

# Statement of the Chairman of the Board of Executive Directors

Dear Shareholders,

Looking back, 2025 was a year of mixed emotions for me. We made great progress in implementing our “Winning Ways” strategy. Our efforts have contributed to creating a more focused and faster BASF. We achieved considerable milestones in streamlining our core businesses while swiftly advancing Coatings and Agricultural Solutions on their value-creation journey.

At our new site in Zhanjiang, China, the successful startup of the core of the Verbund – on time and below budget – stands as a testament to BASF’s operational excellence. Similarly, we continue to progress with our one-billion-US-dollar MDI expansion project in Geismar, Louisiana. In Ludwigshafen, our teams have exceeded my expectations in working to restore competitiveness and lay the groundwork for a profitable future for BASF in Europe.

At the same time, however, I must acknowledge that our strategic and operational measures have not yet fully translated into a tangible improvement in earnings. After a strong start in 2025, we faced increasing market volatility, with initial market tailwinds turning into geopolitical headwinds. In this difficult environment, our standalone businesses Agricultural Solutions as well as Environmental Catalyst and Metal Solutions stood out by delivering superior earnings contributions, leveraging their full strength.

Overall, BASF Group’s EBITDA before special items came in slightly below our most recent outlook range and analyst consensus. This was due to lower margins, particularly in the upstream businesses, as well as negative currency effects, mainly from a weak U.S. dollar. At the same time, free cash flow considerably exceeded analysts’ expectations and our own forecast. This provides a foundation for our dividend proposal of €2.25 per share for 2025. From today’s perspective, we do not expect a meaningful market upswing or a significant easing of geopolitical tensions in the near term. Our outlook for 2026 reflects this. This means that we are putting self-help at the heart of our actions and will be keeping a close eye on costs and our cash flow.

I nevertheless remain confident. We have the right playbook to tackle short-term challenges, and, in the long term, we have the right strategy to shape a future-proof BASF. What matters now is moving forward with courage, guided by our Winning Behaviors. BASF is a strong team and we have the capabilities to succeed – even under challenging conditions. That’s my source of confidence.

**Dr. Markus Kamieth**

Chairman of the Board of Executive Directors of BASF SE



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# Letter from the Chairman of the Supervisory Board

Dear Shareholders,

BASF performed well in difficult geopolitical, regulatory and economic conditions in the 2025 business year. The chemical industry is facing major challenges worldwide, particularly in Europe. BASF is focused on further improving its competitiveness in the various markets and on implementing its “Winning Ways” strategy. In these times, extra responsibilities are also placed upon the Supervisory Board.

We have made ongoing and thorough use of detailed reports to monitor the Board of Executive Directors. We advised the Board of Executive Directors on important issues of corporate governance and strategic development. The Board of Executive Directors also informed the Supervisory Board of matters of particular importance outside of the six meetings. In addition, I was in regular personal contact with the Chairman of the Board of Executive Directors. The four committees of the Supervisory Board prepared the meetings and enabled in-depth examination of important topics within the body as a whole. The Audit Committee, whose chairwoman was also in close contact with the Chief Financial Officer and the auditor, bore special responsibility in this regard. Cooperation within the committees and with the Board of Executive Directors has remained transparent, trusting and constructive, characterized by the common pursuit of the best solutions to ensure the success of BASF.

The Supervisory Board discussed the business development and the measures taken by the Board of Executive Directors in detail. At each meeting, we discussed the progress of the major investment projects and the ongoing portfolio measures, including important investments at the Ludwigshafen site, the progress of construction and the highly successful startup of the new Verbund site in Zhanjiang in southern China, as well as the sale of the global coatings business. In relation to the standalone businesses, we discussed the respective progress in strategy implementation, in particular the planned partial IPO of the Agricultural Solutions division. In addition, the continued focus of BASF’s portfolio was intensively discussed. For the core businesses, this means above all growth in Asia and restructuring in Europe. The Supervisory Board is convinced that this will require rapid and far-reaching political reforms in Europe and Germany in order to bring the targets and measures associated with green transformation into line with the growth and prosperity of national economies.

The Supervisory Board believes that BASF is on the right track – both in the short term in a difficult environment and in the long term with a view to greater focus and speed, as well as market-driven green transformation. This assessment is also based on discussions I held with institutional investors last year. The Supervisory Board expressly supports BASF’s chosen operational and strategic direction. Two highly experienced leaders, Dr. Mary Kurian and Dr. Livio Tedeschi, will join the Board of Executive Directors in May 2026 and will contribute their expertise to the further development of BASF. Michael Heinz will retire as planned at the end of the Annual Shareholders’ Meeting – after 42 successful and meritorious years, including 15 years on the Board of Executive Directors.

On behalf of the Supervisory Board, I wish to thank the Board of Executive Directors for its outstanding work in an extraordinarily challenging environment. This thanks also extends to all employees around the world who are making a decisive contribution to BASF’s successful future with their drive, great commitment and resilience.

**Dr. Kurt Bock**

Chairman of the Supervisory Board

The report of the Supervisory Board can be found on pages [437](#) to [445](#).

## 2025 – at a glance

Our integrated reporting combines financial and sustainability reporting. We inform you how we are developing as a company and how we create value for our stakeholders.

# €59.7

billion

**Sales revenue<sup>a</sup>**

2024: €61.4 billion

# €6.6

billion

**EBITDA before special items<sup>a</sup>**

2024: €7.2 billion

# 5.8%

**ROCE<sup>a</sup>**

2024: 5.1%

# €5.6

billion

**Cash flows from operating activities**

2024: €6.9 billion

# €1.3

billion

**Free cash flow**

2024: €0.7 billion

# €4.0

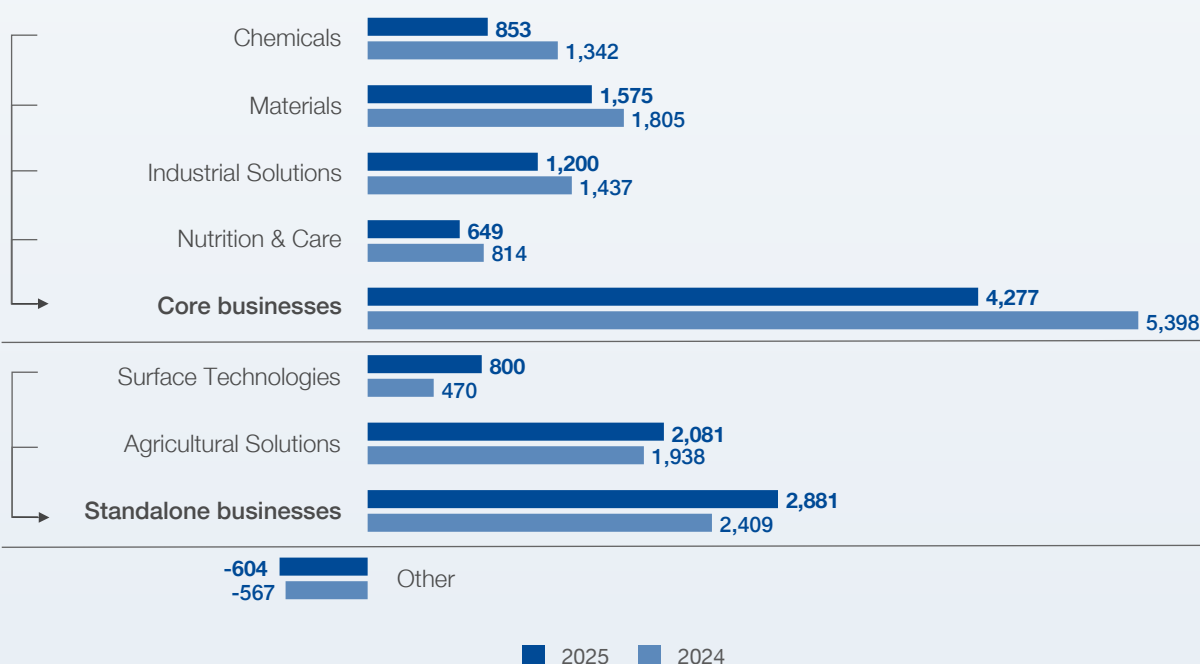
billion

**Capital expenditures (capex)**

2024: €6.0 billion

### EBITDA before special items by segment<sup>a,b</sup> and Other

Million €



<sup>a</sup> With the planned divestiture of the automotive OEM coatings, automotive refinish coatings and surface treatment business units, sales and earnings from these activities will be reported as discontinued operations and will no longer be part of the sales and EBIT(DA) before special items of the BASF Group and of Surface Technologies. The prior-year figures have been restated accordingly (for more information on this planned transaction, see page 39).

<sup>b</sup> Since January 1, 2025, the chemical and refining catalysts business has been reported as part of the Performance Chemicals division in the Industrial Solutions segment. It was previously part of the former Catalysts division in the Surface Technologies segment. The prior-year figures have been restated accordingly.

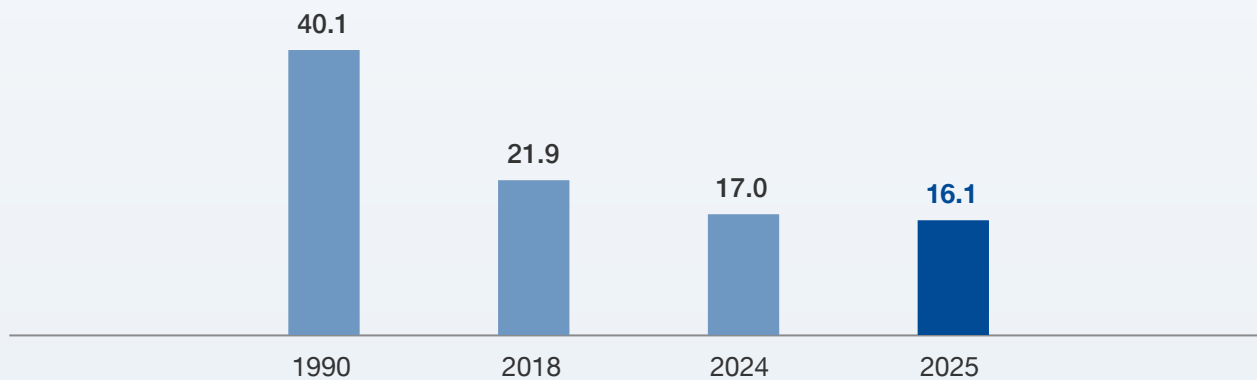
## Sales and employees by region

By location of company; employees as of December 31, 2025



## Greenhouse gas emissions<sup>a</sup>

million metric tons of CO<sub>2</sub> equivalents



<sup>a</sup> Scope 1 and Scope 2 (excluding the sale of energy to third parties)



<sup>b</sup> This item no longer includes the amounts reported in discontinued operations. The prior-year figures have been restated accordingly (for more information, see page 39).

## Selected Key Figures Excluding Precious and Base Metals

The IFRS figures correspond to the amounts presented in the Consolidated Financial Statements, excluding discontinued operations. The adjusted figures exclude sales from precious and base metal services as well as precious and base metal sales in the Battery Materials division and in the Environmental Catalyst and Metal Solutions division.

### BASF Group

|                                    |           | 2025        |                 | 2024        |                 |
|------------------------------------|-----------|-------------|-----------------|-------------|-----------------|
|                                    |           | IFRS figure | Adjusted figure | IFRS figure | Adjusted figure |
| Sales                              | million € | 59,657      | 53,306          | 61,444      | 56,184          |
| Volumes                            | %         | 1.5         | 0.7             | 1.9         | 3.7             |
| Prices                             | %         | -1.7        | -3.3            | -5.7        | -3.3            |
| Currencies                         | %         | -3.0        | -2.9            | -1.6        | -1.8            |
| Portfolio                          | %         | 0.3         | 0.4             | -0.1        | -0.1            |
| EBITDA before special items        | million € | 6,554       | 6,554           | 7,240       | 7,240           |
| EBITDA margin before special items | %         | 11.0        | 12.3            | 11.8        | 12.9            |

### Surface Technologies<sup>a</sup>

|                                    |           | 2025        |                 | 2024        |                 |
|------------------------------------|-----------|-------------|-----------------|-------------|-----------------|
|                                    |           | IFRS figure | Adjusted figure | IFRS figure | Adjusted figure |
| Sales                              | million € | 8,967       | 2,631           | 8,055       | 2,809           |
| Volumes                            | %         | 8.8         | 5.2             | -10.3       | -8.3            |
| Prices                             | %         | 9.0         | -1.8            | -16.9       | -2.9            |
| Currencies                         | %         | -4.8        | -4.7            | -0.9        | -1.9            |
| Portfolio                          | %         | -1.7        | -5.0            | 0.0         | 0.0             |
| EBITDA before special items        | million € | 800         | 800             | 470         | 470             |
| EBITDA margin before special items | %         | 8.9         | 30.4            | 5.8         | 16.7            |

<sup>a</sup> Since January 1, 2025, the chemical and refining catalysts business has been reported as part of the Performance Chemicals division in the Industrial Solutions segment. It was previously part of the former Catalysts division in the Surface Technologies segment. The prior-year figures have been restated accordingly.

## Glossary

### B

#### **Biodiversity and ecosystems**

Biodiversity refers to the diversity of all life forms on earth. It encompasses the diversity of ecosystems, the different species that inhabit these ecosystems and the genetic diversity within these species. Ecosystems are communities of living organisms (plants, animals, microorganisms) and their physical environment (air, water, soil) that interact within a specific space. Ecosystems can be very diverse, from forests and deserts to oceans and urban areas.

### C

#### **Circular economy**

The circular economy is a regenerative system in which economic growth is decoupled from the consumption of finite resources. The circular economy is based on the fundamental principles of preventing waste and pollution, using products and materials for as long as possible and regenerating natural systems at the same time.

#### **CO<sub>2</sub> equivalents**

CO<sub>2</sub> equivalents (CO<sub>2</sub>e) are units for measuring the impact of greenhouse gas emissions on the greenhouse effect. A factor known as the global warming potential (GWP) shows the impact of the individual gases compared with CO<sub>2</sub> as the reference value.

### D

#### **Double materiality**

Double materiality as defined by the European Sustainability Reporting Standards (ESRS) is a concept that is applied in the materiality assessment. The principle of double materiality looks at sustainability aspects from two perspectives: 1. Impact materiality, which determines the actual and potential positive and negative impacts of business activities on various sustainability topics. 2. Financial materiality, which considers the opportunities and risks of sustainability topics for a company's financial position.

### E

#### **Eco-Efficiency Analysis**

The Eco-Efficiency Analysis is a method developed by BASF for assessing the economic and environmental aspects of products and processes. The aim is to compare products with regard to profitability and environmental compatibility.

#### **ESRS**

The European Sustainability Reporting Standards provide a framework for companies to report on environmental, social and governance topics. The standards were developed by the European Financial Reporting Advisory Group (EFRAG) and are binding for all companies subject to the Corporate Sustainability Reporting Directive (CSRD).

» For a comprehensive overview of the abbreviations and definitions used in the ESRS, see [data.consilium.europa.eu/doc/document/ST-12481-2023-ADD-2/en/pdf](https://data.consilium.europa.eu/doc/document/ST-12481-2023-ADD-2/en/pdf)

## EU taxonomy

The European Union (EU) strives to be climate neutral by 2050 as part of the Green Deal. The EU taxonomy serves as an instrument for that purpose. It provides a common classification system for economic activities based on their substantial contribution to environmental objectives. The EU Taxonomy Regulation obliges large companies, among others, to disclose sales revenues as well as capital and operating expenditures that contribute to at least one of the six environmental objectives listed in the taxonomy system.

## F

### Formulation

Formulation describes the combination of one or more active substances with excipients like emulsifiers, stabilizers and other inactive components in order to improve the applicability and effectiveness of various products, such as cosmetics, pharmaceuticals, agricultural chemicals, paints and coatings.

## G

### Green transformation

In order to enable our customers' green transformation, BASF systematically develops and offers solutions that minimize negative environmental and social impacts while maximizing positive outcomes. This involves our efforts to reduce carbon emissions, conserving resources, and using renewable energy and feedstocks. According to the three dimensions of sustainable development, we place ecological and economic balance as well as social responsibility at the forefront of our actions.

## J

### Just transition

Just transition refers to a concept for a transformation toward a climate-neutral, resilient and socially just societal and economic order. To this end, ecological, economic and social challenges are to be given equal consideration, with a particular focus on disadvantaged and vulnerable populations.

» A more detailed definition can be found at [bmz.de/de/service/lexikon](https://bmz.de/de/service/lexikon) (available in German only).

## P

### Policy

In this report, we use the word policy or requirement to describe internal frameworks that set out the fundamental guidelines of our company. At BASF, policies are set by the Board of Executive Directors and define principles relating to a specific topic. Separate requirements define the processes for implementing a policy.

## R

### Renewable raw materials

Renewable raw materials are materials made from renewable resources that can be replenished by natural or artificial processes within a reasonable time frame. These include both bio-based feedstocks from biomass and bio-attributed materials, to which raw materials from biomass are attributed via certified processes such as mass balance.

## S

### Steam cracker

A steam cracker is a plant in which steam is used to “crack” naphtha (petroleum) or natural gas. The resulting petrochemicals are the raw materials used to produce most of BASF's products.

### Substances of concern or of very high concern

Substances of concern (SoC) are chemical substances which, if handled improperly, may have potentially harmful effects on human health or the environment and which, based on their properties, have a harmonized classification under the European CLP Regulation. Substances of very high concern (SVHC) are a distinct group of chemicals identified by their severe hazardous properties, including carcinogenic, mutagenic or toxic effects on reproduction. These substances are identified, included on a candidate list and specially monitored under the EU chemicals regulation REACH. According to REACH, suppliers are obliged to indicate substances that have been included in the candidate list and are contained in products on the safety data sheet.

## T

### Traits

Traits are commercial plant characteristics, such as an inherent resistance to certain herbicides or an inherent defense against certain insects.

## V

### Value Chain

A value chain describes the successive steps in a production process: from raw materials through various intermediate steps, such as transportation and production, to the finished product.

## Trademarks<sup>1</sup>

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<sup>1</sup> Trademarks are not registered/used in all countries.

Quarterly Statement Q1 2026 / Annual  
Shareholders' Meeting 2026

Apr. 30, 2026

Half-Year Financial Report 2026

Jul. 29, 2026

Quarterly Statement Q3 2026

Oct. 28, 2026

Publication of BASF Report 2026

Feb. 26, 2027

Quarterly Statement Q1 2027 / Annual  
Shareholders' Meeting 2027

Apr. 29, 2027



BASF supports the chemical industry's global  
Responsible Care® initiative.

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## Further information

### Published February 27, 2026

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online at [basf.com/publications](https://www.basf.com/publications).

## Forward-looking statements and forecasts

This report contains forward-looking statements. These statements are based on current estimates and projections of the Board of Executive Directors and currently available information. Forward-looking statements are not guarantees of the future developments and results outlined therein. These are dependent on a number of factors; they involve various risks and uncertainties; and they are based on assumptions that may not prove to be accurate. We do not assume any obligation to update the forward-looking statements contained in this report above and beyond the legal requirements.

- » Such risk factors include in particular those discussed in Opportunities and Risks on pages 90 to 105 of the BASF Report 2025.
- » The BASF Report is available online at [basf.com/report](https://www.basf.com/report).