity price-based swaps serve as hedging instruments, for which contract terms are defined to reflect the risks of the hedged item. The average hedged exercise price of the designated swaps was €29.47 per MWh as of December 31, 2025. As of December 31, 2024, the average exercise price of the designated swaps was €43.86 per MWh. Cash flows from not yet realized hedging and underlying transactions are generally recognized in profit or loss in 2026.

Furthermore, cash flow hedge accounting relationships for natural gas purchases, in which options were used as hedging instruments, were prospectively terminated in the previous year. The change in the options' time value was recognized separately in equity as costs of transaction-related hedging and, in the year during which the hedged items mature, it was initially derecognized against the carrying amount of the procured assets and recognized in profit or loss when the assets are consumed. In 2025, €3 million from maturing hedge accounting relationships was initially derecognized against the carrying amount of the inventories procured and then recognized upon consumption in profit or loss. In 2024, a decrease in time value of €16 million was recognized as a reduction in equity, and €31 million was derecognized against the carrying amount of the acquired assets. As of December 31, 2025, no options were designated as a hedging instrument.

BASF SE's fixed-rate U.S. private placement of \$1.00 billion, issued in 2013, was converted to euros using combined interest rate and currency swaps, as the private placement exposes BASF to a combined interest rate and currency risk. BASF is also exposed to a combined interest rate and currency risk associated with the issue of several tranches of a fixed-interest U.S. private placement in 2024. The resulting currency risks were hedged with combined interest rate and currency swaps in 2023. These hedges were designated as cash flow hedges. No ineffectiveness was recognized in 2025 or 2024. In 2025, the hedged interest rate was 3.73% (previous year: 3.66%) and the hedged foreign exchange rate was \$1.1899 per euro (previous year \$1.2052 per euro). For U.S. private placements hedged in 2023, changes in value in the forward component totaling €55 million were recognized separately in equity as hedging costs in 2025, leading to an increase in equity (previous year: €48 million decrease in equity).

Furthermore, BASF was exposed to foreign currency risks in 2025 through U.S. dollar-denominated commercial paper. These risks were hedged with foreign currency forward contracts and designated in a cash flow hedge accounting relationship. The changes in value in the amount of €14 million resulting from the change in the forward rate were recognized separately in equity as hedging costs, leading to an increase in equity (previous year: €7 million increase in equity). Because all underlying transactions and hedging instruments had expired by December 31, 2025, the amount of €14 million, which was initially

recognized in equity, was reclassified in full as an increase in earnings (previous year: €7 million increase in earnings). There was no ineffectiveness at any time during the year.

In connection with construction of the new Verbund site in Zhanjiang, China, BASF was exposed to foreign currency risks, especially from expenditures in euros that were hedged with foreign currency forward contracts and designated in cash flow hedge accounting relationships. As of December 31, 2025, no foreign currency forward contracts were designated. The hedged exchange rate was ¥7.6103 per euro in 2024. In 2025, €1 million was derecognized from the cash flow hedge reserve and included in the cost of property, plant and equipment (previous year: €2 million). Hedging results are recognized in profit or loss upon depreciation of property, plant and equipment.

Furthermore, BASF was exposed to a combined interest rate and currency risk in 2025 from a fixed-interest loan in Polish zloty, which was converted to euros through currency swaps. This hedge was designated as a cash flow hedge. In both the 2025 and 2024 business years, the hedged exchange rate was zł4.7065 per euro and the hedged interest rate was 3.20%. In 2025, the changes in value in the amount of €7 million resulting from the forward component's changed market rate were recognized separately in equity as hedging costs, leading to an increase in equity (previous year: €5 million decrease in equity). There was no ineffectiveness at any time during the year.

BASF is exposed to interest risk from a syndicated bank term loan facility with a variable interest rate in Chinese renminbi. Part of this interest risk is hedged via matched interest rate swaps and designated in a cash flow hedge accounting relationship. The interest rate swaps had a remaining term until 2030 and the hedged interest rate was 3.51%. No ineffectiveness occurred at any time.

The effects of the hedging relationships on the balance sheet, the cash flow hedge reserve, hedged nominal value and ineffectiveness to be determined are presented in the following tables by business year.

Cash flow hedge accounting effects in 2025

Million €	Carrying amount of hedging instruments			Cash flow hedge reserve				Change in fair values for assessing ineffectiveness		Recognized ineffectiveness		
	Financial assets	Financial liabilities	Balance sheet item	Nominal value	Accumulated amounts for continuing hedging relationships	Hedging effects recognized in other comprehensive income	Amounts reclassified to profit or loss for realized hedging transactions	Income statement item for recognition of reclassification	Hedging instrument	Hedged transaction	Ineffective-ness amount	Income statement item
Foreign currency risks	–	–	n. a.	–	–	81	80 ^a	Other operating expense / Other financial expense	–	–	–	n. a.
Interest risks	1	0	Other receivables and miscellaneous assets / other liabilities	431	1	-1	0	Interest income / interest expense	-1	-1	–	n. a.
Combined interest / foreign currency risks	148	-88	Other receivables and miscellaneous assets / other liabilities	2,341	-2	-243	277	Other financial expense	206	207	–	n. a.
Commodity price risks	0	-1	Other receivables and miscellaneous assets / other liabilities	25	-1 ^b	-8	– ^c	n. a.	-1	-1	–	n. a.
Total	149	-89		2,796	-1	-171	356		204	206	–	

^a €1 million was derecognized from the cash flow hedge reserve, reducing the cost of property, plant and equipment.

^b €1 million was recognized cumulatively in the cash flow hedge reserve for discontinued hedging relationships. When the hedged transaction occurs, these amounts are derecognized and included in the cost of inventories procured.

^c €6 million was derecognized from the cash flow hedge reserve, reducing the cost of inventories procured and then recognized in profit or loss upon consumption.

Cash flow hedge accounting effects in 2024

	Carrying amount of hedging instruments				Cash flow hedge reserve			Change in fair values for assessing ineffectiveness		Recognized ineffectiveness		
Million €	Financial assets	Financial liabilities	Balance sheet item	Nominal value	Accumulated amounts for continuing hedging relationships	Hedging effects recognized in other comprehensive income	Amounts reclassified to profit or loss for realized hedging transactions	Income statement item for recognition of reclassification	Hedging instrument	Hedged transaction	Ineffective-ness amount	Income statement item
			Other receivables and miscellaneous assets / other liabilities					Other operating income				
Foreign currency risks	0	0		63	-1	-25	20 ^a		-1	-1	–	n. a.
Interest risks	–	–	n. a.	–	–	–	–	n. a.	–	–	–	n. a.
			Other receivables and miscellaneous assets					Other financial income				
Combined interest / foreign currency risks	301	–		2,525	-35	115	-127		322	322	–	n. a.
			Other receivables and miscellaneous assets					Other operating income				
Commodity price risks	2	-1		38	2 ^b	25	0 ^c		3	3	–	n. a.
Total	303	-1		2.626	-34	115	-106		324	324	–	

^a €2 million was derecognized from the cash flow hedge reserve, reducing the acquisition cost of property, plant and equipment.

^b €15 million was recognized cumulatively in the cash flow hedge reserve for discontinued hedging relationships. When the hedged transaction occurs, these amounts are derecognized and included in the cost of inventories procured.

^c €8 million was derecognized from the cash flow hedge reserve, increasing the cost of inventories procured and then recognized in profit or loss upon consumption.

The occurrence of all forecasted transactions was considered to be highly probable at all times during business years 2025 and 2024. Amounts accumulated in the cash flow hedge reserve for commodity price risks are derecognized against the carrying amount of acquired assets once the hedged transaction occurs. Thus, there is no immediate reclassification of the amounts recognized in the cash flow hedge reserve to profit or loss in these cases.

26 Capital structure management and statement of cash flows

26.1 Capital structure management

The aim of capital structure management is to maintain the financial flexibility needed to further develop BASF's business portfolio and take advantage of strategic opportunities. The objectives of the company's financing policy are to ensure solvency, limit financial risks and optimize the cost of capital.

Capital structure management focuses on meeting the requirements needed to ensure unrestricted access to the capital market and a single A credit rating. Capital structure is managed using selected financial ratios, such as dynamic debt ratios, as part of the company's financial planning.

Equity of the BASF Group as reported in the balance sheet amounted to €34,338 million as of December 31, 2025 (previous year: €36,884 million); the equity ratio was 45.1% on December 31, 2025 (previous year: 45.9%).

BASF prefers to access external financing on the capital markets and, when advantageous, via bank loans. A commercial paper program is used for short-term financing, while corporate bonds are used for financing in the medium and long term. These are issued in euros and other currencies with different maturities. The goal is to create a balanced maturity profile, achieve a diverse range of investors and

optimize BASF's debt capital financing conditions. Since 2020, BASF has employed green corporate bonds to finance the development of sustainable products and projects with a clear environmental benefit.

BASF currently has the following credit ratings, which were last confirmed by Fitch on February 13, 2026, by Moody's on January 28, 2026, and by Standard & Poor's on December 12, 2025.

Ratings as of December 31, 2025

	Noncurrent financial indebtedness	Current financial indebtedness	Outlook
Fitch	A	F1	stable
Moody's	A3	P-2	stable
Standard & Poor's	A-	A-2	stable

Ratings as of December 31, 2024

	Noncurrent financial indebtedness	Current financial indebtedness	Outlook
Fitch	A	F1	stable
Moody's	A3	P-2	stable
Standard & Poor's	A-	A-2	stable

BASF strives for a single A credit rating, which ensures unrestricted access to financial and capital markets (for more information on BASF's financing policy, see the Combined Management's Report from page [58](#) onward).

26.2 Statement of cash flows

Accounting policies

Cash flows from operating activities are determined using the indirect method whereby changes in balance sheet items are adjusted for currency translation effects and changes in the scope of consolidation and thus cannot be derived directly from the consolidated balance sheet.

BASF reports interest paid and dividends received in cash flows from operating activities. Income tax payments from ongoing business are also allocated to cash flows from operating activities. In the case of material transactions, however, these are reported in the corresponding section of the statement of cash flows.

Cash flows from financing activities include payments for leases in which BASF is lessee as well as dividend payments.

Payments are netted in cash flows from investing activities and cash flows from financing activities if they are items with a high turnover rate, represent large amounts and have short-term maturities.

Explanation of the statement of cash flows

For a better presentation of significant effects, the item Gains (-) / losses (+) from disposals of noncurrent assets was supplemented to include the gains and losses from divestments. These were previously included in other noncash items. The prior-year figures were adjusted accordingly. The reclassified amounts were €796 million for 2025 and €6 million for the previous year.

Cash flows from operating activities contained the following payments:

Statement of cash flows

Million €	2025	2024
Income taxes	-946	-966
of which income tax refunds	214	111
income tax payments	-1,160	-1,077
Interest payments	-494	-454
of which interest received	321	292
interest paid	-815	-746
Dividends received	1,401	478

Furthermore, tax payments in the amount of €264 million are included in cash flows from investing activities in 2025. Total tax payments thus amounted to €1,424 million.

In order to optimize precious metal inventories, the Group sells precious metals and concurrently enters into agreements to repurchase them at a set price. Cash flows resulting from the sale and repurchase in the amount of €340 million (previous year: -€55 million) were reported in cash flows from operating activities.

Factoring agreements in the amount of €353 million had a positive impact on cash flows from operating activities in 2025 (previous year: negative impact of €359 million).

The carrying amount of financial liabilities that are the subject of supplier financing agreements and are reported as trade accounts payable amounted to €117 million in 2025 (previous year: €80 million). Of this, an amount of €88 million was already paid by the financial services provider (previous year: €73 million). The payment terms for these liabilities ranged between 0 and 120 days, while the terms for comparable trade accounts payable that were not the subject of the agreements ranged between 0 and 60 days.

In 2025, payments for acquisitions were immaterial. By contrast, the previous year's cash flows from investing activities contained €202 million in payments for acquisitions. This included the purchase price payment of €192 million for the acquisition of one of the two MDI plants and the production facilities for the precursors aniline and nitrobenzene from the joint venture with Huntsman, Shanghai Lianheng Isocyanate Co. Ltd., Shanghai, China.

In the 2025 business year, proceeds from divestments amounted to €871 million and primarily included the sale of the Brazilian decorative paints business and the sale of the food and health performance ingredients business unit. In the prior year, proceeds from divestments amounted to €75 million and involved exclusively non-material transactions. In connection with divestitures, cash and cash equivalents in the amount of €57 million were transferred during the reporting year. No such transfers occurred in the previous year.

Payments made for property, plant and equipment and intangible assets amounted to €4,267 million, €1,930 million lower than in the previous year. This included capitalized interest in the amount of €152 million (previous year: €147 million).

In the 2025 business year, payments for investments in equity instruments were exclusively attributable to transactions of minor significance. The previous year included €598 million for the acquisition and several subsequent capital increases of the equity-accounted investment in the Nordlicht 1 and 2 wind farm projects.

The cash inflows from the disposal of equity instruments in 2025 included €80 million from the sale of BASF's 49% stake in the Nordlicht 1 and 2 wind farm projects to Vattenfall. In the previous year, this item had included the cash inflow of €1,169 million from the sale of the exploration and production business of Wintershall Dea GmbH (Wintershall Dea AG until September 23, 2024), Kassel, Germany, to Harbour

Energy plc, London, United Kingdom, as well as a capital repayment of €556 million from Wintershall Dea.

The payments for financial assets and securities, as well as the payments received from the disposal of noncurrent assets and securities, resulted primarily from portfolio adjustments and reallocations between individual portfolios.

Cash and cash equivalents in the amount of €2,818 million (previous year: €2,921 million) consist primarily of cash on hand and bank balances with maturities of less than three months. As in the previous year, these were not subject to any utilization restrictions in 2025. However, the repatriation of funds from Russia is currently only possible to a limited extent. These amounted to €20 million as of December 31, 2025 (previous year: €20 million).

Cash and cash equivalents in the statement of cash flows may differ from the values in the balance sheet if the relevant amounts have been reclassified to the assets of disposal groups. As of December 31, 2025, the statement of cash flows reported cash and cash equivalents in the amount of €2,818 million, which included both the amount reported in the balance sheet of €2,670 million as well as the amount of €148 million reclassified to the disposal group. In the previous year, cash and cash equivalents of €2,921 million were reported in the statement of cash flows and included the amount reported in the balance sheet of €2,914 million as well as €7 million reclassified to the disposal group.

Lease payments totaled €679 million in 2025 (previous year: €679 million). The principal component of €432 million (previous year: €413 million) is presented in cash flows from financing activities. BASF reports interest payments, which amounted to €62 million (previous year: €65 million), in cash flows from operating activities. Payments in connection with short-term leases, lease payments relating to low-value assets, and variable lease payments that were not taken into account in the measurement of the lease liability amounted to €185 million in 2025 (previous year: €201 million).

Reconciliation according to IAS 7 breaks down the changes in financial and similar liabilities and their hedging transactions into cash-effective and non-cash-effective changes. The cash-effective changes presented below correspond to the figures in cash flows from financing activities.

Other financing-related liabilities primarily comprise liabilities from accounts used for cash pooling with BASF companies not included in the Consolidated Financial Statements. They are reported in miscellaneous liabilities under the balance sheet item other liabilities, in which financial instruments are presented.

Assets/liabilities from hedging transactions included in cash flows from financing activities form part of the balance sheet items derivatives with positive and negative fair values respectively and include only those transactions which hedge risks arising from financial indebtedness and financing-related liabilities secured by micro hedges.

Reconciliation according to IAS 7 for 2025

	Dec. 31, 2024		Non-cash-effective changes					Dec. 31, 2025
Million €		Cash- effective in cash flows from financing activities	Acquisitions/ divestitures/ changes in the scope of consolidation	Currency effects	Additions from lease contracts	Other effects	Changes in fair value	
Financial indebtedness	21,762	99	5	-667	–	-105	–	21,094
Loan liabilities	372	6	–	-1	–	8	–	385
Lease liabilities	1,665	-432	4	-78	481	-32 ^a	–	1,608
Other financing-related liabilities	241	-5	-21	-1	–	-11	–	203
Financial and similar liabilities	24,039	-331	-13	-746	481	-141	–	23,290
Assets/liabilities from hedging transactions	-38	356	–	–	–	–	-338	-20
Total	24,001	25	-13	-746	481	-141	-338	23,270

^a Includes mainly disposals from lease contracts

Reconciliation according to IAS 7 for 2024

	Dec. 31, 2023		Non-cash-effective changes					Dec. 31, 2024
Million €		Cash- effective in cash flows from financing activities	Acquisitions/ divestitures/ changes in the scope of consolidation	Currency effects	Additions from lease contracts	Other effects	Changes in fair value	
Financial indebtedness	19,268	2,264	–	224	–	6	–	21,762
Loan liabilities	259	121	–	1	–	-10	–	372
Lease liabilities	1,649	-413	–	27	428	-26 ^a	–	1,665
Other financing-related liabilities	185	2	–	–	–	54	–	241
Financial and similar liabilities	21,361	1,974	–	251	428	25	–	24,039
Assets/liabilities from hedging transactions	-47	-191	–	–	–	–	200	-38
Total	21,314	1,783	–	251	428	25	200	24,001

^a Includes mainly disposals from lease contracts

27 Personnel expenses and employees

Personnel expenses

Expenses for wages and salaries, social security contributions and assistance, as well as for pensions increased to €12,299 million in 2025. The increase was mainly due to a higher wage and salary level and higher additions of bonus provisions compared with 2024. This includes personnel expenses of the discontinued coatings business of €878 million in 2025 (previous year: €853 million).

Personnel expenses

Million €	2025	2024
Wages and salaries	9,936	9,022
Social security contributions and assistance expenses	1,826	1,665
Pension expenses	538	554
Personnel expenses	12,299	11,241

Number of employees

As of December 31, 2025, the number of employees decreased to 108,251 employees compared with 111,822 employees as of December 31, 2024. The decline was primarily due to departures in connection with the ongoing cost savings programs and as part of the divestiture of the Brazilian decorative paints business. The number of employees also includes 9,928 employees in the discontinued coatings business as of December 31, 2025 (previous year: 10,122 employees).

Employees of joint operations are included in the number of employees relative to BASF's share in the company. As of December 31, 2025, a total of 530 employees worked at joint operations (previous year: 1,234 employees). The decline resulted primarily from BASF taking full ownership of Alsachimie S.A.S., Chalampé, France, from mid-2025 onwards.

The development of the number of employees in the BASF Group was distributed over the regions as follows:

Number of employees as of December 31

	2025	2024
Europe	65,073	66,726
of which Germany	48,955	50,602
North America	15,652	15,969
Asia Pacific	21,592	21,971
South America, Africa, Middle East	5,934	7,156
BASF Group	108,251	111,822
of which apprentices and trainees	2,663	2,941
temporary staff	1,995	2,105

The average number of employees was distributed over the regions as follows:

Average number of employees

	2025	2024
Europe	65,881	66,941
of which Germany	49,749	50,761
North America	15,877	16,064
Asia Pacific	21,865	21,616
South America, Africa, Middle East	6,817	7,123
BASF Group	110,440	111,744
of which apprentices and trainees	2,505	2,670
temporary staff	2,184	2,285

The average number of employees decreased to 110,440 employees in 2025, of which an average of 888 employees worked at joint operations (previous year: 1,221 employees). The reasons for the development of the number of employees described above are also decisive to the development of the average number of employees.

28 Share price-based compensation programs and BASF incentive share program

Share price-based compensation programs

The BASF Group's share price-based compensation programs, or long-term incentive (LTI) programs, are cash-settled programs. If vested, the cash-settlement obligation is measured at fair value on every balance sheet date and recognized as a provision.

In 2025, the BASF Group continued offering its share price-based compensation program (LTI program), known as Strive!, which was launched in 2020. The share price-based compensation program known as "BOP" (BASF Option Program), which had existed since 1999, was offered for the last time in 2020. All option rights granted during the BOP program years remain valid until the end of their respective exercise periods.

Generally, members of the Board of Executive Directors and all senior executives are entitled to participate in the LTI programs.

Strive!

Strive! is based on a performance share plan and takes into account the achievement of strategic goals and the development of the BASF share and dividend (total shareholder return) over a period of four years.

Participation in Strive! is voluntary for senior executives and is linked to a share ownership obligation. Strive! offers rolling eligibility, without a deadline for participation. In 2025, 596 people (previous year: 628 people) were eligible to participate in Strive!. About 96% (previous year: 93%) of eligible senior executives and the members of the Board of Executive Directors participated. Unlike for senior executives, participation is not voluntary for the members of the Board of Executive Directors and is outlined in their service contracts. The same plan conditions generally apply to members of the Board of Executive Directors.

A Strive! plan includes a four-year performance period with a fixed disbursement date. A target amount is determined at the beginning of each new Strive! plan for every participant. This target amount is converted into a preliminary number of virtual performance share units (PSUs) by dividing it by the average BASF share price in the fourth quarter of the previous year. The number of PSUs that are

ultimately paid out at the end of the performance period depends on the achievement of the relevant targets.

Achievement of each strategic target is calculated for each year of the four-year performance period. Upon conclusion of the performance period, the average degree of target achievement for each strategic target is equal to the arithmetic mean of the degrees of target achievement for the four years. The total target achievement for the respective Strive! plan is determined by adding the target achievement degree for the three strategic targets after having multiplied each by the corresponding weighting factor. To calculate the final number of PSUs, this weighted target achievement is multiplied by the preliminary number of PSUs. The payment amount upon conclusion of the four-year performance period is calculated by multiplying the final number of PSUs by the average BASF share price for the fourth quarter of the last year of the performance period, plus the accumulated dividend payments in the four fiscal years. The payment occurs in May of the following year and is capped at 200% of the target amount. The payment amount therefore not only reflects achievement of the strategic targets, but performance of BASF's dividend and share price as well.

A personal investment in BASF shares is the prerequisite for participation in Strive!. Participants are required to own BASF shares amounting to a predetermined percentage of their base salary for the duration of the performance period. A set-up phase applies to first-time participants. During this period, they are required to hold a percentage of shares as their predetermined personal investment. The set-up phase for the 2025 Strive! program ends on December 31, 2028. The 2025 Strive! program has the same fundamental structure as the Strive! programs in previous years.

Fair value of PSUs and valuation parameters used as of December 31, 2025

		Strive! program of the year			
		2025	2024	2023	2022
Number of PSUs granted		1,134,952	1,050,982	925,989	674,349
Number of PSUs vested		319,325	559,591	725,306	674,349
Fair value including fluctuation / PSU	€	43.18	49.12	34.03	43.09
Fair value excluding fluctuation / PSU	€	48.80	53.30	35.45	43.09
Weighted target achievement	%	108.3	108.9	66.7	77.0
Base price	€	44.58	43.94	46.45	61.82

PSUs vested by the balance sheet date were measured at fair value. Fair value is determined based on the BASF share price of €44.43 on the balance sheet date plus expected dividend payments during the term of the program and taking into account the expected target achievement rate of the respective Strive! plan. A fluctuation rate of 4% is assumed for the fair value of senior executives' PSUs.

The LTI provision for Strive! decreased from €109 million as of December 31, 2024, to €97 million as of December 31, 2025, due to lower fair values. The expense from the addition to provisions totaled €37 million in 2025. This was partly offset by income from the reversal of LTI provisions totaling €5 million. Of this amount, €2 million related to the disposal group for the discontinued coatings business. In 2024, BASF Group recognized an expense from the addition to provisions of €31 million. The expiry of the four-year performance period and associated payout in May for Strive! 2021 resulted in utilization of €43 million in 2025. On the basis of preliminary degrees of target achievement, a payment amount of €26 million was recognized in current provisions for the fully vested 2022 program year.

BASF Option Program (BOP)

The "BOP" LTI program last offered in 2020 grants virtual option rights. When exercised, the option rights are settled in cash.

Participation in BOP was voluntary. In order to take part in the program, a participant had to make a personal investment: Participants were required to hold BASF shares representing between 10% and 30% of their respective variable compensation for a two-year period from the granting of the option (holding period). The number of shares to be held was determined by the amount of variable compensation and the volume-weighted average share price on the first trading day after the Annual Shareholders' Meeting.

Participants received four option rights per invested share. Each option consists of two parts, right A and right B, which may be exercised if defined thresholds have been met: The threshold of right A is met if the price of the BASF share has increased by more than 30% in comparison with the base price on the option grant date (absolute threshold). The value of right A is the difference between the market price of BASF shares on the exercise date and the base price; it is limited to 100% of the base price. Right B may be exercised (relative threshold) if the cumulative percentage performance of BASF shares exceeds the percentage performance of the MSCI World Chemicals IndexSM (MSCI Chemicals). The value of right B is the base price of the option multiplied by twice the percentage by which the BASF share outperforms the MSCI Chemicals Index on the exercise date. It is limited to the closing price on the date of exercise less the calculated nominal value of the BASF share. Right B may only be exercised if the price of the BASF share equals at least the base price. When a two-year vesting period is over, options granted can be exercised until the end of the respective exercise period. During the exercise period, there are certain times (closed periods) during which the options may not be exercised. Each option can only be exercised in full, and one of the thresholds must be exceeded. If the other threshold is not exceeded, the other option right lapses. A participant's maximum gain from exercising an option is limited to five times the original individual investment. Option rights are nontransferable and are forfeited if the option holders no longer work for the BASF Group or have sold part of their individual investment before the expiry of the two-year vesting period. They remain valid in the case of retirement. For the members of the Board of Executive Directors, the long-term orientation of the program has been strengthened significantly compared with the conditions applying to the other participants. Members of the Board of Executive Directors were required to participate in the BOP program with at least 10% of their actual annual variable compensation. In view of this binding personal investment (in the form of BASF shares), an extended holding period of four years applies. Members of the Board of Executive Directors may only exercise their option rights four years after they have been granted at the earliest (vesting period).

As a result of a resolution by the Board of Executive Directors in 2002 to settle option rights in cash, all outstanding option rights under the 2018 to 2020 programs were valued at fair value as of December 31, 2025.

The number of outstanding options declined from 6,190,727 as of December 31, 2024, to 4,784,286 as of December 31, 2025, due mainly to the expiration of options from the 2017 BOP program.

The exercisable options had no intrinsic value as of December 31, 2025, or December 31, 2024.

The models used in the valuation of the option plans are based on the arbitrage-free valuation model according to Black-Scholes. The fair values of the options are determined using the binomial model. Volatility is determined on the basis of the monthly closing prices over a historical period corresponding to the remaining term of the options.

The LTI provision for BOP decreased from €20 million as of December 31, 2024, to €17 million as of December 31, 2025, due to lower fair values and a lower number of outstanding option rights. In 2024

and in 2025, less than €1 million was utilized due to senior executives leaving the company. Income from the reduction in provisions totaled €3 million in 2025 and €30 million in 2024.

BASF “plus” incentive share program

The “plus” incentive share program was introduced in 1999 and is currently available to employees in Germany, other European countries and Mexico. Simultaneous participation in both the “plus” program and an LTI program is not permitted.

Employees who participate in BASF’s “plus” incentive share program acquire shares in BASF as a personal investment from their variable compensation. For every 10 BASF shares purchased in the program, a participant receives one BASF share at no cost after one, three, five, seven and 10 years of holding these shares. As a rule, the first and second block of 10 shares entitles the participant to receive one BASF share at no extra cost in each of the next 10 years.

The right to receive free BASF shares lapses if a participant sells the individual investment in BASF shares, if the participant stops working for a Group company or one year after retirement. The number of free shares to be granted has developed as follows:

Number of free shares to be granted

Shares	2025	2024
As of January 1	3,785,696	3,920,838
Newly acquired entitlements	533,205	585,725
Bonus shares issued	-642,940	-567,516
Lapsed entitlements	-183,830	-153,351
As of December 31	3,492,131	3,785,696

The free shares to be provided by the company are measured at the fair value on the grant date. Fair value is determined on the basis of the BASF share price, taking into account the present value of dividends, which are not paid during the term of the program. The weighted-average fair value on the grant date amounted to €42.43 for the 2025 program, and €48.42 for the 2024 program.

The fair value of the free shares to be granted is recognized as an expense with a corresponding increase in capital reserves over the term of the program.

Personnel expenses for BASF’s “plus” incentive share program totaled €20 million in 2025 and €24 million in 2024.

29 Compensation of the Board of Executive Directors and Supervisory Board

Compensation of the Board of Executive Directors according to IFRS

Million €	2025	2024
Short-term non-performance-related and performance-related compensation of the Board of Executive Directors	14.6	14.5
Share-based compensation	-3.0	4.2
Termination benefits	–	–
Other long-term benefits	–	–
Service costs for members of the Board of Executive Directors	1.8	1.9
Total compensation of the Board of Executive Directors	13.4	20.6

Compensation of the Board of Executive Directors and Supervisory Board according to section 314(1) no. 6 of the German Commercial Code (HGB)

Million €	2025	2024
Non-performance-related and performance-related compensation of the Board of Executive Directors	14.6	14.5
Fair value of performance share units allocated to the Board of Executive Directors in the fiscal year as of allocation date	10.3	12.1
Total compensation of the Board of Executive Directors	24.9	26.6
Compensation of the Supervisory Board	3.5	3.4
Total compensation of former members of the Board of Executive Directors and their surviving dependents	13.1	12.4
Pension provisions for former members of the Board of Executive Directors and their surviving dependents	180.5	179.9

Total compensation for the Board of Executive Directors and the Supervisory Board according to IAS 24.17 amounted to €16.9 million in 2025 (previous year: €24.0 million).

In 2025, members of the Board of Executive Directors were allocated 251,237 performance share units (PSUs) under the Long-Term-Incentive (LTI) plan (previous year: 260,569 PSUs) (for more information on the LTI plans, see Note 28 from page [413](#) onward).

» The Compensation Report will be available at basf.com/compensationreport.

30 Related party transactions

Related parties are legal or natural entities that can exert influence on the BASF Group or over which the BASF Group exercises control or joint control, or a significant influence. These primarily include nonconsolidated subsidiaries, joint ventures and associated companies as well as BASF SE's Board of Executive Directors and Supervisory Board.

The following tables show the volume of business with related parties that are included in the Consolidated Financial Statements at amortized cost or accounted for using the equity method. Transactions with related parties are carried out under normal market conditions. The figures also include sales, receivables, other receivables as well as liabilities and other liabilities that are assigned to the discontinued operations.

Sales and trade accounts receivable from and trade accounts payable to related parties mainly included business with own products and merchandise, agency and licensing businesses, and other operating businesses.

Other receivables and liabilities primarily arose from financing activities, from accounts used for cash pooling, outstanding dividend payments, profit and loss transfer agreements, and other finance-related and operating activities and transactions.

The decrease in other receivables from nonconsolidated subsidiaries resulted primarily from other finance-related receivables.

The decrease in other liabilities to nonconsolidated subsidiaries as well as joint ventures resulted from other finance-related liabilities and contract liabilities.

Balances outstanding to related parties were generally not secured and were settled in cash.

The balance of valuation allowances on other receivables from nonconsolidated subsidiaries declined from €120 million as of December 31, 2024, to €117 million as of December 31, 2025. The addition to

valuation allowances on other receivables from nonconsolidated subsidiaries was recognized as an expense in the amount of €0 million (previous year: €8 million).

The balance of valuation allowances on trade accounts receivable from nonconsolidated subsidiaries decreased from €4 million as of December 31, 2024, to €3 million as of December 31, 2025. The balance of valuation allowances on trade accounts receivable from joint ventures declined from €3 million as of December 31, 2024, to €0 million as of December 31, 2025. The addition to valuation allowances on trade accounts receivable from nonconsolidated subsidiaries as well as joint ventures was €0 million in both 2025 and 2024.

BASF had obligations from guarantees and other financial obligations in favor of nonconsolidated subsidiaries in the amount of €1 million as of December 31, 2025, and €5 million as of December 31, 2024, in favor of joint ventures in the amount of €19 million as of December 31, 2025, and €42 million as of December 31, 2024, and in favor of associated companies in the amount of €1 million as of December 31, 2025, and €3 million as of December 31, 2024.

Obligations arising from purchase contracts with joint ventures amounted to €2,655 million as of December 31, 2025, and €2,943 million as of December 31, 2024. In both years, the obligations mainly resulted from power purchase agreements.

Annual minimum rental payments for an office building including a parking area payable by BASF SE to BASF Pensionskasse VVaG for the nonterminable basic rental period until 2029 amounted to €8 million (previous year: €8 million). Furthermore, there were financial liabilities with BASF Pensionskasse VVaG amounting to €337 million as of December 31, 2025 (previous year: €266 million). BASF SE had other finance-related receivables from BASF Pensionskasse VVaG in the amount of €80 million as of December 31, 2025, and as of December 31, 2024.

Sales with related parties

Million €	Supplies and services rendered		Supplies and services received	
	2025	2024	2025	2024
Nonconsolidated subsidiaries	980	1,212	359	405
Joint ventures	667	655	1,590	1,070
Associated companies	129	136	124	193

The increase in supplies and services rendered by joint ventures is attributable to higher volumes. The decrease in supplies and services received from associated companies is primarily attributable to the disposal of two associated companies.

Trade accounts receivable from / trade accounts payable to related parties

Million €	Accounts receivable, trade		Accounts payable, trade	
	December 31, 2025	December 31, 2024	December 31, 2025	December 31, 2024
Nonconsolidated subsidiaries	338	417	77	92
Joint ventures	71	97	103	104
Associated companies	32	20	15	30

Other receivables from / liabilities to related parties

Million €	Other receivables		Other liabilities	
	December 31, 2025	December 31, 2024	December 31, 2025	December 31, 2024
Nonconsolidated subsidiaries	151	224	185	227
Joint ventures	29	25	15	86
Associated companies	30	30	4	15

There were no reportable related party transactions with members of the Board of Executive Directors or the Supervisory Board and their related parties in 2025 other than those presented in Note 29 (from page 416 onward).

» The Compensation Report will be available at basf.com/compensationreport.

31 Services provided by the external auditor

BASF Group companies used the following services from Deloitte:

Services provided by the external auditor

Million €	2025	of which Deloitte GmbH Wirtschaftsprüfungs- gesellschaft, Germany
Audit services	28	10
Audit-related services	7	7
Tax consultation services	–	–
Other services	–	–
Total	35	17

The services provided by the external auditor mainly included services for the audit and, to a lesser extent, other audit-related services.

The fees for audit services related to expenses for the audit of the Consolidated Financial Statements of the BASF Group, the Financial Statements of BASF SE and of the subsidiaries and joint operations included in the Consolidated Financial Statements and the review of the half-year financial report.

Fees for audit-related services primarily included voluntary audits in connection with the divestment of the coatings business, confirmation services relating to sustainability reporting, other audits based on regulatory requirements, as well as other voluntary confirmation services.

32 Declaration of Conformity with the German Corporate Governance Code

Declaration pursuant to section 161 of the German Stock Corporation Act (AktG)

The annual Declaration of Conformity with the German Corporate Governance Code according to section 161 AktG was submitted by the Board of Executive Directors and the Supervisory Board of BASF SE in December 2025 and is published online.

» For more information, see basf.com/en/corporategovernance

33 Non-adjusting events after the balance sheet date

On January 13, 2026, BASF announced that it had reached an agreement with the private equity firm Paine Schwartz Partners and other shareholders to acquire their portfolio company AgBiTech, Brisbane, Australia. AgBiTech specializes in biological insect control solutions. The transaction is structured as a share deal and includes all assets such as portfolio, intellectual property rights, production sites, research and development facilities and employees. The transaction is expected to close in the first half of 2026, subject to approval by the competent authorities. The activities will then be reported in the Agricultural Solutions operating division.