

Roche Holdings, Inc.

Half-Year Report 2025

Roche Holdings, Inc. Interim Consolidated Financial Statements

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Management Report

1. Review of the six months ended June 30, 2025

Principal activities

Roche Holdings, Inc. (RHI) is the holding company for the Roche Group's US operations and performs financing activities for other members of the RHI Group.

RHI Group results

In the first half of 2025 the RHI Group's sales were USD 18.3 billion, an increase of 9% compared to the first half of 2024.

The sales growth was driven by the 9% increase in sales in the Pharmaceuticals Division to USD 15.3 billion, due primarily to the continued growth of Xolair which added USD 0.4 billion of sales. Other major growth drivers were Hemlibra, Ocrevus, Vabysmo, Phesgo and Polivy. This growth more than compensated for the combined 7% fall in the sales of Avastin, Herceptin and Rituxan. Ocrevus remained the highest-selling product, with USD 2.9 billion of sales and an increase of 5% driven by both new and retained patients. Vabysmo showed a high uptake and achieved USD 1.7 billion of sales, with both newly diagnosed patients as well as patients transitioning from other treatment options. Xolair sales increased by 34% and reached USD 1.7 billion, driven by the growth in the recently launched food allergy indication and the continued demand in chronic spontaneous urticaria. Despite a slower growth rate, Hemlibra sales were 11% higher at USD 1.5 billion due to a mix of price and demand increases. Sales of Tecentriq were USD 1.0 billion, with the decline in sales due to the competitive environment in the hepatocellular carcinoma (HCC) and non-small cell lung cancer (NSCLC) indications. Sales of Phesgo, as the treatment preferred over Perjeta and Herceptin, increased by 84% and reached USD 0.5 billion.

In the Diagnostics Division sales were USD 3.0 billion, an increase of 5% primarily driven by growth in sales for pathology solutions alongside rising demand for immunodiagnosics and clinical chemistry products.

The RHI Group's operating profit in the first half of 2025 increased by 70% to USD 4.3 billion, with the higher profit mainly due to increased sales, lower impairment charges related to intangible assets and a decrease in the amortisation of intangible assets, reflecting the recent impairments, in the first half of 2025. Financing costs increased by 9% to USD 1.2 billion driven by higher interest expenses due to higher debt levels in the first half of 2025 compared to the first half of 2024. The RHI Group's effective income tax rate decreased to 16.1% in the first half of 2025 compared to 29.9% in the comparative period. The decrease was mainly due to a prior year's tax benefit and lower impairment of non-deductible intangible assets in the first half of 2025. Consequently, the net income increased to USD 2.7 billion.

Competition from biosimilars and generic medicines

The introduction of a generic, biosimilar or non-comparable biologic version of the same or a similar medicine usually results in a significant reduction in net sales for the relevant product, as other manufacturers typically offer their versions at lower prices.

Total interim Rituxan, Avastin and Herceptin sales

	2025 (USD m)	2024 (USD m)	% change
Rituxan	467	484	-4
Avastin	195	229	-15
Herceptin	174	190	-8
Total	836	903	-7

Rituxan, Avastin and Herceptin. The RHI Group's basic, primary patents for these three products have expired. The first biosimilar versions of Herceptin and Avastin were launched from mid-2019 and the first biosimilar versions of Rituxan in late 2019. The year-on-year movements were also driven by regular price and volume changes. Biosimilar competition is only one factor in the overall picture.

Esbriet. The first generic versions of Esbriet came to market in the second quarter of 2022. Interim sales of Esbriet were USD 5 million (2024: USD 24 million), a decline of 79%. The rights for Esbriet in the US market were divested in the first quarter of 2025.

Lucentis. The RHI Group's basic, primary patents for Lucentis have expired. The first biosimilar version of Lucentis with a restricted label came to market at the beginning of the third quarter of 2022. Interim sales of Lucentis were USD 47 million (2024: USD 98 million), a decline of 52% due to the ongoing switch of patients from Lucentis to Vabysmo, as well as competitive pressure.

Actemra. The RHI Group's basic, primary patents for Actemra have expired. The first biosimilar versions of Actemra came to market in the second quarter of 2024. Interim sales of Actemra were USD 785 million (2024: USD 669 million), an increase of 17% due to the delayed impact from biosimilar competition and higher sales to related parties.

Xolair. The RHI Group's basic, primary patents have expired, and the formulation patent will expire in late 2025. Based on publicly available information, the RHI Group currently anticipates that the first biosimilar versions could come to market in 2026. Interim sales of Xolair in 2025 were USD 1,674 million.

Perjeta. The RHI Group's basic, primary patents have expired in the second quarter of 2025. Based on publicly available information, the RHI Group currently anticipates that the first biosimilar versions could come to market in 2026. Interim sales of Perjeta in 2025 were USD 876 million.

Mergers and acquisitions

Poseida. On January 8, 2025, the RHI Group completed the acquisition of Poseida Therapeutics, Inc. ('Poseida'). With this acquisition, the RHI Group obtained access to Poseida's research and development portfolio, which includes various preclinical and clinical-stage CAR-T therapies across several therapeutic areas, as well as manufacturing capabilities and technology platforms. The total consideration was USD 1.1 billion, of which USD 0.9 billion was paid in cash, USD 0.1 billion arose from a deferred cash consideration and USD 0.1 billion arose from a contingent consideration arrangement. Further details are given in Note 6 to the Interim Financial Statements.

Alliance transactions

In the first half of 2025 in-licensing and alliance transactions, including those with related parties, resulted in intangible assets of USD 1.7 billion (2024: USD 0.2 billion) being recognised. Transactions in 2025 included the collaboration and licence agreement with Zealand Pharma A/S ('Zealand Pharma') to co-develop and co-commercialise petrelintide as a potential foundational therapy for people who are overweight or have obesity. The initial payment resulted in the recognition of USD 1.4 billion of intangible assets.

Impairment of goodwill and intangible assets

The Pharmaceuticals Division recorded impairment charges to intangible assets of USD 175 million in total. These charges included USD 121 million related to the full impairment of the product intangible asset for SPK-9001, acquired as part of the Spark Therapeutics acquisition. There were no impairments in the Diagnostics Division. Further details are given in Notes 7 and 8 to the Interim Financial Statements.

Financial position

In 2009 the Genentech transaction was accounted for in full as an equity transaction and as a consequence, the carrying amount of the consolidated equity of the RHI Group was significantly reduced (see Note 1 to the Interim Financial Statements). At June 30, 2025, the RHI Group had a negative equity of USD 10.1 billion (December 31, 2024: USD 12.6 billion). The capacity of the RHI Group to generate positive cash flows and operating profit is not affected by this accounting treatment. In addition, RHI has notes and commercial paper outstanding with a carrying value of USD 28.7 billion (December 31, 2024: USD 26.4 billion) which are guaranteed by Roche Holding Ltd, the parent company of the Roche Group.

Total assets increased by USD 4.4 billion to USD 56.8 billion at June 30, 2025. Goodwill and intangible assets increased by USD 2.0 billion mainly due to the acquisition of Poseida and the collaboration and licence agreement with Zealand Pharma, partially offset by intangible asset impairments and amortisation expenses. Property, plant and equipment increased by USD 0.1 billion due to additions in manufacturing facilities as well as site developments, partially offset by depreciation expenses. Inventories increased by USD 1.4 billion in support of continued sales growth in the Pharmaceuticals Division and due to instruments pending installation in the Diagnostics Division. The increase of USD 0.6 billion in trade receivables from third parties was primarily driven by the sales growth of Ocrevus and Vabysmo, which both have extended payments term, alongside increased sales of Xolair.

Total liabilities increased by USD 1.9 billion to USD 66.9 billion at June 30, 2025. This was mainly driven by increase of debt with third parties and accounts payable with related parties, partially offset by decrease of debt with related parties. At June 30, 2025, the carrying value of debt was USD 51.6 billion (December 31, 2024: USD 50.4 billion), of which USD 22.7 billion is due to Roche Group companies outside the US (December 31, 2024: USD 23.7 billion).

Cash flow

The cash inflows from operating activities increased by USD 1.0 billion to USD 2.9 billion in the first half of 2025. This was mainly due to increased cash generated from operations, partially offset by higher utilisation of provisions. The cash outflows from investing activities were USD 3.3 billion in the first half of 2025. This included investments in intangible assets which mainly related to the collaboration and licence agreement with Zealand Pharma, and cash payments of USD 1.0 billion for the acquisition of Poseida. The cash inflows from financing activities were USD 0.8 billion in the first half of 2025 mainly from the increase of USD 4.0 billion in the commercial paper obligations, partially offset by the redemption and repurchase of third party notes and the repayment of related party debt of USD 3.5 billion in total.

2. Principal risks and uncertainties

Risks

The RHI Group is exposed to various financial risks arising from its underlying operations and corporate finance activities. Information on risks the RHI Group is exposed to from its underlying operations is provided under provisions and contingent liabilities in Note 19 to the 2024 Annual Financial Statements. The RHI Group's financial risk exposures are predominantly related to changes in interest rates, equity prices and to an extent, foreign exchange rates, as well as the creditworthiness and the solvency of RHI's counterparties. The RHI Group's financial risk management is described in Note 28 to the 2024 Annual Financial Statements.

Uncertainties

Key accounting judgements, estimates and assumptions are described in Note 1 to the Interim Financial Statements. Provisions and contingent liabilities are described in Note 19 to the 2024 Annual Financial Statements and these are updated, where appropriate, in Note 9 to the Interim Financial Statements.

3. International Financial Reporting Standards as adopted by the EU

The RHI Group is using International Financial Reporting Standards (IFRS Accounting Standards) as adopted by the European Union (EU) to report its consolidated results.

New and revised accounting standards applied in 2025

In 2025 the RHI Group implemented various minor amendments to existing accounting standards and interpretations, which have no material impact on the RHI Group's overall results and financial position. See Note 1 to the Interim Financial Statements for further details.

4. Responsibility statement

The directors of Roche Holdings, Inc. confirm that, to the best of their knowledge as of the date of their approval of the Interim Consolidated Financial statements at July 24, 2025:

- the Interim Consolidated Financial Statements at June 30, 2025, which have been prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of Roche Holdings, Inc. and the undertakings included in the consolidation taken as a whole; and that
- the Management Report gives a true and fair view of the development and performance of the business and the position of Roche Holdings, Inc. and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

Thomas Schinecker
Chairman of the Board

Alan Hippe
Vice Chairman of the Board

Gillian Chambers Harris
Member of the Board

Roger Brown
Member of the Board

Scott Wilson
Member of the Board

Sean A. Johnston
Member of the Board

Roche Holdings, Inc. Interim Consolidated Financial Statements

The Interim Consolidated Financial Statements have been reviewed by Roche Holdings, Inc.'s auditor and their review report is presented on page 31.

[Roche Holdings, Inc. consolidated income statement](#) in millions of USD

	Six months ended June 30,	
	2025	2024
Sales ²	18,332	16,873
Other revenue ²	3,053	2,941
Revenue ^{2,3}	21,385	19,814
Cost of sales	(9,630)	(9,524)
Research and development ²	(4,341)	(4,926)
Selling, general and administration	(3,138)	(2,848)
Other operating income (expense)	(8)	(6)
Operating profit ²	4,268	2,510
Financing costs ⁴	(606)	(583)
Financing costs – related parties ¹⁵	(553)	(477)
Other financial income (expense) ⁴	30	(23)
Other financial income (expense) – related parties ¹⁵	75	23
Profit before taxes	3,214	1,450
Income taxes ⁵	(518)	(434)
Net income	2,696	1,016
Attributable to		
- Roche Holdings, Inc.'s shareholder	2,697	1,018
- Non-controlling interests	(1)	(2)

	Six months ended June 30,	
	2025	2024
Net income recognised in income statement	2,696	1,016
Other comprehensive income (OCI)		
Remeasurements of defined benefit plans	72	59
Fair value changes on equity investments at fair value through OCI	0	2
Items that will never be reclassified to the income statement	72	61
Fair value changes on debt securities at fair value through OCI	0	0
Currency translation of foreign operations	2	(1)
Items that are or may be reclassified to the income statement	2	(1)
Other comprehensive income, net of tax	74	60
Total comprehensive income	2,770	1,076
Attributable to		
- Roche Holdings, Inc.'s shareholder	2,771	1,078
- Non-controlling interests	(1)	(2)
Total	2,770	1,076

	June 30, 2025	December 31, 2024
Non-current assets		
Property, plant and equipment	7,350	7,231
Right-of-use assets	698	734
Goodwill ⁷	7,628	7,048
Intangible assets ⁸	16,807	15,434
Deferred tax assets	5,550	5,202
Defined benefit plan assets	166	111
Other non-current assets	1,005	880
Total non-current assets	39,204	36,640
Current assets		
Inventories	5,403	4,014
Accounts receivable – trade and other	5,747	5,163
Accounts receivable – related parties ¹⁵	4,149	5,612
Other current assets	1,275	930
Other current assets – related parties ¹⁵	0	0
Marketable securities	610	0
Cash and cash equivalents	420	48
Total current assets	17,604	15,767
Total assets	56,808	52,407
Non-current liabilities		
Long-term debt ¹⁰	(22,623)	(24,267)
Long-term debt – related parties ^{10, 15}	(18,605)	(20,555)
Deferred tax liabilities	0	0
Defined benefit plan liabilities	(1,187)	(1,206)
Provisions ⁹	(347)	(401)
Other non-current liabilities	(1,324)	(1,219)
Other non-current liabilities – related parties ¹⁵	(395)	(439)
Total non-current liabilities	(44,481)	(48,087)
Current liabilities		
Short-term debt ¹⁰	(6,354)	(2,455)
Short-term debt – related parties ^{10, 15}	(4,050)	(3,107)
Current income tax liabilities	(410)	(655)
Provisions ⁹	(1,367)	(1,037)
Accounts payable – trade and other	(1,523)	(1,457)
Accounts payable – related parties ¹⁵	(2,255)	(1,078)
Other current liabilities	(5,529)	(6,298)
Other current liabilities – related parties ¹⁵	(970)	(818)
Total current liabilities	(22,458)	(16,905)
Total liabilities	(66,939)	(64,992)
Total net liabilities	(10,131)	(12,585)
Equity		
Capital and reserves attributable to Roche Holdings, Inc.'s shareholder	(10,129)	(12,585)
Equity attributable to non-controlling interests	(2)	0
Total equity	(10,131)	(12,585)

	Six months ended June 30,	
	2025	2024
Cash flows from operating activities		
Cash generated from operations ¹³	6,151	5,184
(Increase) decrease in net working capital	(3,079)	(2,394)
(Increase) decrease in net working capital - related parties	1,240	296
Payments made for defined benefit plans	(53)	(39)
Utilisation of provisions	(435)	(232)
Income taxes paid	(950)	(898)
Total cash flows from operating activities	2,874	1,917
Cash flows from investing activities		
Purchase of property, plant and equipment	(547)	(755)
Purchase of intangible assets, including transfers from related parties	(1,666)	(202)
Disposal of property, plant and equipment	5	4
Disposal of intangible assets, including transfers to related parties	204	8
Business combinations ⁶	(979)	(2,832)
Asset acquisitions	0	0
Divestment of subsidiaries ¹²	14	0
Interest and dividends received on marketable securities and other investments	11	4
Interest and dividends received from related parties	75	23
Decrease in other current assets - related parties	0	31
Sales of equity securities and debt securities	58	55
Sales (purchases) of money market instruments and time accounts over three months, net	(499)	30
Other investing cash flows	31	(17)
Total cash flows from investing activities	(3,293)	(3,651)
Cash flows from financing activities		
Proceeds from issue of notes ¹⁰	0	3,864
Proceeds from issue of related party debt ¹⁰	750	1,750
Redemption and repurchase of notes ¹⁰	(1,750)	(2,100)
Repayment of related party debt ¹⁰	(1,750)	(2,550)
Increase (decrease) in commercial paper ¹⁰	4,001	802
Increase (decrease) in other debt ¹⁰	(65)	0
Interest paid	(556)	(492)
Principal portion of lease liabilities paid	(86)	(74)
Dividends paid to related parties ¹¹	0	0
Interests and other financing - related parties	(584)	(388)
Recharges for equity compensation plans from related parties	(620)	(332)
(Increase) decrease of cash pool balance with related parties ¹⁵	1,451	1,265
Total cash flows from financing activities	791	1,745
Net effect of currency translation on cash and cash equivalents	0	0
Increase (decrease) in cash and cash equivalents	372	11
Cash and cash equivalents at beginning of period	48	25
Cash and cash equivalents at end of period	420	36

	Share capital	Retained earnings	Fair value reserves	Translation reserves	Total	Non-controlling interests	Total equity
Six months ended June 30, 2024							
At January 1, 2024	1	(11,861)	2	26	(11,832)	(9)	(11,841)
Net income recognised in income statement	-	1,018	-	-	1,018	(2)	1,016
Net change in fair value – financial assets at fair value through OCI	-	7	(5)	-	2	0	2
Currency translation of foreign operations	-	-	-	(1)	(1)	0	(1)
Remeasurements of defined benefit plans	-	59	-	-	59	0	59
Total comprehensive income	-	1,084	(5)	(1)	1,078	(2)	1,076
Dividends	-	0	-	-	0	0	0
Equity compensation plans, net of recharges from related parties	-	66	-	-	66	-	66
At June 30, 2024	1	(10,711)	(3)	25	(10,688)	(11)	(10,699)
Six months ended June 30, 2025							
At January 1, 2025	1	(12,579)	(4)	(3)	(12,585)	0	(12,585)
Net income recognised in income statement	-	2,697	-	-	2,697	(1)	2,696
Net change in fair value – financial assets at fair value through OCI	-	0	0	-	0	0	0
Currency translation of foreign operations	-	-	-	2	2	0	2
Remeasurements of defined benefit plans	-	72	-	-	72	0	72
Total comprehensive income	-	2,769	0	2	2,771	(1)	2,770
Dividends	-	0	-	-	0	0	0
Equity compensation plans, net of recharges from related parties	-	(315)	-	-	(315)	(1)	(316)
At June 30, 2025	1	(10,125)	(4)	(1)	(10,129)	(2)	(10,131)

Notes to the Roche Holdings, Inc. Interim Consolidated Financial Statements

1. General accounting principles

Basis of preparation

These financial statements are the unaudited condensed interim consolidated financial statements (hereafter ‘the Interim Financial Statements’) of Roche Holdings, Inc., a company incorporated in the State of Delaware, and its subsidiaries (hereafter ‘RHI’ or ‘the RHI Group’) for the six months ended June 30, 2025 (hereafter ‘the interim period’). RHI is 100% indirectly owned by Roche Holding Ltd, a public company registered in Switzerland and parent company of the Roche Group. The RHI Group is therefore a member of the Roche Group. These Interim Financial Statements should be read in conjunction with the consolidated financial statements for the year ended December 31, 2024 (hereafter ‘the Annual Financial Statements’), as they provide an update of previously reported information. They were approved for issue by the Board of Directors on July 24, 2025.

Statement of compliance

The Interim Financial Statements have been prepared in accordance with IAS 34 ‘Interim Financial Reporting’, as adopted by the European Union (EU). They do not include all of the information required for a complete set of financial statements prepared in accordance with IFRS Accounting Standards as adopted by the EU. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the RHI Group since the Annual Financial Statements.

Going concern

The RHI Group completed the purchase of the non-controlling interests in Genentech effective March 26, 2009. Based on IAS 27 ‘Separate Financial Statements’ and consistent with the IFRS 10 ‘Consolidated Financial Statements’, which was adopted by RHI in 2013, this transaction was accounted for in full as an equity transaction. As a consequence, the carrying amount of the consolidated equity of the RHI Group at that time was reduced by USD 46.6 billion, of which USD 7.6 billion was allocated to eliminate the book value of Genentech non-controlling interests. At June 30, 2025, the RHI Group had a negative equity of USD 10.1 billion (December 31, 2024: USD 12.6 billion). The capacity of the RHI Group to generate positive cash flows and operating profit is not affected by this accounting treatment. In addition, RHI has notes and commercial paper outstanding with a carrying value of USD 28.7 billion (December 31, 2024: USD 26.4 billion) which are guaranteed by Roche Holding Ltd. Management has assessed that it remains appropriate to prepare the RHI Group’s financial statements on a going concern basis. In the first half of 2025, the RHI Group generated an operating profit of USD 4.3 billion and a positive operating cash flow of USD 2.9 billion.

Management judgements and estimates

The preparation of the Interim Financial Statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of revenues, expenses, assets, liabilities and related disclosures. If in the future such estimates and assumptions, which are based on management’s best judgement at the date of the Interim Financial Statements, deviate from the actual circumstances, the original estimates and assumptions will be modified as appropriate in the period in which the circumstances change. The significant judgements made by management in applying the RHI Group’s accounting policies and the key sources of estimation uncertainty are the same as those applied in the Annual Financial Statements.

Seasonality

The RHI Group operates in industries where significant seasonal or cyclical variations in total sales are not experienced during the financial year.

Accounting policies

Except as described below, the accounting policies applied in these Interim Financial Statements are the same as those applied in the Annual Financial Statements. Changes in accounting policies will also be reflected in the RHI Group’s Consolidated Financial Statements for the year ending December 31, 2025.

Changes in accounting policies

In 2025 the RHI Group has implemented various minor amendments to existing accounting standards and interpretations, which have no material impact on the RHI Group's overall results and financial position.

Future new and revised accounting standards

The RHI Group is currently assessing the potential impacts of the various new and revised accounting standards and interpretations that will be mandatory from January 1, 2026, and which the RHI Group has not yet applied. Based on the analysis to date, the RHI Group does not anticipate that these will have a material impact on the RHI Group's overall results and financial position. The RHI Group is also assessing other new and revised accounting standards which are not mandatory until after 2026, including IFRS 18 'Presentation and Disclosure in Financial Statements'.

2. Operating segment information

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

Divisional information in millions of USD

Six months ended June 30,	Pharmaceuticals		Diagnostics		Corporate		RHI Group	
	2025	2024	2025	2024	2025	2024	2025	2024
Revenue from external customers and related parties								
Sales	15,343	14,021	2,989	2,852	-	-	18,332	16,873
Other revenue	2,996	2,886	57	55	-	-	3,053	2,941
Total	18,339	16,907	3,046	2,907	-	-	21,385	19,814
Segment results								
Operating profit	4,752	3,035	260	165	(744)	(690)	4,268	2,510
Research and development								
Research and development costs	(3,818)	(4,392)	(523)	(534)	-	-	(4,341)	(4,926)

Net assets in millions of USD

	Assets			Liabilities			Net assets	
Net operating assets	June 30, 2025	Dec. 31, 2024	June 30, 2025	Dec. 31, 2024	June 30, 2025	Dec. 31, 2024	June 30, 2025	Dec. 31, 2024
Pharmaceuticals	36,821	32,293	(8,573)	(7,307)	28,248	24,986	28,248	24,986
Diagnostics	10,354	10,420	(1,525)	(1,844)	8,829	8,576	8,829	8,576
Corporate	98	105	(283)	(362)	(185)	(257)	(185)	(257)
Total	47,273	42,818	(10,381)	(9,513)	36,892	33,305	36,892	33,305
Current income tax net assets (liabilities)					(410)	(655)	(410)	(655)
Deferred tax net assets (liabilities)					5,550	5,202	5,550	5,202
Defined benefit plan net assets (liabilities)					(1,021)	(1,095)	(1,021)	(1,095)
Lease liabilities					(1,253)	(1,266)	(1,253)	(1,266)
Marketable securities					610	0	610	0
Cash and cash equivalents					420	48	420	48
Debt					(28,977)	(26,722)	(28,977)	(26,722)
Debt – related parties					(22,655)	(23,662)	(22,655)	(23,662)
Other net assets (liabilities)					713	2,260	713	2,260
Total net assets (liabilities)					(10,131)	(12,585)	(10,131)	(12,585)

3. Revenue

Disaggregated revenue information

Disaggregation of revenue from external customers and related parties in millions of USD

	Six months ended June 30, 2025			Six months ended June 30, 2024		
	Revenue from contracts with customers	Revenue from other sources	Total	Revenue from contracts with customers	Revenue from other sources	Total
Pharmaceuticals Division						
Sales by therapeutic area						
Oncology/Haematology	6,500	-	6,500	5,957	-	5,957
- of which Oncology	3,821	-	3,821	3,607	-	3,607
- of which Haematology	2,679	-	2,679	2,350	-	2,350
Neurology	3,285	-	3,285	3,124	-	3,124
Immunology	2,908	-	2,908	2,458	-	2,458
Ophthalmology	1,774	-	1,774	1,652	-	1,652
Other therapeutic areas	876	-	876	830	-	830
Sales	15,343	-	15,343	14,021	-	14,021
Royalty income	204	1	205	197	2	199
Royalty income from related parties	2,291	0	2,291	2,224	0	2,224
Profit-share income	0	450	450	0	427	427
Other income from collaboration and out-licensing agreements	40	0	40	36	0	36
Other income from collaboration and out-licensing agreements – related parties	10	0	10	0	0	0
Other revenue	2,545	451	2,996	2,457	429	2,886
Diagnostics Division						
Sales by customer area						
Molecular Lab	891	11	902	909	10	919
Core Lab	836	50	886	780	44	824
Pathology Lab	679	21	700	593	24	617
Near Patient Care	499	2	501	489	3	492
Sales	2,905	84	2,989	2,771	81	2,852
Royalty income from related parties	45	0	45	51	0	51
Other income from collaboration and out-licensing agreements	8	0	8	0	0	0
Other	0	4	4	1	3	4
Other revenue	53	4	57	52	3	55
Total Revenue	20,846	539	21,385	19,301	513	19,814

In the second half of 2024, retrospectively effective January 1, 2024, the Pharmaceuticals Division changed its internal therapeutic areas split for revenues. Consequently, the comparative sales by therapeutic areas information for the six months ended June 30, 2024, has been restated in this table.

Effective January 1, 2025, the Diagnostics Division changed its internal customer areas. Consequently, the comparative sales by customer areas information for the six months ended June 30, 2024, has been restated in this table.

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

Gross-to-net sales reconciliation for the Pharmaceuticals Division

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

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

	Six months ended June 30,	
	2025	2024
Gross sales	20,678	18,988
Government and regulatory mandatory price reductions	(3,225)	(3,041)
Contractual price reductions	(2,169)	(1,954)
Cash discounts	(76)	(72)
Customer returns reserves	(152)	(149)
Others	(378)	(406)
Net sales to external customers	14,678	13,366
Net sales to related parties	665	655
Net sales	15,343	14,021

Government and regulatory mandatory price reductions. These consist of mandatory price reductions. The major elements are the 340B Drug Discount Program, Medicaid and other plans in the US, which totalled USD 3.2 billion (six months ended June 30, 2024: USD 3.0 billion).

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

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

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

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

4. Net financial expense

Financing costs in millions of USD

	Six months ended June 30,	
	2025	2024
Interest expense	(544)	(530)
Amortisation of debt discount	(5)	(5)
Net gains (losses) on redemption and repurchase of notes	0	0
Discount unwind	(10)	(5)
Net interest cost of defined benefit plans	(29)	(26)
Interest expenses on lease liabilities	(18)	(17)
Total financing costs	(606)	(583)

Other financial income (expense) in millions of USD

	Six months ended June 30,	
	2025	2024
Net gains (losses) on equity investments / securities at fair value through profit or loss	(8)	0
Interest income (expense) from debt securities at fair value through OCI and at amortised cost	11	4
Net foreign exchange gains (losses)	4	(2)
Net other financial income (expense)	2	4
Associates	21	(29)
Total other financial income (expense)	30	(23)

Net financial expense in millions of USD

	Six months ended June 30,	
	2025	2024
Financing costs	(606)	(583)
Other financial income (expense)	30	(23)
Net financial expense	(576)	(606)
Financial result from treasury management	(568)	(551)
Financial result from pension management	(29)	(26)
Associates	21	(29)
Net financial expense	(576)	(606)

5. Income taxes

Income tax expenses are recognised based upon management's best estimate of the weighted average annual income tax rate expected for the full financial year multiplied by the pre-tax income for the six months ended June 30, 2025.

Income tax expenses in millions of USD

	Six months ended June 30,	
	2025	2024
Current income taxes	(751)	(936)
Deferred taxes	233	502
Total income tax (expense)	(518)	(434)

The RHI Group's effective tax rate for the six months ended June 30, 2025, decreased to 16.1% (six months ended June 30, 2024: 29.9%). The decrease was mainly due to a prior year's tax benefit and lower impairment of non-deductible intangible assets in the first half of 2025.

6. Mergers and acquisitions

Business combinations – 2025

Poseida Therapeutics, Inc. On January 8, 2025, the RHI Group acquired a 100% controlling interest in Poseida Therapeutics, Inc. ('Poseida'), a publicly owned US company based in San Diego, California, that had been listed on Nasdaq. With this acquisition, the RHI Group obtained access to Poseida's research and development portfolio, which includes various preclinical and clinical-stage CAR-T therapies across several therapeutic areas, as well as manufacturing capabilities and technology platforms. The acquisition builds on the existing partnership between the Roche Group and Poseida following the collaboration and licence agreement established in 2022, which included P-BCMA-ALLO1, an allogeneic CAR-T therapy in phase I targeting B-cell maturation antigen for the treatment of multiple myeloma, and P-CD19CD20-ALLO1 in phase I, an allogeneic dual CAR-T in B-cell malignancies which is also investigated for the treatment of multiple sclerosis and systemic lupus erythematosus. Poseida is reported in the Pharmaceuticals Division. The total consideration was USD 1,132 million, of which USD 891 million was paid in cash on the acquisition date, USD 99 million was deferred consideration paid in cash on January 17, 2025, which related to the settlement of Poseida's own equity compensation plans, and USD 142 million arose from a contingent consideration arrangement. The contingent payments are based on the achievement of predetermined performance-related milestones, and the range of undiscounted outcomes is between zero and USD 472 million.

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

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

	Poseida
Property, plant and equipment	17
Right-of-use assets	24
Intangible assets	
– Product intangibles: not available for use ⁸	334
Deferred tax assets	196
Cash and cash equivalents	11
Marketable securities	168
Deferred income	(21)
Provisions	(7)
Short-term debt ¹⁰	(65)
Lease liabilities	(24)
Deferred tax liabilities	(73)
Other net assets (liabilities)	(8)
Net identifiable assets	552
Goodwill ⁷	580
Total consideration	1,132
Cash	891
Deferred consideration	99
Contingent consideration ¹⁴	142
Total consideration	1,132

The fair values of the intangible assets were determined using an income approach that is based on management forecasts and observable market data for discount rates, tax rates and foreign exchange rates. The present value was calculated using a risk-adjusted discount rate of 12.3%. The valuations were performed by an independent valuer.

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

Directly attributable transaction costs of USD 13 million were reported in the Pharmaceuticals operating segment within other operating income (expense).

In the six months to June 30, 2025, Poseida contributed no material revenue and a net loss (after tax) of USD 80 million to the results reported for the Pharmaceuticals Division and the RHI Group. Management estimates that the results of the RHI Group would not

have been materially different had the acquisition been completed on January 1, 2025. This information is provided for illustrative purposes only and is not necessarily indicative of the future results of the RHI Group.

Business combinations – 2024

Carmot Therapeutics, Inc. On January 26, 2024, the RHI Group acquired a 100% controlling interest in Carmot Therapeutics, Inc. ('Carmot'), a privately owned US company based in Berkeley, California. Carmot is reported in the Pharmaceuticals Division. The total consideration was USD 3,094 million, of which USD 2,913 million was paid in cash and USD 181 million arose from a contingent consideration arrangement. The contingent payments are based on the achievement of predetermined performance-related milestones, and the range of undiscounted outcomes is between zero and USD 400 million.

Cash flows from business combinations

Business combinations: net cash outflows in millions of USD

	Six months ended June 30, 2025			Six months ended June 30, 2024		
	Pharmaceuticals	Diagnostics	Total	Pharmaceuticals	Diagnostics	Total
Cash consideration paid	(891)	0	(891)	(2,913)	0	(2,913)
Deferred consideration paid	(99)	0	(99)	0	0	0
Contingent consideration paid	0	0	0	0	0	0
Cash in acquired company	11	0	11	81	0	81
Total net cash outflows	(979)	0	(979)	(2,832)	0	(2,832)

Asset acquisitions

The RHI Group did not complete any asset acquisitions during the six months ended June 30, 2025, or during the six months ended June 30, 2024.

Future asset acquisitions

Kolm Therapeutics Inc. On July 1, 2025, the RHI Group acquired a 100% controlling interest in Kolm Therapeutics Inc. ('Kolm'), a privately owned US company based in Woodbridge, Connecticut. With the acquisition, the RHI Group obtained ownership of a preclinical conditional small molecule programme for potential applications in oncology. Kolm is reported in the Pharmaceuticals Division. The cash consideration paid at the acquisition date was USD 125 million. Additional contingent payments may be made based upon performance-related milestones.

7. Goodwill

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

Six months ended June 30, 2025

At January 1, 2025	7,048
Business combinations ⁶	580
At June 30, 2025	7,628

Allocated by operating segment

Pharmaceuticals	3,458
Diagnostics	4,170
Total RHI Group	7,628

There were no impairments of goodwill during the six months ended June 30, 2025, or during the six months ended June 30, 2024.

8. Intangible assets

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

	Product intangibles: in use	Product intangibles: not available for use	Other intangibles	Total
Six months ended June 30, 2025				
At January 1, 2025	2,348	12,914	172	15,434
Business combinations ⁶	0	334	0	334
Additions, including transfers from related parties	141	1,512	4	1,657
Disposals, including transfers to related parties	(1)	(202)	0	(203)
Transfers	3	(3)	0	0
Amortisation charge	(214)	-	(26)	(240)
Impairment reversal (charge)	(122)	(60)	7	(175)
At June 30, 2025	2,155	14,495	157	16,807
Allocated by operating segment				
Pharmaceuticals	1,308	14,052	139	15,499
Diagnostics	847	443	18	1,308
Total RHI Group	2,155	14,495	157	16,807

Significant intangible assets: additions recorded during the six months ended June 30, 2025 in millions of USD

	Operating segment	Net book value June 30, 2025	Remaining amortisation period
Product intangibles not available for use			
petrelintide (Zealand Pharma in-licensing transaction)	Roche Pharmaceuticals	1,204	n/a
P-BCMA-ALLO1 (Poseida acquisition)	Roche Pharmaceuticals	222	n/a

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

		Amortisation		Impairment
Six months ended June 30,	2025	2024	2025	2024
Cost of sales				
- Pharmaceuticals	(68)	(93)	(114)	(358)
- Diagnostics	(52)	(103)	0	0
Research and development				
- Pharmaceuticals	(117)	(133)	(61)	(640)
- Diagnostics	0	0	0	0
Selling, general and administration				
- Pharmaceuticals	0	(1)	0	0
- Diagnostics	(3)	(3)	0	0
Total	(240)	(333)	(175)	(998)

Impairment charges – 2025

Pharmaceuticals Division. Impairment charges totalling USD 175 million were recorded. The major items related to:

- A charge of USD 121 million for the product intangible asset for SPK-9001, acquired as part of the Spark Therapeutics acquisition, due to the decision to stop the commercialisation by the alliance partner. The asset concerned, which was being amortised, was fully written down.
- A charge of USD 27 million following the decision to terminate the development of a compound and the collaboration with an alliance partner. The asset concerned, which was not yet being amortised, was fully written down.
- A charge of USD 21 million following the decision to stop the development of a compound with an alliance partner. The asset concerned, which was not yet being amortised, was fully written down.

Impairment charges – 2024

Pharmaceuticals Division. Impairment charges totalling USD 998 million were recorded. The major items related to:

- A charge of USD 358 million for the partial impairment of the product intangible asset for Rozlytrek, acquired as part of the Ignyta acquisition, due to reduced sales expectations. The asset concerned was written down to its estimated recoverable amount of USD 231 million. The intangible asset in use continues to be amortised over its remaining estimated useful life.
- A charge of USD 304 million for three separate assets following the decision to stop the development of these compounds with the respective alliance partners. The assets concerned, which were not yet being amortised, were fully written down.
- A charge of USD 135 million following the decision to terminate the development of a compound and the collaboration with an alliance partner. The asset concerned, which was not yet being amortised, was fully written down.
- A charge of USD 86 million following the decision to terminate the development of a programme and the collaboration with an alliance partner. The asset concerned, which was being amortised, was fully written down.

9. Provisions and contingent liabilities

Provisions in millions of USD

	June 30, 2025	December 31, 2024
Legal provisions	118	118
Environmental provisions	92	103
Restructuring provisions	264	95
Contingent consideration provisions ¹⁴	349	191
Other provisions	891	931
Total provisions	1,714	1,438
Current	1,367	1,037
Non-current	347	401
Total provisions	1,714	1,438

During the six months ended June 30, 2025, USD 534 million of provisions were utilised (six months ended June 30, 2024: USD 232 million). Thereof, USD 435 million (six months ended June 30, 2024: USD 232 million) are included in the cash flow from operating activities and mainly related to the utilisation of restructuring and other provisions. The remaining amount of USD 99 million (six months ended June 30, 2024: nil) is included in the cash flows from investing activities in relation to deferred consideration payments in a business combination (see Note 6).

As part of the regular review of litigation matters, management has reassessed the provisions recorded for certain litigation matters. Based on the development of the various litigations, there was a net expense of USD 35 million during the six months ended June 30, 2025.

Other than as described below, no significant changes in the RHI Group's contingent liabilities for legal cases have occurred since the approval of the Annual Financial Statements by the Board of Directors.

University of Pennsylvania litigation. On January 31, 2022, the University of Pennsylvania filed a patent litigation action in the US against Genentech, Inc. ('Genentech') based on a claim that Herceptin, Perjeta, Phesgo and Herceptin Hylecta would infringe their US Patent No. 7,625,558 (the '558 patent). According to the complaint, the '558 patent generally relates to methods of treating ErbB (HER2) protein-mediated cancer tumours by administering a compound that inhibits the formation of ErbB (HER2) followed by radiation. Genentech filed a partial motion to dismiss the University of Pennsylvania's claims of wilfulness on March 24, 2022, which was granted on December 2, 2022. The University of Pennsylvania filed a motion to amend its complaint to add wilfulness back in, which was granted by the court on May 5, 2023. The University of Pennsylvania filed a first amended complaint on May 17, 2023. On January 17, 2025, the court orally issued a tentative ruling on Genentech's motion for summary judgment of no enablement by holding 13 claims invalid and leaving three claims remaining. On March 6, 2025, the parties executed a settlement agreement. On March 13, 2025, the University of Pennsylvania filed its notice of dismissal of the case. The matter is now concluded.

There have been certain procedural developments in the significant litigation matters described in Note 19 to the Annual Financial Statements. These do not significantly affect the assessment of the RHI Group's management concerning the adequacy of the total provisions recorded for legal matters.

10. Debt

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

Six months ended June 30, 2025

At January 1, 2025	50,384
Proceeds from issue of notes	0
Proceeds from issue of related party debt	750
Redemption and repurchase of notes	(1,750)
Repayment of related party debt	(1,750)
Increase (decrease) in commercial paper	4,001
Increase (decrease) in other debt	(65)
Changes from financing cash flows	1,186
Net (gains) losses on redemption and repurchase of notes ⁴	0
Amortisation of debt discount ⁴	5
Financing costs	5
Business combinations ⁶	65
Divestment of subsidiaries ¹²	(7)
Net foreign currency transaction (gains) losses	0
Currency translation effects	(1)
Change in foreign exchange rates	(1)
At June 30, 2025	51,632
Notes	24,777
Commercial paper	4,200
Amounts due to related parties ¹⁵	22,655
Other borrowings	0
Total debt	51,632
Long-term debt	41,228
Short-term debt	10,404
Total debt	51,632

Unamortised discount included in the carrying value of notes at June 30, 2025, was USD 60 million (June 30, 2024: USD 83 million).

Issuance of notes - 2025

The RHI Group did not undertake any debt offering during the six months ended June 30, 2025.

Issuance of notes - 2024

On March 8, 2024, the RHI Group completed an offering of USD 0.875 billion fixed rate notes with a coupon of 4.790%, USD 0.75 billion fixed rate notes with a coupon of 4.909%, USD 1.25 billion fixed rate notes with a coupon of 4.985% and USD 1.0 billion fixed rate notes with a coupon of 5.218%. The notes will mature on March 8, 2029, March 8, 2031, March 8, 2034 and March 8, 2054, respectively. The RHI Group received USD 3,864 million aggregate net proceeds from the issuance and sale of these fixed rate notes.

Redemption and repurchase of notes - 2025

On the due date of March 10, 2025, the RHI Group redeemed the 2.132% fixed rate notes with a principal amount of USD 1.0 billion. The cash outflow was USD 1,000 million, plus accrued interest. The effective interest rate of these notes was 2.19%.

Also on the due date of March 10, 2025, the RHI Group redeemed floating rate notes with a principal amount of USD 0.75 billion. The cash outflow was USD 750 million, plus accrued interest. The effective interest rate of these notes was 4.87%.

Redemption and repurchase of notes – 2024

On the due date of March 5, 2024, the RHI Group redeemed floating rate notes with a principal amount of USD 0.35 billion. The cash outflow was USD 350 million, plus accrued interest. The effective interest rate of these notes was 2.85%.

Also on the due date of March 5, 2024, the RHI Group redeemed the 0.45% fixed rate notes with a principal amount of USD 0.5 billion. The cash outflow was USD 500 million, plus accrued interest. The effective interest rate of these notes was 0.49%.

On the due date of March 8, 2024, the RHI Group redeemed the 1.882% fixed rate notes with a principal amount of USD 1.25 billion. The cash outflow was USD 1,250 million, plus accrued interest. The effective interest rate of these notes was 1.95%.

Commercial paper

Roche Holdings, Inc. commercial paper program. Roche Holdings, Inc. has an established commercial paper program under which it can issue up to USD 7.5 billion of unsecured commercial paper notes guaranteed by Roche Holding Ltd. The committed credit line that is available as a back-stop supporting the commercial paper program is USD 7.5 billion at June 30, 2025. The maturity of the notes under the program cannot exceed 365 days from the date of issuance. At June 30, 2025, unsecured commercial paper notes with a principal amount of USD 4.2 billion and an average interest rate of 4.326% were outstanding.

[Movements in commercial paper obligations](#) in millions of USD

Six months ended June 30, 2025

At January 1, 2025	199
Net cash proceeds (payments)	4,001
At June 30, 2025	4,200

Recognised liabilities due to related parties

The movements of the amounts due to related parties are shown in the table below:

[Recognised liabilities due to related parties](#) in millions of USD

Six months ended June 30, 2025

At January 1, 2025	23,662
Proceeds from issue of related party debt	750
Repayment of related party debt	(1,750)
Divestment of subsidiaries ¹²	(7)
At June 30, 2025	22,655

Issues from related parties. Issues of new term notes from related parties are shown in the table below:

[Cash inflows from related parties](#) in millions of USD

	Six months ended June 30, 2025
Term note 5.49% issued April 24, 2025	750
Total	750

Payments to related parties. Payments of term notes to related parties are shown in the table below:

[Cash outflows to related parties](#) in millions of USD

	Six months ended June 30, 2025
Term note 3.14% due February 27, 2025	(750)
Term note 3.44% due March 24, 2025	(500)
Term note 3.36% due April 22, 2025	(500)
Total	(1,750)

11. Equity attributable to RHI shareholder

Genentech transaction

The RHI Group completed the purchase of the non-controlling interests in Genentech effective March 26, 2009. Based on IAS 27 'Separate Financial Statements' and consistent with IFRS 10 'Consolidated Financial Statements', which was adopted by the RHI Group in 2013, this transaction was accounted for in full as an equity transaction. As a consequence, the carrying amount of the consolidated equity of the RHI Group at that time was reduced by USD 46.6 billion, of which USD 7.6 billion was allocated to eliminate the book value of Genentech non-controlling interests. At June 30, 2025, the RHI Group had a negative equity of USD 10.1 billion (December 31, 2024: USD 12.6 billion). This accounting treatment has no effect on the capacity of the RHI Group to generate positive cash flows and operating profit or on its dividend policy.

Share capital

At June 30, 2025, the authorised and issued share capital of Roche Holdings, Inc., which is the RHI Group's parent company, consisted of 1,000 shares with a nominal value of USD 1,000 each and has not changed during the first half of 2025. All the shares are indirectly owned by Roche Holding Ltd, a public company registered in Switzerland.

Dividends

During the six months ended June 30, 2025, no dividends were declared or paid.

Own equity instruments

The RHI Group holds none of its own equity shares.

Retained earnings

In addition to net income attributable to the RHI's shareholder of USD 2,697 million (six months ended June 30, 2024: USD 1,018 million), retained earnings also include net gains on remeasurements of defined benefit plans of USD 72 million, after tax (six months ended June 30, 2024: net gains of USD 59 million, after tax). These were based on updated actuarial calculations for major plans, and were mainly due to a positive performance of plan assets, partially offset by higher defined benefit obligations from lower discount rates compared to the start of the interim period of 2025.

12. Subsidiaries and associates

Divestment of subsidiaries

On February 5, 2025, the RHI Group sold its wholly-owned subsidiary InterMune, Inc. in South San Francisco, US, including the intellectual property rights to Esbriet (pirfenidone) in the US, to a third party. The total consideration of USD 17 million consisted of a fixed amount of USD 1 million received in cash and a variable amount, of which USD 6 million had been received by June 30, 2025, and an additional deferred amount estimated at USD 10 million will be received by the end of 2030.

Gain on divestment of InterMune, Inc. in millions of USD

	Six months ended June 30, 2025
Cash consideration	7
Deferred consideration	10
Total consideration	17
Net assets disposed as part of the divestment	0
Gain on divestment of subsidiaries recorded within other operating income (expense)	17

On June 13, 2025, the RHI Group sold its wholly-owned subsidiary Roche Information Solutions India Private Limited ('RIS India') in Pune, India, to Roche Diagnostics International Ltd in Rotkreuz, Switzerland. The total consideration was EUR 6 million in cash.

Loss on divestment of RIS India in millions of USD

	Six months ended June 30, 2025
Cash consideration	7
Total consideration	7
Property, plant and equipment	(15)
Right-of-use assets	(18)
Other net assets	(4)
Provisions	3
Lease liabilities	19
Long-term debt – related parties ¹⁰	7
Total net assets disposed as part of the divestment	(8)
Currency translation of foreign operations – accumulated differences transferred to the income statement	0
Loss on divestment of subsidiaries recorded within other operating income (expense)	(1)

13. Statement of cash flows

Cash generated from operations in millions of USD

	Six months ended June 30,	
	2025	2024
Net income	2,696	1,016
Add back non-operating (income) expense		
- Financing costs ⁴	606	583
- Financing costs – related parties ¹⁵	553	477
- Other financial (income) expense ⁴	(30)	23
- Other financial (income) expense – related parties ¹⁵	(75)	(23)
- Income taxes ⁵	518	434
Operating profit	4,268	2,510
Depreciation of property, plant and equipment	359	332
Depreciation of right-of-use assets	65	69
Amortisation of intangible assets	240	333
Impairment of intangible assets	175	998
Impairment (reversal) of property, plant and equipment	(1)	51
Impairment (reversal) of right-of-use assets	0	29
Operating (income) expense for defined benefit plans	42	43
Operating expense for equity-settled equity compensation plans	349	355
Net (income) expense for provisions	555	340
Bad debt (reversal) expense	4	1
Inventory write-downs	117	126
Other adjustments	(22)	(3)
Cash generated from operations	6,151	5,184

14. Financial risk management

The RHI Group's financial risk management objectives and policies are consistent with those disclosed in Note 28 to the Annual Financial Statements. For accounts receivable from related parties, excluding receivables on cash pool balances, the RHI Group measures the allowance for doubtful accounts at an amount equal to lifetime expected credit losses (ECL). For surplus funds deposited with Roche Finance Ltd in its function as corporate cash pool leader for numerous Roche affiliates (see Note 15) the allowance for doubtful accounts is measured on a 12-month ECL basis, which is equal to the lifetime ECLs for those exposures as the amounts from the cash pool are repayable on demand.

Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets and liabilities.
- Level 2 – observable inputs other than quoted prices in active markets for identical assets and liabilities.
- Level 3 – unobservable inputs.

Fair value hierarchy of financial instruments in millions of USD

	Level 1	Level 2	Level 3	Total
At June 30, 2025				
Marketable securities				
- Money market instruments at fair value through OCI	0	610	-	610
Equity investments at fair value through profit or loss	0	5	-	5
Fund investments at fair value through profit or loss	-	0	31	31
Financial assets recognised at fair value	0	615	31	646
Contingent consideration	-	-	(349)	(349)
Financial liabilities recognised at fair value	-	-	(349)	(349)

At June 30, 2025, Level 2 financial assets consisted primarily of money market instruments.

The RHI Group determines Level 2 fair values using the following valuation techniques:

- Marketable securities are based on valuation models that use observable market data for interest rates, yield curves, foreign exchange rates and implied volatilities for similar instruments at the measurement date.
- Equity investments at fair value through profit or loss are based on a valuation model that uses the most recently published observable market data.

The RHI Group recognises transfers between levels of the fair value hierarchy as at the end of the reporting period during which the transfer occurred. There were no significant transfers between Level 1 and Level 2 during the six months ended June 30, 2025.

Level 3 fair values

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

Contingent consideration arrangements in millions of USD

Six months ended June 30, 2025	
At January 1, 2025	(191)
Arising from business combinations ⁶	(142)
Utilised for settlements ⁶	0
Total gains and losses included in the income statement	
- Unused amounts reversed – recorded within other operating income (expense)	0
- Additional amounts created – recorded within other operating income (expense)	(7)
- Discount unwind included in financing costs	(9)
At June 30, 2025	(349)

Contingent consideration arrangements

The RHI Group is party to certain contingent consideration arrangements, including those from business combinations. The fair values of contingent consideration from business combinations are determined considering the expected payments and, where payments are expected to be made beyond the next 12 months, discounted to a risk-adjusted present value using a discount rate of 5.5% at June 30, 2025 (December 31, 2024: 5.5%). The expected payments are determined by considering the possible scenarios of forecast sales and other performance criteria, the amount to be paid under each scenario and the probability of each scenario. The significant unobservable inputs are the forecast sales, other performance criteria and the discount rate. The estimated fair value would increase if the forecast sales or other performance criteria rates were higher or the discount rate was lower. At June 30, 2025 the total payments under contingent consideration arrangements arising from business combinations could be up to USD 0.9 billion (December 31, 2024: USD 0.4 billion).

Carrying value and fair value

At June 30, 2025, the carrying value of notes was USD 24.8 billion compared to a fair value of USD 23.3 billion, and the carrying value of total debt was USD 51.6 billion compared to a fair value of USD 50.2 billion. The carrying values of financial assets are a reasonable approximation of the fair values at June 30, 2025.

15. Related parties

Controlling shareholder

Roche Finance Ltd (Roche Finanz AG), a Swiss corporation, owns all of the issued and outstanding shares of Roche Holdings, Inc. Roche Finance Ltd is a wholly-owned, direct subsidiary of Roche Holding Ltd, a public company in Switzerland.

As a member of the Roche Group, all of the RHI Group's related party transactions are with Roche Group affiliates. The transactions include purchases of inventory and other materials, the payment and receipt of royalties and other income from collaboration and out-licensing agreements, sales of inventory and other materials, services received and rendered, allocation of research and development costs under cost-sharing and collaboration agreements, allocation of marketing and distribution costs under cost-sharing and collaboration agreements, recharges related to equity compensation plans, allocation of other income attributable to the US business as well as transfers of intangible assets, interest expense and guarantee fees.

Related party transactions in millions of USD

	Six months ended June 30,	
	2025	2024
Sales	1,162	1,165
Royalty income	2,336	2,275
Other income from collaboration and out-licensing agreements	10	0
Purchases of pharmaceutical products and materials	(6,729)	(6,601)
Purchases of diagnostic instruments, reagents and consumables	(377)	(322)
Payments issued under marketing and distribution cost-sharing and collaboration agreements	0	(2)
Reimbursements received under marketing and distribution cost-sharing and collaboration agreements	91	324
Payments issued under research and development cost-sharing and collaboration agreements	(929)	(944)
Reimbursements received under research and development cost-sharing and collaboration agreements	398	381
Services rendered	65	57
Services received	(510)	(476)
Other income (expense)	7	7
Recharges related to equity compensation plans	(620)	(332)
Transfers of intangible assets from related parties	127	146
Transfers of intangible assets to related parties	(202)	(8)
Financing costs – related parties		
Interest expense	(524)	(449)
Guarantee fees	(29)	(28)
Total financing costs – related parties	(553)	(477)
Other financial income (expense) – related parties		
Interest income	75	23
Total other financial income (expense) – related parties	75	23

Related party balances in millions of USD

	June 30, 2025	December 31, 2024
Other current assets	0	0
Accounts receivable	4,149	5,612
Total receivable – related parties	4,149	5,612
Long-term debt	(18,605)	(20,555)
Short-term debt	(4,050)	(3,107)
Total debt – related parties	(22,655)	(23,662)
Other non-current liabilities	(395)	(439)
Other current liabilities	(970)	(818)
Accounts payable	(2,255)	(1,078)
Total payable – related parties	(3,620)	(2,335)

At June 30, 2025, accounts receivable and payable with related parties included cash pool receivables of USD 2.5 billion and cash pool payables of USD 0.1 billion with Roche Finance Ltd in its function as corporate cash pool leader for numerous Roche affiliates (December 31, 2024: cash pool receivables of USD 3.9 billion and cash pool payables of USD 0.1 billion). Cash pool balances bear variable interest referenced to Secured Overnight Financing Rate (SOFR) for USD, Euro Short-Term Rate (ESTR) for EUR, Swiss Average Rate Overnight (SARON) for CHF, Sterling Overnight Index Average (SONIA) for GBP, Tokyo Overnight Average Rate (TONAR) for JPY and for all other currencies to a one month money market interest rate of the respective currency. Surplus funds deposited with Roche Finance Ltd are immediately available.

On June 13, 2025, the RHI Group sold its wholly-owned subsidiary Roche Information Solutions India Private Limited ('RIS India') in Pune, India, to Roche Diagnostics International Ltd in Rotkreuz, Switzerland. See Note 12 for further information.



KPMG AG
Grosspeteranlage 5
PO Box 3456
CH-4002 Basel

+41 58 249 91 91
kpmg.ch

Independent Auditor's Report on the Review of Interim Consolidated Financial Statements

to the Board of Directors of Roche Holdings, Inc., Wilmington, Delaware

Introduction

We have been engaged to review the accompanying consolidated income statement and consolidated statement of comprehensive income of Roche Holdings, Inc. for the six-month period ended 30 June 2025, the related consolidated balance sheet as at 30 June 2025, the consolidated statements of cash flows and changes in equity for the six-month period then ended, and selected explanatory notes (the interim consolidated financial statements) on pages 6 to 30. The Board of Directors is responsible for the preparation and presentation of these interim consolidated financial statements in accordance with International Accounting Standard 34 Interim Financial Reporting as adopted by the EU. Our responsibility is to express a conclusion on these interim consolidated financial statements based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim consolidated financial statements as at 30 June 2025 are not prepared, in all material respects, in accordance with International Accounting Standard 34 *Interim Financial Reporting* as adopted by the EU.

KPMG AG

François Rouiller
Licensed Audit Expert

Paul Nichols

Basel, 24 July 2025