



FINANCIAL REPORT 2025



ENGINEERED
TO OUTFIT

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FINANCIAL REVIEW OF ABB GROUP

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INTRODUCTION

ABOUT ABB

ABB is a global technology leader in electrification and automation, enabling a more sustainable and resource-efficient future. By connecting its engineering and digitalization expertise, ABB helps industries run at high performance, while becoming more efficient, productive and sustainable so they outperform. At ABB, we call this ‘Engineered to Outrun’. Our company has over 140 years of history and around 110,000 employees worldwide.

We operate in approximately 100 countries across three regions: Europe, the Americas, and Asia, Middle East and Africa, and generate revenues in numerous currencies. We are headquartered in Zurich, Switzerland, and we govern our company through our three business areas: Electrification, Motion and Automation (formerly Process Automation). We also operate our Robotics business, which is reported as discontinued operations in our Consolidated Financial Statements (see “Discontinued Operations” section below). For a breakdown of our consolidated revenues (i) by business area, (ii) by geographic region, and (iii) by product type, see “Analysis of results of operations—Revenues” and “Note 23 - Operating segment and geographic data” to our Consolidated Financial Statements.

EMPLOYEES

A breakdown of our employees by geographic region is as follows:

December 31,	2025	2024
Europe	52,400	52,100
The Americas	27,700	26,800
Asia, Middle East and Africa	31,800	31,000
Total	111,900	109,900

HISTORY OF THE ABB GROUP

The ABB Group was formed in 1988 through a merger between Asea AB and BBC Brown Boveri AG. Initially founded in 1883, Asea AB was a major participant in the introduction of electricity into Swedish homes and businesses and in the development of Sweden’s railway network. In the 1940s and 1950s, Asea AB expanded into the power, mining and steel industries. Brown Boveri and Cie. (later renamed BBC Brown Boveri AG) was formed in Switzerland in 1891 and initially specialized in power generation and turbines. In the early to mid-1900s, it expanded its operations throughout Europe and broadened its business operations to include a wide range of electrical engineering activities.

In January 1988, Asea AB and BBC Brown Boveri AG each contributed almost all of their businesses to the newly formed ABB Asea Brown Boveri Ltd, of which they each owned 50 percent. In 1996, Asea AB was renamed ABB AB and BBC Brown Boveri AG was renamed ABB AG. In February 1999, the ABB Group announced a group reconfiguration designed to establish a single parent holding company and a single class of shares. ABB Ltd was incorporated on March 5, 1999, under the laws of Switzerland. In June 1999, ABB Ltd became the holding company for the entire ABB Group. This was accomplished by having ABB Ltd issue shares to the shareholders of ABB AG and ABB AB, the two companies that formerly owned the ABB Group. The ABB Ltd shares were exchanged for the shares of those two companies, which, as a result of the share exchange and certain related transactions, became wholly-owned subsidiaries of ABB Ltd.

ABB Ltd shares are currently traded on the SIX Swiss Exchange and the NASDAQ OMX Stockholm Exchange, and the sponsored level I American Depositary Shares (ADS) are traded on the over-the-counter (OTC) markets under the ticker ABBNY.

ABB TODAY

The ABB Purpose

ABB's purpose is to enable a more sustainable and resource-efficient future with our technology leadership in electrification and automation. We are well positioned to benefit from long-term megatrends of electricity as the future power source and of increasing industrial automation. The global energy need is expanding as electricity demand grows, supporting the energy transition. This is driving significant investment in power generation and grid modernization, including the integration of renewables, as well as investments in energy efficiency, and industrial decarbonization. We also expect to see rising levels of automation and industrial operations becoming more and more autonomous. These are all factors that increase demand for ABB's electrification and automation solutions.

Market leading technology

Our market-leading position is based on our ambition to hold a number 1 or 2 market position within the segments we operate, our cutting-edge technology and our domain expertise, all of which act as barriers to market entry for potential competitors.

We continuously evolve our offering to remain a relevant and trusted partner to our customers. Our annual non-order related research and development spending in 2025 amounted to 4.0 percent of revenues. We focus our research and development expenditures on key areas of innovation and have spent approximately \$4.7 billion since the beginning of 2022, focusing on developing best-in-class products and services in the fields of electrification and automation with the goal of helping our customers to create sustainable resource-efficient value. Embedding software and artificial intelligence (AI) in our products and solutions is an integral part of our strategy, with the majority of our offering including software or being digitally enabled. Over half of our research and development employees are focused on digital solutions. It enables differentiation, creates customer value and drives quality of revenues for ABB.

All three of our business areas are market leaders in their respective fields. Our global reach along with our extensive local presence assists us in scaling innovations to achieve stronger returns, which supports higher investments for future growth. Active globally, our revenues are well-balanced across regions with customers served both directly and through a strong channel partner network.

With its long history, ABB not only invented or pioneered many power and automation technologies but has retained technology and market leadership in many of these areas. Being present in various vertical markets for decades, with close, long-term customer and channel partner relationships, has resulted in our unique deep domain expertise, enabling a thorough understanding of customers' needs and operations.

The ABB Way operating model

Our decentralized operating model, ABB Way, comprises a select number of common processes covering our business model, our people and culture, the ABB brand and our governance framework. It facilitates accountability, transparency and speed in ABB.

In our operating model, the divisions represent the highest level of operating decisions. They are closest to their respective markets and customer needs. Each division progresses through the strategic mandates and priorities of stability and profitability before growth. In order to deploy full focus on organic and acquired growth to the extent of consolidating the market, the business' structure should be robust and profitability should be at least in line with industry peers.

Each division has full accountability for its results and carries responsibility for business development and maintaining a front-running technology position to secure a leading market position. In 2025, we moved accountability further down within the organization, empowering leaders below the division level with strategic mandates and corresponding incentives to further drive results. Clear mandates and accountability at the business line level (a level below our divisions) will enhance transparency and operational speed across the organization. Furthermore, we have put in place a more transparent and systematic framework for how we assess and use the strategic mandates internally to further drive performance. We have implemented a transparent KPI (key performance indicator) framework for each strategic mandate. This clear and disciplined approach now enables a sharper link between remuneration and delivery on mandate.

Strong performance management is key in a decentralized business model. We apply a standardized monthly scorecard system for the divisions and business areas to support full transparency of operational performance. It is accompanied by a select number of short-term incentives, including the mandatory target to make annual productivity improvements of at least 5 percent each year.

The corporate functions focus on necessary strategic, financial and governance activities, with a lean headcount of less than 800 employees.

Strong markets - Portfolio aligned with megatrends of electrification and automation

Electricity is becoming the primary energy source of the future, making its expansion, efficiency and transition essential. Expansion ensures reliable power for growing populations and industries. Efficiency reduces waste and costs by optimizing existing resources. Transition increases the share of renewables in the energy mix, which is critical to meet rising demand, cut pollution and support a sustainable future.

Data center demand is expected to grow at a double-digit rate in the mid-term, with power capacity potentially reaching over 200 GW, almost four times the capacity installed in 2023. AI-driven data centers require significantly more power, leading to even higher demand for medium-voltage solutions. With our legacy in medium-voltage technology, we can help shape the architecture of future large-scale data centers. As a leader in these solutions, ABB offers a robust portfolio for the data center market, addressing customer challenges regarding growing power and direct grid access needs, and mission-critical power access. This surge in demand is speeding up the move to more energy-efficient and scalable data centers, supporting demand for electrical and automation infrastructure in adjacent segments such as metals & mining, utilities and semiconductors. We benefit from a broad exposure to adjacent industries that will be essential to meet the increasing demand for power and electricity.

Digitalization, AI, workforce shortages, and heightened safety and sustainability demands are accelerating the journey toward autonomous operations – where DCS (distributed control systems) remains the cornerstone. Automation enables our customers to improve safety, boost productivity, enhance sustainability and minimize costly downtime in their operations. Our automation and advanced software applications are designed to unlock greater value from industrial data, enabling predictive maintenance, real-time optimization, and autonomous operations.

BUSINESSES

OUR MARKETS

ABB is a technology leader in electrification and automation with a comprehensive digitalized offering of electrification, motion and automation solutions. Our exposure to customers is geographically balanced while catering to multiple end-markets and segments. We believe our customer offering is well positioned to benefit from secular growth drivers, including the expansion of the energy system due to growing demand for electricity and the accelerating energy transition. At the same time, rapid advances in digitalization and AI, as well as evolving supply chains, are increasing demand for ABB's electrification and automation solutions.

We are focused on creating superior customer value through our comprehensive, modular offering, combining traditional products and services with software-enabled products and systems, as well as digital services and software that we sell both separately and combined as scalable solutions. Our advanced software is a key differentiation of our digital offering and around half of our approximately 7,800 employees in research and development are active in software development.

The majority of our businesses are market leaders within their respective segments. We believe maintaining a number 1 or 2 market position is critical, as it provides the opportunity for price leadership, which in turn supports profitability, enabling us to invest further in research and development to sustain our technological leadership. For a discussion of the geographic distribution of our total revenues, see "Analysis of results of operations—Revenues."

Industry market

Approximately half of our revenues are derived from customers within the industrial segment where we serve production facilities and factories all around the world, from process industries such as oil and gas, pulp and paper as well as mining, to discrete industries mainly linked to our Machine Automation division.

Late-cycle process industries remained stable or improved in most customer segments. Strength was noted in conventional power generation as well as in oil & gas, while declines were noted in pulp and paper, and chemicals.

In discrete industries, orders in the machine builder segment increased sharply from a low comparable, however the absolute level remains subdued in a continued challenging market.

Buildings market

Approximately one-fifth of our offering is sold into the buildings market, with about two-thirds focused on commercial buildings and one-third on residential. Overall, orders in the buildings market improved, driven by positive developments in the commercial sector, particularly in the United States, while China continues to show weakness. The residential segment stabilized outside of China, which remains a challenging market.

Transport & infrastructure market

Approximately one-seventh of our customers operate in the transport & infrastructure market. Our expertise provides efficient, reliable and sustainable solutions for these customers, with a focus on energy efficiency and reduced operating costs.

Demand for data centers remained robust, fueled by the expansion of digital services, including AI and remote work. In the marine segment, we experienced positive developments in both marine and port operations, while strong customer activity continued in the rail segment.

Utilities market

We deliver solutions mainly for distribution utilities and renewables customers, while continuing to service conventional power generation customers with our control and automation solutions.

During 2025, we saw strong growth related to conventional power generation, as well as nuclear, while the renewables market remained broadly stable. Demand from electrical distribution utilities remained strong, with ongoing investments to increase grid reliability and resilience.

We serve our customers through our operating divisions which are included in our business areas. Developments in these business areas are discussed in more detail below. Revenue figures presented in this “Businesses” section are before intersegment eliminations.

ELECTRIFICATION BUSINESS AREA

Overview

Electrification provides leading electrical distribution and management technologies, solutions and services to electrify the world in a safe, smart and sustainable way. The portfolio includes medium- and low-voltage electrical components, switchgear, digital devices, enclosures, and circuit breakers, among others. With our products, solutions and services, we collaborate with customers to improve power delivery and security, and enhance energy management, efficiency and operational reliability, as we seek to achieve a low carbon society.

The Electrification business area delivers products to end customers through a global network of channel partners. Approximately half of the business area’s revenue is derived from distributors and approximately 20 percent is derived from direct sales to end-users. The remaining revenues are generated from original equipment manufacturers (OEMs), engineering, procurement and construction (EPC) contracting companies, system integrators, utilities and panel builders. The proportion of direct compared to channel partner sales varies by segment, product technology and geographic markets.

The Electrification business area had approximately 53,400 employees as of December 31, 2025, and generated \$17.4 billion of revenues in 2025.

Customers

The Electrification business area serves a wide range of customer segments, including residential, commercial and industrial buildings, utilities, oil and gas, chemicals, data centers, renewables, food and beverage, transport and infrastructure, among others. From some of the world’s tallest buildings to the busiest airports, the business area’s products and solutions cover a wide range of applications and business segments.

Products and Services

The Electrification business area’s products and services are delivered through five operating divisions.

The Distribution Solutions division offers indoor and outdoor medium-voltage components, switchgear, and solutions that connect and protect the evolving energy grid. The division enables the reliable integration of diverse power sources, including renewable energy, into the grid, ensuring continuous power delivery to industries, commercial facilities, and residential users. Its future-proof technologies protect utilities and industries from potential grid anomalies and its digital solutions enhance grid reliability by enabling fault analysis, prediction, and preventive maintenance by applying analytics and artificial intelligence. The division supports customers and partners to stay ahead of increasing electrification needs and regulatory changes, providing technologies and solutions to adapt in a rapidly evolving energy landscape.

The Smart Power division provides energy distribution solutions for data centers, industrial and manufacturing plants, critical infrastructure and commercial buildings. The division’s technical teams work closely with industry partners, delivering advanced solutions that support rapid growth, energy transition, and sustainability objectives. The division’s portfolio includes industrial circuit breakers, low-voltage systems, motor starting applications, and safety devices like switches and relays. Its Power Protection unit supports the world’s largest data center companies with advanced energy-efficient UPS solutions. The division’s ABB Ability™ Energy Manager provides a scalable, easy-to-use platform that helps organizations save energy and reduce CO₂ emissions.

The Smart Buildings division enables energy efficiency, safety, and comfort for any building type, through new installations or retrofit solutions. The division offers integrated building automation systems to control HVAC, lighting, shutters, door entry and emergency lighting. It ensures safe and reliable energy distribution solutions including DIN rail protection devices, enclosures and energy management systems through to industrial plugs and sockets and conventional wiring accessories, accommodating single family homes, multiple dwellings, commercial buildings, infrastructure and industrial applications. The division's highly innovative technologies and digital solutions serve the rising global demand among real estate developers, owners, and investors for smart building technologies that optimize energy distribution and building automation. The scalable solutions aim to deliver significant sustainable and financial benefits, meeting social and environmental demands, while being able to address even the most complex of customers' carbon reduction strategies.

The Installation Products division helps manage the connection, protection and distribution of electrical power from source to socket. The division's products are engineered to provide ease of installation and perform in demanding and harsh conditions, helping to ensure safety and continuous operation for utilities, businesses and people around the world. The Commercial Essentials product segment includes electrical junction boxes, commercial fittings, strut and cable tray metal framing systems for commercial and residential construction. The Premier Industrial product segment includes multiple product lines, such as Ty-Rap® cable ties, T&B Liquidtight Systems® protection products, PVC coated and nylon conduit systems, power connection and grounding systems, and cable protection systems of conduits and fittings for harsh and industrial applications. The division also manufactures solutions for medium-voltage applications used in the utility market under its marquee brands including Elastimold™ reclosers and switchgear with no SF6 gas, capacitor switches, current limiting fuses, Homac™ distribution connectors, Hi-Tech Valiant™ full-range current limiting fuse for fire mitigation, faulted current indicators and distribution connectors, cable accessories and apparatus with products for overhead and underground distribution. Manufacturing includes made-to-stock and custom-made solutions.

The Service division partners with our customers to improve the availability, reliability, predictability and sustainability of electrical products and installations. The division's extensive service portfolio offers product care, modernization, and advisory services to improve performance, extend equipment lifetime and deliver new levels of operational and sustainable efficiency. We help customers keep resources in use for as long as possible, extracting the maximum value from them, and then recovering and regenerating products and materials at the end of their useful life.

Sales and Marketing

Sales and marketing is generally conducted within the divisions in the Electrification business area. This enables the divisions to manage their respective end-to-end activities and create demand across all channels, products and solutions, as well as increase focus and speed for our customers to drive faster growth. Where necessary, the divisions work together on joint services, such as the management of accounts, channels, and segment-sales, engaging in a range of promotional activities, both internal and external.

Competition

The Electrification business area's principal competitors vary by product group and include Atkore, Chint, Eaton, Hager, Hubbell, Legrand, LS Electric, Mitsubishi Electric, nVent, Panasonic, Schneider Electric, Siemens and Vertiv.

Capital Expenditures

The Electrification business area's capital expenditures for property, plant and equipment totaled \$636 million in 2025, compared to \$472 million in 2024. Investments in 2025 principally related to capacity expansion to capture growth opportunities in key regions, as well as equipment replacement and upgrades. Geographically, in 2025, Europe represented 50 percent of the capital expenditures, followed by the Americas (41 percent) and Asia, Middle East and Africa (9 percent).

MOTION BUSINESS AREA

Overview

The Motion business area provides pioneering technology, products, solutions and related services to industrial customers to improve safety and reliability, achieve better performance and provide energy efficient, decarbonizing and industrial circular solutions. The portfolio includes motors, generators and drives for a wide range of applications in all industrial sectors.

The Motion business area designs, manufactures and sells drives, motors, generators, and traction solutions. Building on long-standing experience in electric powertrains, the business area combines domain expertise and technology to deliver the optimum solution for a wide range of applications for a comprehensive range of industrial segments. In addition, the business area, along with its channel partners, has an industry leading global service presence.

The Motion business area had approximately 22,900 employees as of December 31, 2025, and generated \$8.2 billion of revenues in 2025.

Customers

The Motion business area serves a wide range of customers in different industrial segments such as pulp and paper, oil and gas, metals and mining, food and beverage, HVAC (heating, ventilation and air conditioning), water and wastewater, transportation, power generation, data centers, marine and offshore.

Products and Services

The Motion business area's products and services are delivered through six operating divisions.

The Motion High Power division (comprised of the former System Drives and Large Motors and Generators divisions) is a global leader in high-power, high-performance motors, drives, generators, power conversion and packaged solutions for various industries and applications. With decades of domain expertise, the division delivers a strong portfolio designed to power customers' most demanding, mission-critical applications with unmatched reliability and efficiency.

The Drive Products division is a global technology leader serving industries, infrastructure segments and machine builders with world-class drives and programmable logic controllers (PLC). With its products, global scale and local presence, the division helps customers, partners and equipment manufacturers to improve energy efficiency, asset reliability, productivity and safety.

The Motion Services division serves customers worldwide by maximizing uptime, extending life cycle, and improving the performance and energy efficiency of their motors, drives and generators. The division leads the way in digitalization and delivers service solutions through dedicated service experts, service workshops, and its partner network, ensuring customer operations run profitably, safely and reliably.

The Traction division is a globally trusted independent supplier and recognized leader in onboard propulsion technologies that drive innovation in rail, bus, and industrial vehicle electrification. The division partners with OEMs, operators, system integrators, and vehicle owners, offering a comprehensive range of high-performance and full lifecycle managed propulsion, auxiliary and energy storage solutions. Each solution is engineered to meet specific customer requirements and the operational conditions of the respective vehicle. This enables maximum energy efficiency, low carbon emissions and high reliability.

The IEC LV Motors division is a global technology leader delivering a full range of energy-efficient low voltage motors, including hyper-efficient solutions such as IE6 SynRM (synchronous reluctance motors). Through a global footprint, domain expertise and rugged designs, the division provides reliable technology that improves efficiency and productivity even in the most demanding applications.

The NEMA Motors division is a marketer, designer and manufacturer that offers Baldor-Reliance® industrial electric motors, primarily in North America. The division focuses on quality, reliability and efficiency to provide a comprehensive offering of NEMA motors in the market across most industrial segments and applications.

Sales and Marketing

Sales are made both through direct sales forces and through channel partners, such as distributors and wholesalers, as well as installers, OEMs and system integrators. The proportion of direct sales to end users compared to channel partner sales varies among the different industries, products and geographic markets.

Competition

The principal competitors of the Motion business area include Danfoss, Innometrics, Schneider Electric, Siemens, Toshiba, WEG Industries and Wolong.

Capital Expenditures

Capital expenditures in the Motion business area for property, plant and equipment totaled \$203 million in 2025, compared to \$191 million in 2024. Principal expenditures in 2025 related to real estate investments, capacity expansion, equipment replacement and upgrades across various countries including Finland, the United States, Switzerland, China, India, Sweden and Mexico. Geographically, in 2025, Europe represented 48 percent of the capital expenditures, followed by the Americas (38 percent) and Asia, Middle East and Africa (14 percent).

AUTOMATION BUSINESS AREA

Overview

The Automation business area provides a comprehensive range of industry-specific, integrated automation, electrification and digital solutions, as well as lifecycle services for the process, hybrid and marine industries. These offerings, coupled with deep domain knowledge in each end market, help to optimize productivity, energy efficiency, sustainability and safety of industrial processes and operations.

The business area's offering can be grouped into two categories, with approximately 60 percent of the offering related to solutions for new and brownfield projects and 40 percent related to service, mainly for the existing installed base. Automation also integrates offerings from the Electrification and Motion business areas into its projects. The business area's offerings are sold primarily through its direct sales force with a smaller share through partners and distributors.

The business area had approximately 26,300 employees as of December 31, 2025, and generated revenues of \$8.1 billion in 2025.

Customers

The Automation business area's end customers include companies across process, hybrid and maritime industries. These industries include oil, gas, renewables, chemicals, mining, metals, cement, pulp and paper, pharmaceuticals, battery manufacturing, food and beverage, space, power generation, water, marine and ports.

Products and Services

The Automation business area offering includes an extensive portfolio of products, solutions, digital applications and services for the control of the simplest to the most complex and critical industrial processes and infrastructure. These systems can link various process and information flows, allowing customers to manage and control their entire production process based on real-time information. The business area's automation offering includes the distributed control system (DCS) ABB Ability™ System 800xA®, which is also an electrical control system, a safety system and a collaboration enabler with the capacity to improve engineering efficiency, operator performance and asset utilization. Other control solutions include Symphony® Plus (designed to address automation needs of the power and water industry segments) and the Freelance DCS solution. Components for basic automation solutions, process controllers, I/O modules, panels, and Human Machine Interfaces (HMI) are available through the Compact Product Suite offering. The product portfolio is complemented by a suite of ABB Ability™ advanced digital services and by ABB Care, a subscription-based lifecycle management program that provides services to maintain and continually advance and enhance ABB's distributed control systems and optimize customers' lifecycle costs. The ABB Ability™ Genix industrial IoT and AI suite contextualizes and integrates data from IT, engineering, and operations systems to provide deep, meaningful and actionable insights. The portfolio is complemented by a range of industry-specific technologies and applications in each division.

As of December 31, 2025, the Automation business area's products and services are delivered through five operating divisions.

The Energy Industries division serves a wide range of industrial sectors, including hydrocarbons, renewables, chemicals, pharmaceuticals, power generation and water. With its integrated solutions that automate, electrify and digitalize operations, the division is committed to supporting traditional industries in their efforts to decarbonize. The division also supports the development, integration and scaling up of new and renewable energy models. The division's goal is to help customers adapt and succeed in the rapidly changing global energy transition. Harnessing data, machine learning and AI, the division brings over 50 years of domain expertise delivering solutions designed to improve energy, process and production efficiency, as well as reduce risk, operational cost and capital cost, while minimizing waste for customers, from project start-up and throughout the entire plant lifecycle.

The Process Industries division serves the mining, minerals processing, metals, cement, pulp and paper, battery manufacturing, and food and beverage, as well as their associated service industries. The division brings deep industry domain expertise coupled with the ability to integrate both automation and electrical systems, increase productivity and reduce overall capital and operating costs for customers. For mining, metals and cement customers, solutions include specialized products and services, as well as total production systems. The division designs, plans, engineers, supplies, installs and commissions integrated electrical and motion systems, including electric equipment, drives, motors, high power rectifiers and equipment for automation and supervisory control within a variety of areas including mineral handling, mining operations, aluminum smelting, hot and cold steel applications and cement production. The offering for the pulp and paper industries includes control systems, quality control systems, drive systems, on-line sensors, actuators and field instruments. Digitalization solutions, including collaborative operations and augmented reality, help improve plant and enterprise productivity, and reduce maintenance and energy costs.

The Marine & Ports division serves the shipping and ports industries through its extensive portfolio of integrated systems and solutions that improve the flexibility, reliability and energy efficiency of vessels and container terminals. By coupling power, propulsion, automation, marine software and services that ensure maximum vessel uptime, the division is well positioned to help the marine industry to achieve its decarbonization targets while improving the profitability and sustainability of our customers' business throughout the entire lifecycle of vessels. With ABB Ability™ marine software solutions and ABB Ability™ Collaborative Operations Centers around the world, shipowners and operators can run their fleets at lower fuel and maintenance costs, while improving crew, passenger and cargo safety, as well as overall productivity of their operations. Further, the division delivers automation, electrical systems and digital solutions for container and bulk cargo handling, from ship to gate. These solutions help terminal operators meet the challenge of larger ships, taller cranes and bigger volumes per call, and make terminal operations safer, greener and more productive.

The Measurement & Analytics division is among the world's leading manufacturers and suppliers of smart instrumentation and analyzers, working at the heart of industrial digital transformation. The Measurement & Analytics division's portfolio consists of analyzers measuring compositions of gases and liquids; instrumentation measuring process variables such as temperature, pressure, flow, and level; force measurement solutions measuring parameters such as flatness, thickness, and tension; and advanced digital solutions for device management, device health check and predictive maintenance. The Measurement & Analytics division serves key industries such as oil and gas, chemical, water and wastewater, power, hydrogen, batteries, as well as the marine industry. The division enables the optimization of industrial processes by providing and analyzing data collected from sensing and smart measurement devices. Parameters such as emission levels and production inputs are measured by providing 'before' and 'after' values, enabling efficient operations and environmental sustainability through measurement.

The Machine Automation division offers integrated automation solutions based on programmable logical controllers, industrial PCs, servo motion, industrial transport systems and machine vision. It also provides software for engineering and optimization. The range of solutions are mainly used by machine builders for various types of series machines, e.g. for plastics, metals, printing and packaging.

Sales and Marketing

The Automation business area's sales are primarily made through its direct sales force as well as third-party channel partners, such as distributors, system integrators and OEMs. The majority of revenues are derived through the business area's own direct sales channels.

Competition

The Automation business area's principal competitors vary by industry or product group. Competitors include: Emerson, Endress + Hauser, Honeywell, Kongsberg, Schneider Electric, Siemens, Siemens Energy, Valmet and Yokogawa.

Capital Expenditures

The Automation business area's capital expenditures for property, plant and equipment totaled \$80 million in 2025, compared to \$81 million in 2024. Principal investments in 2025 primarily related to equipment replacement and upgrades, mainly in the Measurement & Analytics division and Energy Industries division. Geographically, in 2025, Europe represented 70 percent of the capital expenditures, followed by the Americas (17 percent) and Asia, Middle East and Africa (13 percent).

CORPORATE AND OTHER

Corporate includes core headquarter functions, real estate activities, Corporate Treasury, functional shared services for human resources, finance and information services and other minor business activities while Other includes the E-mobility division, which is a separate operating segment, other non-core operating activities, as well as the remaining activities of certain EPC projects which we are completing and are in a wind-down phase. Retained obligations from certain divested businesses are also included in Other including the high-voltage cables business, steel structures and certain EPC contracts relating to the oil and gas industry. Certain strategic investments managed by ABB Technology Ventures are also included in Corporate and Other.

Corporate headquarters and stewardship activities include the operations of our corporate headquarters in Zurich, Switzerland, as well as limited corporate-related activities in certain countries. These activities cover staff functions with group-wide responsibilities, such as accounting and financial reporting, corporate finance and corporate treasury, taxes, internal audit, legal and integrity, compliance, risk management and insurance, corporate communications, human resources, information systems and investor relations.

We operate shared service centers globally through a network of hubs which consist of services in the areas of human resources, finance, insurance and information services. The costs of these shared services are incurred primarily for the benefit of the business areas, which are charged for their use of such services and the related number of employees are allocated to the business areas. Similarly, a significant portion of the shared corporate overhead costs are charged to the operating businesses. In some cases, we also provide services to third parties under transitional service agreements in relation to certain divested businesses.

ABB E-mobility enables a more sustainable and efficient mobility future as a global leader in electric vehicle (EV) charging solutions. ABB E-mobility is a partner of choice for the world's leading EV OEMs, EV charging network operators and fleet companies. It offers the widest portfolio of EV charging solutions from high-power chargers for destination charging to the highway stations of the future, solutions for the electrification of fleets and charging for electric buses and trucks.

Corporate and Other had approximately 9,300 employees at December 31, 2025, mainly pertaining to the Robotics business (classified as discontinued operations in the Consolidated Financial Statements), as well as to the E-mobility division and our other non-core businesses.

DISCONTINUED OPERATIONS

In October 2025, we entered into an agreement to divest our Robotics business to SoftBank Group Corp. The divestment is expected to be completed in the second half of 2026, subject to regulatory approvals and customary closing conditions. As this divestment represents a strategic shift that will have a major effect on our operations and financial results, the results of operations for this business have been presented as discontinued operations for all years presented. See "Note 3 - Discontinued operations" to our Consolidated Financial Statements.

ROBOTICS BUSINESS

The Robotics business offers a wide range of products, solutions and services including robots, autonomous mobile robots, robotics application cells and smart systems, field services, spare parts, digital services, engineering and operations software. This offering provides customers with increased productivity, quality, flexibility and simplicity for operations, e.g. to meet the challenge of making smaller lots of a larger number of specific products in shorter cycles for today's dynamic global markets and coping with increasing uncertainty. Robots are also used in activities or environments which may be hazardous to employee health and safety, such as repetitive or strenuous lifting, dusty, hot or cold rooms, or painting booths and can help customers address labor shortages. Robotics solutions are used in a wide range of segments from automotive OEMs, automotive suppliers, electronics, general industry, consumer goods, food and beverage, and warehouse/logistics center automation. They are increasingly deployed in service applications for life sciences care, restaurants and retail. Typical robotic applications include welding, material handling, machine tending, machining, painting, picking, packing, palletizing and assembly.

The Robotics business serves a wide range of customers. The main customers are active in industries such as automotive, machine building, metalworking, electronics, food and beverage, and logistics. They include end users such as manufacturers, system integrators and machine builders.

CAPITAL EXPENDITURES

Total capital expenditures for property, plant and equipment and intangible assets (excluding intangibles acquired through business combinations) amounted to \$1,001 million and \$799 million in 2025 and 2024, respectively. In 2025 and 2024, capital expenditures were 23 percent higher and 5 percent higher, respectively, than depreciation and amortization.

Capital expenditures in 2025 primarily focused in mature markets, reflecting the geographic distribution of our existing production facilities. Capital expenditures in Europe and the Americas in 2025 were driven primarily by upgrades of existing production facilities and capacity expansion, mainly in the United States, Italy, Germany and Finland. In Asia, Middle East and Africa, capital expenditures were primarily to increase production capacity by investing in new or expanded facilities, mainly in China and India. The share of emerging markets capital expenditures as a percentage of total capital expenditures in 2025 and 2024 was 22 percent and 24 percent, respectively.

At December 31, 2025, construction in progress for property, plant and equipment was \$780 million, mainly in the United States, Germany, Switzerland, Canada and Finland, while at December 31, 2024, construction in progress for property, plant and equipment was \$658 million, mainly in the United States, Germany, Switzerland, and Finland.

Our capital expenditures relate primarily to property, plant and equipment and are funded mainly through cash flows from operating activities. For 2026, we estimate the expenditures for property, plant and equipment will be higher than our annual depreciation and amortization charge, excluding acquisition-related amortization.

DESCRIPTION OF PROPERTY

As of December 31, 2025, we occupy real estate in around 100 countries throughout the world. The facilities consist mainly of manufacturing plants, office buildings, research centers and warehouses. A substantial portion of our production and development facilities is situated in the United States, China, Germany, Finland, Italy, Mexico, Canada, Sweden, India, and the Czech Republic. We also own or lease other properties, including office buildings, warehouses, research and development facilities and sales offices in many countries. We own substantially all of the machinery and equipment used in our manufacturing operations.

From time to time, we have a surplus of space arising from acquisitions, production efficiencies and/or restructuring of operations. Normally, we seek to sell such surplus space which may involve leasing property to third parties for an interim period.

The net book value of our property, plant and equipment at December 31, 2025, was \$4,692 million, of which machinery and equipment represented \$1,589 million, land and buildings represented \$2,323 million and construction in progress represented \$780 million. We believe that our current facilities are in good condition and are adequate to meet the requirements of our present and foreseeable future operations.

MANAGEMENT OVERVIEW

In 2025, we continued to make strong progress, reaching new all-time highs on several KPIs including Orders, Revenues, Operational EBITA, Earnings per share (EPS), Return on Capital Employed (ROCE) and Free cash flow. This performance reflects both our exposure to a robust market environment — driven by the growing importance of electricity, energy efficiency and security, the decarbonization of industry, and advanced automation for smarter and more efficient operations — as well as the strength of our new ways of working in the ABB Way decentralized operating model. Our company now operates sustainably with greater agility and efficiency. From this strong level we see opportunities to deepen the impact of the ABB Way as we remain focused on continuous improvements. To continue to drive operational excellence, we increased operational accountability even deeper within the organization, empowering business line leaders with strategic mandates. To further improve operational performance across the group, we now have a more disciplined KPI framework which more clearly defines expected performance for each strategic mandate with a closer link to remuneration.

Active portfolio management remains a key part of our performance culture. In 2025, we decided to accept an offer from SoftBank Group to acquire our Robotics division rather than pursue our original intention to spin off the division. Our decision took into account the long-term strengths of the division, the advantages of Robotics being part of a leading AI and software company, and the fact that the divestment will create immediate value for ABB shareholders. We will use the proceeds from the transaction in line with ABB's established capital allocation principles. The remaining businesses in ABB benefit from strong shared sales and technology opportunities.

We continue to pursue our strategy of bolt-on acquisitions and strategic partnerships led by our divisions and we remain open to larger deals. In 2025, we completed 6 acquisitions and made 5 new venture capital investments as well as 12 follow-on investments. Strategic fit and value creation remain at the core of inorganic growth ambitions as all transactions need to be in line with the company's purpose and its operating model, support its growth and profitability ambitions, while allowing the company to maintain a strong investment grade rating. During the year we completed the acquisitions of the Siemens wiring accessories business in China and the power electronics business of Gamesa Electric in Spain. These broaden our market reach and expand our offerings in key segments, such as renewable power conversion and smart buildings. We also acquired innovative technology companies such as Sensorfact, which helps small to medium sized enterprises use AI to lower cost and energy efficiency, and Brightloop, a specialist in advanced power converters for off-road industrial vehicles and marine vessels.

As announced in 2025, Christian Nilsson succeeded Timo Ihamuotila as our Chief Financial Officer and member of the Executive Committee as of February 1, 2026.

Business progress

During 2025, underlying demand for ABB's offering remained robust, improving sharply from the high level in 2024. Throughout the year we saw strong customer activity in investments to strengthen electrical infrastructure and expand power generation. Demand was strong in data centers, utilities, and the marine and ports sector, as well as land-based infrastructure such as tunnels and airports. Investments in the buildings segments improved year-on-year, driven mainly by investments in commercial buildings while residential buildings were broadly stable outside of China. The machine builder segment increased sharply from a low comparable, however the absolute level remains subdued in a continued challenging market. On the muted side, there were the process industry-related areas such as pulp and paper, chemicals and mining. In total, orders increased 17 percent (15 percent in local currencies) and continued to exceed revenues in all three business areas.

Revenues in 2025 improved 9 percent (7 percent in local currencies) to \$33,220 million, driven by volume growth in the short-cycle and service businesses, as well as strong conversion of the order backlog in the long-cycle business, with some additional support from positive pricing. Revenues improved in all business areas, led by the Electrification business area, driven by both good momentum in the short-cycle business and strong execution from the high order backlog related to the medium voltage and power protection offering. Strong conversion of our order backlog into revenue supported growth in the Automation business area, while revenues in the Motion business area increased, driven by higher volumes in short-cycle and long-cycle businesses, as well as additional support from pricing.

Group profitability continued to strengthen during 2025 with improvements recorded in all three business areas. The expansion was driven by operating leverage on higher volumes, positive pricing and improved operational efficiency. Moreover, a net gain of approximately \$140 million relating to a real estate sale in Corporate and Other had a positive impact. Combined, these impacts more than offset higher expenses related to selling, general and administrative and research and development expenses.

The profitability improvement and our ability to reduce net working capital allowed us to achieve strong operating cashflows and deliver in line with our ambition of improving our free cash flow generation from the prior year's high level. Cash flows from operating activities improved to \$5.5 billion in 2025, an increase of \$0.8 billion compared to 2024.

Updated financial targets

During 2025, we achieved new all-time highs for operational performance. Against this backdrop, we updated our financial targets based on our new structure with three business areas and excluding the to-be-divested Robotics division.

We confirm our target of 5 to 7 percent for comparable revenue growth, which is a constant currency measure and excludes impacts from acquisitions and divestments, and the ambition to add 1 to 2 percent of revenues in acquired growth. Both targets are the average comparable growth through the economic cycle. Bolt-on acquisitions will be further embedded as part of the ABB Way performance culture with small to mid-size deals on a continuous basis, while larger deals would come on top of the normal deal flow. Strategic fit and value creation remain at the core of our inorganic growth ambitions as all transactions need to be in line with the company purpose and its operating model, while allowing us to maintain a strong investment grade rating.

We increased the target range for our annual Operational EBITA margin to 18 to 22 percent (from 16 to 19 percent), as all business areas are now operating on sustainably higher levels of profitability than in the past. We also introduced specific Operational EBITA margin target ranges for our business areas of Electrification (22 to 26 percent), Motion (18 to 22 percent) and Automation (14 to 18 percent). Our objective for basic EPS growth through the economic cycle of at least high single-digit remains unchanged.

In addition, our annual ROCE target was upgraded to above 20 percent (above 18 percent previously) and to support the expected strong growth, we now allow for greater than 95 percent free cash flow conversion to net income (100 percent previously).

Sustainability will continue to be at the heart of ABB and our technologies to support the decarbonization of industries, with good progress towards our targets. The targets in ABB's sustainability agenda remain unchanged and embedded at the division level. Together with financial targets they are integrated into the long-term planning and commitment process.

Capital allocation

Our capital allocation priorities are unchanged; our goal is profitable growth. Our top priority is to fund organic growth through strategic investments in research and development and production capacity. In 2025, we allocated \$1.3 billion to non-order related research and development, representing 4.0 percent of revenues, and increased our capital expenditure 25 percent to \$1.0 billion. Beyond that, our policy is to maintain a rising, sustainable dividend per share over time. With the remaining free cash flow, we plan to increase our business acquisition activity to achieve our target of adding 1 to 2 percent growth through acquisitions. Lastly, share buybacks will continue to be part of our strategy; however, the extent of these programs will ultimately depend on the level committed to acquisitions.

We expect our strong cash generation to continue on the back of the ABB Way operating model, which will allow us to invest in both organic growth and bolt-on acquisitions, while providing attractive returns to shareholders.

At the 2026 Annual General Meeting, the Board of Directors is proposing a dividend of 0.94 Swiss francs per share. Under the various share buyback programs we repurchased \$1.3 billion of shares in 2025 for capital reduction purposes.

Sustainability Agenda

With our Sustainability Agenda, we are actively contributing to a more sustainable world, leading by example in our own operations and partnering with customers and suppliers to enable a low-carbon society, preserve resources and promote social progress. All three pillars of our Sustainability Agenda are underpinned by our commitment to create a culture of integrity and transparency across our value chain.

In 2025, we reached a reduction of own scope 1 and 2 GHG emissions of 79 percent, close to our mid-term target of 80 percent, showing good progress towards our Science Based Targets initiative (SBTi) approved net-zero targets. Furthermore, we published a more comprehensive Climate Transition Plan, our blueprint for reaching net-zero. The transition plan includes our assessment of physical and transition risks with the most material financial impact on ABB and maps these to our mitigation measures. We are making good progress towards our sustainability targets and have embedded sustainability even further into our operations with executional responsibility sitting in our divisions. Our scope 1, 2 and 3 emissions performance is now integrated into long-term performance planning, and a portion of division management's compensation is tied directly to scope 1 and 2 climate performance in 2025.

For a detailed discussion of our Sustainability Strategy 2030 and our progress in 2025, see our "Sustainability Statement" available as part of our annual reporting suite on our website at <https://global.abb/group/en/investors/annual-reporting-suite>.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

GENERAL

We prepare our Consolidated Financial Statements in accordance with U.S. GAAP and present these in U.S. dollars unless otherwise stated.

The preparation of our financial statements requires us to make assumptions and estimates that affect the reported amounts of assets, liabilities, revenues and expenses and the related disclosure of contingent assets and liabilities. We evaluate our estimates on an ongoing basis (see “Note 2 - Significant accounting policies” to our Consolidated Financial Statements for a listing of our most significant accounting estimates). Where appropriate, we base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from our estimates and assumptions.

We deem an accounting policy to be critical if it requires an accounting estimate to be made based on assumptions about matters that are highly uncertain at the time the estimate is made and if different estimates that reasonably could have been used, or if changes in the accounting estimates that are reasonably likely to occur periodically, could materially impact our Consolidated Financial Statements. We also deem an accounting policy to be critical when the application of such policy is essential to our ongoing operations. We believe the following critical accounting policies require us to make subjective judgments, often as a result of the need to make estimates regarding matters that are inherently uncertain and material to our Consolidated Financial Statements. These policies should be considered when reading our Consolidated Financial Statements.

REVENUE RECOGNITION

A customer contract exists if collectability under the contract is considered probable, the contract has commercial substance, contains payment terms, the rights and commitments of both parties, and is legally enforceable. By analyzing the type, terms and conditions of each contract or arrangement with a customer, we determine which revenue recognition method applies.

We recognize revenues when control of goods or services is transferred to customers in an amount that reflects the consideration we expect to be entitled to in exchange for these goods or services. Control is transferred when the customer has the ability to direct the use and obtain the benefits from the goods or services.

The percentage-of-completion method of accounting is generally used when recognizing revenue on an over time basis and involves the use of assumptions and projections, principally relating to future material, labor, subcontractor and project-related overhead costs as well as estimates of the amount of variable consideration to which we expect to be entitled. As a consequence, there is a risk that total contract costs or the amount of variable consideration will, respectively, either exceed or be lower than those we originally estimated (based on all information reasonably available to us) and the margin could decrease or the contract may become unprofitable. This risk increases if the duration of a contract increases because there is a higher probability that the circumstances upon which we originally developed our estimates will change, resulting in increased costs that we may not recover. Factors that could cause costs to increase include:

- unanticipated technical problems with equipment supplied or developed by us which may require us to incur additional costs to remedy,
- changes in the cost of components, materials or labor,
- difficulties in obtaining required governmental permits or approvals,

- project modifications creating unanticipated costs,
- suppliers' or subcontractors' failure to perform, and
- delays caused by unexpected conditions or events.

Changes in our initial assumptions, which we review on a regular basis between balance sheet dates, may result in revisions to estimated costs, current earnings and anticipated earnings. We recognize these changes in the period in which the changes in estimates are determined. By recognizing changes in estimates cumulatively, recorded revenue and costs to date reflect the current estimates of the stage of completion of each project. Additionally, losses on such contracts are recognized in the period when they are identified and are based upon the anticipated excess of contract costs over the related contract revenues.

PENSION AND OTHER POSTRETIREMENT BENEFITS

As more fully described in "Note 18 - Employee benefits" to our Consolidated Financial Statements, we have a number of defined benefit pension and other postretirement plans and recognize an asset for a plan's overfunded status or a liability for a plan's underfunded status in our Consolidated Balance Sheets. We measure such a plan's assets and obligations that determine its funded status as of the end of the year.

Significant differences between assumptions and actual experience, or significant changes in assumptions, may materially affect the pension obligations. The effects of actual results differing from assumptions and the changing of assumptions are included in net actuarial loss within Accumulated other comprehensive loss.

We recognize actuarial gains and losses gradually over time. Any cumulative unrecognized actuarial gain or loss that exceeds 10 percent of the greater of the present value of the projected benefit obligation (PBO) and the fair value of plan assets is recognized in earnings over the expected average remaining working lives of the employees participating in the plan, or the expected average remaining lifetime of the inactive plan participants if the plan is comprised of all or almost all inactive participants. Otherwise, the actuarial gain or loss is not recognized in the Consolidated Income Statements.

We use actuarial valuations to determine our pension costs and credits. The amounts calculated depend on a variety of key assumptions, including discount rates, mortality rates and expected return on plan assets. Under U.S. GAAP, we are required to consider current market conditions in making these assumptions. In particular, the discount rates are reviewed annually based on changes in long-term, highly-rated corporate bond yields. Decreases in the discount rates result in an increase in the PBO and a decrease in pension costs. Conversely, an increase in the discount rates results in a decrease in the PBO and an increase in pension costs. The mortality assumptions are reviewed annually by management. Decreases in mortality rates result in an increase in the PBO and in pension costs. Conversely, an increase in mortality rates results in a decrease in the PBO and in pension costs.

Holding all other assumptions constant, a 0.25 percentage-point decrease in the discount rate would have increased the PBO related to our defined benefit pension plans by \$152 million while a 0.25 percentage-point increase in the discount rate would have decreased the PBO related to our defined benefit pension plans by \$148 million.

The expected return on plan assets is reviewed regularly and considered for adjustment annually based upon the target asset allocations and represents the long-term return expected to be achieved. Decreases in the expected return on plan assets result in an increase to pension costs. Holding all other assumptions constant, an increase or decrease of 0.25 percentage points in the expected long-term rate of asset return would have decreased or increased, respectively, the net periodic benefit cost in 2025 by \$16 million.

The funded status, which can increase or decrease based on the performance of the financial markets or changes in our assumptions, does not represent a mandatory short-term cash obligation. Instead, the funded status of a defined benefit pension plan is the difference between the PBO and the fair value of the plan assets. Our defined benefit pension plans were overfunded by \$519 million and \$245 million at December 31, 2025 and 2024, respectively.

INCOME TAXES

In preparing our Consolidated Financial Statements, we are required to estimate income taxes in each of the jurisdictions in which we operate. Tax expense from continuing operations is reconciled from the weighted-average global tax rate (rather than from the Swiss domestic statutory tax rate). As the parent company of the ABB Group, ABB Ltd, is domiciled in Switzerland, income which has been generated in jurisdictions outside of Switzerland (hereafter “foreign jurisdictions”) and has already been subject to corporate income tax in those foreign jurisdictions is, to a large extent, tax exempt in Switzerland. Therefore, generally no or only limited Swiss income tax has to be provided for on the repatriated earnings of foreign subsidiaries. There is no requirement in Switzerland for a parent company of a group to file a tax return of the group determining domestic and foreign pre-tax income and as our consolidated income from continuing operations is predominantly earned outside of Switzerland, corporate income tax in foreign jurisdictions largely determines our global weighted-average tax rate.

We account for deferred taxes by using the asset and liability method. Under this method, we determine deferred tax assets and liabilities based on temporary differences between the financial reporting and the tax bases of assets and liabilities. Deferred tax assets and liabilities are measured using the enacted tax rates and laws that are expected to be in effect when the differences are expected to reverse. We recognize a deferred tax asset when it is more likely than not that the asset will be realized. We regularly review our deferred tax assets for recoverability and establish a valuation allowance based upon historical losses, projected future taxable income and the expected timing of the reversals of existing temporary differences. To the extent we increase or decrease this allowance in a period, we recognize the change in the allowance within Income tax expense in the Consolidated Income Statements unless the change relates to discontinued operations, in which case the change is recorded in Income from discontinued operations, net of tax. Unforeseen changes in tax rates and tax laws, as well as differences in the projected taxable income as compared to the actual taxable income, may affect these estimates.

Certain countries levy withholding taxes, dividend distribution taxes or additional corporate income taxes (hereafter “withholding taxes”) on dividend distributions. Such taxes cannot always be fully reclaimed by the shareholder, although they have to be declared and withheld by the subsidiary. Switzerland has concluded double taxation treaties with many countries in which we operate. These treaties either eliminate or reduce such withholding taxes on dividend distributions. It is our policy to distribute retained earnings of subsidiaries, insofar as such earnings are not permanently reinvested or no other reasons exist that would prevent the subsidiary from distributing them. No deferred tax liability is set up if retained earnings are considered as indefinitely reinvested and used for financing current operations as well as business growth through working capital and capital expenditure in those countries.

We operate in numerous tax jurisdictions and, as a result, are regularly subject to audit by tax authorities, including for transfer pricing. We provide for tax contingencies whenever it is deemed more likely than not that a tax asset has been impaired or a tax liability has been incurred for events such as tax claims or changes in tax laws. Contingency provisions are recorded based on the technical merits of our filing position, considering the applicable tax laws and OECD guidelines and are based on our evaluations of the facts and circumstances as of the end of each reporting period. Changes in the facts and circumstances could result in a material change to the tax accruals. Although we believe that our tax estimates are reasonable and that appropriate tax reserves have been made, the final determination of tax audits and any related litigation could be different than that which is reflected in our income tax provisions and accruals.

An estimated loss from a tax contingency must be accrued as a charge to income if it is more likely than not that a tax asset has been impaired or a tax liability has been incurred and the amount of the loss can be reasonably estimated. We apply a two-step approach to recognize and measure uncertainty in income taxes. The first step is to evaluate the tax position for recognition by determining if the weight of available evidence indicates that it is more likely than not that the position will be sustained on audit, including resolution of related appeals or litigation processes, if any. The second step is to measure the tax benefit as the largest amount which is more than 50 percent likely of being realized upon ultimate settlement. The required amount of provisions for contingencies of any type may change in the future due to new developments.

GOODWILL AND INTANGIBLE ASSETS

We review goodwill for impairment annually as of October 1, or more frequently if events or circumstances indicate that the carrying value may not be recoverable. We use either a qualitative or quantitative assessment method for each reporting unit.

As each of our divisions have full ownership and accountability for their respective strategies, performance and resources, we have determined our reporting units to be at the division level, which is generally one level below our reportable segments of Electrification, Motion, and Automation.

When performing the qualitative assessment, we first determine, for a reporting unit, factors which would affect the fair value of the reporting unit including: (i) macroeconomic conditions related to the business, (ii) industry and market trends, and (iii) the overall future financial performance and future opportunities in the markets in which the business operates. We then consider how these factors would impact the most recent quantitative analysis of the reporting unit's fair value. Key assumptions in determining the fair value of the reporting unit include the projected level of business operations including future expected profit margins, the reporting unit's weighted-average cost of capital and the terminal growth rate.

In 2025, we sold a majority stake in a subsidiary within the Home Charging division (part of our E-mobility operating segment and included in Corporate and Other) and as such this division is no longer considered a separate goodwill reporting unit. Apart from the aforementioned, there were no significant changes in the remaining reporting units. Where a change in reporting unit arises during the course of the financial year, an interim impairment test is conducted before and after the change.

We periodically select certain divisions for quantitative assessment based on a number of factors including but not limited to duration between valuation assessments, frequency and magnitude of acquisitions and divestments, internal organization changes and other external market factors, as well as underlying division performance. In 2025, we elected to perform quantitative assessments for five divisions: four within Automation; Machine Automation, Energy Industries, Process Industries, and Marine & Ports; and one within our E-mobility operating segment. The fair values for each of the individual reporting units and their associated goodwill were determined using Level 3 measurements. For each of these divisions, the fair value was determined using a discounted cash flow fair value estimate based on objective information available at the measurement date. The significant assumptions used to develop the estimates of fair value for each division included management's best estimates of the expected future results, as well as discount and terminal growth rates specific to the reporting unit. The fair value estimates were based on assumptions that a market participant would expect to use, but which are inherently uncertain and thus actual results may differ from those estimates. In each of the above quantitative assessments, it was concluded that the fair value of four of the five divisions exceeded its carrying value by more than 100 percent, while the fair value of our Machine Automation division exceeded its carrying value by 16 percent. Further declines in the fair value of our Machine Automation division could arise in future years, which could lead to a material goodwill impairment charge. Factors that drive this uncertainty include but are not limited to macro-economic conditions, performance within end-customer industries, competitor actions and technology changes. For the remaining divisions, we performed qualitative assessments and determined that it was not more likely than not that the fair value for each of these reporting units was below the carrying value.

Intangible assets are reviewed for recoverability upon the occurrence of certain triggering events (such as a decision to divest a business or projected losses of an entity) or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. We record impairment charges other than impairments of goodwill in Other income (expense) in our Consolidated Income Statements, unless they relate to a discontinued operation, in which case the charges are recorded in Income from discontinued operations, net of tax.

NEW ACCOUNTING PRONOUNCEMENTS

For a description of accounting changes and recent accounting pronouncements, including the expected dates of adoption and estimated effects, if any, on our Consolidated Financial Statements, see “Note 2 - Significant accounting policies” to our Consolidated Financial Statements.

ACQUISITIONS AND DIVESTMENTS

ACQUISITIONS

During 2025 and 2024, ABB paid \$723 million and \$581 million to purchase six and seven businesses, respectively.

In 2025, the principal acquisitions were Sensorfact BV, the Siemens wiring accessories business in China and the power electronics business of Gamesa Electric in Spain.

Within our Electrification business area, the acquisition of Sensorfact BV expands our portfolio of energy management solutions that use big data and AI, and resulted in net cash outflows of \$148 million, while the acquisition of the Siemens wiring accessories business in China, which resulted in net cash outflows of \$386 million, broadens our market reach and complements Electrification’s regional customer offering within smart buildings. The acquisition of the power electronics business of Gamesa Electric in Spain resulted in net cash outflows of \$81 million and expands the existing power conversion product and service offering within our Motion business area.

The largest of our acquisitions in 2024 was the Födisch Group, a worldwide provider of advanced measurement and analytical solutions for the energy and industrial sectors, which resulted in net cash outflows of \$287 million and enhances our offering in continuous emission monitoring systems (CEMS) within our Automation business area.

For more information on the above transactions see “Note 4 - Acquisitions, divestments and equity-accounted companies” to our Consolidated Financial Statements.

DIVESTMENTS

In 2024, together with the Niedax Group, we formed a new joint venture company, Abnex Inc. (Abnex) and contributed our North American cable tray business to Abnex in return for a 50 percent ownership interest. The transaction resulted in a gain of \$72 million from the effective sale of our North American cable tray business and a separate acquisition at fair value of 50 percent of Abnex amounting to \$124 million and accounted for using the equity method. Prior to its transfer to Abnex, the North American cable tray business was part of the Electrification business area.

During 2024, we and the noncontrolling shareholders of In-Charge mutually agreed to terminate our respective put and call options by settling these contracts on a net basis. This agreement resulted in the reduction of our direct ownership in In-Charge to approximately 46 percent. This transaction was treated similar to that of a business divestment, resulting in a loss of \$88 million in connection with the loss of control, and a separate acquisition at fair value of the 46 percent investment (amounting to \$69 million) accounted for using the equity method.

There were no significant divestments in 2025.

For more information on the above transactions, see “Note 4 - Acquisitions, divestments and equity-accounted companies” to our Consolidated Financial Statements.

EXCHANGE RATES

We report our financial results in U.S. dollars. Due to our global operations, a significant amount of our revenues, expenses, assets and liabilities are denominated in other currencies. As a consequence, movements in exchange rates between currencies may affect: (i) our profitability, (ii) the comparability of our results between periods and (iii) the reported carrying value of our assets and liabilities.

We translate non-USD denominated results of operations, assets and liabilities to USD in our Consolidated Financial Statements. Balance sheet items are translated to USD using year-end currency exchange rates. Income statement and cash flow items are translated to USD using the relevant monthly average currency exchange rate.

Increases and decreases in the value of the USD against other currencies will affect the reported results of operations in our Consolidated Income Statements and the value of certain of our assets and liabilities in our Consolidated Balance Sheets, even if our results of operations or the value of those assets and liabilities have not changed in their original currency. As foreign exchange rates impact our reported results of operations and the reported value of our assets and liabilities, changes in foreign exchange rates could significantly affect the comparability of our reported results of operations between periods and result in significant changes to the reported value of our assets, liabilities and stockholders’ equity.

While we operate globally and report our financial results in USD, exchange rate movements between the USD and the EUR, the CHF and the CNY are of particular importance to us due to (i) the location of our significant operations and (ii) our corporate headquarters being in Switzerland.

The exchange rates between the USD and the EUR, the USD and the CHF, and the USD and the CNY at December 31, 2025 and 2024, were as follows:

Exchange rates into \$	2025	2024
EUR 1.00	1.17	1.04
CHF 1.00	1.26	1.10
CNY 1.00	0.14	0.14

The average exchange rates between the USD and the EUR, the USD and the CHF, and the USD and the CNY for the years ended December 31, 2025 and 2024, were as follows:

Exchange rates into \$	2025	2024
EUR 1.00	1.13	1.08
CHF 1.00	1.21	1.14
CNY 1.00	0.14	0.14

When we incur expenses that are not denominated in the same currency as the related revenues, foreign exchange rate fluctuations could affect our profitability. To mitigate the impact of exchange rate movements on our profitability, it is our policy to enter into forward foreign exchange contracts to manage the foreign exchange transaction risk of our operations.

In 2025, approximately 71 percent of our consolidated revenues were reported in currencies other than the USD. The following percentages of consolidated revenues were reported in the following currencies:

- Euro, approximately 22 percent, and
- Chinese renminbi, approximately 11 percent.

In 2025, approximately 70 percent of our cost of sales and selling, general and administrative expenses were reported in currencies other than the USD. The following percentages of consolidated cost of sales and selling, general and administrative expenses were reported in the following currencies:

- Euro, approximately 19 percent, and
- Chinese renminbi, approximately 9 percent.

We also incur expenses other than cost of sales and selling, general and administrative expenses in various currencies.

The results of operations and financial position of our subsidiaries outside of the U.S. are generally accounted for in the currencies of the countries in which those subsidiaries are located. We refer to these currencies as “local currencies”. Local currency financial information is then translated into USD at applicable exchange rates for inclusion in our Consolidated Financial Statements.

The discussion of our results of operations below provides certain information with respect to orders, revenues, income from operations and other measures as reported in USD (as well as in local currencies). We measure period-to-period variations in local currency results by using a constant foreign exchange rate for all periods under comparison. Differences in our results of operations in local currencies as compared to our results of operations in USD are caused exclusively by changes in currency exchange rates.

While we consider our results of operations as measured in local currencies to be a significant indicator of business performance, local currency information should not be relied upon to the exclusion of U.S. GAAP financial measures. Instead, local currencies reflect an additional measure of comparability and provide a means of viewing aspects of our operations that, when viewed together with the U.S. GAAP results, provide a more complete understanding of factors and trends affecting the business. As local currency information is not standardized, it may not be possible to compare our local currency information to other companies’ financial measures that have the same or a similar title. We encourage investors to review our financial statements and publicly filed reports in their entirety and not to rely on any single financial measure.

ORDERS

Our policy is to book and report an order when a binding contractual agreement has been concluded with a customer covering, at a minimum, the price and scope of products or services to be supplied, the delivery schedule and the payment terms. The reported value of an order corresponds to the undiscounted value of revenues that we expect to recognize following delivery of the goods or services subject to the order, less any trade discounts and excluding any value added or sales tax. The value of orders received during a given period of time represents the sum of the value of all orders received during the period, adjusted to reflect the aggregate value of any changes to the value of orders received during the period and orders existing at the beginning of the period. These adjustments, which may in the aggregate increase or decrease the orders reported during the period, may include changes in the estimated order price up to the date of contractual performance, changes in the scope of products or services ordered and cancellations of orders. The undiscounted value of future revenues we expect to generate from our orders at any point in time is represented by our order backlog.

The level of orders fluctuates from year to year. Portions of our business involve orders for long-term projects that can take months or years to complete and many larger orders result in revenues in periods after the order is booked. Consequently, the level of orders generally cannot be used to accurately predict future revenues or operating performance. Orders that have been placed can often be cancelled, delayed or modified by the customer. These actions can reduce or delay any future revenues from the order or may result in the elimination of the order.

PERFORMANCE MEASURES

We evaluate the performance of our operating segments based on orders received, revenues and Operational EBITA.

Operational EBITA represents income from operations excluding:

- amortization expense on intangibles arising upon acquisition (acquisition-related amortization),
- restructuring, related and implementation costs,
- changes in the amount recorded for obligations related to divested businesses occurring after the divestment date (changes in obligations related to divested businesses),
- gains and losses from sale of businesses (including fair value adjustment on assets and liabilities held for sale, if any),
- acquisition- and divestment-related expenses and integration costs,
- certain other non-operational items, as well as
- foreign exchange/commodity timing differences in income from operations consisting of: (i) unrealized gains and losses on derivatives (foreign exchange, commodities, embedded derivatives), (ii) realized gains and losses on derivatives where the underlying hedged transaction has not yet been realized, and (iii) unrealized foreign exchange movements on receivables/payables (and related assets/liabilities).

Certain other non-operational items generally includes: certain regulatory, compliance and legal costs, certain asset write downs/impairments and certain other fair value changes, as well as other items which are determined by management on a case-by-case basis.

See “Note 23 - Operating segment and geographic data” to our Consolidated Financial Statements for a reconciliation of the total Operational EBITA to income from continuing operations before taxes.

TRANSACTIONS WITH AFFILIATES AND ASSOCIATES

In the normal course of our business, we purchase products from, sell products to and engage in other transactions with entities in which we hold an equity interest. The amounts involved in these transactions are not significant to ABB Ltd. Also, in the normal course of our business, we engage in transactions with businesses that we have divested. We believe that the terms of the transactions we conduct with these companies are negotiated on an arm's length basis.

ANALYSIS OF RESULTS OF OPERATIONS

The discussion in the “Analysis of results of operations” section below, unless otherwise indicated, relate to the continuing operations of ABB.

Our consolidated results from operations were as follows:

INCOME STATEMENT DATA

(\$ in millions, except per share data in \$)	2025	2024
Revenues	33,220	30,583
Cost of sales	(19,580)	(18,582)
Gross profit	13,640	12,001
Selling, general and administrative expenses	(6,593)	(5,980)
Non-order related research and development expenses	(1,318)	(1,268)
Other income (expense), net	318	(18)
Income from operations	6,047	4,735
Interest and dividend income	203	206
Interest and other finance expense	(86)	(74)
Non-operational pension (cost) credit	55	56
Income tax expense	(1,570)	(1,197)
Income from continuing operations, net of tax	4,649	3,726
Income from discontinued operations, net of tax	174	226
Net income	4,823	3,952
Net income attributable to noncontrolling interests and redeemable noncontrolling interests	(89)	(17)
Net income attributable to ABB	4,734	3,935

Amounts attributable to ABB shareholders:

Income from continuing operations, net of tax	4,561	3,709
Income from discontinued operations, net of tax	173	226
Net income	4,734	3,935

Basic earnings per share attributable to ABB shareholders:

Income from continuing operations, net of tax	2.50	2.01
Income from discontinued operations, net of tax	0.09	0.12
Net income	2.59	2.13

Diluted earnings per share attributable to ABB shareholders:

Income from continuing operations, net of tax	2.49	2.00
Income from discontinued operations, net of tax	0.09	0.12
Net income	2.59	2.13

A more detailed discussion of the orders, revenues, income from operations and Operational EBITA for our business areas follows in the sections of “Business analysis” below for Electrification, Motion and Automation, as well as Corporate and Other. Orders and revenues of our businesses include intersegment transactions which are eliminated in the “Corporate and Other” line in the tables below.

ORDERS

(\$ in millions)	2025	2024	% Change
Electrification	18,757	16,422	14%
Motion	8,619	7,989	8%
Automation	9,928	7,485	33%
Total business areas	37,304	31,896	17%
Corporate and Other			
E-mobility, Non-core and divested businesses	522	503	4%
Intersegment eliminations	(1,061)	(917)	n.a.
Total	36,765	31,482	17%

In 2025, total orders increased 17 percent (15 percent in local currencies) compared to the previous year, improving across all business areas, led by the Automation and Electrification business areas. The Automation business area delivered strong order growth, supported by several large orders with a total impact of \$1.2 billion, as well as robust underlying demand across segments, especially in marine and ports. Order growth in the Electrification business area was driven primarily by demand from data centers (receiving several large orders totaling \$600 million), utilities, and support from the commercial buildings sector. Orders in the Motion business area increased as a result of positive demand from marine, power and HVACR (heating, ventilation, air conditioning and refrigeration) for commercial buildings. Orders in the short-cycle product-related businesses increased from a low comparable, also driven by increased demand for HVACR for commercial buildings, as well as food & beverage and water & wastewater. For additional information about individual business area order performance, refer to the relevant sections of “Business analysis” below.

We determine the geographic distribution of our orders based on the location of the ultimate destination of the products’ end-use, if known, or the location of the customer. The geographic distribution of our consolidated orders was as follows:

(\$ in millions)	2025	2024	% Change
Europe	12,169	10,518	16%
The Americas	14,537	11,575	26%
of which: United States	11,591	8,648	34%
Asia, Middle East and Africa	10,059	9,389	7%
of which: China	3,805	3,480	9%
Total	36,765	31,482	17%

In 2025, orders in the Americas increased 26 percent (26 percent in local currencies), supported by continued strong underlying demand across all business areas, with particularly strong performance in the United States, supported by several large orders in both the Electrification and Automation business areas. Orders also rose in Canada and Brazil, while orders decreased in Mexico. In Europe, orders increased 16 percent (11 percent in local currencies). Growth was broad-based across most of our larger markets, including Italy, Germany, Sweden, Finland, Norway, and the United Kingdom, while orders declined in the Netherlands, Austria, and Belgium. In Asia, Middle East and Africa, orders increased 7 percent (7 percent in local currencies) as orders strengthened in China, India, South Korea and Thailand, but declined in Australia, Saudi Arabia and Japan.

ORDER BACKLOG

December 31, (\$ in millions)	2025	2024	% Change
Electrification	9,438	7,506	26%
Motion	6,285	5,239	20%
Automation	10,133	7,631	33%
Total business areas	25,856	20,376	27%
Corporate and Other			
E-mobility, Non-core and divested businesses	456	355	28%
Intersegment eliminations	(1,030)	(756)	n.a.
Total	25,282	19,975	27%

At December 31, 2025, consolidated order backlog was 27 percent higher (19 percent in local currencies) compared to December 31, 2024. The Order backlog increased across all business areas as orders continued to outpace revenues. In the Automation business area, the backlog increase was bolstered by the booking of several large orders, with strong order growth in the marine and ports segments. In the Electrification business area, the backlog increase mainly reflected the order growth in the long cycle project- and systems-related businesses, also supported by the booking of several large orders. In the Motion business area, the backlog growth was primarily driven by the project and systems-related businesses, as well as the service business. Foreign currency movements further supported the increase in Order backlog compared to prior year.

REVENUES

(\$ in millions)	2025	2024	% Change
Electrification	17,357	15,448	12%
Motion	8,247	7,787	6%
Automation	8,084	7,692	5%
Total business areas	33,688	30,927	9%
Corporate and Other			
E-mobility, Non-core and divested businesses	462	558	(17)%
Intersegment eliminations	(930)	(902)	n.a.
Total	33,220	30,583	9%

In 2025, revenues increased 9 percent (7 percent in local currencies), driven by strong volume growth across all business areas, with support from positive price impacts. Revenue growth was led by the Electrification business area through strong short-cycle momentum and strong execution of order backlog across market segments. In the Motion business area, the revenue increase was driven by higher volumes in both short-cycle and long-cycle businesses. Revenue growth in the Automation business area was primarily a result of robust demand in the marine and energy segments, further supported by strong order backlog execution. For additional analysis of revenues for each of the business areas, refer to the relevant sections of "Business analysis" below.

We determine the geographic distribution of our revenues based on the location of the ultimate destination of the products' end use, if known, or the location of the customer. The geographic distribution of our consolidated revenues was as follows:

(\$ in millions)	2025	2024	% Change
Europe	11,407	10,138	13%
The Americas	12,424	11,370	9%
of which: United States	9,660	8,623	12%
Asia, Middle East and Africa	9,389	9,075	3%
of which: China	3,650	3,705	(1)%
Total	33,220	30,583	9%

In 2025, revenues increased 9 percent in the Americas (10 percent in local currencies), including an increase of 12 percent in the United States (12 percent in local currencies). Canada also delivered strong growth, while Mexico declined. In Europe, revenues increased 13 percent (7 percent in local currencies) with growth across most major markets led by Germany, Italy, Sweden, and the Netherlands. In Asia, Middle East and Africa, revenues increased 3 percent (4 percent in local currencies) compared to 2024. Growth in Australia, Saudi Arabia, Malaysia, and the United Arab Emirates was partially offset by declines in China of 1 percent (2 percent in local currencies) and Singapore.

COST OF SALES

Cost of sales consists primarily of labor, raw materials and component costs but also includes indirect production costs, expenses for warranties, contract and project charges, as well as order-related development expenses incurred in connection with projects for which corresponding revenues have been recognized.

In 2025, costs of sales increased 5 percent (4 percent in local currencies) to \$19,580 million. Cost of sales as a percentage of revenues decreased to 58.9 percent from 60.8 percent in 2024. In 2025, gross margin improvements were delivered across all business areas. The primary driver in the continued improvement in gross margin is operational leverage on higher revenue volumes, further supported by the strong execution of the order backlog, which had an elevated gross margin level. Additionally, to a lesser extent, positive pricing impacts also contributed to the increase in gross margin.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

In 2025, selling, general and administrative expenses increased 10 percent (8 percent in local currencies) compared to 2024, driven by the Electrification business area. As a percentage of revenues, selling, general and administrative expenses increased to 19.8 percent compared to 19.6 percent in 2024. The increase in selling, general and administrative expenses slightly outpaced revenue growth primarily due to the impact of higher costs of labor, including salaries, benefits and annual incentive compensation.

NON-ORDER RELATED RESEARCH AND DEVELOPMENT EXPENSES

In 2025, non-order related research and development expenses increased 4 percent (1 percent in local currencies) compared to 2024 as we continued to execute on our plan to further invest in research and development. The increase in non-order related research and development expenses was principally attributable to the Electrification business area. In 2025, non-order related research and development expenses as a percentage of revenues remained stable (4.0 percent in 2025 compared to 4.1 percent in 2024).

OTHER INCOME (EXPENSE), NET

(\$ in millions)	2025	2024
Income from provision of services under transition services agreements	29	77
Net gain from sale of property, plant and equipment	196	60
Loss from change in fair value of investments in equity securities	(17)	(92)
Brand income from Hitachi Energy	7	17
Fair value adjustments on assets and liabilities held for sale	—	(113)
Net gain (loss) from sale of businesses	(3)	57
Net gain from sale of, and asset contributions to, equity-accounted investments	49	—
Asset impairments	(7)	(26)
Restructuring and restructuring-related expenses ⁽¹⁾	(26)	(53)
Other income (expense)	90	55
Total	318	(18)

(1) Excluding asset impairments

In 2025, Other income (expense) was a gain of \$318 million compared to a loss of \$18 million in 2024. The primary reason for the change was that, in 2025, we recorded gains on sales of property, plant and equipment of \$196 million, while in 2024, we recorded fair value adjustments of \$113 million relating to various businesses held for sale, the largest of which was for In-Charge. The increase also includes \$49 million of gains arising on the sale of, and asset contributions to, certain of our equity-accounted investments, which have been partially offset by a decrease in income arising from the provision of services under transition services agreements as, in 2025, a number of agreements have concluded or are winding down.

INCOME FROM OPERATIONS

(\$ in millions)	2025	2024	% Change
Electrification	4,065	3,362	21%
Motion	1,564	1,400	12%
Automation	1,097	942	16%
Total business areas	6,726	5,704	18%
Corporate and Other	(674)	(967)	n.a.
Intersegment elimination	(5)	(2)	n.a.
Total	6,047	4,735	28%

In 2025, changes in Income from operations were a result of the factors discussed above and in “Business analysis” below.

FINANCIAL INCOME AND EXPENSES

Financial income and expenses include Interest and dividend income and Interest and other finance expense.

Interest and other finance expense includes interest expense on our debt, the amortization of upfront transaction costs associated with long-term debt and committed credit facilities, commitment fees on credit facilities, foreign exchange gains and losses on financial items, and gains and losses on marketable securities. In addition, interest costs relating to uncertain tax positions are included within interest expense.

(\$ in millions)	2025	2024
Interest and dividend income	203	206
Interest and other finance expense	(86)	(74)

In 2025, Interest and dividend income remained stable while Interest and other finance expense increased modestly, primarily due to a higher level of interest accrued on uncertain tax positions.

NON-OPERATIONAL PENSION (COST) CREDIT

A non-operational pension credit of \$55 million was recorded in 2025 compared to a \$56 million credit in 2024. The slight decrease in the non-operational pension credit compared to 2024 is primarily due to lower expected return on plan assets more than offsetting lower interest rate costs on the benefit obligations (see “Note 18 - Employee benefits” to our Consolidated Financial Statements).

INCOME TAX EXPENSE

(\$ in millions)	2025	2024
Income from continuing operations before taxes	6,219	4,923
Income tax expense	(1,570)	(1,197)
Effective tax rate for the year	25.2%	24.3%

In 2025, the effective tax rate increased to 25.2 percent from 24.3 percent in 2024. In 2025, the increase in the effective tax rate was primarily driven by lower benefits from favorable assessments of uncertain tax provisions impacting the rate by approximately 1 percentage point.

See “Note 17 - Income taxes” to our Consolidated Financial Statements for additional information.

INCOME FROM CONTINUING OPERATIONS, NET OF TAX

As a result of the factors discussed above, compared to 2024, Income from continuing operations, net of tax, increased by \$923 million to \$4,649 million in 2025.

INCOME FROM DISCONTINUED OPERATIONS, NET OF TAX

In October 2025, we entered into an agreement to divest our Robotics division to SoftBank Group Corp. The divestment is expected to be completed in the second half of 2026, subject to regulatory approvals and customary closing conditions. As this divestment represents a strategic shift that will have a major effect on our operations and financial results, the results of operations for this business have been presented as discontinued operations for all years presented.

Income from discontinued operations of \$174 million in 2025 and \$226 million in 2024 excludes certain costs which were previously allocated to the Robotics division as these costs were not directly attributable to the business. As a result, \$123 million for each of 2025 and 2024 of allocated overhead and other management costs (stranded corporate costs), which were previously able to be included in the measure of segment profit for the Robotics division are now reported as part of Corporate and Other.

In addition, we have retained obligations (primarily from the former Power Grids business as well as environmental and taxes) related to other businesses disposed of or otherwise exited that qualified as discontinued operations. Changes to these retained obligations are also included in Income from discontinued operations, net of tax.

For additional information on the divestment and discontinued operations, see “Note 3 - Discontinued operations” to our Consolidated Financial Statements.

NET INCOME ATTRIBUTABLE TO ABB

As a result of the factors discussed above, compared to 2024, Net income attributable to ABB increased by \$799 million to \$4,734 million in 2025.

EARNINGS PER SHARE ATTRIBUTABLE TO ABB SHAREHOLDERS

(in \$)	2025	2024
Basic earnings per share attributable to ABB shareholders:		
Income from continuing operations, net of tax	2.50	2.01
Income from discontinued operations, net of tax	0.09	0.12
Net income	2.59	2.13
Diluted earnings per share attributable to ABB shareholders:		
Income from continuing operations, net of tax	2.49	2.00
Income from discontinued operations, net of tax	0.09	0.12
Net income	2.59	2.13

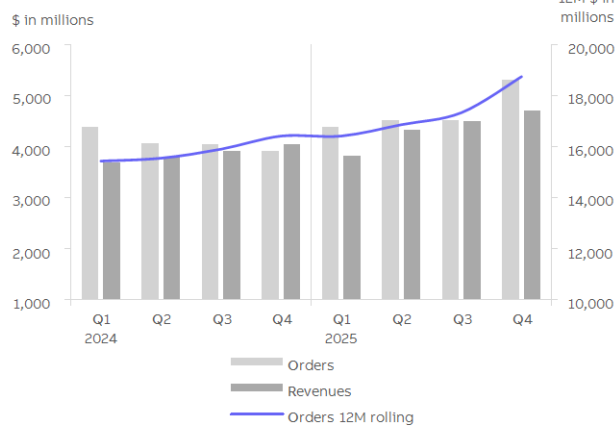
Basic earnings per share is calculated by dividing income by the weighted-average number of shares outstanding during the year. Diluted earnings per share is calculated by dividing income by the weighted-average number of shares outstanding during the year, assuming that all potentially dilutive securities were exercised, if dilutive. Potentially dilutive securities comprise outstanding written call options and outstanding options and shares granted subject to certain conditions under our share-based payment arrangements. See “Note 21 - Earnings per share” to our Consolidated Financial Statements.

BUSINESS ANALYSIS

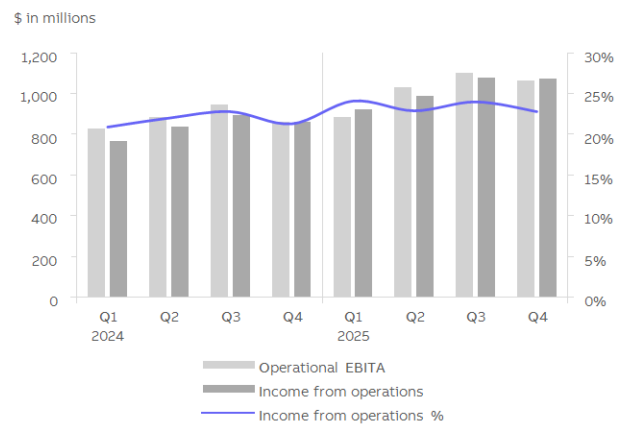
ELECTRIFICATION BUSINESS AREA

The financial results of our Electrification business area were as follows:

Orders and Revenues



Income from operations & Operational EBITA



(\$ in millions)	2025	2024	% Change
Orders	18,757	16,422	14%
Order backlog at December 31,	9,438	7,506	26%
Revenues	17,357	15,448	12%
Income from operations	4,065	3,362	21%
Operational EBITA	4,081	3,520	16%

Orders

Approximately two-thirds of the business area’s orders are for products with short lead times or for service orders; these orders are usually recorded and delivered within a three-month period and thus are generally considered as short-cycle. The remainder is comprised of smaller project orders that require longer lead times, as well as larger solutions requiring engineering and installation. Approximately half of the business area’s orders are received via third-party distributors. As a consequence, end-customer market data and analysis is based partially on management estimates.

In 2025, orders increased 14 percent (13 percent in local currencies) compared to 2024. The positive order impact from acquisitions, such as the SEAM Group in August 2024 and the Siemens wiring accessories business in China in March 2025, was offset by divestments and business transfers to joint venture partners. Order growth was strongest in the Distribution Solutions, Smart Power, and Service divisions. From a customer segment perspective, particular strength was recorded in data centers with order growth boosted by several large orders totaling approximately \$600 million. Other areas of strength were noted in the oil & gas, semiconductors and utilities segments, while growth in the long cycle project- and systems-related businesses outpaced the growth in short cycle product businesses. Order growth in the buildings segment, the Electrification business area’s largest end-user segment, was supported by a positive development in the commercial buildings sector while demand in the residential buildings market remained subdued.

The geographic distribution of orders for our Electrification business area was as follows:

(\$ in millions)	2025	2024
Europe	5,422	4,926
The Americas	8,567	7,032
of which: United States	7,050	5,486
Asia, Middle East and Africa	4,768	4,464
of which: China	1,731	1,744
Total	18,757	16,422

In 2025, orders in the Americas increased 22 percent, driven by significant growth in the United States. The positive order impact from the acquisition of the SEAM Group in August 2024 was offset by divestments and business transfers to joint venture partners. Orders grew 7 percent in Asia, Middle East and Africa, including a 2 percent contribution from the acquisition of the Siemens wiring accessories business in China. Orders in China decreased 1 percent despite a 5 percent positive impact from the Siemens wiring accessories business. Orders in Europe increased 10 percent (5 percent in local currencies), with widespread growth in most markets, including key markets such as Italy and Germany.

Order backlog

In 2025, order backlog increased 26 percent (21 percent in local currencies). The order backlog growth was led by the Smart Power, Distribution Solutions and Service divisions, and mainly reflected the order growth in the long cycle project- and systems-related businesses. The high order backlog was further supported by several large orders received in the fourth quarter.

Revenues

In 2025, revenues increased 12 percent (11 percent in local currencies) compared to 2024. The positive revenue impact from acquisitions was offset by divestments and business transfers to joint venture partners. Revenues grew in all divisions, led by the Smart Power, Distribution Solutions and Service divisions, as strong backlog execution was combined with high demand from data centers, oil & gas and utilities, as well as the commercial building segment.

The geographic distribution of revenues for our Electrification business area was as follows:

(\$ in millions)	2025	2024
Europe	5,275	4,665
The Americas	7,647	6,622
of which: United States	6,120	5,150
Asia, Middle East and Africa	4,435	4,161
of which: China	1,811	1,795
Total	17,357	15,448

In 2025, revenues in the Americas increased 15 percent (16 percent in local currencies) led by the United States and Canada. Revenues increased 7 percent in Asia, Middle East and Africa with growth across multiple markets, including a 1 percent increase in China. The acquisition of the Siemens wiring accessories business in China positively impacted growth in Asia, Middle East and Africa by 2 percent, and growth in China by 6 percent. Revenues in Europe increased 13 percent (8 percent in local currencies) with strength in Italy, Germany, the Netherlands and the Czech Republic.

Income from operations

In 2025, Income from operations increased 21 percent, mainly driven by operational leverage on higher volumes, targeted pricing actions and improved productivity in operations, which more than offset the negative impact of United States tariffs, rising raw material spend and higher labor costs. Non-order related research and development expenses increased, in line with our commitment to ensure a stable investment level relative to revenues. The higher research and development activities focused on growth initiatives, including data center offerings, an enhanced service portfolio, market localization, as well as investments in sustainable products and renewable energy solutions. Changes in foreign currencies, including the impacts from FX/commodity timing differences summarized in the table below, positively impacted income from operations in 2025 by approximately 5 percent.

Operational EBITA

The reconciliation of Income from operations to Operational EBITA for the Electrification business area was as follows:

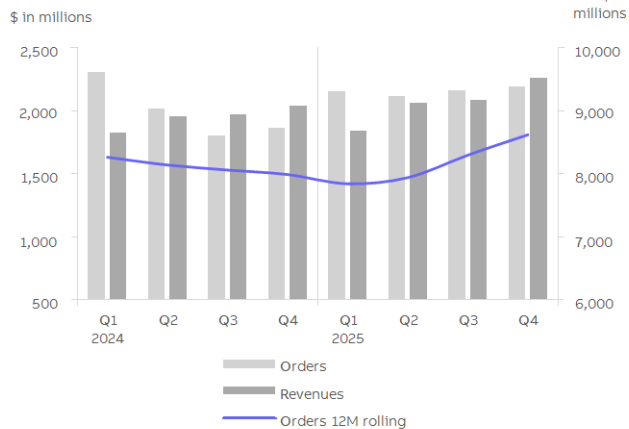
(\$ in millions)	2025	2024
Income from operations	4,065	3,362
Acquisition-related amortization	108	94
Restructuring, related and implementation costs	26	27
Gains and losses from sale of businesses	(5)	(73)
Fair value adjustment on assets and liabilities held for sale	—	25
Acquisition- and divestment-related expenses and integration costs	35	38
Certain other non-operational items	(23)	7
FX/commodity timing differences in income from operations	(125)	40
Operational EBITA	4,081	3,520

In 2025, Operational EBITA increased 16 percent (14 percent excluding the impact from changes in foreign currency exchange rates) compared to 2024, primarily due to the reasons described under "Income from operations", excluding the explanations related to the reconciling items in the table above.

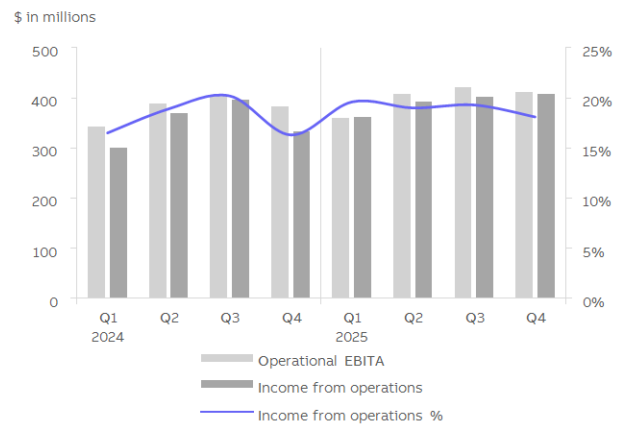
MOTION BUSINESS AREA

The financial results of our Motion business area were as follows:

Orders and Revenues



Income from operations & Operational EBITA



(\$ in millions)	2025	2024	% Change
Orders	8,619	7,989	8%
Order backlog at December 31,	6,285	5,239	20%
Revenues	8,247	7,787	6%
Income from operations	1,564	1,400	12%
Operational EBITA	1,600	1,518	5%

Orders

In 2025, orders increased 8 percent (6 percent in local currencies) compared to 2024, with growth in most divisions. The High Power division experienced strong double-digit order growth, linked mainly to positive developments in marine, power and HVACR for commercial buildings. This more than offset lower orders in pulp and paper, and chemicals. In the Traction division, even though the underlying market remains robust, orders declined compared to the previous year primarily due to the receipt of several large orders in 2024. Orders in the short-cycle product-related businesses increased from a low comparable, driven by increased demand for HVACR for commercial buildings, food & beverage and water & wastewater.

The geographic distribution of orders for our Motion business area was as follows:

(\$ in millions)	2025	2024
Europe	2,867	2,688
The Americas	3,056	2,545
of which: United States	2,555	2,010
Asia, Middle East and Africa	2,696	2,756
of which: China	1,320	1,217
Total	8,619	7,989

In 2025, orders increased 7 percent (2 percent in local currencies) in Europe with growth in Sweden, France, Norway, the United Kingdom and Finland, partially offset by lower orders in Austria, Italy and Switzerland. In Asia, Middle East and Africa, orders decreased 2 percent (2 percent in local currencies) as growth in China and India was offset by declines in Australia, mainly due to a large order booking in 2024. In the Americas, orders increased sharply by 20 percent (20 percent in local currencies) driven by order growth in the United States and Brazil, which more than offset declines in Canada and Mexico.

Order backlog

Order backlog increased 20 percent (10 percent in local currencies) to \$6.3 billion. The order backlog increased in almost all divisions, with the highest growth recorded in the High Power division, in line with the growth in orders, followed by the Traction division, where orders continued to outpace revenues.

Revenues

In 2025, revenues increased 6 percent (4 percent in local currencies) compared to 2024. Growth was supported by strong order backlog execution in the long-cycle businesses, as well as positive developments in the short-cycle businesses. Higher volume was the main driver of revenue growth, further supported by a positive impact from pricing. Revenue growth was strong in the Traction division, which executed well on their large order backlog, as well as in the Drive Products division.

The geographic distribution of revenues for our Motion business area was as follows:

(\$ in millions)	2025	2024
Europe	2,870	2,514
The Americas	2,750	2,699
of which: United States	2,238	2,173
Asia, Middle East and Africa	2,627	2,574
of which: China	1,250	1,238
Total	8,247	7,787

In 2025, revenues in Europe increased 14 percent (9 percent in local currencies) compared to 2024. The revenue increase was driven by Germany, Sweden, Spain, Norway, the United Kingdom and the Netherlands, partly offset by a decline in Italy. In Asia, Middle East and Africa, revenues increased 2 percent (2 percent in local currencies) as China was broadly stable, while strong growth in the United Arab Emirates and South Korea was mostly offset by declines in India and other smaller markets. In the Americas, revenues increased 2 percent (2 percent in local currencies) driven by revenue increases in the United States, Canada and Chile.

Income from operations

In 2025, income from operations increased 12 percent (9 percent in local currencies) supported by operational leverage on higher volumes, with positive pricing and structural profitability improvements both in the long-cycle and short-cycle businesses. This was, however, partly offset by higher selling, general and administrative expenses and non-order related research and development expenses. The profitability improvement was strongest in the Traction, Drive Products and IEC LV Motors divisions as a result of higher volumes, favorable product mix and underlying profitability improvements. Changes in foreign currencies, including the impacts from FX/commodity timing differences summarized in the table below, positively impacted income from operations by approximately 7 percent.

Operational EBITA

The reconciliation of Income from operations to Operational EBITA for the Motion business area was as follows:

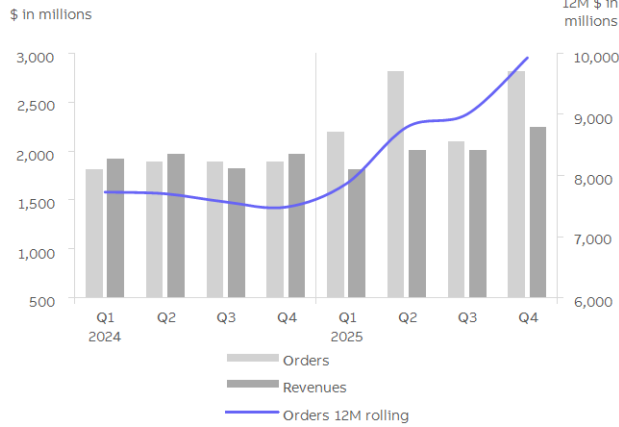
(\$ in millions)	2025	2024
Income from operations	1,564	1,400
Acquisition-related amortization	37	35
Restructuring, related and implementation costs	26	39
Acquisition- and divestment-related expenses and integration costs	8	5
Certain other non-operational items	16	7
FX/commodity timing differences in income from operations	(51)	32
Operational EBITA	1,600	1,518

In 2025, Operational EBITA increased 5 percent (3 percent excluding the impact from changes in foreign currency exchange rates) compared to 2024, primarily due to the reasons described under "Income from operations", excluding the explanations related to the reconciling items in the table above.

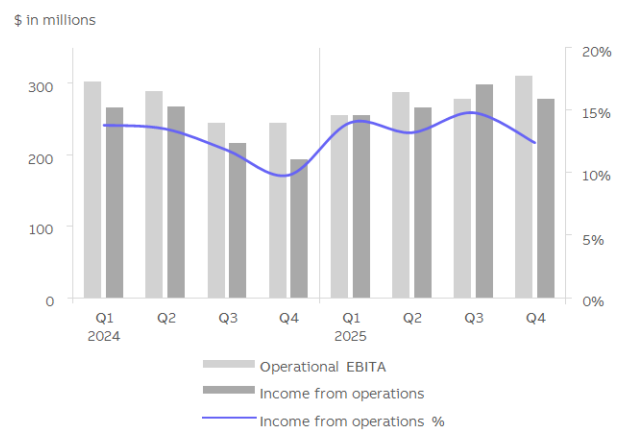
AUTOMATION BUSINESS AREA

The financial results of our Automation business area were as follows:

Orders and Revenues



Income from operations & Operational EBITA



(\$ in millions)	2025	2024	% Change
Orders	9,928	7,485	33%
Order backlog at December 31,	10,133	7,631	33%
Revenues	8,084	7,692	5%
Income from operations	1,097	942	16%
Operational EBITA	1,132	1,080	5%

Orders

Total orders increased 33 percent (30 percent in local currencies) compared to 2024. The strong order growth was supported by the booking of several large project orders which together contributed approximately \$1.2 billion. Excluding the impact of these large orders, the underlying market activity level remained robust. The Marine & Ports division benefited from particularly strong demand in the Marine sector. The Energy Industries division recorded higher orders, supported by solid activity in the power, LNG, and pharmaceuticals segments. In the Process Industries division, orders were broadly stable, as demand in metals & mining and pulp & paper remained soft. The Measurement & Analytics division experienced order growth, underpinned by steady short-cycle demand for products, systems, and services across most customer segments. Meanwhile, the order growth in the Machine Automation division is further supported by a favorable comparable, as the previous year was negatively impacted by order cancellations.

The geographic distribution of orders for our Automation business area was as follows:

(\$ in millions)	2025	2024
Europe	4,197	3,144
The Americas	2,825	1,932
of which: United States	1,928	1,117
Asia, Middle East and Africa	2,906	2,409
of which: China	928	662
Total	9,928	7,485

Orders in Europe increased 33 percent (28 percent in local currencies). Orders increased in Italy, Germany and the United Kingdom. Orders in Asia, Middle East and Africa increased 21 percent (20 percent in local currencies) driven by higher orders in China, South Korea and the United Arab Emirates. In the Americas, orders increased 46 percent (45 percent in local currencies) driven by an increase in the United States and Canada, with additional support from the large orders referred to above.

Order backlog

In 2025, order backlog increased 33 percent (23 percent in local currencies) compared to 2024. The increase in order backlog is driven primarily by an increase in the Marine & Ports division, supported by several large order bookings. Order backlog also increased in the Energy Industries division, where orders continue to outpace revenues.

Revenues

In 2025, revenues increased 5 percent (3 percent in local currencies) compared to 2024. Revenues increased in all divisions except the Machine Automation division, reflecting strong execution of the order backlog, as well as positive developments in the service business, led by the Marine & Ports and Energy Industries divisions. The decrease in revenues in the Machine Automation division is primarily driven by a decline in volumes due to less support from the order backlog.

The geographic distribution of revenues for our Automation business area was as follows:

(\$ in millions)	2025	2024
Europe	3,469	3,129
The Americas	2,039	1,978
of which: United States	1,313	1,233
Asia, Middle East and Africa	2,576	2,585
of which: China	744	811
Total	8,084	7,692

Revenues were 3 percent higher (3 percent in local currencies) in the Americas, flat (down 1 percent in local currencies) in Asia, Middle East and Africa and 11 percent higher (6 percent in local currencies) in Europe compared to 2024. In the Americas, revenue growth was driven by the United States and Canada. In Asia, Middle East and Africa, revenues decreased in China and India, partially offset by increases in Australia and the United Arab Emirates. In Europe, growth was reported in key markets including the Netherlands, Norway, Sweden, Finland and Germany.

Income from operations

In 2025, income from operations increased 16 percent compared to 2024, driven by strong business performance in most divisions, led by the Marine & Ports and Process Industries divisions. Growth was driven primarily by higher volumes on the execution of the order backlog, which led to a more favorable gross margin. Selling, general and administrative expenses increased in support of revenue growth while non-order related research and development expenses remained stable. Changes in foreign currencies, including the effect from changes in the FX/commodity timing differences summarized in the table below, positively impacted income from operations by approximately 3 percent.

Operational EBITA

The reconciliation of Income from operations to Operational EBITA for the Automation business area was as follows:

(\$ in millions)	2025	2024
Income from operations	1,097	942
Acquisition-related amortization	38	56
Restructuring, related and implementation costs	20	70
Acquisition- and divestment-related expenses and integration costs	11	6
Certain other non-operational items	(17)	(1)
FX/commodity timing differences in income from operations	(17)	7
Operational EBITA	1,132	1,080

In 2025, Operational EBITA increased 5 percent (3 percent excluding the impact from changes in foreign currency exchange rates) compared to 2024, primarily due to the reasons described under "Income from operations", excluding the explanations related to the reconciling items in the table above.

CORPORATE AND OTHER

Net loss from operations for Corporate and Other was as follows:

(\$ in millions)	2025	2024
Corporate headquarters and stewardship	(457)	(413)
Stranded corporate costs	(123)	(123)
Other corporate costs	(92)	(9)
Fair value adjustment on equity securities	(2)	(80)
Corporate brand income from Hitachi Energy	7	17
Corporate real estate	185	55
E-mobility	(205)	(445)
Divested businesses and other non-core activities	8	29
Total Corporate and Other	(679)	(969)

In 2025, the net loss from operations within Corporate and Other decreased \$290 million to \$679 million compared to 2024. The decrease in 2025 is primarily driven by a strong reduction in the net loss from operations in E-mobility and significant gains from the sale of real estate properties, while the previous year includes a negative fair value adjustment of an equity investment which further increased the net loss in 2024.

Corporate

In 2025, Corporate headquarters and stewardship costs increased by \$44 million compared to 2024, primarily due to the reduction in estimated self-insurance reserves in 2024 which did not repeat in 2025.

Corporate real estate primarily includes income and expenses from property rentals and gains from the sale of real estate properties. In 2025 and 2024, income from operations in corporate real estate of \$185 million and \$55 million, respectively, principally represented gains from the sale of real estate properties.

Stranded corporate costs includes the amount of allocated general and administrative and other overhead costs previously included in the measure of segment profit (Operational EBITA) for the Robotics business which is presented as discontinued operations. These allocated costs do not qualify for being reported as costs within the discontinued operation.

Other corporate costs included the negative impact from foreign exchange derivatives and operational costs of Corporate Treasury.

Other – E-mobility

In 2025, E-mobility reported a net loss from operations of \$205 million compared to a net loss from operations of \$445 million in 2024. While revenues decreased 14 percent (16 percent in local currencies), gross profit increased by \$102 million as the investments made to ensure a more focused portfolio and improve operational performance began to take hold. In addition, the decrease is further supported by the results of 2024 being negatively impacted by certain charges which did not repeat in 2025, including a fair value adjustment on assets held for sale of \$88 million related to InCharge and combined charges of \$55 million in connection with excess and obsolete components of inventory and related purchase obligations.

Other – Divested businesses and other non-core activities

The results of operations for certain divested businesses and other non-core activities are presented in Corporate and Other. Divested businesses include the high-voltage cables business, steel structures business and the oil & gas EPC business. Other continuing non-core activities include the execution and wind-down of certain legacy EPC and other contracts.

In 2025 and 2024, the amounts represent charges and losses relating to divested businesses and the winding down of the remaining EPC projects. We recorded a gain of \$8 million in 2025, compared to a gain of \$29 million in 2024. The 2024 gain included a favorable impact from legal settlements in the divested oil & gas business.

At December 31, 2025, our remaining non-core activities primarily include the completion of the remaining EPC contracts for substations and oil & gas.

LIQUIDITY AND CAPITAL RESOURCES

PRINCIPAL SOURCES OF FUNDING

We meet our liquidity needs principally using cash from operations, proceeds from the issuance of debt instruments (bonds and commercial paper), and short-term bank borrowings.

Our net debt is shown in the table below:

December 31, (\$ in millions)	2025	2024
Short-term debt and current maturities of long-term debt	475	292
Long-term debt	7,829	6,648
Cash and equivalents	(4,640)	(4,326)
Marketable securities and short-term investments	(1,981)	(1,334)
Net debt (defined as the sum of the above lines)	1,683	1,280

During 2025, although we continued to increase cash from operating activities, our net debt increased (as presented in the table above), driven primarily by the impact of foreign exchange rate movements and the issuance of new bonds partially offset by the continued return of cash to shareholders in the form of dividends and purchases of treasury stock.

During 2025, our net debt increased \$403 million to a net debt position of \$1,683 million at December 31, 2025. In 2025, we generated cash flows from operating activities of \$5,469 million. This was partly offset by purchases of treasury shares of \$1,499 million, including \$1,328 million relating to the repurchase of our shares, as well as \$1,907 million for the payment of the dividend to our shareholders. We also made net purchases of property, plant and equipment and intangible assets of \$903 million (including impact from discontinued operations) and payments of \$752 million related to the acquisition of businesses and investments in cost- and equity-accounted companies. The effect of exchange rate movements increased net debt by approximately \$700 million. See “Financial position”, “Investing activities” and “Financing activities” for further details.

Corporate Treasury is responsible for providing a range of treasury management services to our Group companies, including investing cash in excess of current business requirements. At December 31, 2025 and 2024, the proportion of our aggregate Cash and equivalents and Marketable securities and short-term investments in legal entities directly managed by Corporate Treasury amounted to approximately 68 percent and 62 percent, respectively.

Our investment strategy for cash (in excess of current business requirements) has generally been to invest in short-term time deposits with maturities of less than 3 months, in money market funds and, in some cases, government securities. We actively monitor credit risk in our investment and derivative portfolios. Credit risk exposures are controlled in accordance with policies approved by our senior management to identify, measure, monitor and control credit risks. We have minimum rating requirements for our counterparts and closely monitor developments in the credit markets making appropriate changes to our investment policy as deemed necessary. In addition to minimum rating criteria, we have strict investment parameters and specific approved instruments as well as restrictions on the types of investments we make. These parameters are closely monitored on an ongoing basis and amended as we consider necessary.

Our cash is held in various currencies around the world. Approximately 65 percent of our cash and equivalents held at December 31, 2025, was in U.S. dollars, while the most significant foreign currencies in which cash and equivalents was held were Chinese Renminbi (5 percent) and Indian Rupees (5 percent).

We believe the ongoing cash flows generated from our business, supplemented, when necessary, through access to the capital markets (including short-term commercial paper) and our credit facilities are sufficient to support business operations, capital expenditures, business acquisitions, the payment of dividends to shareholders and contributions to pension plans. Consequently, we believe that our ability to obtain funding from these sources will continue to provide the cash flows necessary to satisfy our working capital and capital expenditure requirements, as well as meet our debt repayments and other financial commitments for the next 12 months. See “Contractual obligations and commitments”.

Due to the nature of our operations, including the timing of annual incentive payments to employees, our cash flow from operations generally tends to be weaker in the first half of the year than in the second half of the year.

DEBT AND INTEREST RATES

Total outstanding debt was as follows:

December 31, (\$ in millions)	2025	2024
Short-term debt and current maturities of long-term debt	475	292
Long-term debt:		
Bonds	6,956	5,939
EIB R&D Loan	539	539
Other long-term debt	334	170
Total debt	8,304	6,940

In 2025, we repaid bonds having a book value at the end of 2024 of \$166 million. As the amount of bonds due in 2026 is higher, at \$410 million, this has increased the amount of short-term debt.

At December 31, 2025, Long-term debt was \$1,181 million higher compared to the end of 2024. We issued two new instruments in 2025 which remain classified as Long-term debt at December 31, 2025 (CHF 350 million of 0.8725% Bonds due 2032 and CHF 250 million of 1.2762% Bonds due 2036). This was only partially offset by the reclassification to current of the CHF 325 million 1.965% Bonds due 2026. The depreciation of the US dollar resulted in a significant increase in our long-term debt due to the remeasurement of our non-US dollar-denominated bonds.

Our debt has been obtained in a range of currencies and maturities and with various interest rate terms. For certain of our debt obligations, we use derivatives to manage the fixed interest rate exposure. For example, we use interest rate swaps and cross-currency interest rate swaps to effectively convert fixed rate debt into floating rate liabilities. After considering the effects of interest rate swaps and cross-currency interest rate swaps, at December 31, 2025, the effective average interest rate on our floating rate long-term debt (including current maturities) of \$2,159 million and our fixed rate long-term debt (including current maturities) of \$6,119 million was 4.0 percent and 2.7 percent, respectively. This compares with an effective rate of 5.0 percent for floating rate long-term debt of \$1,807 million and 2.8 percent for fixed rate long-term debt of \$5,050 million at December 31, 2024.

For a discussion of our use of derivatives to modify the interest characteristics of certain of our individual bond issuances, see “Note 13 - Debt” to our Consolidated Financial Statements.

CREDIT FACILITY

In June 2025, the Company replaced its previous multicurrency revolving credit facility, maturing in 2026, with a new \$2 billion 5-year multicurrency revolving credit facility maturing in 2030. The new facility provides an option in 2026 and 2027, to extend the maturity to 2031 and 2032, respectively. No amount was drawn at December 31, 2025 and 2024, under either the new or old facility. The facility is available for general corporate purposes and contains cross-default clauses whereby an event of default would occur if we were to default on indebtedness, as defined in the facility, at or above a specified threshold.

The credit facility does not contain financial covenants that would restrict our ability to pay dividends or raise additional funds in the capital markets. For further details of the credit facility, see “Note 13 - Debt” to our Consolidated Financial Statements.

COMMERCIAL PAPER

At December 31, 2025, we had two commercial paper programs in place:

- a \$2 billion commercial paper program for the private placement of U.S. dollar denominated commercial paper in the United States, and
- a \$2 billion Euro-commercial paper program for the issuance of commercial paper in a variety of currencies.

At December 31, 2025 and 2024, there were no amounts outstanding under either of these two programs.

EUROPEAN PROGRAM FOR THE ISSUANCE OF DEBT

Our Euro Medium-Term Note program allows for the issuance of up to the equivalent of \$8 billion in certain debt instruments. The terms of the program do not obligate any third party to extend credit to us and the terms and possibility of issuing any debt under the program are determined with respect to, and as of the date of issuance of, each debt instrument. At December 31, 2025, five bonds (principal amount of EUR 500 million due in 2027, principal amount of EUR 500 million due in 2029, principal amount of EUR 800 million due in 2030, principal amount of EUR 750 million due in 2031, and principal amount of EUR 750 million due in 2034) having a combined carrying amount of \$3,755 million were outstanding under the program. The carrying amount of the five bonds outstanding under the program at December 31, 2024, was \$3,318 million.

CREDIT RATINGS

Credit ratings are assessments by the rating agencies of the credit risk associated with ABB and are based on information provided by us or other sources that the rating agencies consider reliable. Higher ratings generally result in lower borrowing costs and increased access to capital markets. Our ratings are of 'investment grade' which is defined as Baa3 (or above) from Moody's and BBB- (or above) from Standard & Poor's.

At December 31, 2025 and 2024, our long-term debt was rated A2 by Moody's (with a Stable outlook) and was rated A by Standard & Poor's (with a Stable outlook).

LIMITATIONS ON TRANSFERS OF FUNDS

Currency and other local regulatory limitations related to the transfer of funds exist in a number of countries where we operate or otherwise have bank deposits, including: Argentina, Egypt, India, Indonesia, Malaysia, South Africa, South Korea, Thailand, Turkiye and Vietnam. Funds, other than regular dividends, fees or loan repayments, cannot be readily transferred offshore from these countries and are therefore deposited and used for working capital needs in those countries. In addition, there are certain countries where, for tax reasons, it is not considered optimal to transfer the cash offshore. Consequently, these funds are not available within Corporate Treasury to meet short-term cash obligations outside the relevant country. The above-described funds are reported as cash in our Consolidated Balance Sheets, but we do not consider these funds immediately available for the repayment of debt outside the respective countries where the cash is situated, including those described above. At December 31, 2025 and 2024, the balance of Cash and equivalents and Marketable securities and other short-term investments under such limitations (either regulatory or sub-optimal from a tax perspective) totaled \$1,516 million and \$1,578 million, respectively.

During 2025, we continued to direct our subsidiaries in countries with restrictions to place such cash with our core banks or investment grade banks, where possible, in order to minimize credit risk on such cash positions. We continue to closely monitor the situation to ensure bank counterparty risks are minimized.

FINANCIAL POSITION

BALANCE SHEETS

December 31, (\$ in millions)	2025	2024	% Change
Current assets			
Cash and equivalents	4,640	4,326	7%
Marketable securities and short-term investments	1,981	1,334	49%
Receivables, net	7,535	6,843	10%
Contract assets	1,090	889	23%
Inventories, net	5,862	5,420	8%
Prepaid expenses	281	282	0%
Other current assets	627	511	23%
Current assets held for sale and in discontinued operations	3,562	1,154	209%
Total current assets	25,578	20,759	23%

For a discussion on Cash and equivalents, see sections “Liquidity and Capital Resources—Principal sources of funding” and “Cash flows”.

Marketable securities and short-term investments increased in 2025, primarily reflecting higher amounts placed in money market funds classified as equity securities (see “Note 5 - Cash and equivalents, marketable securities and short-term investments” to our Consolidated Financial Statements).

Receivables increased 10 percent (3 percent in local currencies), reflecting increased Revenues mainly due to higher business volumes at the end of 2025 compared to 2024, led by the Electrification and Motion business areas.

Contract assets increased 23 percent (14 percent in local currencies), primarily due to the higher level of business activity as well as timing of invoices issued. In local currencies, the increase is driven by higher levels in both the Automation and Motion business areas.

Inventories increased 8 percent primarily due to movements in foreign currencies. Even with the increase in Revenues, Inventories decreased 2 percent in local currencies, reflecting our continued focus on optimizing working capital and supply chain management.

Current assets held for sale and in discontinued operations increased to \$3,562 million from \$1,154 million mainly due to the reclassification of assets in the Robotics business (reported as discontinued operations) from non-current assets to current assets. This reclassification reflects that this business is expected to be divested within the next 12 months. For details of the assets of the Robotics business see “Note 3 - Discontinued operations” to our Consolidated Financial Statements.

December 31, (\$ in millions)	2025	2024	% Change
Current liabilities			
Accounts payable, trade	5,210	4,681	11%
Contract liabilities	3,221	2,704	19%
Short-term debt and current maturities of long-term debt	475	292	63%
Current operating leases	253	225	12%
Provisions	1,477	1,462	1%
Other current liabilities	4,677	4,375	7%
Current liabilities held for sale and in discontinued operations	1,108	915	21%
Total current liabilities	16,421	14,654	12%

Accounts payable, trade, increased 11 percent (3 percent in local currencies) reflecting some increase in average days payable in 2025 compared to 2024, as well as higher costs of commodities purchased at the end of 2025. The increase is led by the Electrification and Motion business areas.

Contract liabilities increased 19 percent (11 percent in local currencies) due to higher levels of business activity, including progress billings and advances at the end of 2025 compared to 2024. The increase primarily reflects higher levels in the Automation business area.

The increase in short-term debt and current maturities of long-term debt in 2025 reflects the reclassification to current of the CHF 325 million 1.965% Bonds, due 2026, partially offset by the repayment at maturity of the CHF 150 million 2.1% CHF Bonds.

Current operating leases includes the portion of the operating lease liabilities that are due to be paid in the next 12 months. For a summary of operating lease liabilities, see “Note 16 - Leases” to our Consolidated Financial Statements.

For a breakdown of Provisions and Other current liabilities, see “Note 14 - Provisions, other current liabilities and other non-current liabilities” and “Note 15 - Commitments and contingencies” to our Consolidated Financial Statements.

Current liabilities held for sale and in discontinued operations increased to \$1,108 million from \$915 million due to the reclassification of liabilities in the Robotics business (reported as discontinued operations) from non-current liabilities to current liabilities. This reclassification reflects that this business is expected to be divested within the next 12 months. For details of the liabilities of the Robotics business see “Note 3 - Discontinued operations” to our Consolidated Financial Statements.

December 31, (\$ in millions)	2025	2024	% Change
Non-current assets			
Property, plant and equipment, net	4,692	3,986	18%
Operating lease right-of-use assets	765	752	2%
Investments in equity-accounted companies	349	351	(1)%
Prepaid pension and other employee benefits	937	688	36%
Intangible assets, net	1,119	999	12%
Goodwill	9,637	8,801	9%
Deferred taxes	1,248	1,299	(4)%
Other non-current assets	560	484	16%
Non-current assets held for sale and in discontinued operations	—	2,169	(100)%
Total non-current assets	19,307	19,529	(1)%

Property, plant and equipment increased 18 percent (8 percent in local currencies) as capital expenditures continued to exceed annual depreciation expense.

For details on Investments in equity-accounted companies see “Note 4 - Acquisitions, divestments and equity-accounted companies” to our Consolidated Financial Statements.

Prepaid pension and other employee benefits increased 36 percent (20 percent in local currencies). For additional information on Pension and employee benefits see “Note 18 - Employee benefits” to our Consolidated Financial Statements.

Intangible assets increased 12 percent (5 percent in local currencies). The increase is primarily due to the acquisitions of the Siemens wiring accessories business in China, the power electronics business of Gamesa Electric in Spain and Sensorfact BV, partially offset by the amortization recorded during the year.

Goodwill increased 9 percent (6 percent in local currencies) primarily due to the acquisitions of the Siemens wiring accessories business in China, the power electronics business of Gamesa Electric in Spain and Sensorfact BV during the year. For additional information on goodwill and intangible assets see “Note 12 - Goodwill and intangible assets” to our Consolidated Financial Statements.

For details on deferred tax assets see “Note 17 - Income taxes” to our Consolidated Financial Statements.

Non-current assets held for sale and in discontinued operations decreased due to the reclassification of assets in the Robotics business from non-current assets to current assets. For details of the Robotics business see “Note 3 - Discontinued operations” to our Consolidated Financial Statements.

December 31, (\$ in millions)	2025	2024	% Change
Non-current liabilities			
Long-term debt	7,829	6,648	18%
Non-current operating leases	533	543	(2)%
Pension and other employee benefits	550	541	2%
Deferred taxes	792	651	22%
Other non-current liabilities	2,101	2,066	2%
Non-current liabilities held for sale and in discontinued operations	13	194	(93)%
Total non-current liabilities	11,818	10,643	11%

Long-term debt increased 18 percent (6 percent in local currencies). The balance at December 31, 2025, includes instruments newly issued in 2025: (i) CHF 350 million 0.8725% Bonds, due 2032, and (ii) CHF 250 million 1.2762% Bonds, due 2036. The increase was partially offset by the reclassification to current of the CHF 325 million 1.965% Bonds, due 2026. For additional information on Long-term debt, see “Liquidity and Capital Resources—Debt and interest rates” as well as “Note 13 - Debt” to our Consolidated Financial Statements.

Non-current operating leases includes the portion of the operating lease liabilities that are due to be paid in more than 12 months.

Pension and employee benefits increased 2 percent (decreased 6 percent in local currencies). For additional information on Pension and employee benefits see “Note 18 - Employee benefits” to our Consolidated Financial Statements.

For details on deferred tax liabilities see “Note 17 - Income taxes” to our Consolidated Financial Statements.

For a breakdown of Other non-current liabilities, see “Note 14 - Provisions, other current liabilities and other non-current liabilities” to our Consolidated Financial Statements.

Non-current liabilities held for sale and in discontinued operations decreased due to the reclassification of liabilities in the Robotics business from non-current liabilities to current liabilities. For details of the Robotics business see “Note 3 - Discontinued operations” to our Consolidated Financial Statements.

CASH FLOWS

With the presentation of our Robotics business as discontinued operations, the Consolidated Statements of Cash Flows are shown on a continuing operations basis, with the effects of discontinued operations shown in aggregate for each major cash flow activity. All prior periods presented have been reclassified to conform to the current period presentation.

The Consolidated Statements of Cash Flows can be summarized as follows:

(\$ in millions)	2025	2024
Net cash provided by operating activities	5,469	4,675
Net cash used in investing activities	(2,389)	(725)
Net cash used in financing activities	(2,877)	(3,326)
Effects of exchange rate changes on cash and equivalents	111	(207)
Net change in cash and equivalents	314	417

Operating activities

(\$ in millions)	2025	2024
Net income	4,823	3,952
Income from discontinued operations, net of tax	(174)	(226)
Depreciation and amortization	813	761
Total adjustments to reconcile net income to net cash provided by operating activities (excluding depreciation and amortization)	(409)	74
Total changes in operating assets and liabilities	197	(119)
Net cash provided by operating activities — continuing operations	5,250	4,442
Net cash provided by operating activities — discontinued operations	219	233

Cash flows from operating activities of continuing operations in 2025 provided net cash of \$5,250 million, an increase of 18 percent compared to 2024. In 2025, we had higher cash effective net income (i.e. net income from continuing operations adjusted for depreciation, amortization and other non-cash items) driven by the continued increase in gross profit, primarily supported by higher volumes and improved operational business performance. Our cash flows in 2025 also improved on continued strong working capital management, driven by reduced inventory levels. In 2025, we continued to reduce our overall working capital while realizing higher business volumes.

Investing activities

(\$ in millions)	2025	2024
Purchases of investments	(1,218)	(1,563)
Purchases of property, plant and equipment and intangible assets	(1,001)	(799)
Acquisition of businesses (net of cash acquired) and increases in cost- and equity-accounted companies	(752)	(617)
Proceeds from sales of investments	589	2,170
Proceeds from sales of property, plant and equipment	194	107
Proceeds from sales of businesses (net of transaction costs and cash disposed) and cost- and equity-accounted companies	59	(33)
Net cash from settlement of foreign currency derivatives	(129)	87
Other investing activities	(10)	(13)
Net cash used in investing activities — continuing operations	(2,268)	(661)
Net cash used in investing activities — discontinued operations	(121)	(64)

Net cash used in investing activities for continuing operations in 2025 was \$2,268 million compared to \$661 million in 2024, an increase of \$1,607 million. In 2025, we received significantly less proceeds from sales of marketable securities and other short-term investments than in 2024, as we reduced the amount invested in marketable securities and other short-term investments in the previous year while also reducing the amount purchased in 2025. In the current year, we also had higher net purchases of property, plant and equipment and intangible assets compared to 2024, as well as net cash outflows from settlements of foreign currency derivatives.

The following presents purchases of property, plant and equipment and intangible assets by significant asset category:

(\$ in millions)	2025	2024
Construction in progress	678	571
Purchase of machinery and equipment	172	149
Purchase of land and buildings	83	28
Purchase of intangible assets	68	51
Total purchases of property, plant and equipment and intangible assets	1,001	799

Financing activities

(\$ in millions)	2025	2024
Net changes in debt with original maturities of 90 days or less	(85)	(15)
Increase in debt	1,083	1,914
Repayment of debt	(433)	(2,485)
Delivery of shares	99	451
Purchase of treasury stock	(1,499)	(1,247)
Dividends paid	(1,907)	(1,769)
Dividends paid to noncontrolling shareholders	(114)	(103)
Other financing activities	(22)	(69)
Net cash used in financing activities — continuing operations	(2,878)	(3,323)
Net cash provided by (used in) financing activities — discontinued operations	1	(3)

Our financing cash flow activities primarily include debt transactions (both the issuance of debt securities and borrowings directly from banks), share transactions and payments of distributions to controlling and noncontrolling shareholders.

In 2025, the net outflow for debt with maturities of 90 days or less related to various local country borrowings.

In 2025, “Increase in debt” primarily represents borrowings under the following long-term debt transactions (total cashflow amount at date of borrowings of approximately \$731 million):

- CHF 350 million 0.8725% Bonds due 2032
- CHF 250 million 1.2762% Bonds, due 2036

In 2025, “Repayment of debt” includes primarily the repayment at maturity of the CHF 150 million 2.1% Bonds.

In 2025, “Purchase of treasury stock” reflects \$1,328 million of cash payments to purchase 22 million of our own shares in connection with the announced share buyback programs. It also reflects \$171 million paid to purchase 3 million shares on the open market during the year.

CONTRACTUAL OBLIGATIONS AND COMMITMENTS

The contractual obligations presented in the table below represent our estimates of future payments under fixed contractual obligations and commitments. These amounts may differ from those reported in our Consolidated Balance Sheet at December 31, 2025. Changes in our business needs, cancellation provisions and changes in interest rates, as well as actions by third parties and other factors, may cause these estimates to change. Therefore, our actual payments in future periods may vary from those presented below. The table below summarizes certain of our cash requirements for known contractual obligations and principal and interest payments under our debt instruments and purchase obligations at December 31, 2025, and the timing thereof. For details of future operating and finance lease payments, see “Note 14 - Leases” to our Consolidated Financial Statements.

At December 31, 2025 (\$ in millions)	Current	Non-current	Total
Long-term debt obligations	442	7,805	8,247
Interest payments related to long-term debt obligations	198	1,133	1,331
Purchase obligations	3,138	843	3,981
Total	3,778	9,781	13,559

In the table above, the “Long-term debt obligations” reflect the cash amounts to be repaid upon maturity of those debt obligations. The cash obligations above will differ from Long-term debt due to the impacts of fair value hedge accounting adjustments and premiums or discounts on certain debt.

We have determined the interest payments related to long-term debt obligations by reference to the payments due under the terms of our debt obligations at the time such obligations were incurred. However, we use interest rate swaps to modify the interest characteristics of certain of our debt obligations. The net effect of these swaps may increase or decrease the actual amount of our cash interest payment obligations, which may differ from those stated in the above table. For further details on our debt obligations and the related hedges, see “Note 13 - Debt” to our Consolidated Financial Statements.

Purchase obligations are defined as agreements to purchase goods and services that are enforceable and legally binding and that specify all significant terms, including the quantities to be purchased, price provisions and the approximate timing of the transactions. Purchase obligations include procurement contracts for raw materials, sub-contracted work, supplies and services. Purchase obligations include amounts recorded as well as amounts that are not recorded in the Consolidated Balance Sheet.

OFF-BALANCE SHEET ARRANGEMENTS

Commercial commitments

We disclose the maximum potential exposure of certain guarantees, as well as possible recourse provisions that may allow us to recover from third parties amounts paid out under such guarantees. The maximum potential exposure does not allow any discounting of our assessment of actual exposure under the guarantees. The information below reflects our maximum potential exposure under the guarantees, which is higher than our assessment of the expected exposure.

Guarantees

The following table provides quantitative data regarding our third-party guarantees. The maximum potential payments represent a worst-case scenario and do not reflect our expected outcomes.

December 31, (\$ in millions)	Maximum potential payments ⁽¹⁾	
	2025	2024
Performance guarantees	1,926	2,299
Financial guarantees	18	22
Total	1,944	2,321

(1) Maximum potential payments include amounts in both continuing and discontinued operations.

The carrying amount of liabilities recorded in the Consolidated Balance Sheets reflects our best estimate of future payments, which we may incur as part of fulfilling our guarantee obligations. In respect of the above guarantees, the carrying amounts of liabilities at December 31, 2025 and 2024, were not significant.

In addition, in the normal course of bidding for and executing certain projects, we have entered into standby letters of credit, bid/performance bonds and surety bonds (collectively “performance bonds”) with various financial institutions. Customers can draw on such performance bonds in the event that we do not fulfill our contractual obligations. We would then have an obligation to reimburse the financial institution for amounts paid under the performance bonds. At December 31, 2025 and 2024, the total outstanding performance bonds aggregated to \$3.6 billion and \$3.2 billion, respectively, of which \$0.1 billion and \$0.1 billion, respectively, relate to discontinued operations. There have been no significant amounts reimbursed to financial institutions under these types of arrangements in 2025 and 2024.

For additional information on our performance and financial guarantees see “Note 15 - Commitments and contingencies” to our Consolidated Financial Statements.

FINANCIAL RISK

The continuously evolving financial markets and the dynamic business environment expose us to changes in foreign exchange, interest rate and other market price risks. We have developed and implemented comprehensive policies, procedures, and controls to identify, mitigate, and monitor financial risk on a company-wide basis. To efficiently aggregate and manage financial risks that could impact our financial performance, we operate a Corporate Treasury function. Corporate Treasury provides an efficient source of liquidity, financing, risk management and other global financial services to the ABB Group companies. Our policies do not allow Corporate Treasury or ABB Group companies to perform speculative trading. Market risk management activities are focused on mitigating material financial risks resulting from our global operating and financing activities.

Corporate Treasury maintains risk management control systems to monitor foreign exchange and interest rate risks and exposures arising from our underlying business, as well as the associated hedge positions. Our policies govern how such exposures are managed. Financial risks are monitored using a number of analytical techniques including market value and sensitivity analysis. The following quantitative analyses are based on sensitivity analysis tests, which assume parallel shifts of interest rate yield curves and foreign exchange rates.

Currency fluctuations and foreign exchange risk

It is our policy to systematically identify and manage all transactional foreign exchange exposures to ensure effective risk control. With the exception of certain financing subsidiaries and to the extent certain operating subsidiaries are domiciled in high inflation environments, the functional currency of each of our companies is considered to be its local currency. Our policies require our subsidiaries to hedge contracted foreign exchange exposures, or a portion of their forecast exposures, against their local currency. These transactions are undertaken mainly with Corporate Treasury.

We have foreign exchange transaction exposures related to our global operating and financing activities in currencies other than the functional currency in which our entities operate. Specifically, we are exposed to foreign exchange risk related to future earnings, assets or liabilities denominated in foreign currencies. The most significant currency exposures relate to operations in the Eurozone area, Sweden, Switzerland and China. In addition, we are exposed to currency risk associated with translating our functional currency financial statements into our reporting currency, which is the U.S. dollar.

Our operating companies are responsible for identifying their foreign currency exposures and entering into intercompany derivative contracts with Corporate Treasury, where legally possible, to hedge their exposures. Where local laws restrict our operating companies from entering into intercompany derivatives with Corporate Treasury, derivative contracts are entered into locally with third-party financial institutions. The intercompany transactions have the effect of transferring the operating companies' currency risk to Corporate Treasury, but create no additional market risks on a consolidated basis. Corporate Treasury then manages this risk by entering into offsetting transactions with third-party financial institutions. According to our policy, material net currency exposures are required to be hedged and are primarily hedged with forward foreign exchange contracts. The majority of the foreign exchange hedge instruments have, on average, a maturity of less than twelve months. Corporate Treasury also hedges currency risks arising from monetary intercompany balances.

At December 31, 2025, the net fair value of financial instruments with exposure to foreign currency rate movements was a liability of \$1,451 million. The potential loss in fair value of such financial instruments from a hypothetical 10 percent move in foreign exchange rates against our position would be approximately \$769 million for December 31, 2025. The analysis reflects the aggregate adverse foreign exchange impact associated with transaction exposures, as well as translation exposures where appropriate. Our sensitivity analysis assumes a simultaneous shift in exchange rates against our positions exposed to foreign exchange risk and as such assumes an unlikely adverse case scenario. The assumption of a simultaneous shift may overstate the impact of changing rates on assets and liabilities denominated in foreign currencies. The underlying trade-related transaction exposures of our operating subsidiaries are not included in the quantitative analysis. If these underlying transaction exposures were included, they would tend to have a directionally offsetting effect on the potential loss in fair value detailed above.

Interest rate risk

We are exposed to interest rate risk due to our financing, investing, and liquidity management activities. Our operating companies primarily invest excess cash with, and receive funding from, Corporate Treasury on an arm's length basis. It is our policy that the primary third-party funding and investing activities, as well as the monitoring and management of the resulting interest rate risk, are the responsibility of Corporate Treasury. Corporate Treasury adjusts the duration of the overall funding portfolio through derivative instruments in order to better match underlying assets and liabilities, as well as minimize the cost of capital.

At December 31, 2025, the net fair value of instruments subject to interest rate risk was a liability of \$3,372 million. The potential loss in fair value for such instruments from a hypothetical 100 basis points parallel shift in interest rates against our position (or a multiple of 100 basis points where 100 basis points is less than 10 percent of the interest rate) would be approximately \$313 million for December 31, 2025.

Commodity risk

We enter into commodity derivatives to hedge certain of our raw material exposures. Based on exposures at December 31, 2025, the potential loss in fair value for such commodity hedging derivatives from a hypothetical adverse 10 percent move against our position in the underlying commodity prices would not be significant. A portion of our commodity derivatives are denominated in euro. The foreign exchange risk arising on such contracts has been excluded from the calculation of the potential loss in fair value from a hypothetical 10 percent move in the underlying commodity prices as discussed above.



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ABB Ltd Consolidated Income Statements

Year ended December 31 (\$ in millions, except per share data in \$)	2025	2024
Sales of products	27,669	25,531
Sales of services and other	5,551	5,052
Total revenues	33,220	30,583
Cost of sales of products	(16,581)	(15,740)
Cost of services and other	(2,999)	(2,842)
Total cost of sales	(19,580)	(18,582)
Gross profit	13,640	12,001
Selling, general and administrative expenses	(6,593)	(5,980)
Non-order related research and development expenses	(1,318)	(1,268)
Other income (expense), net	318	(18)
Income from operations	6,047	4,735
Interest and dividend income	203	206
Interest and other finance expense	(86)	(74)
Non-operational pension (cost) credit	55	56
Income from continuing operations before taxes	6,219	4,923
Income tax expense	(1,570)	(1,197)
Income from continuing operations, net of tax	4,649	3,726
Income from discontinued operations, net of tax	174	226
Net income	4,823	3,952
Net income attributable to noncontrolling interests and redeemable noncontrolling interests	(89)	(17)
Net income attributable to ABB	4,734	3,935
Amounts attributable to ABB shareholders:		
Income from continuing operations, net of tax	4,561	3,709
Income from discontinued operations, net of tax	173	226
Net income	4,734	3,935
Basic earnings per share attributable to ABB shareholders:		
Income from continuing operations, net of tax	2.50	2.01
Income from discontinued operations, net of tax	0.09	0.12
Net income	2.59	2.13
Diluted earnings per share attributable to ABB shareholders:		
Income from continuing operations, net of tax	2.49	2.00
Income from discontinued operations, net of tax	0.09	0.12
Net income	2.59	2.13
Weighted-average number of shares outstanding (in millions) used to compute:		
Basic earnings per share attributable to ABB shareholders	1,827	1,844
Diluted earnings per share attributable to ABB shareholders	1,831	1,851

Due to rounding, numbers presented may not add to the totals provided.
See accompanying Notes to the Consolidated Financial Statements

ABB Ltd Consolidated Statements of Comprehensive Income

Year ended December 31 (\$ in millions)	2025	2024
Net income	4,823	3,952
Other comprehensive income (loss), net of tax:		
Foreign currency translation adjustments:		
Foreign currency translation adjustments	93	(319)
Net loss on complete or substantially complete liquidations of foreign subsidiaries	—	14
Changes attributable to divestments	(8)	9
Foreign currency translation adjustments	85	(296)
Available-for-sale securities:		
Net unrealized gains arising during the year	3	1
Reclassification adjustments for net losses included in net income	—	4
Unrealized gains on available-for-sale securities	3	5
Pension and other postretirement plans:		
Prior service costs arising during the year	(13)	(10)
Net actuarial losses arising during the year	(19)	(37)
Amortization of prior service credit included in net income	(3)	(10)
Amortization of net actuarial loss included in net income	53	47
Net (gains) losses from settlements and curtailments included in net income	—	(6)
Pension and other postretirement plan adjustments	18	(16)
Derivative instruments and hedges:		
Net unrealized losses arising during the year	(3)	(8)
Reclassification adjustments for net losses included in net income	7	10
Changes in derivative instruments and hedges	4	2
Total other comprehensive income (loss), net of tax	110	(305)
Total comprehensive income, net of tax	4,933	3,647
Total comprehensive (income) loss attributable to noncontrolling interests and redeemable noncontrolling interests, net of tax	(102)	8
Total comprehensive income attributable to ABB, net of tax	4,831	3,655

Due to rounding, numbers presented may not add to the totals provided.
See accompanying Notes to the Consolidated Financial Statements

ABB Ltd Consolidated Balance Sheets

December 31 (\$ in millions, except share data)	2025	2024
Cash and equivalents	4,640	4,326
Marketable securities and short-term investments	1,981	1,334
Receivables, net	7,535	6,843
Contract assets	1,090	889
Inventories, net	5,862	5,420
Prepaid expenses	281	282
Other current assets	627	511
Current assets held for sale and in discontinued operations	3,562	1,154
Total current assets	25,578	20,759
Property, plant and equipment, net	4,692	3,986
Operating lease right-of-use assets	765	752
Investments in equity-accounted companies	349	351
Prepaid pension and other employee benefits	937	688
Intangible assets, net	1,119	999
Goodwill	9,637	8,801
Deferred taxes	1,248	1,299
Other non-current assets	560	484
Non-current assets held for sale and in discontinued operations	—	2,169
Total assets	44,885	40,288
Accounts payable, trade	5,210	4,681
Contract liabilities	3,221	2,704
Short-term debt and current maturities of long-term debt	475	292
Current operating leases	253	225
Provisions	1,477	1,462
Other current liabilities	4,677	4,375
Current liabilities held for sale and in discontinued operations	1,108	915
Total current liabilities	16,421	14,654
Long-term debt	7,829	6,648
Non-current operating leases	533	543
Pension and other employee benefits	550	541
Deferred taxes	792	651
Other non-current liabilities	2,101	2,066
Non-current liabilities held for sale and in discontinued operations	13	194
Total liabilities	28,239	25,297
Commitments and contingencies		
Stockholders' equity:		
Common stock, CHF 0.12 par value (1,844 million and 1,861 million shares issued at December 31, 2025 and 2024, respectively)	160	162
Additional paid-in capital	64	50
Retained earnings	22,606	20,648
Accumulated other comprehensive loss	(5,253)	(5,350)
Treasury stock, at cost (26 million and 22 million shares at December 31, 2025 and 2024, respectively)	(1,490)	(1,091)
Total ABB stockholders' equity	16,087	14,419
Noncontrolling interests	559	572
Total stockholders' equity	16,646	14,991
Total liabilities and stockholders' equity	44,885	40,288

Due to rounding, numbers presented may not add to the totals provided.
See accompanying Notes to the Consolidated Financial Statements

ABB Ltd Consolidated Statements of Cash Flows

Year ended December 31 (\$ in millions)	2025	2024
Operating activities:		
Net income	4,823	3,952
Income from discontinued operations, net of tax	(174)	(226)
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	813	761
Changes in fair values of investments	(21)	62
Pension and other employee benefits	(48)	(93)
Deferred taxes	108	1
Net gain from derivatives and foreign exchange	(311)	(47)
Net gain from sale of property, plant and equipment	(198)	(60)
Net loss (gain) from sale of businesses	3	(57)
Fair value adjustment on assets and liabilities held for sale	—	113
Other	58	155
Changes in operating assets and liabilities:		
Trade receivables, net	(222)	(147)
Contract assets and liabilities	151	247
Inventories, net	132	(133)
Accounts payable, trade	147	180
Accrued liabilities	119	(4)
Provisions, net	(8)	(41)
Income taxes payable and receivable	(53)	(123)
Other assets and liabilities, net	(69)	(98)
Net cash provided by operating activities — continuing operations	5,250	4,442
Net cash provided by operating activities — discontinued operations	219	233
Net cash provided by operating activities	5,469	4,675
Investing activities:		
Purchases of investments	(1,218)	(1,563)
Purchases of property, plant and equipment and intangible assets	(1,001)	(799)
Acquisition of businesses (net of cash acquired) and increases in cost- and equity-accounted companies	(752)	(617)
Proceeds from sales of investments	589	2,170
Proceeds from sales of property, plant and equipment	194	107
Proceeds from sales of businesses (net of transaction costs and cash disposed) and cost- and equity-accounted companies	59	(33)
Net cash from settlement of foreign currency derivatives	(129)	87
Other investing activities	(10)	(13)
Net cash used in investing activities — continuing operations	(2,268)	(661)
Net cash used in investing activities — discontinued operations	(121)	(64)
Net cash used in investing activities	(2,389)	(725)
Financing activities:		
Net changes in debt with original maturities of 90 days or less	(85)	(15)
Increase in debt	1,083	1,914
Repayment of debt	(433)	(2,485)
Delivery of shares	99	451
Purchase of treasury stock	(1,499)	(1,247)
Dividends paid	(1,907)	(1,769)
Dividends paid to noncontrolling shareholders	(114)	(103)
Other financing activities	(22)	(69)
Net cash used in financing activities — continuing operations	(2,878)	(3,323)
Net cash provided by (used in) financing activities — discontinued operations	1	(3)
Net cash used in financing activities	(2,877)	(3,326)
Effects of exchange rate changes on cash and equivalents	111	(207)
Net change in cash and equivalents	314	417
Cash and equivalents, beginning of period	4,326	3,909
Cash and equivalents, end of period	4,640	4,326
Supplementary disclosure of cash flow information:		
Interest paid	290	241
Income taxes paid	1,627	1,382

Due to rounding, numbers presented may not add to the totals provided.
See accompanying Notes to the Consolidated Financial Statements

ABB Ltd Consolidated Statements of Changes in Stockholders' Equity

Years ended December 31, 2025 and 2024 (\$ in millions)	Common stock	Additional paid-in capital	Retained earnings	Accumulated other comprehensive loss	Treasury stock	Total ABB stockholders' equity	Non- controlling interests	Total stockholders' equity
Balance at January 1, 2024	163	7	19,655	(5,070)	(1,414)	13,341	647	13,988
Net income ⁽¹⁾			3,935			3,935	19	3,954
Foreign currency translation adjustments, net of tax				(271)		(271)	(25)	(296)
Effect of change in fair value of available-for-sale securities, net of tax				5		5		5
Unrecognized income (expense) related to pensions and other postretirement plans, net of tax				(16)		(16)		(16)
Change in derivative instruments and hedges, net of tax				2		2		2
Changes in noncontrolling interests		(10)	(62)			(72)	30	(42)
Dividends to noncontrolling shareholders						—	(104)	(104)
Dividends to shareholders			(1,804)			(1,804)		(1,804)
Cancellation of treasury shares	(2)	(2)	(828)		832	—		—
Share-based payment arrangements		97				97	5	102
Purchase of treasury stock					(1,251)	(1,251)		(1,251)
Delivery of shares		(40)	(249)		740	451		451
Other		(1)				(1)		(1)
Balance at December 31, 2024	162	50	20,648	(5,350)	(1,091)	14,419	572	14,991
Net income			4,734			4,734	89	4,823
Foreign currency translation adjustments, net of tax				72		72	13	85
Effect of change in fair value of available-for-sale securities, net of tax				3		3		3
Unrecognized income (expense) related to pensions and other postretirement plans, net of tax				18		18		18
Change in derivative instruments and hedges, net of tax				4		4		4
Changes in noncontrolling interests						—	(3)	(3)
Dividends to noncontrolling shareholders						—	(114)	(114)
Dividends to shareholders			(1,867)			(1,867)		(1,867)
Cancellation of treasury shares	(2)	(61)	(831)		894	—		—
Share-based payment arrangements		89				89	4	93
Purchase of treasury stock					(1,485)	(1,485)		(1,485)
Delivery of shares		(15)	(77)		191	99		99
Balance at December 31, 2025	160	64	22,606	(5,253)	(1,490)	16,087	559	16,646

(1) Amount attributable to noncontrolling interests for the year ended December 31, 2024, excludes a net loss of \$2 million, related to redeemable noncontrolling interests.

Due to rounding, numbers presented may not add to the totals provided.
See accompanying Notes to the Consolidated Financial Statements

Notes to the Consolidated Financial Statements

Note 1

The Company

ABB Ltd and its subsidiaries (collectively, the Company) together form a global technology leader in electrification and automation, enabling a more sustainable and resource-efficient future. By connecting its engineering and digitalization expertise, ABB helps industries run at high performance, while becoming more efficient, productive and sustainable so they outperform.

Note 2

Significant accounting policies

The following is a summary of significant accounting policies followed in the preparation of these Consolidated Financial Statements.

Basis of presentation

The Consolidated Financial Statements are prepared in accordance with United States of America (United States or U.S.) generally accepted accounting principles (U.S. GAAP) and are presented in United States dollars (\$) or USD unless otherwise stated. Due to rounding, numbers presented may not add to the totals provided. The par value of common stock is denominated in Swiss francs.

Discontinued operations

In October 2025, the Company entered into an agreement to divest its Robotics division to SoftBank Group Corp. The divestment is expected to be completed in the second half of 2026, subject to regulatory approvals and customary closing conditions. As this divestment represents a strategic shift that will have a major effect on the Company's operations and financial results, the results of operations for this business have been presented as discontinued operations for all years presented. See Note 3 for details. Financial information and disclosures for prior periods have been retroactively recast to give effect to the discontinued operations presentation. Unless otherwise indicated, all amounts and disclosures in the notes to the Consolidated Financial Statements relate to the continuing operations of the Company.

Change in accounting policy

Effective January 1, 2025, the Company changed its accounting policy related to the functional classification of information system expenses in the income statement. Previously, the Company allocated information system expenses in the income statement to the functional area based on a headcount approach while, in connection with this change, information systems expenses are allocated to the relevant income statement caption based on the nature of the underlying system.

The Company's Consolidated Financial Statements have been retroactively restated to reflect this accounting policy change. In connection with this change, the Company recorded a cumulative-effect reduction of \$69 million to the balance of Retained earnings, representing the impact of the policy change on Inventories and the related deferred tax balance. The effect on Net income for 2024 was not considered significant and therefore no changes have been recorded.

The following tables detail the reclassification of information systems expenses within the 2024 Consolidated Income Statement and Consolidated Balance Sheet at December 31, 2024:

(\$ in millions)	2024
Consolidated Income Statement:	
Cost of sales of products	(385)
Cost of services and other	(86)
Selling, general and administrative expenses	537
Non-order related research and development expenses	(66)

(\$ in millions)	December 31, 2024
Consolidated Balance Sheet:	
Inventories	(82)
Current assets held for sale and in discontinued operations	(9)
Deferred taxes (asset)	22
Retained earnings	(69)

Reclassifications and presentation changes

In 2025, the Company split the amount previously reported in Provision for warranties into current and non-current components and retroactively recast the amounts for all periods presented. The balance at December 31, 2024, which was previously recorded on a combined basis, of \$1,248 million has been reclassified into Provisions (\$651 million), Other non-current liabilities (\$551 million) and in Liabilities held for sale and in discontinued operations, current (\$35 million) and non-current (\$11 million). See Note 15 for additional information. In addition, in 2025, the Company reorganized its operating segments and reclassified the prior period to conform to the current year's presentation. See Note 23 for details.

Scope of consolidation

The Consolidated Financial Statements include the accounts of ABB Ltd and companies which are directly or indirectly controlled by ABB Ltd. Additionally, the Company consolidates variable interest entities if it has determined that it is the primary beneficiary. Intercompany accounts and transactions are eliminated. Investments in joint ventures and affiliated companies in which the Company has the ability to exercise significant influence over operating and financial policies (generally through direct or indirect ownership of 20 percent to 50 percent of the voting rights and/or board of director representation) are recorded in the Consolidated Financial Statements using the equity method of accounting.

Translation of foreign currencies and foreign exchange transactions

The functional currency for most of the Company's subsidiaries is the applicable local currency. The translation from the applicable functional currencies into the Company's reporting currency is performed for balance sheet accounts using exchange rates in effect at the balance sheet date and for income statement accounts using average exchange rates prevailing during the year. The resulting translation adjustments are excluded from the determination of earnings and are recognized in Accumulated other comprehensive loss until the subsidiary is sold, substantially liquidated or evaluated for impairment in anticipation of disposal.

Foreign currency exchange gains and losses, such as those resulting from foreign currency denominated receivables or payables, are included in the determination of earnings, except as they relate to intercompany loans that are equity-like in nature with no reasonable expectation of repayment, which are recognized in Accumulated other comprehensive loss. Exchange gains and losses are recognized in earnings and classified in the line item consistent with the underlying transaction or item.

Discontinued operations

The Company reports a disposal, or planned disposal, of a component or a group of components as a discontinued operation if the disposal represents a strategic shift that has or will have a major effect on the Company's operations and financial results. A strategic shift could include a disposal of a major geographical area, a major line of business or other major parts of the Company. A component may be a reportable segment or an operating segment, a reporting unit, a subsidiary, or an asset group.

The assets and liabilities of a component reported as a discontinued operation are presented separately as held for sale and in discontinued operations in the Company's Consolidated Balance Sheets.

Interest expense that is not directly attributable to or related to the Company's continuing business or discontinued business is allocated to discontinued operations based on the ratio of net assets to be sold less debt that is required to be paid as a result of the planned disposal transaction to the sum of total net assets of the Company plus consolidated debt. General corporate overhead is not allocated to discontinued operations.

Operating cycle

For classification of certain current assets and liabilities, the Company has elected to use the duration of individual contracts as its operating cycle. Accordingly, there are contract assets and liabilities, accounts receivable, inventories and provisions related to these contracts which will not be realized within one year that have been classified as current. Long-term system integration activities comprise the majority of the Company's activities which have an operating cycle in excess of one year that have been classified as current.

Use of estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make assumptions and estimates that directly affect the amounts reported in the Consolidated Financial Statements and the accompanying Notes. These accounting assumptions and estimates include:

- estimates to determine valuation allowances for deferred tax assets and amounts recorded for unrecognized tax benefits,
- estimates related to credit losses expected to occur over the remaining life of financial assets such as trade and other receivables, loans and other instruments,
- estimates of loss contingencies associated with litigation or threatened litigation and other claims and inquiries, environmental damages, product warranties, self-insurance reserves, regulatory and other proceedings,
- assumptions and projections, principally related to future material, labor and project-related overhead costs, used in determining the percentage-of-completion on projects where revenue is recognized over time, as well as the amount of variable consideration the Company expects to be entitled to,
- assumptions used in the calculation of pension and postretirement benefits and the fair value of pension plan assets,
- estimates used to record expected costs for employee severance in connection with restructuring programs,
- assumptions used in determining inventory obsolescence and net realizable value,
- growth rates, discount rates and other assumptions used to determine impairment of long-lived assets and in testing goodwill for impairment, and

- estimates and assumptions used in determining the fair values of assets and liabilities assumed in business combinations.

The actual results and outcomes may differ from the Company's estimates and assumptions.

Cash and equivalents

Cash and equivalents include highly liquid investments with maturities of three months or less at the date of acquisition.

Currency and other local regulatory limitations related to the transfer of funds exist in a number of countries where the Company operates. Funds, other than regular dividends, fees or loan repayments, cannot be readily transferred abroad from these countries and are therefore deposited and used for working capital needs locally. These funds are included in cash and equivalents as they are not considered restricted.

Cash and equivalents that are subject to contractual restrictions or other legal obligations and are not readily available are classified as Restricted cash.

Marketable securities and short-term investments

Management determines the appropriate classification of held-to-maturity and available-for-sale debt securities at the time of purchase. Debt securities are classified as held-to-maturity when the Company has the positive intent and ability to hold the securities to maturity. Held-to-maturity debt securities are carried at amortized cost, adjusted for accretion of discounts or amortization of premiums to maturity computed under the effective interest method. Such accretion or amortization is included in Interest and dividend income. Marketable debt securities not classified as held-to-maturity are classified as available-for-sale and reported at fair value.

Unrealized gains and losses on available-for-sale debt securities are excluded from the determination of earnings and are instead recognized in the Accumulated other comprehensive loss component of stockholders' equity, net of tax, until realized. Realized gains and losses on available-for-sale debt securities are computed based upon the historical cost of these securities, using the specific identification method.

Marketable debt securities are classified as either Cash and equivalents or Marketable securities and short-term investments according to their maturity at the time of acquisition.

Marketable equity securities are generally classified as Marketable securities and short-term investments; however, any marketable securities held as a long-term investment rather than as an investment of excess liquidity are classified as Other non-current assets. Marketable equity securities are measured at fair value with fair value changes reported in net income. Fair value changes for marketable equity securities are generally reported in Interest and other finance expense; however, fair value changes for certain marketable equity securities classified as long-term investments are reported in Other income (expense).

For debt securities classified as available-for-sale where fair value has declined below amortized cost due to credit losses, the Company records an allowance for expected credit losses and adjusts the allowance in subsequent periods in Interest and other finance expense. All fair value changes other than those related to credit risk are reported in Accumulated other comprehensive loss until the security is sold.

In addition, equity securities without readily determinable fair values are remeasured if there is an observable price change in an orderly transaction for the same investment, or if a qualitative assessment indicates that the investment is impaired and the fair value of the investment is less than its carrying amount. Similar to other fair value changes as described above, depending on the nature of the investment, this fair value change is either recorded in Other income (expense) or Interest and other finance expense.

Accounts receivable and allowance for expected credit losses

Accounts receivable are recorded at the invoiced amount. The Company has a group-wide policy on the management of credit risk. The policy includes a credit assessment methodology to assess the creditworthiness of customers and assign to those customers a risk category. Third-party agencies' ratings are considered, if available. For customers where agency ratings are not available, the customer's most recent financial statements, payment history and other relevant information are considered in the assignment to a risk category. Customers are assessed at least annually or more frequently when information on significant changes in the customer's financial position becomes known. In addition to the assignment to a risk category, a credit limit per customer is set.

The Company recognizes an allowance for credit losses to present the net amount of receivables expected to be collected at the balance sheet date. The allowance is based on the credit losses expected to arise over the asset's contractual term taking into account historical loss experience and customer-specific data, as well as forward looking estimates prepared under the assumption that current conditions as of the balance sheet date do not change for the remaining life of the asset. The Company's accounts receivable are first grouped by the individual legal entity which generally has a geographic concentration of receivables, resulting in different risk levels for different entities. Receivables are then further subdivided within the entity into pools based on similar risk characteristics to estimate expected credit losses. Expected credit losses are estimated individually when the related assets do not share similar risk characteristics.

Accounts receivable are written off when deemed uncollectible and are recognized as a deduction from the allowance for credit losses. Expected recoveries, which are not to exceed the amount previously written off, are considered in determining the allowance balance at the balance sheet date.

The Company, in its normal course of business, transfers receivables to third parties, generally without recourse. The transfer is accounted for as a sale when the Company has surrendered control over the receivables. Control is deemed to have been surrendered when (i) the transferred receivables have been put presumptively beyond the reach of the Company and its creditors, even in bankruptcy or other receivership, (ii) the third-party transferees have the right to pledge or exchange the transferred receivables, and (iii) the Company has relinquished effective control over the transferred receivables and does not retain the ability or obligation to repurchase or redeem the transferred receivables. At the time of sale, the sold receivables are removed from the Consolidated Balance Sheets and the related cash inflows are classified as operating activities in the Consolidated Statements of Cash Flows. Transfers of receivables that do not meet the requirements for treatment as sales are accounted for as secured borrowings and the related cash flows are classified as financing activities in the Consolidated Statements of Cash Flows.

Concentrations of credit risk

The Company sells a broad range of products, systems, services and software to a wide range of industrial, commercial and utility customers as well as various government agencies and quasi-governmental agencies throughout the world. Concentrations of credit risk with respect to accounts receivable are limited, as the Company's customer base is comprised of a large number of individual customers. Ongoing credit evaluations of customers' financial positions are performed to determine whether the use of credit support instruments such as guarantees, letters of credit or credit insurance are necessary; collateral is not generally required. The Company maintains an allowance for credit losses as discussed above in "Accounts receivable and allowance for expected credit losses".

It is the Company's policy to invest cash in deposits with banks throughout the world with certain minimum credit ratings and in high-quality, low-risk, liquid investments. The Company actively manages its credit risk by routinely reviewing the creditworthiness of the banks and the investments held. The Company has not incurred significant credit losses related to such investments.

The Company's exposure to credit risk on derivative financial instruments is the risk that the counterparty will fail to meet its obligations. To reduce this risk, the Company has credit policies that require the establishment and periodic review of credit limits for individual counterparties. In addition, the Company has entered into close-out netting agreements with most derivative counterparties. Close-out netting agreements provide for the termination, valuation and net settlement of some or all outstanding transactions between two counterparties on the occurrence of one or more pre-defined trigger events. Derivative instruments are presented on a gross basis in the Consolidated Financial Statements.

Revenue recognition

A customer contract exists if collectability under the contract is considered probable, the contract has commercial substance, contains payment terms, as well as the rights and commitments of both parties, and is legally enforceable.

The Company offers arrangements with multiple performance obligations to meet its customers' needs. These arrangements may involve the delivery of multiple products and/or performance of services (such as installation and training) and the delivery and/or performance may occur at different points in time or over different periods of time. Goods and services under such arrangements are evaluated to determine whether they form distinct performance obligations and should be accounted for as separate revenue transactions. The Company allocates the sales price to each distinct performance obligation based on the relative fair value of each item sold in separate transactions at the inception of the arrangement.

The Company generally recognizes revenues for the sale of non-customized products including circuit breakers, modular substation packages, control products, motors, generators, drives, robots, measurement and analytical instrumentation, and other goods which are manufactured on a standardized basis at a point in time. Revenues are recognized at the point in time that the customer obtains control of the goods, which is when it has taken title to the products and assumed the risks and rewards of ownership of the products specified in the purchase order or sales agreement. Generally, the transfer of title and risks and rewards of ownership are governed by the contractually defined shipping terms. The Company uses various International Commercial Terms (as promulgated by the International Chamber of Commerce) in its sales of products to third-party customers, such as Ex Works (EXW), Free Carrier (FCA) and Delivered Duty Paid (DDP).

Billing terms for these point in time contracts vary but generally coincide with delivery to the customer. Payment is generally due upon receipt of the invoice, primarily payable within 90 days or less.

The Company generally recognizes revenues for the sale of customized products, including integrated automation and electrification systems and solutions, on an over time basis using the percentage-of-completion method of accounting. These systems are generally accounted for as a single performance obligation as the Company is required to integrate equipment and services into one deliverable for the customer. Revenues are recognized as the systems are customized during the manufacturing or integration process and as control is transferred to the customer as evidenced by the Company's right to payment for work performed or by the customer's ownership of the work in process. The Company principally uses the cost-to-cost method to measure progress towards completion on contracts. Under this method, progress of contracts is measured by actual costs incurred in relation to the Company's best estimate of total costs based on the Company's history of manufacturing or constructing similar assets for customers. Estimated costs are reviewed and updated routinely for contracts in progress to reflect changes in quantity or pricing of the inputs. The cumulative effect of any change in estimate is recorded in the period when the change in estimate is determined. Contract costs include all direct materials, labor and subcontract costs and indirect costs related to contract performance, such as indirect labor, supplies, tools and depreciation costs.

The nature of the Company's contracts for the sale of customized products gives rise to several types of variable consideration, including claims, unpriced change orders, liquidated damages and penalties. These amounts are estimated based upon the most likely amount of consideration to which the customer or the Company will be entitled. The estimated amounts are included in the sales price to the extent it is probable that a significant reversal of cumulative revenues recognized will not occur when the uncertainty associated with the variable consideration is resolved. All estimates of variable consideration are reassessed periodically. Back charges to suppliers or subcontractors are recognized as a reduction of cost when it is determined that recovery of such cost is probable and the amounts can be reliably estimated.

Billing terms for these over-time contracts vary but are generally based on achieving specified milestones. The differences between the timing of revenues recognized and customer billings result in changes to contract assets and contract liabilities. Payment is generally due upon receipt of the invoice, primarily payable within 90 days or less. Contractual retention amounts billed to customers are generally due upon expiration of the contractual warranty period.

Service revenues reflect revenues earned from the Company's activities in providing services to customers primarily subsequent to the sale and delivery of a product or complete system. Such revenues consist of maintenance type contracts, repair services, equipment upgrades, field service activities that include personnel and accompanying spare parts, training, and installation and commissioning of products as a stand-alone service or as part of a service contract. The Company generally recognizes revenues from service transactions as services are performed or at the point in time that the customer obtains control of the spare parts. For long-term service contracts including monitoring and maintenance services, revenues are recognized on a straight-line basis over the term of the contract consistent with the nature, timing and extent of the services or, if the performance pattern is other than straight line, as the services are provided based on costs incurred relative to total expected costs.

In limited circumstances the Company sells extended warranties that extend the warranty coverage beyond the standard coverage offered on specific products. Revenues for these warranties are recorded over the length of the warranty period based on their stand-alone selling price.

Billing terms for service contracts vary but are generally based on the occurrence of a service event. Payment is generally due upon receipt of the invoice, primarily payable within 90 days or less.

Revenues are reported net of customer rebates, early settlement discounts, and similar incentives. Rebates are estimated based on sales terms, historical experience and trend analysis. The most common incentives relate to amounts paid or credited to customers for achieving defined volume levels.

Taxes assessed by a governmental authority that are directly imposed on revenue-producing transactions between the Company and its customers, such as sales, use, value added and some excise taxes, are excluded from revenues.

The Company does not adjust the contract price for the effects of a financing component if the Company expects, at contract inception, that the time between control transfer and cash receipt is less than 12 months.

Sales commissions are expensed immediately when the amortization period for the costs to obtain the contract is less than a year.

Contract loss provisions

Losses on contracts are recognized in the period when they are identified and are based upon the anticipated excess of contract costs over the related contract revenues.

Shipping and handling costs

Shipping and handling costs are recorded as a component of cost of sales.

Inventories

Inventories are stated at the lower of cost or net realizable value. Cost is determined using the first-in, first-out method, the weighted-average cost method, or the specific identification method. Inventoried costs are stated at acquisition cost or actual production cost, including direct material and labor and applicable manufacturing overheads. Adjustments to reduce the cost of inventory to its net realizable value are made, if required, for decreases in sales prices, obsolescence or similar reductions in value.

Impairment of long-lived assets

Long-lived assets that are held and used are evaluated for impairment for each of the Company's asset groups when events or circumstances indicate that the carrying amount of the long-lived asset or asset group may not be recoverable. If the asset group's net carrying value exceeds the asset group's net undiscounted cash flows expected to be generated over its remaining useful life including net proceeds expected from disposition of the asset group, if any, the carrying amount of the asset group is reduced to its estimated fair value. The estimated fair value is determined using a market, income and/or cost approach.

Property, plant and equipment

Property, plant and equipment is stated at cost, less accumulated depreciation and is depreciated using the straight-line method. The estimated useful lives of the assets are generally as follows:

- factories and office buildings: 30 to 40 years,
- other facilities: 15 years,
- machinery and equipment: 3 to 15 years,
- furniture and office equipment: 3 to 8 years, and
- leasehold improvements are depreciated over their estimated useful life or, for operating leases, over the lease term, if shorter.

Goodwill and intangible assets

Goodwill is reviewed for impairment annually as of October 1, or more frequently if events or circumstances indicate that the carrying value may not be recoverable.

Goodwill is evaluated for impairment at the reporting unit level. A reporting unit is an operating segment or one level below an operating segment. For the annual impairment reviews performed in 2025, the reporting units were determined to be one level below the operating segments.

When evaluating goodwill for impairment, the Company uses either a qualitative or quantitative assessment method for each reporting unit. The qualitative assessment involves determining, based on an evaluation of qualitative factors, if it is more likely than not that the fair value of a reporting unit is less than its carrying value. If, based on this qualitative assessment, it is determined to be more likely than not that the reporting unit's fair value is less than its carrying value, a quantitative impairment test is performed, otherwise no further analysis is required. If the Company elects not to perform the qualitative assessment for a reporting unit, then a quantitative impairment test is performed.

When performing a quantitative impairment test, the Company generally calculates the fair value of a reporting unit using an income approach based on the present value of future cash flows, applying a discount rate that represents the reporting unit's weighted-average cost of capital, and compares it to the reporting unit's carrying value. If the carrying value of the net assets of a reporting unit exceeds the fair value of the reporting unit then the Company records an impairment charge equal to the difference, provided that the loss recognized does not exceed the total amount of goodwill allocated to that reporting unit.

The cost of acquired intangible assets with a finite life is amortized using a method of amortization that reflects the pattern of the intangible assets' expected contributions to future cash flows. If that pattern cannot be reliably determined, the straight-line method is used. The amortization periods range from 3 to 5 years for software and from 5 to 20 years for customer-, technology- and marketing-related intangibles. Intangible assets with a finite life are tested for impairment upon the occurrence of certain triggering events.

Derivative financial instruments and hedging activities

The Company uses derivative financial instruments to manage currency, commodity, interest rate and equity exposures, arising from its global operating, financing and investing activities (see Note 6).

The Company recognizes all derivatives, other than certain derivatives indexed to the Company's own stock, at fair value in the Consolidated Balance Sheets. Derivatives that are not designated as hedging instruments are reported at fair value with derivative gains and losses reported through earnings and classified consistent with the nature of the underlying transaction.

If the derivatives are designated as a hedge, depending on the nature of the hedge, changes in the fair value of the derivatives will either be offset against the change in fair value of the hedged item attributable to the risk being hedged through earnings (in the case of a fair value hedge) or recognized in Accumulated other comprehensive loss until the hedged item is recognized in earnings (in the case of a cash flow hedge or hedge of a net investment in a foreign subsidiary). Where derivative financial instruments have been designated as cash flow hedges of forecasted transactions and such forecasted transactions are no longer probable of occurring, hedge accounting is discontinued and any derivative gain or loss previously included in Accumulated other comprehensive loss is reclassified into earnings consistent with the nature of the original forecasted transaction. For derivative financial instruments that are designated and qualify as a net investment hedge, the gain or loss will be subsequently reclassified into earnings when the hedged net investment is either sold or substantially liquidated. Gains or losses from derivatives designated as hedging instruments in a fair value hedge are reported through earnings and classified consistent with the nature of the underlying hedged transaction.

Certain commercial contracts may grant rights to the Company or the counterparties, or contain other provisions that are considered to be derivatives. Such embedded derivatives are assessed at inception of the contract and depending on their characteristics, accounted for as separate derivative instruments and shown at their fair value in the Consolidated Balance Sheets with changes in their fair value reported in earnings consistent with the nature of the commercial contract to which they relate.

Derivatives are classified in the Consolidated Statements of Cash Flows in the same section as the underlying item. Cash flows from the settlement of undesignated derivatives used to manage the risks of different underlying items on a net basis are classified within Net cash provided by operating activities, as the underlying items are primarily operational in nature. Other cash flows on the settlement of derivatives are recorded within Net cash provided by (used in) investing activities.

Leases

The Company leases primarily real estate, vehicles, machinery and equipment.

The Company evaluates if a contract contains a lease at inception of the contract. A contract is or contains a lease if it conveys the right to control the use of identified property, plant, or equipment (an identified asset) for a period of time in exchange for consideration. To determine this, the Company assesses whether, throughout the period of use, it has both the right to obtain substantially all of the economic benefits from the use of the identified asset and the right to direct the use of the identified asset. Leases are classified as either finance or operating, with the classification determining the pattern of expense recognition in the Consolidated Income Statements. Lease expense for operating leases is recorded on a straight-line basis over the lease term. Lease expense for finance leases is separated between amortization of right-of-use assets and lease interest expense.

In many cases, the Company's leases include one or more options to renew, with renewal terms that can extend up to 5 years. The exercise of lease renewal options is at the Company's discretion. Renewal periods are included in the expected lease term if they are reasonably certain of being exercised by the Company. Certain leases also include options to purchase the leased property. None of the Company's lease agreements contain material residual value guarantees or material restrictions or covenants.

Long-term leases (leases with terms greater than 12 months) are recorded in the Consolidated Balance Sheets at the commencement date of the lease based on the present value of the minimum lease payments. The present value of the lease payments is determined by using the interest rate implicit in the lease if available. As most of the Company's leases do not provide an implicit rate, the Company's incremental borrowing rate is used for most leases and is determined for portfolios of leases based on the remaining lease term, currency of the lease, and the internal credit rating of the subsidiary which entered into the lease.

Short-term leases (leases with an initial lease term of 12 months or less and where it is reasonably certain that the identified asset will not be leased for a term greater than 12 months) are not recorded in the Consolidated Balance Sheets and are expensed on a straight-line basis over the lease term.

Assets under operating lease are included in Operating lease right-of-use assets. Operating lease liabilities are reported both as current and non-current operating lease liabilities. Right-of-use assets represent the Company's right to use an underlying asset for the lease term and lease liabilities represent its obligation to make lease payments arising from the lease.

Assets under finance lease are included in Property, plant and equipment, while finance lease liabilities are included in Long-term debt (including Current maturities of long-term debt as applicable).

Lease and non-lease components for leases other than real estate are not accounted for separately.

Income taxes

The Company uses the asset and liability method to account for deferred taxes. Under this method, deferred tax assets and liabilities are determined based on temporary differences between the financial reporting and the tax bases of assets and liabilities. Deferred tax assets and liabilities are measured using enacted tax rates and laws that are expected to be in effect when the differences are expected to reverse. The Company records a deferred tax asset when it determines that it is more likely than not that the deduction will be sustained based upon the deduction's technical merit. Deferred tax assets and liabilities that can be offset against each other are reported on a net basis. A valuation allowance is recorded to reduce deferred tax assets to the amount that is more likely than not to be realized.

Deferred taxes are provided on unredeemed retained earnings of the Company's subsidiaries. However, deferred taxes are not provided on such unredeemed retained earnings to the extent it is expected that the earnings are permanently reinvested. Such earnings may become taxable upon the sale or liquidation of these subsidiaries or upon the remittance of dividends.

The Company operates in numerous tax jurisdictions and, as a result, is regularly subject to audit by tax authorities. The Company provides for tax contingencies whenever it is deemed more likely than not that a tax asset has been impaired or a tax liability has been incurred. Contingency provisions are recorded based on the technical merits of the Company's filing position, considering the applicable tax laws and Organisation for Economic Co-operation and Development (OECD) guidelines and are based on its evaluations of the facts and circumstances as of the end of each reporting period.

The Company applies a two-step approach to recognize and measure uncertainty in income taxes. The first step is to evaluate the tax position for recognition by determining if the weight of available evidence indicates that it is more likely than not that the position will be sustained on audit, including resolution of related appeals or litigation processes, if any. The second step is to measure the tax benefit as the largest amount which is more than 50 percent likely of being realized upon ultimate settlement. Uncertain tax positions that could be settled against existing loss carryforwards or income tax credits are reported net.

Expenses related to tax penalties are classified in the Consolidated Income Statements as Income tax expense while interest thereon is classified as Interest and other finance expense. Current income tax relating to certain items is recognized directly in Accumulated other comprehensive loss and not in earnings. In general, the Company applies the individual items approach when releasing income tax effects from Accumulated other comprehensive loss.

Research and development

Research and development costs not related to specific customer orders are generally expensed as incurred.

Earnings per share

Basic earnings per share is calculated by dividing income by the weighted-average number of shares outstanding during the year. Diluted earnings per share is calculated by dividing income by the weighted-average number of shares outstanding during the year, assuming that all potentially dilutive securities were exercised, if dilutive. Potentially dilutive securities comprise outstanding written call options, outstanding options and shares granted subject to certain conditions under the Company's share-based payment arrangements. See further discussion related to earnings per share in Note 21 and of potentially dilutive securities in Note 19.

Fair value measures

The Company uses fair value measurement principles to record certain financial assets and liabilities on a recurring basis and, when necessary, to record certain non-financial assets at fair value on a non-recurring basis, as well as to determine fair value disclosures for certain financial instruments carried at amortized cost in the financial statements. Financial assets and liabilities recorded at fair value on a recurring basis include foreign currency, commodity and interest rate derivatives, as well as available-for-sale securities. Non-financial assets recorded at fair value on a non-recurring basis include long-lived assets that are reduced to their estimated fair value due to impairments.

Fair value is the price that would be received when selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In determining fair value, the Company uses various valuation techniques including the market approach (using observable market data for identical or similar assets and liabilities), the income approach (discounted cash flow method) and the cost approach (using costs a market participant would incur to develop a comparable asset). Inputs used to determine the fair value of assets and liabilities are defined by a three-level hierarchy, depending on the nature of those inputs. The Company has categorized its financial assets and liabilities and non-financial assets measured at fair value within this hierarchy based on whether the inputs to the valuation technique are observable or unobservable. An observable input is based on market data obtained from independent sources, while an unobservable input reflects the Company's assumptions about market data.

The levels of the fair value hierarchy are as follows:

- Level 1: Valuation inputs consist of quoted prices in an active market for identical assets or liabilities (observable quoted prices). Assets and liabilities valued using Level 1 inputs include exchange-traded equity securities, listed derivatives which are actively traded such as commodity futures, interest rate futures and certain actively traded debt securities.
- Level 2: Valuation inputs consist of observable inputs (other than Level 1 inputs) such as actively quoted prices for similar assets, quoted prices in inactive markets and inputs other than quoted prices such as interest rate yield curves, credit spreads, or inputs derived from other observable data by interpolation, correlation, regression or other means. The adjustments applied to quoted prices or the inputs used in valuation models may be both observable and unobservable. In these cases, the fair value measurement is classified as Level 2 unless the unobservable portion of the adjustment or the unobservable input to the valuation model is significant, in which case the fair value measurement would be classified as Level 3. Assets and liabilities valued or disclosed using Level 2 inputs include investments in certain funds, certain debt securities that are not actively traded, interest rate swaps, cross-currency interest rate swaps, commodity swaps, forward foreign exchange contracts, foreign exchange swaps and forward rate agreements, time deposits, as well as financing receivables and debt.
- Level 3: Valuation inputs are based on the Company's assumptions which require significant judgement or estimation (unobservable input). Assets valued or disclosed using Level 3 inputs include insurance contracts and certain private equity investments.

Investments in private equity, real estate and collective funds held within the Company's pension plans are generally valued using the net asset value (NAV) per share as a practical expedient for fair value, provided certain criteria are met. The NAVs are determined based on the fair values of the underlying investments in the funds. These assets are not classified in the fair value hierarchy but are separately disclosed.

Whenever quoted prices involve bid-ask spreads, the Company ordinarily determines fair values based on mid-market quotes.

When determining fair values based on quoted prices in an active market, the Company considers if the level of transaction activity for the financial instrument has significantly decreased, or would not be considered orderly. In such cases, the resulting changes in valuation techniques would be disclosed. If the market is considered disorderly or if quoted prices are not available, the Company is required to use another valuation technique, such as an income approach.

Disclosures about the Company's fair value measurements of assets and liabilities are included in Note 7.

Contingencies

The Company is subject to proceedings, litigation or threatened litigation and other claims and inquiries, related to environmental, labor, product, regulatory, tax (other than income tax) and other matters, and is required to assess the likelihood of any adverse judgments or outcomes to these matters, as well as potential ranges of probable losses. A determination of the provision required, if any, for these contingencies is made after analysis of each individual issue, often with assistance from both internal and external legal counsel and technical experts. The required amount of a provision for a contingency of any type may change in the future due to new developments in the particular matter, including changes in the approach to its resolution.

The Company records a provision for its contingent obligations when it is probable that a loss will be incurred and the amount can be reasonably estimated. Any such provision is generally recognized on an undiscounted basis using the Company's best estimate of the amount of loss incurred or at the lower end of an estimated range when a single best estimate is not determinable. In some cases, the Company may be able to recover a portion of the costs relating to these obligations from insurers or other third parties; however, the Company records such amounts only when it is probable that they will be collected.

The Company generally provides for anticipated costs for warranties when it delivers the related products. Warranty costs include calculated costs arising from imperfections in design, material and workmanship in the Company's products. The Company makes individual assessments on contracts with risks resulting from order-specific conditions or guarantees and assessments on an overall, statistical basis for similar products sold in larger quantities.

The Company may have legal obligations to perform environmental clean-up activities related to land and buildings as a result of the normal operations of its business. In some cases, the timing or the method of settlement, or both, are conditional upon a future event that may or may not be within the control of the Company, but the underlying obligation itself is unconditional and certain. The Company recognizes a provision for these obligations when it is probable that a liability for the clean-up activity has been incurred and a reasonable estimate of its fair value can be made. In some cases, a portion of the costs expected to be incurred to settle these matters may be recoverable. An asset is recorded when it is probable that such amounts are recoverable. Provisions for environmental obligations are not discounted to their present value when the timing of payments cannot be reasonably estimated.

Pensions and other postretirement benefits

The Company has a number of defined benefit pension plans, defined contribution pension plans and termination indemnity plans. For plans accounted for as a defined benefit pension plan, the Company recognizes an asset for such a plan's overfunded status or a liability for such a plan's underfunded status in its Consolidated Balance Sheets. Additionally, the Company measures such a plan's assets and obligations that determine its funded status as of the end of the year and recognizes the changes in the funded status in the year in which the changes occur. Those changes are reported in Accumulated other comprehensive loss.

The Company uses actuarial valuations to determine its pension and postretirement benefit costs and credits. The amounts calculated depend on a variety of key assumptions, including discount rates and expected return on plan assets. Current market conditions are considered in selecting these assumptions.

The Company's various pension plan assets are assigned to their respective levels in the fair value hierarchy in accordance with the valuation principles described in the "Fair value measures" section above.

See Note 18 for further discussion of the Company's employee benefit plans.

Business combinations

The Company accounts for assets acquired and liabilities assumed in business combinations using the acquisition method and records these at their respective fair values. Contingent consideration is recorded at fair value as an element of purchase price with subsequent adjustments recognized in income. Acquired contract assets and liabilities are valued and recorded in accordance with the principles for recognizing revenues from contracts with customers as outlined in the section entitled "Revenue recognition" above.

Identifiable intangibles consist of intellectual property such as trademarks and trade names, customer relationships, patented and unpatented technology, in-process research and development, order backlog and capitalized software; these are amortized over their estimated useful lives. Such intangibles are subsequently subject to evaluation for potential impairment if events or circumstances indicate the carrying amount may not be recoverable. See “Goodwill and intangible assets” above. Acquisition-related costs are recognized separately from the acquisition and expensed as incurred. Upon gaining control of an entity in which an equity method or cost basis investment was held by the Company, the carrying value of that investment is adjusted to fair value with the related gain or loss recorded in income.

Deferred tax assets and liabilities based on temporary differences between the financial reporting and the tax base of assets and liabilities, as well as uncertain tax positions and valuation allowances on acquired deferred tax assets assumed in connection with a business combination, are initially estimated as of the acquisition date based on facts and circumstances that existed at the acquisition date. Changes in deferred taxes, uncertain tax positions and valuation allowances on acquired deferred tax assets that occur after the measurement period are recognized in income.

Estimated fair values of acquired assets and liabilities are subject to change within the measurement period (a period of up to 12 months after the acquisition date during which the acquirer may adjust the provisional acquisition amounts) with any adjustments to the preliminary estimates being recorded to goodwill.

New accounting pronouncements

Applicable for current period

Improvements to income tax disclosures

In January 2025, the Company adopted an accounting standard update which requires the Company to disclose additional information related to income taxes. Under the update, the Company is required to annually disclose by jurisdiction (i) additional disaggregated information within the tax rate reconciliation and (ii) income taxes paid. The Company applied this update retrospectively for all periods presented in the Consolidated Financial Statements (see Note 17 for details). Apart from the additional disclosure requirements, this update did not have a significant impact on the Company’s Consolidated Financial Statements.

Measurement of credit losses for accounts receivable and contract assets

In July 2025, an accounting standard update was issued which provides a practical expedient related to the estimation of expected credit losses on current accounts receivable and contract assets arising from revenues generated from contracts with customers. The Company early adopted this accounting standard update in October 2025. This update does not have a significant impact on the Company’s Consolidated Financial Statements.

Applicable for future periods

Disaggregation of income statement expenses

In November 2024, an accounting standard update was issued which requires the Company to disclose additional information for certain types of expenses, including purchases of inventory, employee compensation, depreciation, and amortization, presented in each relevant income statement expense caption (such as cost of sales, selling, general and administrative expenses). This update is effective for the Company prospectively, with retrospective adoption permitted, for annual periods beginning January 1, 2027 and interim periods beginning January 1, 2028. The Company is currently evaluating the impact of adopting this update on its Consolidated Financial Statements.

Targeted improvements to the accounting for internal-use software

In September 2025, an accounting standard update was issued related to accounting for internal-use software costs. This update modernizes the guidance for accounting for software costs, aligning the accounting model with how software is developed today, by removing all references to project stages and clarifying the threshold entities apply to begin capitalizing costs. This update is effective for the Company for annual and interim periods beginning January 1, 2028, and may be applied (i) prospectively, (ii) retrospectively, or (iii) utilizing a modified transition approach. Early adoption is permitted as of the beginning of an annual reporting period. The Company is currently evaluating the impact of adopting this update on its Consolidated Financial Statements.

Note 3

Discontinued operations

In October 2025, the Company entered into an agreement to divest its Robotics division to SoftBank Group Corp., valuing the business at approximately \$5.4 billion. The business also includes certain investments and real estate properties which were previously reported within Corporate and Other. The divestment is expected to be completed in the second half of 2026, subject to the receipt of regulatory approvals and customary closing conditions, as well as the completion of certain legal entity reorganizations expected to be finalized before the sale.

As this planned divestment represents a strategic shift that will have a major effect on the Company's operations and financial results, the results of operations for this business have been presented as discontinued operations and the assets and liabilities, along with the related investments and real estate assets previously included in Corporate and Other, are reflected as held-for-sale for all periods presented.

In addition, amounts relating to stranded corporate costs have been separately disclosed as a component of Corporate and Other (see Note 23). Stranded costs represent allocated overhead and other management costs which were previously included in the measure of segment profit (Operational EBITA) for the Robotics division within the former Robotics & Discrete Automation operating segment but are not directly attributable to the discontinued operation and thus do not qualify to be recorded as part of income from discontinued operations.

Operating results of the discontinued operations are summarized as follows:

(\$ in millions)	2025	2024
Total revenues	2,331	2,267
Total cost of sales	(1,527)	(1,497)
Gross profit	804	770
Expenses	(510)	(439)
Income from operations	294	331
Net interest and other finance expense	(36)	(25)
Non-operational pension (cost) credit	(1)	(2)
Income from discontinued operations before taxes	257	304
Income tax expense	(83)	(78)
Income from discontinued operations, net of tax	174	226

Of the total Income from discontinued operations before taxes in the table above, \$173 million and \$226 million in 2025 and 2024, respectively, are attributable to the Company, while the remainder is attributable to noncontrolling interests.

Income from discontinued operations before taxes excluded stranded costs which were previously able to be allocated to the Robotics division. As a result, \$123 million and \$123 million in 2025 and 2024, respectively, of allocated overhead and other management costs which were previously included in the measure of segment profit for the Robotics division are now reported as part of Corporate and Other. In the table above, Net interest and other finance expense in 2025 and 2024, includes \$29 million and \$30 million, respectively, of interest expense which has been recorded on an allocated basis in accordance with the Company's accounting policy. In addition, as required by U.S. GAAP, subsequent to October 5, 2025, (the date of approval by the Board of Directors authorizing the sale of the Robotics division) the Company has not recorded depreciation or amortization on the property, plant and equipment and intangible assets reported as discontinued operations.

The Company also has retained obligations (primarily for environmental and taxes) related to other businesses disposed or otherwise exited that qualified as discontinued operations. Changes to these retained obligations are also included in Income from discontinued operations, net of tax.

The major components of assets and liabilities held for sale and in discontinued operations in the Company's Consolidated Balance Sheets are summarized as follows:

December 31, (\$ in millions)	2025⁽¹⁾	2024⁽¹⁾
Receivables, net	489	571
Contract assets	217	225
Inventories, net	372	349
Property, plant and equipment, net	290	—
Operating lease right-of-use assets	84	—
Goodwill	1,847	—
Deferred taxes	123	—
Other assets	140	9
Current assets held for sale and in discontinued operations	3,562	1,154
Property, plant and equipment, net	—	190
Operating lease right-of-use assets	—	88
Goodwill	—	1,754
Deferred taxes	—	64
Other non-current assets	—	73
Non-current assets held for sale and in discontinued operations	—	2,169
Accounts payable, trade	317	367
Contract liabilities	250	264
Operating leases	87	—
Other liabilities	454	284
Current liabilities held for sale and in discontinued operations	1,108	915
Non-current operating leases	—	87
Deferred taxes	—	24
Other non-current liabilities	13	83
Non-current liabilities held for sale and in discontinued operations	13	194

(1) At December 31, 2025 and 2024, the balances reported as held for sale and in discontinued operations also include amounts pertaining to previously divested businesses and other obligations which will remain with the Company until such time as the obligations are settled or the activities are fully wound down.

Note 4

Acquisitions, divestments and equity-accounted companies

Acquisitions of controlling interests

Acquisitions of controlling interests were as follows:

(\$ in millions, except number of acquired businesses)	2025	2024
Purchase price for acquisitions (net of cash acquired) ⁽¹⁾	723	581
Aggregate excess of purchase price over fair value of net assets acquired ⁽²⁾	569	428
Number of acquired businesses	6	7

(1) Excluding changes in cost- and equity-accounted companies.

(2) Recorded as goodwill (see Note 12).

In the table above, the "Purchase price for acquisitions" and "Aggregate excess of purchase price over fair value of net assets acquired" amounts for 2025, relate primarily to the acquisitions of Sensorfact BV, the Siemens wiring accessories business in China and the power electronics business of Gamesa Electric in Spain, while in 2024, relate primarily to the acquisitions of the Födisch Group, the SEAM Group and DTN Europe B.V.

Acquisitions of controlling interests have been accounted for under the acquisition method and have been included in the Company's Consolidated Financial Statements since the date of acquisition.

On February 3, 2025, the Company acquired all of the shares of Sensorfact BV. Sensorfact BV, headquartered in Utrecht, Netherlands, offers a scalable software as a service (SaaS) solution that helps small and medium sized enterprises use AI in their operations and energy management to lower costs and increase efficiency. The cash outflows to complete the transaction amounted to \$148 million (net of cash acquired). This acquisition will expand the Company's portfolio of energy management solutions that use big data and AI within its Electrification segment.

On March 3, 2025, the Company acquired, through numerous share and asset purchases, all of the assets, liabilities and business activities of the Siemens wiring accessories business in China. The Siemens wiring accessories business offering, which distributes throughout China, includes wiring accessories, smart home systems, smart door locks and further peripheral home automation products. The cash outflows to complete the transaction amounted to \$386 million (net of cash acquired). This acquisition will broaden the market reach of the Company's Electrification segment and complement the segment's regional customer offering within smart buildings.

On December 1, 2025, the Company acquired, through numerous share and asset purchases, all of the assets, liabilities and business activities of the power electronics business of Gamesa Electric in Spain. Gamesa's power electronics business focuses on electrical products for power conversion, including Doubly-fed induction generator (DFIG) wind converters, industrial battery energy storage systems (BESS) and utility-scale solar power inverters. The cash outflows to complete the transaction amounted to \$81 million (net of cash acquired). This acquisition will expand the existing power conversion product and service offering within the Company's Motion segment.

On October 1, 2024, the Company acquired all the shares of the Födisch Group. The Födisch Group is a worldwide provider of advanced measurement and analytical solutions for the energy and industrial sectors. The cash outflows to complete the transaction amounted to \$287 million (net of cash acquired). This acquisition enhances the Automation segment offering in continuous emission monitoring systems (CEMS) and bolsters its competitiveness in technology and innovation in this segment.

While the Company uses its best estimates and assumptions as part of the purchase price allocation process to value assets acquired and liabilities assumed at the acquisition date, the purchase price allocation for acquisitions is preliminary for up to 12 months after the acquisition date and is subject to refinement as more detailed analyses are completed and additional information about the fair values of the acquired assets and liabilities becomes available.

The aggregate allocation of the purchase consideration for business acquisitions in 2025 and 2024, was as follows:

(\$ in millions)	2025		2024	
	Allocated amounts	Weighted-average useful life	Allocated amounts	Weighted-average useful life
Technology	82	6 years	34	6 years
Customer relationships	108	10 years	107	11 years
Other intangibles	34	8 years	11	7 years
Intangible assets	224		152	
Property, plant and equipment	19		35	
Deferred tax liabilities	(43)		(29)	
Inventories	42		36	
Other assets and liabilities, net	(88)		(41)	
Goodwill	569		428	
Total consideration (net of cash acquired)	723		581	

Divestments and equity-accounted companies

In November 2024, the Company together with the Niedax Group formed Abnex Inc. (Abnex), a new joint venture company. Under the terms of the agreement, the Company contributed its North American cable tray business to Abnex, in return for a 50 percent ownership interest in the new joint venture. The transaction was executed through the sale of its North American cable tray business, for which the Company recorded a gain of \$72 million, in Other income (expense), with a separate acquisition at fair value of the 50 percent investment in Abnex, amounting to \$124 million and accounted for using the equity method. The fair value of the investment was based on a discounted cash flow model considering the expected results of the future business operations of Abnex and using relevant market inputs including a risk-adjusted weighted-average cost of capital. The results of operations of the North American cable tray business are included in the Electrification operating segment for all periods presented through to the date of sale.

In September 2024, the Company and the noncontrolling shareholders of InCharge Energy Inc. (In-Charge), a subsidiary entirely within the E-mobility operating segment, came to a definitive agreement to terminate their respective put and call options by settling the contracts on a net basis. This agreement, completed in November 2024, resulted in the Company returning a portion of its shares to In-Charge, thereby reducing its direct ownership to approximately 46 percent and thus losing control. This transaction was treated similar to a business divestment and with a separate re-acquisition at fair value of the 46 percent investment (amounting to \$69 million) accounted for using the equity method. The Company recorded a loss of \$88 million, representing the excess of the carrying value over the estimated fair value of this business, in Other income (expense), in connection with the loss of control. The fair value adjustment on this business was determined using Level 3 inputs and based on a discounted cash flow model considering the expected future results of this business. The loss is based on the net assets of the business at the time of the deemed sale.

There were no significant business divestments in 2025.

Note 5

Cash and equivalents, marketable securities and short-term investments

Cash and equivalents, marketable securities and short-term investments consisted of the following:

December 31, 2025 (\$ in millions)	Cost basis	Gross unrealized gains	Gross unrealized losses	Fair value	Cash and equivalents	Marketable securities and short-term investments
Changes in fair value recorded in net income						
Cash	1,398			1,398	1,398	
Time deposits	3,804			3,804	3,242	562
Equity securities	1,348	57		1,405		1,405
	6,550	57	—	6,607	4,640	1,967
Changes in fair value recorded in other comprehensive income						
Debt securities available-for-sale:						
—Other government obligations	14			14		14
	14	—	—	14	—	14
Total	6,564	57	—	6,621	4,640	1,981

December 31, 2024 (\$ in millions)	Cost basis	Gross unrealized gains	Gross unrealized losses	Fair value	Marketable securities and short-term investments	
					Cash and equivalents	
Changes in fair value recorded in net income						
Cash	1,328			1,328	1,328	
Time deposits	3,518			3,518	2,998	520
Equity securities	794	22	(2)	814		814
Total	5,640	22	(2)	5,660	4,326	1,334

Contractual maturities

At December 31, 2025, contractual maturities of debt securities were as follows:

(\$ in millions)	Available-for-sale	
	Cost basis	Fair value
Less than one year	14	14
Total	14	14

At December 31, 2025 and 2024, the Company pledged \$20 million and \$48 million, respectively, of available-for-sale marketable securities as collateral for issued letters of credit and other security arrangements.

Note 6 Derivative financial instruments

The Company is exposed to certain currency, commodity and interest rate risks arising from its global operating, financing and investing activities. The Company uses derivative instruments to reduce and manage the economic impact of these exposures.

Currency risk

Due to the global nature of the Company's operations, many of its subsidiaries are exposed to currency risk in their operating activities from entering into transactions in currencies other than their functional currency. To manage such currency risks, the Company operates programs to hedge the foreign currency exposures from forecasted cash flows, committed orders and project-related exposures. Forward foreign exchange contracts are the main instrument used to protect the Company against the volatility of future cash flows (caused by changes in exchange rates) of contracted and forecasted sales and purchases denominated in foreign currencies. In addition, within its treasury operations, the Company primarily uses foreign exchange swaps and forward foreign exchange contracts to manage the currency and timing mismatches arising in its liquidity management activities.

The Company also has numerous investments in its foreign subsidiaries, the net assets of which are exposed to volatility in foreign currency exchange rates. Forward foreign exchange contracts are used to reduce the foreign currency exchange risk related to the Company's investment in certain foreign subsidiaries. These derivatives are designated as net investment hedges.

Commodity risk

Various commodity products are used in the Company's manufacturing activities. Consequently, it is exposed to volatility in future cash flows arising from changes in commodity prices. To manage the price risk of commodities, the Company operates programs to hedge the forecasted commodity exposure and project-related exposures. Primarily swap contracts are used to manage the associated price risks of commodities.

Interest rate risk

The Company has issued bonds at fixed rates. Interest rate swaps and cross-currency interest rate swaps are used to manage the interest rate and foreign currency risk associated with certain debt and generally such swaps are designated as fair value hedges. In addition, from time to time, the Company uses instruments such as interest rate swaps, interest rate futures, bond futures or forward rate agreements to manage interest rate risk arising from the Company's balance sheet structure but does not designate such instruments as hedges.

Volume of derivative activity

In general, while the Company's primary objective in its use of derivatives is to minimize exposures arising from its business, certain derivatives are designated and qualify for hedge accounting treatment while others either are not designated or do not qualify for hedge accounting.

Foreign exchange and interest rate derivatives

The gross notional amounts of outstanding foreign exchange and interest rate derivatives (whether designated as hedges or not) were as follows:

Type of derivative (\$ in millions)	Total notional amounts at December 31,	
	2025	2024
Foreign exchange contracts	14,743	12,657
Embedded foreign exchange derivatives	1,640	1,153
Cross-currency interest rate swaps	940	833
Interest rate contracts	1,644	1,510

Derivative commodity contracts

The Company uses derivatives to hedge its direct or indirect exposure to the movement in the prices of commodities which are primarily copper, silver, steel and aluminum. The following table shows the notional amounts of outstanding derivatives (whether designated as hedges or not), on a net basis, to reflect the Company's requirements for these commodities:

Type of derivative	Unit	Total notional amounts at December 31,	
		2025	2024
Copper swaps	metric tonnes	33,912	40,699
Silver swaps	ounces	2,059,055	2,648,681
Steel swaps	metric tonnes	14,198	20,185
Aluminum swaps	metric tonnes	3,850	4,525

Cash flow hedges

As noted above, the Company mainly uses forward foreign exchange contracts to manage the foreign exchange risk of its operations and commodity swaps to manage its commodity risks. The Company applies cash flow hedge accounting in only limited cases. In these cases, the effective portion of the changes in their fair value is recorded in Accumulated other comprehensive loss and subsequently reclassified into earnings in the same line item and in the same period as the underlying hedged transaction affects earnings. In 2025 and 2024, there were no significant amounts recorded for cash flow hedge accounting activities.

Net investment hedges

The Company designates the forward foreign exchange contracts used to reduce the foreign currency exchange risk related to its net investment in certain foreign subsidiaries as net investment hedges. Accordingly, the gains and losses on the derivatives are recorded in Accumulated other comprehensive loss as part of Foreign currency translation adjustments. The accumulated gains and losses associated with these instruments will remain in Accumulated other comprehensive loss until the foreign subsidiaries are sold or substantially liquidated, at which point they will be reclassified into earnings. The cash flows associated with derivatives designated as net investment hedges are recorded within investing activities in the Consolidated Statements of Cash Flows.

In 2025 and 2024, there were no significant amounts recognized in or reclassified out of Accumulated other comprehensive loss related to net investment hedges. In addition, the Company did not have any ineffectiveness related to net investment hedges in 2025 and 2024.

Fair value hedges

To reduce its interest rate exposure arising primarily from its debt issuance activities, the Company uses interest rate swaps and cross-currency interest rate swaps. Where such instruments are designated as fair value hedges, the changes in the fair value of these instruments, as well as the changes in the fair value of the risk component of the underlying debt being hedged, are recorded as offsetting gains and losses in Interest and other finance expense.

The effect of derivative instruments, designated and qualifying as fair value hedges, on the Consolidated Income Statements was as follows:

(\$ in millions)		2025	2024
Gains (losses) recognized in Interest and other finance expense:			
Interest rate contracts	Designated as fair value hedges	(10)	28
	Hedged item	10	(29)
Cross-currency interest rate swaps	Designated as fair value hedges	5	33
	Hedged item	(2)	(30)

Derivatives not designated in hedge relationships

Derivative instruments that are not designated as hedges or do not qualify as either cash flow, net investment or fair value hedges are economic hedges used for risk management purposes. Gains and losses from changes in the fair values of such derivatives are recognized in the same line in the income statement as the economically hedged transaction.

Furthermore, under certain circumstances, the Company is required to split and account separately for foreign currency derivatives that are embedded within certain binding sales or purchase contracts denominated in a currency other than the functional currency of the subsidiary and the counterparty.

The gains (losses) recognized in the Consolidated Income Statements on derivatives not designated in hedging relationships were as follows:

(\$ in millions)	Type of derivative not designated as a hedge	Location	Gains (losses) recognized in income	
			2025	2024
Foreign exchange contracts	Total revenues		165	(242)
	Total cost of sales		(31)	75
	SG&A expenses ⁽¹⁾		(38)	35
	Interest and other finance expense		(178)	282
Embedded foreign exchange contracts	Total revenues		(2)	26
	Total cost of sales		6	(6)
Commodity contracts	Total cost of sales		176	14
Other	Interest and other finance expense		1	(1)
Total			99	183

(1) SG&A expenses represent "Selling, general and administrative expenses".

The fair values of derivatives included in the Consolidated Balance Sheets were as follows:

	Derivative assets		Derivative liabilities	
	Current in "Other current assets"	Non-current in "Other non-current assets"	Current in "Other current liabilities"	Non-current in "Other non-current liabilities"
December 31, 2025 (\$ in millions)				
Derivatives designated as hedging instruments:				
Foreign exchange contracts	—	—	6	—
Interest rate contracts	—	2	—	4
Cross-currency interest rate swaps	—	—	—	142
Total	—	2	6	146
Derivatives not designated as hedging instruments:				
Foreign exchange contracts	101	23	50	5
Commodity contracts	129	—	5	—
Embedded foreign exchange derivatives	20	14	29	4
Total	250	37	84	9
Total fair value	250	39	90	155

	Derivative assets		Derivative liabilities	
	Current in "Other current assets"	Non-current in "Other non-current assets"	Current in "Other current liabilities"	Non-current in "Other non-current liabilities"
December 31, 2024 (\$ in millions)				
Derivatives designated as hedging instruments:				
Foreign exchange contracts	—	—	1	—
Interest rate contracts	—	7	—	—
Cross-currency interest rate swaps	—	—	—	256
Other	4	—	—	—
Total	4	7	1	256
Derivatives not designated as hedging instruments:				
Foreign exchange contracts	150	17	108	15
Commodity contracts	4	—	20	—
Embedded foreign exchange derivatives	22	6	11	5
Other	—	5	—	—
Total	176	28	139	20
Total fair value	180	35	140	276

Close-out netting agreements provide for the termination, valuation and net settlement of some or all outstanding transactions between two counterparties on the occurrence of one or more pre-defined trigger events.

Although the Company is party to close-out netting agreements with most derivative counterparties, the fair values in the tables above and in the Consolidated Balance Sheets at December 31, 2025 and 2024, have been presented on a gross basis.

The Company's netting agreements and other similar arrangements allow net settlements under certain conditions. At December 31, 2025 and 2024, information related to these offsetting arrangements was as follows:

December 31, 2025 (\$ in millions)					
Type of agreement or similar arrangement	Gross amount of recognized assets	Derivative liabilities eligible for set-off in case of default	Cash collateral received	Non-cash collateral received	Net asset exposure
Derivatives	255	(56)	—	—	199
Total	255	(56)	—	—	199

December 31, 2025 (\$ in millions)					
Type of agreement or similar arrangement	Gross amount of recognized liabilities	Derivative liabilities eligible for set-off in case of default	Cash collateral pledged	Non-cash collateral pledged	Net liability exposure
Derivatives	212	(56)	—	—	156
Total	212	(56)	—	—	156

December 31, 2024 (\$ in millions)					
Type of agreement or similar arrangement	Gross amount of recognized assets	Derivative liabilities eligible for set-off in case of default	Cash collateral received	Non-cash collateral received	Net asset exposure
Derivatives	187	(90)	—	—	97
Total	187	(90)	—	—	97

December 31, 2024 (\$ in millions)					
Type of agreement or similar arrangement	Gross amount of recognized liabilities	Derivative liabilities eligible for set-off in case of default	Cash collateral pledged	Non-cash collateral pledged	Net liability exposure
Derivatives	400	(90)	—	—	310
Total	400	(90)	—	—	310

Note 7 Fair values

Recurring fair value measures

The fair values of financial assets and liabilities measured at fair value on a recurring basis were as follows:

December 31, 2025 (\$ in millions)				Total
	Level 1	Level 2	Level 3	fair value
Assets				
Securities in "Marketable securities and short-term investments":				
Equity securities	—	1,405	—	1,405
Debt securities—Other government obligations	14	—	—	14
Derivative assets—current in "Other current assets"	—	250	—	250
Derivative assets—non-current in "Other non-current assets"	—	39	—	39
Total	14	1,694	—	1,708
Liabilities				
Derivative liabilities—current in "Other current liabilities"	—	90	—	90
Derivative liabilities—non-current in "Other non-current liabilities"	—	155	—	155
Total	—	245	—	245

December 31, 2024 (\$ in millions)	Level 1	Level 2	Level 3	Total fair value
Assets				
Securities in “Marketable securities and short-term investments”:				
Equity securities	—	814	—	814
Derivative assets—current in “Other current assets”	—	180	—	180
Derivative assets—non-current in “Other non-current assets”	—	35	—	35
Total	—	1,029	—	1,029
Liabilities				
Derivative liabilities—current in “Other current liabilities”	—	140	—	140
Derivative liabilities—non-current in “Other non-current liabilities”	—	276	—	276
Total	—	416	—	416

During 2025 and 2024, there have been no reclassifications for any financial assets or liabilities between Level 1 and Level 2.

The Company uses the following methods and assumptions in estimating fair values of financial assets and liabilities measured at fair value on a recurring basis:

- **Securities in “Marketable securities and short-term investments”:** If quoted market prices in active markets for identical assets are available, these are considered Level 1 inputs; however, when markets are not active, these inputs are considered Level 2. If such quoted market prices are not available, fair value is determined using market prices for similar assets or present value techniques, applying an appropriate risk-free interest rate adjusted for non-performance risk. The inputs used in present value techniques are observable and fall into the Level 2 category.
- **Derivatives:** The fair values of derivative instruments are determined using quoted prices of identical instruments from an active market, if available (Level 1 inputs). If quoted prices are not available, price quotes for similar instruments, appropriately adjusted, or present value techniques, based on available market data, or option pricing models are used. The fair values obtained using price quotes for similar instruments or valuation techniques represent a Level 2 input unless significant unobservable inputs are used.

Non-recurring fair value measures

In 2025, there were no significant non-recurring fair value measurements. In 2024, the Company recognized \$113 million of fair value adjustments on assets and liabilities held for sale. These primarily relate to a fair value adjustment within the E-mobility division of \$88 million (see Note 4). In 2024, the Company also recognized \$88 million in fair value adjustments of equity investments, primarily related to an impairment of its investment in Northvolt AB. There were no other significant non-recurring fair value measurements in 2024.

Disclosure about financial instruments carried on a cost basis

The fair values of financial instruments carried on a cost basis were as follows:

December 31, 2025 (\$ in millions)	Carrying value	Level 1	Level 2	Level 3	Total fair value
Assets					
Cash and equivalents (excluding securities with original maturities up to 3 months):					
Cash	1,398	1,398	—	—	1,398
Time deposits	3,242	—	3,242	—	3,242
Marketable securities and short-term investments (excluding securities):					
Time deposits	562	—	562	—	562
Liabilities					
Short-term debt and current maturities of long-term debt (excluding finance lease obligations)					
	448	416	32	—	448
Long-term debt (excluding finance lease obligations)	7,681	7,013	733	—	7,746

December 31, 2024 (\$ in millions)	Carrying value	Level 1	Level 2	Level 3	Total fair value
Assets					
Cash and equivalents (excluding securities with original maturities up to 3 months):					
Cash	1,328	1,328	—	—	1,328
Time deposits	2,998	—	2,998	—	2,998
Marketable securities and short-term investments (excluding securities):					
Time deposits	520	—	520	—	520
Liabilities					
Short-term debt and current maturities of long-term debt (excluding finance lease obligations)					
	265	188	77	—	265
Long-term debt (excluding finance lease obligations)	6,486	6,012	551	—	6,563

The Company uses the following methods and assumptions in estimating fair values of financial instruments carried on a cost basis:

- Cash and equivalents (excluding securities with original maturities up to 3 months), Marketable securities and short-term investments (excluding securities): The carrying amounts approximate the fair values as the items are short-term in nature or, for cash held in banks, are equal to the deposit amount.
- Short-term debt and current maturities of long-term debt (excluding finance lease obligations): Short-term debt includes commercial paper, bank borrowings and overdrafts. The carrying amounts of short-term debt and current maturities of long-term debt, excluding finance lease obligations, approximate their fair values.
- Long-term debt (excluding finance lease obligations): Fair values of bonds are determined using quoted market prices (Level 1 inputs), if available. For bonds without available quoted market prices and other long-term debt, the fair values are determined using a discounted cash flow methodology based upon borrowing rates of similar debt instruments and reflecting appropriate adjustments for non-performance risk (Level 2 inputs).

Note 8

Receivables, net and Contract assets and liabilities

Receivables consisted of the following:

December 31, (\$ in millions)	2025	2024
Trade receivables	7,162	6,554
Other receivables	653	584
Allowance	(280)	(295)
Total	7,535	6,843

“Trade receivables” in the table above includes contractual retention amounts billed to customers of \$82 million and \$102 million at December 31, 2025 and 2024, respectively. Management expects that the substantial majority of related contracts will be completed and the substantial majority of the billed amounts retained by the customer will be collected. Of the retention amounts outstanding at December 31, 2025, 64 percent and 18 percent are expected to be collected in 2026 and 2027, respectively.

“Other receivables” in the table above consists of value added tax, claims, rental deposits and other non-trade receivables.

The reconciliation of changes in the allowance for expected credit losses is as follows:

(\$ in millions)	2025	2024
Balance at January 1,	295	284
Current-period provision for expected credit losses	13	49
Write-offs charged against the allowance	(46)	(23)
Exchange rate differences	18	(15)
Balance at December 31,	280	295

The following table provides information about Contract assets and Contract liabilities:

December 31, (\$ in millions)	2025	2024	2023
Contract assets	1,090	889	885
Contract liabilities	3,221	2,704	2,559

Contract assets primarily relate to the Company’s right to receive consideration for work completed but for which no invoice has been issued at the reporting date. Contract assets are transferred to receivables when rights to receive payment become unconditional. Management expects that the majority of the amounts will be collected within one year of the respective balance sheet date.

Contract liabilities primarily relate to up-front advances received on orders from customers as well as amounts invoiced to customers in excess of revenues recognized, predominantly on long-term projects. Contract liabilities are reduced as work is performed and as revenues are recognized.

The significant changes in the Contract assets and Contract liabilities balances were as follows:

(\$ in millions)	2025		2024	
	Contract assets	Contract liabilities	Contract assets	Contract liabilities
Revenue recognized, which was included in the Contract liabilities balance at January 1, 2025/2024		(1,599)		(1,361)
Additions to Contract liabilities - excluding amounts recognized as revenue during the period		1,895		1,651
Receivables recognized that were included in the Contract assets balance at January 1, 2025/2024	(582)		(456)	

The Company considers its order backlog to represent its unsatisfied performance obligations. At December 31, 2025, the Company had unsatisfied performance obligations totaling \$25,282 million and, of this amount, the Company expects to fulfill approximately 65 percent of the obligations in 2026, approximately 16 percent of the obligations in 2027 and the balance thereafter.

Note 9 Inventories, net

Inventories consisted of the following:

December 31, (\$ in millions)	2025	2024
Raw materials	2,455	2,235
Work in process	1,228	1,133
Finished goods	1,986	1,819
Advances to suppliers	193	233
Total	5,862	5,420

Note 10 Property, plant and equipment, net

Property, plant and equipment consisted of the following:

December 31, (\$ in millions)	2025	2024
Land and buildings	4,166	3,646
Machinery and equipment	6,366	5,500
Construction in progress	780	658
	11,312	9,804
Accumulated depreciation	(6,620)	(5,818)
Total	4,692	3,986

Assets under finance leases included in Property, plant and equipment were as follows:

December 31, (\$ in millions)	2025	2024
Land and buildings	220	216
Machinery and equipment	110	107
	330	323
Accumulated depreciation	(174)	(152)
Total	156	171

In 2025 and 2024, depreciation, including depreciation of assets under finance leases, was \$581 million and \$520 million, respectively. In 2025 and 2024, there were no significant impairments of property, plant or equipment.

Note 11 Supplier Finance Programs

The Company has several supplier finance programs, all with similar characteristics, with various financial institutions acting as paying agent. These programs allow qualifying suppliers access to bank facilities which permit earlier payment at a cost to the supplier. The Company's payment terms related to suppliers' finance programs are not impacted by the suppliers' decisions to sell amounts under the arrangements and are typically consistent with local market practices. Outstanding supplier finance obligations are included in Accounts payable, trade in the Consolidated Balance Sheets and are reported as operating or investing (if capitalized) activities in the Consolidated Statement of Cash Flows when paid.

(\$ in millions)	2025	2024
Confirmed obligations outstanding at January 1,	403	381
Invoices confirmed	1,543	1,423
Confirmed invoices paid	(1,488)	(1,381)
Exchange rate differences	24	(20)
Confirmed obligations outstanding at December 31,	482	403

Note 12 Goodwill and intangible assets

The changes in Goodwill were as follows:

(\$ in millions)	Electrification	Motion	Automation	Corporate and Other	Total
Balance at January 1, 2024⁽¹⁾	4,030	2,159	2,084	487	8,760
Goodwill acquired during the year ⁽²⁾	101	5	318	4	428
Goodwill allocated to disposals	(13)	—	—	(208)	(221)
Exchange rate differences and other	(94)	(8)	(61)	(3)	(166)
Balance at December 31, 2024⁽¹⁾	4,024	2,156	2,341	280	8,801
Goodwill acquired during the year ⁽²⁾	443	107	19	—	569
Goodwill allocated to disposals	(5)	—	—	(20)	(25)
Exchange rate differences and other	146	11	129	6	292
Balance at December 31, 2025⁽¹⁾	4,608	2,274	2,489	266	9,637

(1) At December 31, 2025 and 2024, and at January 1, 2024, the gross goodwill amounted to \$9,926 million, \$9,057 million and \$9,032 million, respectively. The accumulated impairment charges amounted to \$289 million, \$256 million and \$272 million, respectively, and related to the Automation operating segment.

(2) Amount includes adjustments arising during the twelve-month measurement period subsequent to the respective acquisition date.

In 2025, the goodwill acquired primarily relates to the Siemens wiring accessories business and Sensorfact BV, which have both been allocated to the Electrification operating segment, as well as the power electronics business of Gamesa Electric, which has been allocated to the Motion operating segment. In 2024, goodwill acquired primarily relates to the SEAM Group and the Födisch Group, which have been allocated to Electrification and Automation operating segments, respectively.

In 2025, goodwill allocated to disposals was not significant. In 2024, goodwill allocated to disposals primarily relates to goodwill attributed to the reduction in the Company's ownership interest in InCharge Energy, Inc. which, prior to the change in ownership interest, was part of the E-mobility operating segment, within Corporate and Other.

Intangible assets consisted of the following:

December 31, (\$ in millions)	2025			2024		
	Gross carrying amount	Accumulated amortization	Net carrying amount	Gross carrying amount	Accumulated amortization	Net carrying amount
Capitalized software for internal use	963	(821)	142	902	(781)	121
Capitalized software for sale	5	(2)	3	2	(2)	—
Intangibles other than software:						
Customer-related	1,832	(1,151)	681	1,647	(961)	686
Technology-related	945	(787)	158	833	(761)	72
Marketing-related	587	(458)	129	485	(379)	106
Other	35	(29)	6	45	(31)	14
Total	4,367	(3,248)	1,119	3,914	(2,915)	999

Additions to intangible assets other than goodwill consisted of the following:

(\$ in millions)	2025	2024
Capitalized software for internal use	64	48
Capitalized software for sale	2	—
Intangibles other than software:		
Customer-related	108	107
Technology-related	88	38
Marketing-related	30	3
Other	—	2
Total	292	198

Included in the additions of \$292 million in 2025 were \$224 million of intangible assets acquired in business combinations (see Note 4), while in 2024, included in the additions of \$198 million, were \$152 million of intangible assets acquired in business combinations.

Amortization expense of intangible assets consisted of the following:

(\$ in millions)	2025	2024
Capitalized software for internal use	47	46
Intangibles other than software	185	195
Total	232	241

In 2025 and 2024, impairment charges on intangible assets were not significant.

At December 31, 2025, future amortization expense of intangible assets is estimated to be:

(\$ in millions)	
2026	239
2027	219
2028	191
2029	123
2030	87
Thereafter	260
Total	1,119

Note 13 Debt

The Company's total debt at December 31, 2025 and 2024, amounted to \$8,304 million and \$6,940 million, respectively.

Short-term debt and current maturities of long-term debt

Short-term debt and current maturities of long-term debt consisted of the following:

December 31, (\$ in millions)	2025	2024
Short-term debt (weighted-average interest rate of 4.9% and 4.7%, respectively)	26	83
Current maturities of long-term debt (weighted-average nominal interest rate of 2.1% and 2.3%, respectively)	449	209
Total	475	292

Short-term debt primarily represents short-term loans from various banks and issued commercial paper.

At December 31, 2025, the Company had two commercial paper programs in place: a \$2 billion Euro-commercial paper program for the issuance of commercial paper in a variety of currencies, and a \$2 billion commercial paper program for the private placement of U.S. dollar denominated commercial paper in the United States. At both December 31, 2025 and 2024, no amount was outstanding under either program.

In June 2025, the Company replaced its previous multicurrency revolving credit facility, maturing in 2026, with a new \$2 billion 5-year multicurrency revolving credit facility maturing in 2030. The new facility provides an option in 2026 and 2027, to extend the maturity to 2031 and 2032, respectively. The facility is for general corporate purposes. Interest costs on drawings under the facility (i) in USD are referenced to CME Term SOFR; (ii) in CHF and GBP are referenced to overnight SARON and SONIA, respectively; and (iii) in Euro are referenced to EURIBOR, plus a margin of 0.175 percent, while commitment fees (payable on the unused portion of the facility) amount to 35 percent of the margin, which represents commitment fees of 0.06125 percent per annum. Utilization fees, payable on drawings, amount to 0.075 percent per annum on drawings up to one-third of the facility, 0.15 percent per annum on drawings in excess of one-third but less than or equal to two-thirds of the facility, and 0.30 percent per annum on drawings over two-thirds of the facility. The facility contains cross-default clauses whereby an event of default would occur if the Company were to default on indebtedness as defined in the facility, at or above a specified threshold. No amount was drawn at December 31, 2025 and 2024, under either the new or old facility. The old facility was terminated in June 2025.

Long-term debt

The Company raises long-term debt in various currencies, maturities and on various interest rate terms. For certain of its debt obligations, the Company utilizes derivative instruments to modify its interest rate exposure. In particular, the Company uses interest rate swaps to effectively convert certain fixed-rate long-term debt into floating rate obligations. For certain non-U.S. dollar denominated debt, the Company utilizes cross-currency interest rate swaps to effectively convert the debt into a U.S. dollar obligation. The carrying value of debt, designated as being hedged by fair value hedges, is adjusted for changes in the fair value of the risk component of the debt being hedged.

The following table summarizes the Company's long-term debt considering the effect of interest rate and cross-currency interest rate swaps. Consequently, a fixed-rate debt subject to a fixed-to-floating interest rate swap is included as a floating rate debt in the table below:

December 31, (\$ in millions, except % data)	2025			2024		
	Balance	Nominal rate	Effective rate	Balance	Nominal rate	Effective rate
Floating rate	2,159	2.2%	4.0%	1,807	2.5%	5.0%
Fixed rate	6,119	2.7%	2.7%	5,050	2.8%	2.8%
	8,278			6,857		
Current portion of long-term debt	(449)	2.1%	2.1%	(209)	2.3%	2.2%
Total	7,829			6,648		

At December 31, 2025, the principal amounts of long-term debt repayable (excluding finance lease obligations) at maturity were as follows:

(\$ in millions)	
2026	442
2027	1,143
2028	591
2029	837
2030	1,221
Thereafter	4,013
Total	8,247

Details of significant long-term borrowings were as follows:

December 31, (in millions)	2025		2024	
	Nominal outstanding	Carrying value ⁽¹⁾	Nominal outstanding	Carrying value ⁽¹⁾
Bonds:				
2.1% CHF Bonds, due 2025			CHF 150	\$ 166
1.965% CHF Bonds, due 2026	CHF 325	\$ 410	CHF 325	\$ 359
3.25% EUR Instruments, due 2027	EUR 500	\$ 586	EUR 500	\$ 518
0.75% CHF Bonds, due 2027	CHF 425	\$ 535	CHF 425	\$ 468
3.8% USD Notes, due 2028	USD 383	\$ 382	USD 383	\$ 382
1.9775% CHF Bonds, due 2028	CHF 150	\$ 189	CHF 150	\$ 165
3.125% EUR Instruments, due 2029	EUR 500	\$ 588	EUR 500	\$ 523
1.0% CHF Bonds, due 2029	CHF 170	\$ 214	CHF 170	\$ 188
0% EUR Instruments, due 2030	EUR 800	\$ 838	EUR 800	\$ 727
2.375% CHF Bonds, due 2030	CHF 150	\$ 189	CHF 150	\$ 165
3.375% EUR Instruments, due 2031	EUR 750	\$ 871	EUR 750	\$ 770
Floating rate EIB R&D Loan, due 2031	USD 539	\$ 539	USD 539	\$ 539
0.8725% CHF Bonds, due 2032	CHF 350	\$ 440		
2.1125% CHF Bonds, due 2033	CHF 275	\$ 346	CHF 275	\$ 303
3.375% EUR Instruments, due 2034	EUR 750	\$ 872	EUR 750	\$ 780
1.2762% CHF Bonds, due 2036	CHF 250	\$ 314		
4.375% USD Notes, due 2042	USD 609	\$ 592	USD 609	\$ 591
Total		\$ 7,905		\$ 6,644

(1) USD carrying values include unamortized debt issuance costs, bond discounts or premiums, as well as adjustments for fair value hedge accounting, where appropriate.

During 2025, the Company repaid at maturity its CHF 150 million 2.1% Bonds, which paid interest annually in arrears.

The CHF 325 million 1.965% Bonds, due 2026, the CHF 150 million 1.9775% Bonds, due 2028, the CHF 170 million 1.0% Bonds, due 2029, the CHF 150 million 2.375% Bonds, due 2030, and the CHF 275 million 2.1125% Bonds, due 2033, all pay interest annually in arrears. The Company may redeem these bonds three months prior to maturity, in whole but not in part, at par plus accrued interest. Further, the Company has the option to redeem these instruments prior to maturity, in whole but not in part, at par plus accrued interest, if 85 percent or more of the aggregate principal amount of the relevant bond issue has been redeemed or purchased and cancelled at the time of the option exercise notice.

The EUR 500 million 3.25% Instruments, due 2027, and EUR 750 million 3.375% Instruments, due 2031, both pay interest annually in arrears. The Company may redeem the EUR 500 million Instruments up to one month prior to maturity (Par call date) and the EUR 750 million Instruments up to three months prior to maturity (Par call date), at the greater of (i) 100 percent of the principal amount of the notes to be redeemed and (ii) the sum of the present values of remaining scheduled payments of principal and interest (excluding interest accrued to the redemption date) discounted to the redemption date at a rate defined in the note terms, plus interest accrued at the redemption date. The Company may also redeem these instruments, after the Par call date, at 100 percent of the principal amount of the notes to be redeemed plus accrued interest.

The CHF 425 million 0.75% Bonds, due 2027, pay interest annually in arrears. The Company may redeem the Bonds one month prior to maturity, in whole but not in part, at par plus accrued interest. Further, the Company has the option to redeem these instruments prior to maturity, in whole but not in part, at par plus accrued interest, if 85 percent or more of the aggregate principal amount has been redeemed or purchased and cancelled at the time of the option exercise notice.

The 3.8% USD Notes, due 2028, were issued in April 2018 and pay interest semi-annually in arrears. During 2020 by way of a cash tender offer, the Company redeemed \$367 million of the original \$750 million 3.8% USD Notes, due 2028, issued. The Company may redeem the remaining principal outstanding of the 2028 Notes up to three months prior to their maturity date, in whole or in part, at the greater of (i) 100 percent of the principal amount of the notes to be redeemed and (ii) the sum of the present values of remaining scheduled payments of principal and interest (excluding interest accrued to the redemption date) discounted to the redemption date at a rate defined in the Notes terms, plus interest accrued at the redemption date. On or after January 3, 2028 (three months prior to their maturity date), the Company may also redeem the 2028 Notes, in whole or in part, at any time at a redemption price equal to 100 percent of the principal amount of the notes to be redeemed plus unpaid accrued interest to, but excluding, the redemption date.

The EUR 500 million 3.125% Instruments, due 2029, and the EUR 750 million 3.375% Instruments, due 2034, both pay interest annually in arrears and have the same early redemption terms as the EUR 500 million 3.25% Instruments, due 2027, and EUR 750 million 3.375% Instruments, due 2031, respectively, above. The Company has entered into interest rate swaps for an aggregate nominal amount of EUR 500 million to partially hedge its interest obligations on these two bonds. After considering the impact of such swaps, EUR 500 million (\$587 million equivalent) of the outstanding principal is shown as floating rate debt in the table of long-term debt above.

The EUR 800 million 0% Instruments, due 2030, do not pay interest. The Company may redeem these notes up to three months prior to maturity (Par call date), at the greater of (i) 100 percent of the principal amount of the notes to be redeemed and (ii) the sum of the present values of remaining scheduled payments of principal and interest (excluding interest accrued to the redemption date) discounted to the redemption date at a rate defined in the note terms, plus interest accrued at the redemption date. The Company may redeem these instruments after the Par call date at 100 percent of the principal amount of the notes to be redeemed. Cross-currency interest rate swaps have been used to modify the characteristics of these instruments. After considering the impact of these cross-currency interest rate swaps, the Company effectively has a floating rate U.S. dollar obligation.

The 4.375% USD Notes, due 2042, pay interest semi-annually in arrears. During 2020, by way of a cash tender offer, the Company redeemed \$141 million of the original \$750 million 4.375% USD Notes, due 2042, issued. The Company may redeem these notes prior to maturity, in whole or in part, at the greater of (i) 100 percent of the principal amount of the notes to be redeemed and (ii) the sum of the present values of remaining scheduled payments of principal and interest (excluding interest accrued to the redemption date) discounted to the redemption date at a rate defined in the note terms, plus interest accrued at the redemption date.

The USD 539 million (EUR 500 million equivalent) floating rate loan EIB, due 2031, pays interest semi-annually in arrears at a variable rate of 0.64 percentage points above the 6-month compound SOFR. The Company may repay the amount drawn down at any time, prior to maturity, in whole or in part, at par plus accrued interest and fees, if any. The funds received from this loan are required to be used to finance research and development (R&D) within the Electrification operating segment.

In June 2025, the Company issued the following CHF bonds: (i) CHF 350 million 0.8725% Bonds, due 2032, and (ii) CHF 250 million 1.2762% Bonds, due 2036, both paying interest annually in arrears and have the same early redemption terms as the CHF 325 million 1.965% Bonds, due 2026, above. The aggregate net proceeds of these CHF bonds, after fees, amounted to CHF 598 million (equivalent to approximately \$731 million on date of issuance).

The Company's various debt instruments contain cross-default clauses which would allow the bondholders to demand repayment if the Company were to default on any borrowing at or above a specified threshold. Furthermore, all such bonds constitute unsecured obligations of the Company and rank pari passu with other debt obligations.

In addition to the bonds and other borrowings described above, included in long-term debt at December 31, 2025 and 2024, are finance lease obligations, bank borrowings of subsidiaries and other long-term debt, none of which is individually significant.

Note 14

Provisions, other current liabilities and other non-current liabilities

Provisions consisted of the following:

December 31, (\$ in millions)	2025	2024
Provisions for warranties (see Note 15)	683	651
Contract-related provisions	260	269
Provisions for contractual penalties and compliance and litigation matters	140	120
Provision for insurance-related reserves	117	111
Restructuring and restructuring-related provisions	107	119
Other	170	192
Total	1,477	1,462

Other current liabilities consisted of the following:

December 31, (\$ in millions)	2025	2024
Employee-related liabilities	1,712	1,526
Accrued expenses	657	563
Non-trade payables	538	555
Income taxes payable and other income tax related liabilities	519	485
Accrued customer rebates	510	485
Other tax liabilities	398	386
Accrued interest	132	121
Derivative liabilities (see Note 6)	90	140
Other	121	114
Total	4,677	4,375

Other non-current liabilities consisted of the following:

December 31, (\$ in millions)	2025	2024
Income tax related liabilities	903	847
Provisions for warranties (see Note 15)	703	551
Derivative liabilities (see Note 6)	155	276
Provisions for contractual penalties and compliance and litigation matters	107	141
Other	233	251
Total	2,101	2,066

Note 15

Commitments and contingencies

Contingencies—Regulatory, Compliance and Legal

General

The Company is subject to proceedings, litigation or threatened litigation and other claims and inquiries related to various regulatory, commercial and other matters. The Company assesses the likelihood of any adverse judgments or outcomes to these matters, as well as potential ranges of probable losses. A determination of the provision required, if any, for these contingencies is made after analysis of each individual issue, with assistance, when necessary, from internal and external legal counsel and technical experts.

Liabilities recognized

At December 31, 2025 and 2024, the Company had aggregate liabilities of \$25 million and \$72 million, respectively, included in Provisions and Other non-current liabilities, for regulatory, compliance and legal contingencies, and none of the individual liabilities recognized was significant. As it is not possible to make an informed judgment on, or reasonably predict, the outcome of certain matters and as it is not possible, based on information currently available to management, to estimate the maximum potential liability on other matters, there could be adverse outcomes beyond the amounts accrued.

Guarantees

General

The following table provides quantitative data regarding the Company's third-party guarantees. The maximum potential payments represent a "worst-case scenario", and do not reflect management's expected outcomes.

December 31, (\$ in millions)	Maximum potential payments ⁽¹⁾	
	2025	2024
Performance guarantees	1,926	2,299
Financial guarantees	18	22
Total	1,944	2,321

(1) Maximum potential payments include amounts in both continuing and discontinued operations.

The carrying amount of liabilities recorded in the Consolidated Balance Sheets reflects the Company's best estimate of future payments, which it may incur as part of fulfilling its guarantee obligations. In respect of the above guarantees, the carrying amounts of liabilities at December 31, 2025 and 2024, were not significant.

The Company is party to various guarantees providing financial or performance assurances to certain third parties. These guarantees, which have various maturities up to 2032 mainly consist of performance guarantees whereby (i) the Company guarantees the performance of a third party's product or service according to the terms of a contract and (ii) as member of a consortium/joint venture that includes third parties, the Company guarantees not only its own performance but also the work of third parties. Such guarantees may include guarantees that a project will be completed within a specified time. If the third party does not fulfill the obligation, the Company will compensate the guaranteed party in cash or in kind. The original maturity dates for the majority of these performance guarantees range from one to ten years.

In conjunction with the divestment of the high-voltage cable and cables accessories businesses in 2017, the Company has entered into various performance guarantees with other parties with respect to certain liabilities of the divested business. At December 31, 2025 and 2024, the maximum potential payable under these guarantees was \$681 million and \$747 million, respectively, and these guarantees have various maturities ranging from five to ten years.

The Company retained obligations for financial and performance guarantees related to its former Power Grids business (reported as discontinued operations prior to its sale to Hitachi Ltd in 2020), which at both December 31, 2025 and 2024, have been fully indemnified by Hitachi Ltd. These guarantees, having various maturities up to 2032, primarily consist of bank guarantees, standby letters of credit, business performance guarantees and other trade-related guarantees, the majority of which have original maturity dates ranging from one to ten years. The maximum amount payable under these guarantees at December 31, 2025 and 2024, was approximately \$0.9 billion and \$1.1 billion, respectively.

Commercial commitments

In addition, in the normal course of bidding for and executing certain projects, the Company has entered into standby letters of credit, bid/performance bonds and surety bonds (collectively "performance bonds") with various financial institutions. Customers can draw on such performance bonds in the event that the Company does not fulfill its contractual obligations. The Company would then have an obligation to reimburse the financial institution for amounts paid under the performance bonds. At December 31, 2025 and 2024, the total outstanding performance bonds aggregated to \$3.6 billion and \$3.2 billion, respectively, of which \$0.1 billion and \$0.1 billion, respectively, relate to discontinued operations. There have been no significant amounts reimbursed to financial institutions under these types of arrangements in 2025 and 2024.

Product and order-related contingencies

The Company calculates its provision for product warranties based on historical claims experience and specific review of certain contracts.

The reconciliation of the Provisions for warranties, including guarantees of product performance, was as follows:

(\$ in millions)	2025	2024
Balance at January 1,	1,202	1,163
Net change in warranties due to acquisitions, divestments and spin-offs	—	2
Claims paid in cash or in kind	(150)	(141)
Net increase in provision for changes in estimates, warranties issued and warranties expired	230	240
Exchange rate differences	104	(62)
Balance at December 31,	1,386	1,202
Included in:		
"Provisions" (see Note 14)	683	651
"Other non-current liabilities" (see Note 14)	703	551
Total provisions for warranties	1,386	1,202

Note 16 Leases

The Company's lease obligations primarily relate to real estate, machinery and equipment. The components of lease expense were as follows:

(\$ in millions)	Land and buildings		Machinery and equipment		Total	
	2025	2024	2025	2024	2025	2024
Operating lease cost	220	220	91	79	311	299
Finance lease cost	20	19	21	20	41	39
Short-term lease cost	17	12	20	4	37	16
Sub-lease income	(26)	(26)	(2)	—	(28)	(26)
Total lease expense	231	225	130	103	361	328

The following table presents supplemental cash flow information related to leases:

(\$ in millions)	Land and buildings		Machinery and equipment		Total	
	2025	2024	2025	2024	2025	2024
Operating leases:						
Cash paid under operating cash flows	222	217	91	79	313	296
Right-of-use assets obtained in exchange for new liabilities	187	183	94	117	281	300

In 2025 and 2024, the cash flow amounts under finance leases were not significant.

At December 31, 2025, the future net minimum lease payments for operating and finance leases and the related present value of the net minimum lease payments consisted of the following:

(\$ in millions)	Operating leases		Finance leases	
	Land and buildings	Machinery and equipment	Land and buildings	Machinery and equipment
2026	185	88	17	14
2027	140	62	17	13
2028	104	31	17	9
2029	76	12	11	4
2030	56	3	11	1
Thereafter	119	1	94	1
Total minimum lease payments	680	197	167	42
Difference between undiscounted cash flows and discounted cash flows	(75)	(16)	(31)	(3)
Present value of minimum lease payments	605	181	136	39

The following table presents certain information related to lease terms and discount rates:

	Land and buildings		Machinery and equipment	
	2025	2024	2025	2024
Operating leases:				
Weighted-average remaining term (months)	69	68	32	33
Weighted-average discount rate (in %)	4.3%	3.9%	5.7%	5.4%
Finance leases:				
Weighted-average remaining term (months)	222	205	40	39
Weighted-average discount rate (in %)	4.5%	4.6%	5.0%	4.7%

The present value of minimum finance lease payments included in Short-term debt and current maturities of long-term debt and Long-term debt in the Consolidated Balance Sheets at December 31, 2025, amounted to \$27 million and \$148 million, respectively, and at December 31, 2024, amounted to \$27 million and \$162 million, respectively.

Note 17 Income taxes

Income tax expense consisted of the following:

(\$ in millions)	2025	2024
Current taxes	1,458	1,191
Deferred taxes	112	6
Income tax expense allocated to continuing operations	1,570	1,197
Income tax expense allocated to discontinued operations	83	77

Income tax expense from continuing operations is reconciled below from the Company's weighted-average global tax rate (rather than from the Swiss domestic statutory tax rate) as the parent company of the ABB Group, ABB Ltd, is domiciled in Switzerland and income generated in jurisdictions outside of Switzerland (hereafter "foreign jurisdictions") which has already been subject to corporate income tax in those foreign jurisdictions is, to a large extent, tax exempt in Switzerland. There is no requirement in Switzerland for any parent company of a group to file a tax return of the consolidated group determining domestic and foreign pre-tax income. As the Company's consolidated income from continuing operations is predominantly earned outside of Switzerland, the weighted-average global tax rate of the Company results from enacted corporate income tax rates in foreign jurisdictions.

The reconciliation of Income tax expense from continuing operations at the weighted-average tax rate to the effective tax rate is as follows:

(\$ in millions, except % data)	2025		2024	
	Amount	%	Amount	%
Income from continuing operations before income taxes	6,219		4,923	
Income taxes at weighted-average tax rate	1,446	23.3%	1,160	23.6%
Foreign tax effects				
Earnings at lower tax rates	(45)	(0.7)%	(37)	(0.7)%
Earnings at higher tax rates	27	0.4%	10	0.2%
Effect of cross-border tax laws				
Withholding tax on undistributed profits	94	1.5%	98	2.0%
Other	20	0.3%	53	1.1%
Income tax credits	(24)	(0.4)%	(15)	(0.3)%
Changes in valuation allowances				
Changes related to prior year	(19)	(0.3)%	(43)	(0.9)%
Changes related to current year	46	0.7%	100	2.0%
Nontaxable or nondeductible items	51	0.8%	31	0.6%
Changes in unrecognized tax benefits	(6)	(0.1)%	(182)	(3.7)%
Other, net	(20)	(0.3)%	22	0.4%
Income tax expense from continuing operations	1,570	25.2%	1,197	24.3%

The allocation of consolidated income from continuing operations, which is predominantly earned outside of Switzerland, impacts the "Weighted-average tax rate".

In 2025 and 2024, "Effect of cross-border tax laws" included \$7 million and \$17 million, respectively, for dividends received in holding entities which could not fully benefit from the participation exemption as well as the impact of recording expected taxes on undistributed earnings of foreign subsidiaries. The amount in 2025 and 2024 also included \$7 million and \$1 million, respectively, relating to the impact of the minimum tax effects from the OECD Pillar Two framework.

In 2025 and 2024, "Changes in valuation allowance" included \$55 million and \$79 million, respectively, of negative impacts from certain unfavorable business developments in Europe. Additionally, in 2025, "Changes in valuation allowance" was positively impacted by \$27 million attributable to the ongoing setup of the Robotics business in advance of the planned divestment.

In 2025 and 2024, there were no significant items impacting "Nontaxable or nondeductible items". In all periods, the amounts reported included other items that were deducted for financial accounting purposes but are typically not tax deductible, such as certain interest expense costs, local taxes on productive activities, disallowed amounts for meals and entertainment expenses and other similar items.

In 2025, "Changes in unrecognized tax benefits" included the impact of final tax audit assessments of \$30 million in Europe. In 2024, these included a combined benefit of \$92 million related to positive reassessments of certain tax risks in Europe and Africa and, in addition, closed tax audits of \$78 million in Europe.

Income taxes paid (net of refunds) exceeded 5 percent of total combined income taxes paid (net of refunds) in the following jurisdictions:

(\$ in millions)	2025	2024
China	223	220
Italy	269	219
Switzerland	245	137
United States	158	260
Germany	147	54
Finland	110	89
India	87	90

During 2025, the Company paid \$1,627 million in income taxes globally. The income tax payments are primarily driven by the profitability in the respective jurisdictions and the applicable tax rate. The deviation between income tax expense and income taxes paid is mainly impacted by changes in unrecognized tax benefits and timing differences based on local legal requirements.

Deferred tax assets and liabilities consisted of the following:

December 31, (\$ in millions)	2025	2024
Deferred tax assets:		
Unused tax losses and credits	626	582
Provisions and other accrued liabilities	830	813
Other current assets including receivables	70	66
Pension	254	243
Inventories	390	350
Intangible assets	526	1,025
Other	39	63
Total gross deferred tax asset	2,735	3,142
Valuation allowance	(674)	(1,080)
Total gross deferred tax asset, net of valuation allowance	2,061	2,062
Deferred tax liabilities:		
Property, plant and equipment	(236)	(236)
Intangible assets	(228)	(202)
Other assets	(180)	(147)
Pension	(345)	(281)
Other liabilities	(122)	(103)
Inventories	(93)	(70)
Unremitted earnings of subsidiaries	(401)	(375)
Total gross deferred tax liability	(1,605)	(1,414)
Net deferred tax asset	456	648
Included in:		
“Deferred taxes”—non-current assets	1,248	1,299
“Deferred taxes”—non-current liabilities	(792)	(651)
Net deferred tax asset	456	648

Certain entities have deferred tax assets related to net operating loss carryforwards and other items. As recognition of these assets in certain entities did not meet the more likely than not criterion, valuation allowances have been recorded. “Unused tax losses and credits” at December 31, 2025 and 2024, in the table above, included \$40 million and \$44 million, respectively, for which the Company has established a valuation allowance as, due to limitations imposed by the relevant tax law, the Company determined that, more likely than not, such deferred tax assets would not be realized.

In 2025, deferred tax assets of \$443 million related to intangible assets were derecognized, along with a corresponding full valuation allowance, due to an expiration of historical long-lived attributes in Europe. The total valuation allowance at December 31, 2025 and 2024, was \$674 million and \$1,080 million, respectively.

Certain amounts included in deferred tax assets for intangible assets result from intercompany transactions occurring at fair market value for which no corresponding accounting basis exists.

At December 31, 2025 and 2024, deferred tax liabilities totaling \$401 million and \$375 million, respectively, have been provided for withholding taxes, dividend distribution taxes or additional corporate income taxes (hereafter “withholding taxes”) on unremitted earnings which will be payable in foreign jurisdictions in the event of repatriation of the foreign earnings to Switzerland. Income which has been generated outside of Switzerland and has already been subject to corporate income tax in such foreign jurisdictions is, to a large extent, tax exempt in Switzerland and therefore, generally no or only limited Swiss income tax has to be provided for on the repatriated earnings of foreign subsidiaries.

Certain countries levy withholding taxes on dividend distributions and these taxes cannot always be fully reclaimed by the Company’s relevant subsidiary receiving the dividend, although the taxes have to be withheld and paid by the relevant subsidiary distributing such dividend. In 2025 and 2024, certain taxes arose in certain foreign jurisdictions for which the technical merits do not allow utilization of benefits. At December 31, 2025 and 2024, foreign subsidiary retained earnings which would be subject to withholding taxes upon distribution were approximately \$50 million and \$50 million, respectively. These earnings were considered as indefinitely reinvested, as these funds are used for financing current operations as well as business growth through working capital and capital expenditure in those countries and, consequently, no deferred tax liability was recorded.

At December 31, 2025, net operating loss carryforwards of \$2,490 million and tax credits of \$42 million were available to reduce future income taxes of certain subsidiaries. Of these amounts, \$745 million of operating loss carryforwards and \$36 million of tax credits will expire in varying amounts through 2043, while the remainder are available for carryforward indefinitely. The largest amount of these carryforwards are related to the Company’s Europe operations.

Unrecognized tax benefits consisted of the following:

(\$ in millions)	Unrecognized tax benefits	Penalties and interest related to unrecognized tax benefits	Total
Classified as unrecognized tax items on January 1, 2024	943	195	1,138
Increase relating to prior year tax positions	21	47	68
Decrease relating to prior year tax positions	(225)	(59)	(284)
Increase relating to current year tax positions	87	4	91
Decrease due to settlements with tax authorities	(10)	(4)	(14)
Decrease as a result of the applicable statute of limitations	(59)	(15)	(74)
Exchange rate differences	(46)	(12)	(58)
Balance at December 31, 2024, which would, if recognized, affect the effective tax rate	711	156	867
Net change due to acquisitions and divestments	(5)	(3)	(8)
Increase relating to prior year tax positions	2	49	51
Decrease relating to prior year tax positions	(47)	(8)	(55)
Increase relating to current year tax positions	105	4	109
Decrease due to settlements with tax authorities	(16)	(3)	(19)
Decrease as a result of the applicable statute of limitations	(64)	(43)	(107)
Exchange rate differences	69	16	85
Balance at December 31, 2025, which would, if recognized, affect the effective tax rate	755	168	923

In 2025 and 2024, “Increase relating to current year tax positions” included a total of \$89 million and \$59 million, respectively, in taxes related to the interpretation of tax law and double tax treaty agreements by competent tax authorities.

In 2025, “Decrease relating to prior year tax positions” included a \$6 million decrease related to reassessments of tax risks in Europe and \$30 million related to final tax audit assessments in Europe, while in 2024, the decrease included \$92 million related to reassessments of tax risks in Europe and Africa and \$78 million related to closed tax audits in Europe.

In 2025 and 2024, “Decrease due to settlements with tax authorities” included \$16 million and \$7 million, respectively, related to closed tax audits in Europe.

At December 31, 2025, the Company expects the resolution, within the next twelve months, of unrecognized tax benefits related to pending court cases amounting to \$20 million for income taxes, penalties and interest. Otherwise, the Company has not identified any significant changes which were considered reasonably possible to occur within the next twelve months.

At December 31, 2025, the earliest significant open tax years that remained subject to examination were the following:

Location	Year
Europe	2019
United States	2022
Rest of Americas	2021
China	2016
Rest of Asia, Middle East and Africa	2020

Note 18

Employee benefits

The Company operates defined benefit pension plans, defined contribution pension plans, and termination indemnity plans, in accordance with local regulations and practices. At December 31, 2025, the Company’s most significant defined benefit pension plans are in Switzerland as well as in Germany, the United Kingdom, and the United States. These plans cover a large portion of the Company’s employees and provide benefits to employees in the event of death, disability, retirement, or termination of employment. Certain of these plans are multi-employer plans. The Company also operates other postretirement benefit plans including postretirement health care benefits and other employee-related benefits for active employees including long-service award plans. The postretirement benefit plans are not significant. The measurement date used for the Company’s employee benefit plans is December 31. The funding policies of the Company’s plans are consistent with local government and tax requirements.

In 2025, the Trustees of the U.K. pension plan entered into two buy-in agreements with a third-party insurance company. The buy-in arrangements are insurance contracts providing substantially all future benefit plan payments to the U.K. pension plan participants; however, the primary benefit obligation remains with the Company. U.K. pension plan assets were transferred to the insurer in exchange for the insurance contracts at the effective dates of the buy-in agreements. The insurance contracts remain assets of the U.K. pension plan and are considered Level 3 investments. At December 31, 2025, the insurance contracts had a fair value of \$952 million. No cash contribution was required to be made by the Company for the insurance contracts. The buy-in arrangements also allow for the possible future conversion into buy-out arrangements where the insurance company would assume full responsibility for the U.K. pension plan pension obligations, at which time the Company would derecognize the assets and liabilities of the pension plan and realize a settlement loss or gain as a component of the net periodic benefit cost.

Unless otherwise indicated, the following tables include amounts relating to both continuing and discontinued operations.

Obligations and funded status of the plans

The Company recognizes in its Consolidated Balance Sheets the funded status of its defined benefit pension plans, postretirement plans and other employee-related benefits measured as the difference between the fair value of the plan assets and the benefit obligation.

The change in benefit obligation, change in fair value of plan assets, and funded status recognized in the Consolidated Balance Sheets were as follows:

(\$ in millions)	Defined pension benefits			
	Switzerland		International	
	2025	2024	2025	2024
Benefit obligation at January 1,	2,746	2,834	3,280	3,669
Service cost	56	46	26	28
Interest cost	22	35	154	156
Contributions by plan participants	44	39	9	9
Benefit payments	(139)	(132)	(240)	(226)
Settlements	(21)	(32)	(15)	(41)
Actuarial (gain) loss	(60)	166	(40)	(188)
Plan amendments and other	9	10	12	(2)
Exchange rate differences	384	(220)	233	(125)
Benefit obligation at December 31,	3,041	2,746	3,419	3,280
Fair value of plan assets at January 1,	3,269	3,476	3,002	3,239
Actual return on plan assets	114	139	188	43
Contributions by employer	63	45	37	77
Contributions by plan participants	44	39	9	9
Benefit payments	(139)	(132)	(240)	(226)
Settlements	(21)	(32)	(15)	(41)
Exchange rate differences	467	(266)	201	(99)
Fair value of plan assets at December 31,	3,797	3,269	3,182	3,002
Funded status — overfunded (underfunded)	756	523	(237)	(278)

The amounts recognized in Accumulated other comprehensive loss and Noncontrolling interests were:

December 31, (\$ in millions)	Defined pension benefits	
	2025	2024
Net actuarial (loss) gain	(1,356)	(1,397)
Prior service credit	1	17
Amount recognized in OCI⁽¹⁾ and NCI⁽²⁾	(1,355)	(1,380)
Taxes associated with amount recognized in OCI and NCI	282	287
Amount recognized in OCI⁽¹⁾ and NCI⁽²⁾, net of tax	(1,073)	(1,093)

(1) OCI represents Accumulated other comprehensive loss and, in addition, includes \$6 million and \$8 million at December 31, 2025 and 2024, respectively, recognized for other postretirement benefits.

(2) NCI represents Noncontrolling interests.

In addition, the following amounts were recognized in the Company's Consolidated Balance Sheets:

December 31, (\$ in millions)	Defined pension benefits			
	Switzerland		International	
	2025	2024	2025	2024
Overfunded plans	760	523	177	165
Underfunded plans — current	—	—	(23)	(16)
Underfunded plans — non-current	(4)	—	(391)	(427)
Funded status — overfunded (underfunded)	756	523	(237)	(278)
Amounts reported as assets and liabilities held for sale and in discontinued operations	(4)	(10)	(7)	(9)

December 31, (\$ in millions)	2025	2024
Non-current assets		
Overfunded pension plans	937	688
Other employee-related benefits	1	1
Pension and other employee benefits	938	689
Amounts reported as Non-current assets held for sale and in discontinued operations	1	1

December 31, (\$ in millions)	2025	2024
Current liabilities		
Underfunded pension plans	(23)	(16)
Underfunded other postretirement benefit plans	(2)	(2)
Other employee-related benefits	(12)	(14)
Pension and other employee benefits	(37)	(32)
Amounts reported as Current liabilities held for sale and in discontinued operations	—	(1)

December 31, (\$ in millions)	2025	2024
Non-current liabilities		
Underfunded pension plans	(395)	(427)
Underfunded other postretirement benefit plans	(16)	(16)
Other employee-related benefits	(152)	(126)
Pension and other employee benefits	(563)	(569)
Amounts reported as Current liabilities held for sale and in discontinued operations	(13)	—
Amounts reported as Non-current liabilities held for sale and in discontinued operations	—	(28)

The accumulated benefit obligation (ABO) for all defined benefit pension plans was \$6,391 million and \$5,963 million at December 31, 2025 and 2024, respectively. The projected benefit obligation (PBO), ABO and fair value of plan assets, for pension plans with a PBO in excess of fair value of plan assets or ABO in excess of fair value of plan assets, was:

December 31, (\$ in millions)	PBO exceeds fair value of plan assets				ABO exceeds fair value of plan assets			
	Switzerland		International		Switzerland		International	
	2025	2024	2025	2024	2025	2024	2025	2024
PBO	—	—	1,502	2,116	—	—	1,462	2,109
ABO	—	—	1,444	2,071	—	—	1,416	2,065
Fair value of plan assets	—	—	1,095	1,675	—	—	1,062	1,669

Components of net periodic benefit cost

Net periodic benefit cost mainly consisted of the following:

(\$ in millions)	Defined pension benefits			
	Switzerland		International	
	2025	2024	2025	2024
Operational pension cost:				
Service cost	56	46	26	28
Operational pension cost	56	46	26	28
Non-operational pension cost (credit):				
Interest cost (credit)	22	35	154	156
Expected return on plan assets	(118)	(126)	(167)	(168)
Amortization of prior service cost (credit)	—	(8)	(2)	(2)
Amortization of net actuarial loss	1	—	54	52
Curtailments, settlements and special termination benefits	3	5	(1)	3
Non-operational pension cost (credit)	(92)	(94)	38	41
Net periodic benefit cost (credit)	(36)	(48)	64	69

The components of net periodic benefit cost other than the service cost component are included in Non-operational pension (cost) credit in the Consolidated Income Statements. In both 2025 and 2024, Net periodic benefit cost related to discontinued operations is not significant.

Assumptions

The following weighted-average assumptions were used to determine projected benefit obligations:

December 31, (in %)	Defined pension benefits			
	Switzerland		International	
	2025	2024	2025	2024
Discount rate	1.2	0.9	5.0	4.9
Rate of compensation increase	—	—	1.7	1.6
Rate of pension increase	—	—	1.4	1.5
Cash balance interest credit rate	2.0	2.0	3.4	3.4

For the Company's significant benefit plans, the discount rate used at each measurement date is set based on a high-quality corporate bond yield curve (derived based on bond universe information sourced from reputable third-party index and data providers and rating agencies) reflecting the timing, amount and currency of the future expected benefit payments for the respective plan. Consistent discount rates are used across all plans in each currency zone, based on the duration of the applicable plan(s) in that zone. For plans in the other countries, the discount rate is based on high quality corporate or government bond yields applicable in the respective currency, as appropriate at each measurement date with a duration broadly consistent with the respective plan's obligations.

The following weighted-average assumptions were used to determine the "Net periodic benefit cost":

(in %)	Defined pension benefits			
	Switzerland		International	
	2025	2024	2025	2024
Discount rate	0.9	1.4	4.9	4.5
Expected long-term rate of return on plan assets	3.4	3.9	5.5	5.4
Rate of compensation increase	—	—	1.6	1.7
Cash balance interest credit rate	2.0	2.0	3.4	3.2

The "Expected long-term rate of return on plan assets" is derived for each benefit plan by considering the expected future long-term return assumption for each individual asset class. A single long-term return assumption is then derived for each plan based upon the plan's target asset allocation.

Plan assets

The Company has pension plans in various countries with the majority of the Company's pension liabilities deriving from a limited number of these countries.

The pension plans are typically funded by regular contributions from employees and the Company. These plans are typically administered by boards of trustees (which include Company representatives) whose primary responsibilities include ensuring that the plans meet their liabilities through contributions and investment returns. The boards of trustees have the responsibility for making key investment strategy decisions within a risk-controlled framework.

The pension plan assets are invested in diversified portfolios that are managed by third-party asset managers, in accordance with local statutory regulations, pension plan rules and the respective plans' investment guidelines, as approved by the boards of trustees.

Plan assets are generally segregated from those of the Company and invested with the aim of meeting the respective plans' projected future pension liabilities. Plan assets are measured at fair value at the balance sheet date.

The boards of trustees manage the assets of the pension plans in a risk-controlled manner and assess the risks embedded in the pension plans through asset/liability management studies. Asset/liability management studies typically take place every three years. However, the risks of the plans are monitored on an ongoing basis.

The boards of trustees' investment goal is to maximize the long-term returns of plan assets within specified risk parameters, while considering the future liabilities and liquidity needs of the individual plans. Risk measures taken into account include the funding ratio of the plan, the likelihood of extraordinary cash contributions being required, the risk embedded in each individual asset class, and the plan asset portfolio as a whole.

The Company's global pension asset allocation is the result of the asset allocations of the individual plans, which are set by the respective boards of trustees. The target asset allocation of the Company's plans on a weighted-average basis is as follows:

(in %)	Target	
	Switzerland	International
Asset class		
Equity	16	13
Fixed income	52	37
Real estate	25	3
Insurance contracts and other	7	47
Total	100	100

The actual asset allocations of the plans are in line with the target asset allocations.

Equity securities primarily include investments in large-cap and mid-cap publicly traded companies. Fixed income assets primarily include corporate bonds of companies from diverse industries and government bonds. Both fixed income and equity assets are invested either via funds or directly in segregated investment mandates, and include an allocation to emerging markets. Real estate consists primarily of investments in real estate in Switzerland held in the Swiss plans. The "Insurance contracts and other" asset class includes insurance contracts, investments in private equity, cash, and reflects a variety of investment strategies.

Based on the global asset allocation and the fair values of the plan assets, the expected long-term return on assets at December 31, 2025, is 4.4 percent. The Company and the local boards of trustees regularly review the investment performance of the asset classes and individual asset managers. Due to the diversified nature of the investments, the Company is of the opinion that no significant concentration of risks exists in its pension fund assets.

At December 31, 2025 and 2024, plan assets include ABB Ltd's shares (as well as an insignificant amount of the Company's debt instruments) with a total value of \$14 million and \$9 million, respectively.

The fair values of the Company's pension plan assets by asset class are presented below. For further information on the fair value hierarchy and an overview of the Company's valuation techniques applied, see the "Fair value measures" section of Note 2.

December 31, 2025 (\$ in millions)	Level 1	Level 2	Level 3	Not subject to leveling ⁽¹⁾	Total fair value
Asset class					
Equity					
Equity securities	166				166
Mutual funds/commingled funds		799			799
Emerging market mutual funds/commingled funds		141			141
Fixed income					
Government and corporate securities	188	455			643
Government and corporate—mutual funds/commingled funds		2,201			2,201
Emerging market bonds—mutual funds/commingled funds		279			279
Real estate				1,011	1,011
Insurance contracts			1,174		1,174
Cash and short-term investments	80	189			269
Private equity			52	244	296
Total	434	4,064	1,226	1,255	6,979

December 31, 2024 (\$ in millions)	Level 1	Level 2	Level 3	Not subject to leveling ⁽¹⁾	Total fair value
Asset class					
Equity					
Equity securities	198				198
Mutual funds/commingled funds		636			636
Emerging market mutual funds/commingled funds		107			107
Fixed income					
Government and corporate securities	178	730			908
Government and corporate—mutual funds/commingled funds		2,390			2,390
Emerging market bonds—mutual funds/commingled funds		343			343
Real estate				981	981
Insurance contracts			184		184
Cash and short-term investments	157	72			229
Private equity			44	251	295
Total	533	4,278	228	1,232	6,271

(1) Amounts relate to assets measured using the NAV practical expedient which are not subject to leveling.

Assets classified within Level 3 include buy-in insurance contracts and certain private equity investments, for which valuation techniques rely on unobservable inputs. Buy-in contracts are valued using a discounted cash flow model that estimates the present value of expected future benefit payments. Key unobservable inputs include discount rates, inflation and mortality assumptions. Private equity investments are valued using income and market-based approaches, including dividend discount models, capitalized earnings methods, and comparable company or transaction multiples. Key unobservable inputs include forecasted cash flows, discount rates, and valuation multiples.

The following table represents the movements of those asset categories whose fair values use significant unobservable inputs (Level 3):

(\$ in millions)	Private equity	Insurance contracts	Total Level 3
Balance at January 1, 2024	60	215	275
Net Realized and Unrealized gains/losses	(13)	(1)	(14)
Net Purchases, Issuances and Settlements	—	(13)	(13)
Exchange rate differences	(3)	(17)	(20)
Balance at December 31, 2024	44	184	228
Net Realized and Unrealized gains/losses	2	(6)	(4)
Net Purchases, Issuances and Settlements	—	976	976
Exchange rate differences	6	20	26
Balance at December 31, 2025	52	1,174	1,226

The Company applies accounting guidance related to the presentation of certain investments using the net asset value (NAV) practical expedient. This accounting guidance exempts investments using this practical expedient from categorization within the fair value hierarchy. Investments measured at NAV are primarily non exchange-traded commingled or collective funds in private equity and real estate where the fair value of the underlying assets is determined by the investment manager. Investments in private equity can never be redeemed, but instead the funds will make distributions through liquidation of the underlying assets. Total unfunded commitments for the private equity funds were approximately \$96 million and \$122 million at December 31, 2025 and 2024, respectively. The real estate funds typically offer a redemption notice of three to twelve months.

Contributions

Employer contributions were as follows:

(\$ in millions)	Defined pension benefits			
	Switzerland		International	
	2025	2024	2025	2024
Total contributions to defined benefit pension plans	63	45	37	77

The Company expects to contribute approximately \$100 million to its defined benefit pension plans in 2026. Of these contributions, \$4 million are expected to be non-cash contributions.

The Company also contributes to a number of defined contribution plans. The aggregate expense for these plans was \$358 million and \$317 million in 2025 and 2024, respectively. Contributions to multi-employer plans were not significant in 2025 and 2024. Defined contributions expenses includes \$22 million and \$19 million in 2025 and 2024, respectively, related to discontinued operations.

Estimated future benefit payments

The expected future cash flows to be paid by the Company's plans in respect of defined pension benefits at December 31, 2025, are as follows:

(\$ in millions)	Defined pension benefits	
	Switzerland	International
2026	254	272
2027	236	279
2028	225	274
2029	220	275
2030	218	273
Years 2031 - 2035	970	1,281

Note 19

Share-based payment arrangements

The Company grants share-based instruments to its employees under two principal share-based payment plans, as more fully described in the respective sections below. Compensation cost for equity-settled awards is recorded in Total cost of sales and in Selling, general and administrative expenses and totaled \$91 million and \$99 million in 2025 and 2024, respectively, while compensation cost for cash-settled awards, recorded in Selling, general and administrative expenses, was not significant. The total tax benefit recognized in 2025 and 2024 was not significant.

At December 31, 2025, the Company had the ability to issue up to 94 million new shares out of contingent capital in connection with share-based payment arrangements. In addition, 6 million of the 26 million shares held by the Company as treasury stock at December 31, 2025, could be used to settle share-based payment arrangements.

As the primary trading market for the shares of ABB Ltd is the SIX Swiss Exchange (on which the shares are traded in Swiss francs) and substantially all the share-based payment arrangements with employees are based on the Swiss franc share or have strike prices set in Swiss francs, certain data disclosed below related to the instruments granted under share-based payment arrangements are presented in Swiss francs.

Employee Share Acquisition Plan

The employee share acquisition plan (ESAP) is a stock-option plan with a savings feature that is made widely available to Company employees. Employees save over a twelve-month period, by way of regular payroll deductions. At the end of the savings period, employees choose whether to exercise their stock options using their savings plus interest, if any, to buy ABB Ltd shares at the exercise price set at the grant date, or have their savings returned with any interest. The savings are accumulated in bank accounts held by a third-party trustee on behalf of the participants and earn interest, where applicable. Employees can withdraw from the ESAP at any time during the savings period and will be entitled to a refund of their accumulated savings.

The fair value of each option is estimated on the date of grant using a lattice model, using the assumptions noted in the table below. The expected term of the option granted has been determined to be the contractual one-year life of each option, at the end of which the options vest and the participants are required to decide whether to exercise their options or have their savings returned with interest. The risk-free rate is based on one-year Swiss franc interest rates, reflecting the one-year contractual life of the options. In estimating forfeitures, the Company has used the data from previous ESAP launches.

	2025	2024
Expected volatility	23%	22%
Dividend yield	1.5%	1.8%
Expected term	1 year	1 year
Risk-free interest rate	-0.1%	0.4%

Presented below is a summary of activity under the ESAP:

	Number of shares (in millions)	Weighted-average exercise price (in Swiss francs)	Weighted-average remaining contractual term (in years)	Aggregate intrinsic value (in millions of Swiss francs) ⁽¹⁾
Outstanding at January 1, 2025	1.5	48.41		
Granted	1.6	59.40		
Forfeited	(0.1)	49.42		
Exercised ⁽²⁾	(1.2)	48.41		
Not exercised (savings returned plus interest)	(0.2)	48.41		
Outstanding at December 31, 2025	1.6	59.40	0.8	—
Vested and expected to vest at December 31, 2025	1.5	59.40	0.8	—
Exercisable at December 31, 2025	—	—	—	—

(1) Computed using the closing price, in Swiss francs, of ABB Ltd shares on the SIX Swiss Exchange and the exercise price of each option in Swiss francs.

(2) The cash received in 2025 from exercises was approximately \$72 million. The shares were delivered out of treasury stock.

The exercise prices per ABB Ltd share of 59.40 Swiss francs and 48.41 Swiss francs for the 2025 grant and the 2024 grant, respectively, were determined using the closing price of the ABB Ltd share on the SIX Swiss Exchange on the respective grant dates.

At December 31, 2025, the total unrecognized compensation cost related to non-vested options granted under the ESAP was not significant. The weighted-average grant-date fair value (per option) of options granted during 2025 and 2024 was 4.92 Swiss francs and 3.86 Swiss francs, respectively. The total intrinsic value (on the date of exercise) of options exercised in 2025 and 2024 was \$17 million and \$31 million, respectively.

Long-Term Incentive Plan

The long-term incentive plan (LTIP) involves annual grants of the Company's stock subject to certain conditions (Performance Shares) to members of the Company's Executive Committee and selected other senior executives, as defined in the terms of the LTIP. The ultimate amount delivered under the LTIP's Performance Shares grant is based on achieving certain results against targets, as set out below, over a three-year period from grant and the final amount is delivered to the participants at the end of this period. Generally, for awards to vest, the participant has to fulfill a three-year service condition as defined in the terms and conditions of the LTIP.

The Performance Shares under the 2025, 2024 and 2023 LTIP launches include a component based on the Company's earnings per share performance (weighted 50 percent), a component based on the Company's relative total shareholder return (weighted 30 percent) and a sustainability component based on the Company's greenhouse gas emissions reduction (weighted 20 percent).

For the earnings per share performance component of the Performance Shares, the actual number of shares that will be delivered at a future date is based on the Company's average earnings per share over three financial years, beginning with the year of launch. The actual number of shares that will ultimately be delivered will vary depending on the earnings per share outcome as computed under each LTIP launch, interpolated between a lower threshold (no shares delivered) and an upper threshold (the number of shares delivered is capped at 200 percent of the conditional grant).

For the relative total shareholder return component of the Performance Shares, the actual number of shares that will be delivered at a future date is based on the Company's total shareholder return performance relative to a peer group of companies over a three-year period starting with the year of grant. The actual number of shares that will ultimately be delivered will vary depending on the relative total shareholder return outcome achieved between a lower threshold (no shares delivered) and an upper threshold (the number of shares delivered is capped at 200 percent of the conditional grant).

For the sustainability component of the Performance Shares, the actual number of shares that will be delivered at a future date is based on the Company's scope 1 and 2 greenhouse gas emissions reduction over three financial years, beginning with the year of launch, compared to the launch's baseline emissions. The actual number of shares that will ultimately be delivered will vary depending on the sustainability outcome as computed under the LTIP launch, interpolated between a lower threshold (no shares delivered) and an upper threshold (the number of shares delivered is capped at 200 percent of the conditional grant).

Certain other key employees not included in the employee group granted the Performance Shares described above, were granted Restricted Shares of the Company under the LTIP. The Restricted Shares do not have performance conditions and vest over a three-year period from the grant date.

Under the 2025, 2024 and 2023 LTIP launches, participants generally do not have the ability to receive any of the award in cash, subject to legal restrictions in certain jurisdictions.

Presented below is a summary of activity under the Performance Shares of the LTIP:

	Number of Performance Shares (in millions)	Weighted-average grant-date fair value per share (Swiss francs)
Nonvested at January 1, 2025	1.4	33.06
Granted	0.4	46.70
Vested	(0.5)	34.63
Nonvested at December 31, 2025	1.3	37.11

The aggregate fair value, at the dates of grant, of Performance Shares granted in 2025 and 2024 was \$24 million and \$23 million, respectively. The total grant-date fair value of shares that vested during 2025 and 2024 was \$20 million and \$31 million, respectively. The weighted-average grant-date fair value (per share) of shares granted during 2025 and 2024 was 46.70 Swiss francs and 36.15 Swiss francs, respectively. The total fair value of Performance Shares delivered in 2025 and 2024 (including shares vested in prior years and delivered in the year) was approximately \$63 million and \$77 million, respectively.

Presented below is a summary of activity under the Restricted Shares of the LTIP:

	Number of Restricted Shares (in millions)	Weighted-average grant-date fair value per share (Swiss francs)
Nonvested at January 1, 2025	2.1	34.55
Granted	0.6	45.86
Vested	(0.7)	30.71
Forfeited	(0.1)	39.04
Nonvested at December 31, 2025	2.0	39.05

The aggregate fair value, at the dates of grant, of Restricted Shares granted in 2025 and 2024 was \$30 million and \$34 million, respectively. The total grant-date fair value of shares that vested during 2025 and 2024 was \$25 million and \$22 million, respectively. The weighted-average grant-date fair value (per share) of shares granted during 2025 and 2024 was 45.86 Swiss francs and 41.65 Swiss francs, respectively. The total fair value of Restricted Shares delivered in 2025 and 2024 was approximately \$35 million and \$40 million, respectively.

Equity-settled awards are recorded in the Additional paid-in capital component of Stockholders' equity, with compensation cost recorded in Selling, general and administrative expenses over the vesting period (which is from grant date to the end of the vesting period) based on the grant-date fair value of the shares. Cash-settled awards are recorded as a liability, remeasured at fair value at each reporting date for the percentage vested, with changes in the liability recorded in Selling, general and administrative expenses.

At December 31, 2025, total unrecognized compensation cost related to equity-settled awards under the LTIP was \$86 million and is expected to be recognized over a weighted-average period of 1.8 years. The compensation cost recorded in 2025 and 2024 for cash-settled awards was not significant.

For the earnings per share component of the LTIP launches, the fair value of granted shares is based on the market price of the ABB Ltd share at grant date for equity-settled awards and at each reporting date for cash-settled awards, as well as the probable outcome of the earnings per share achievement, as computed using a Monte Carlo simulation model. The main inputs to this model are the Company's and external financial analysts' revenue growth rates and Operational EBITA margin expectations. For the relative total shareholder return component of the LTIP launches, the fair value of granted shares at grant date, for equity-settled awards, and at each reporting date, for cash-settled awards, is determined using a Monte Carlo simulation model. The main inputs to this model are the Company's share price and dividend yield, the volatility of the Company's and the peer group's share price as well as the correlation between the peer companies. For the sustainability component of the LTIP launches, the fair value of granted shares is based on the market price of the ABB Ltd share at grant date for equity-settled awards and at each reporting date for cash-settled awards, as well as the probable outcome of the sustainability component achievement, as determined by internal modelling based on the Company's greenhouse gas emissions.

Other share-based payments

The Company has other minor share-based payment arrangements with certain employees. The compensation cost related to these arrangements in 2025 and 2024 was not significant.

Note 20

Stockholders' equity

Capital

ABB Ltd is a corporation organized under the laws of Switzerland and the rights of its shareholders are governed by Swiss law and its Articles of Incorporation.

At December 31, 2025 and 2024, the Company had 1,844 million shares and 1,861 million shares, respectively, that were registered and issued.

In line with the revised provisions of Swiss corporate law effective January 1, 2023, shareholders approved, at ABB's Annual General Meeting of Shareholders (AGM) in March 2023, the introduction of a capital band ranging from 90 percent to 110 percent of the issued share capital entered in the commercial register at that time. Within this capital band, the Board of Directors is authorized to increase or reduce the share capital once or several times until March 23, 2028, or until an earlier expiry of the capital band. The Company also has contingent share capital, as specified in the ABB Ltd Articles of Incorporation, which forms a component of total authorized shares. At December 31, 2025 and 2024, the Company had a total of 2,344 million and 2,361 million authorized shares, respectively.

Dividends

At the AGM in March 2025, the shareholders approved the proposal of the Board of Directors to distribute a total of 0.90 Swiss francs per share. The approved dividend distribution amounted to \$1,867 million and was paid in the second quarter of 2025. At the AGM in March 2024, the shareholders approved the proposal of the Board of Directors to distribute a total of 0.87 Swiss francs per share. The approved dividend distribution amounted to \$1,804 million, with the Company disbursing a portion in March 2024 and the remaining amounts in April 2024.

Amounts available to be distributed as dividends to the stockholders of ABB Ltd are based on the requirements of Swiss law and ABB Ltd's Articles of Incorporation and are determined based on amounts presented in the unconsolidated financial statements of ABB Ltd, prepared in accordance with Swiss law. At December 31, 2025, the total unconsolidated stockholders' equity of ABB Ltd was 4,955 million Swiss francs (\$6,251 million), including 221 million Swiss francs (\$279 million) representing share capital, 5,975 million Swiss francs (\$7,537 million) representing reserves and 1,241 million Swiss francs (\$1,565 million) representing a reduction of equity for treasury shares. Of these amounts, 1,241 million Swiss francs (\$1,565 million) relating to treasury shares and 44 million Swiss francs (\$56 million) representing 20 percent of share capital, at December 31, 2025, are restricted by law and not available for distribution.

Treasury stock transactions

In March 2023, the Company announced a share buyback program of up to \$1 billion. This program, which was launched in April 2023, was executed on a second trading line on the SIX Swiss Exchange and was completed in March 2024. In March 2024, the Company announced a share buyback program of up to \$1 billion. This program, which was launched in April 2024, was executed on a second trading line on the SIX Swiss Exchange and was completed in January 2025. In February 2025, the Company announced a share buyback program of up to \$1.5 billion. This program, which was launched in February 2025, was executed on a second trading line on the SIX Swiss Exchange and was completed in January 2026.

Under these buyback programs, in 2025 and 2024, the Company purchased 22 million and 19 million, respectively, of its own shares, resulting in an increase in Treasury stock of \$1,314 million and \$1,007 million, respectively.

In 2024, the Company cancelled 21 million shares which had been purchased under its share buyback programs. This resulted in a decrease in Treasury stock of \$832 million and a corresponding combined decrease in Common stock, Additional paid-in capital and Retained earnings. In 2025, the Company cancelled 17 million shares which had been purchased under its share buyback programs. This resulted in a decrease in Treasury stock of \$894 million and a corresponding combined decrease in Common stock, Additional paid-in capital and Retained earnings.

In addition to the share buyback programs, in 2025 and 2024, the Company purchased 3 million and 5 million, respectively, of its own shares on the open market, mainly for use in connection with its employee share plans, resulting in an increase in Treasury stock of \$171 million and \$244 million, respectively.

Obligations to issue shares relating to employee incentive programs

At December 31, 2025, the Company had outstanding obligations to deliver:

- up to 2 million shares relating to the ESAP, vesting and expiring in October 2026,
- up to 5 million shares to Eligible Participants under the 2025, 2024 and 2023, launches of the LTIP, vesting and expiring in April 2028, April 2027 and April 2026, respectively, and
- less than 1 million shares in connection with certain other share-based payment arrangements with employees.

See Note 19 for a description of the above share-based payment arrangements.

In 2025 and 2024, the Company delivered 1.3 million and 17 million shares, respectively, out of treasury stock, for options exercised in relation to its Management Incentive Plan. In addition, in 2025 and 2024, the Company delivered 1.2 million and 1.5 million shares, respectively, out of treasury stock for options exercised in relation to the ESAP.

Note 21

Earnings per share

Basic earnings per share is calculated by dividing income by the weighted-average number of shares outstanding during the year. Diluted earnings per share is calculated by dividing income by the weighted-average number of shares outstanding during the year, assuming that all potentially dilutive securities were exercised, if dilutive. Potentially dilutive securities comprise outstanding written call options and outstanding options and shares granted subject to certain conditions under the Company's share-based payment arrangements. In 2025 and 2024, outstanding securities representing a maximum of 2 million shares were excluded from the calculation of diluted earnings per share as their inclusion would have been antidilutive.

Basic earnings per share

(\$ in millions, except per share data in \$)	2025	2024
Amounts attributable to ABB shareholders:		
Income from continuing operations, net of tax	4,561	3,709
Income from discontinued operations, net of tax	173	226
Net income	4,734	3,935
Weighted-average number of shares outstanding (in millions)	1,827	1,844
Basic earnings per share attributable to ABB shareholders:		
Income from continuing operations, net of tax	2.50	2.01
Income from discontinued operations, net of tax	0.09	0.12
Net income	2.59	2.13

Diluted earnings per share

(\$ in millions, except per share data in \$)	2025	2024
Amounts attributable to ABB shareholders:		
Income from continuing operations, net of tax	4,561	3,709
Income from discontinued operations, net of tax	173	226
Net income	4,734	3,935
Weighted-average number of shares outstanding (in millions)	1,827	1,844
Effect of dilutive securities:		
Call options and shares	4	7
Adjusted weighted-average number of shares outstanding (in millions)	1,831	1,851
Diluted earnings per share attributable to ABB shareholders:		
Income from continuing operations, net of tax	2.49	2.00
Income from discontinued operations, net of tax	0.09	0.12
Net income	2.59	2.13

Note 22

Other comprehensive income

The following table includes amounts recorded within Total other comprehensive income including the related income tax effects:

(\$ in millions)	2025			2024		
	Before tax	Tax effect	Net of tax	Before tax	Tax effect	Net of tax
Foreign currency translation adjustments:						
Foreign currency translation adjustments	88	5	93	(317)	(2)	(319)
Net loss on complete or substantially complete liquidations of foreign subsidiaries	—	—	—	14	—	14
Changes attributable to divestments	(8)	—	(8)	9	—	9
Net change during the year	80	5	85	(294)	(2)	(296)
Available-for-sale securities:						
Net unrealized gains (losses) arising during the year	3	—	3	1	—	1
Reclassification adjustments for net (gains) losses included in net income	—	—	—	5	(1)	4
Net change during the year	3	—	3	6	(1)	5
Pension and other postretirement plans:						
Prior service (costs) credits arising during the year	(13)	—	(13)	(15)	5	(10)
Net actuarial gains (losses) arising during the year	(19)	—	(19)	(24)	(13)	(37)
Amortization of prior service cost (credit) included in net income	(3)	—	(3)	(11)	1	(10)
Amortization of net actuarial loss included in net income	59	(6)	53	66	(19)	47
Net gains (losses) from settlements and curtailments included in net income	—	—	—	(8)	2	(6)
Net change during the year	24	(6)	18	8	(24)	(16)
Derivative instruments and hedges:						
Net gains (losses) arising during the year	(3)	—	(3)	(10)	2	(8)
Reclassification adjustments for net (gains) losses included in net income	7	—	7	10	—	10
Net change during the year	4	—	4	—	2	2
Total other comprehensive income (loss)	111	(1)	110	(280)	(25)	(305)

The following table shows changes in Accumulated other comprehensive loss (OCI) attributable to ABB, by component, net of tax:

(\$ in millions)	Foreign currency translation adjustment	Unrealized gains (losses) on available- for-sale securities	Pension and other post- retirement plan adjustments	Derivative instruments and hedges	Accumulated other comprehensive loss
Balance at January 1, 2024	(3,977)	(8)	(1,075)	(10)	(5,070)
Other comprehensive (loss) income					
before reclassifications	(319)	1	(47)	(8)	(373)
Amounts reclassified from OCI	23	4	31	10	68
Total other comprehensive (loss) income	(296)	5	(16)	2	(305)
Less:					
Amounts attributable to noncontrolling interests and redeemable noncontrolling interests	(25)	—	—	—	(25)
Balance at December 31, 2024	(4,248)	(3)	(1,091)	(8)	(5,350)
Other comprehensive (loss) income					
before reclassifications	93	3	(32)	(3)	61
Amounts reclassified from OCI	(8)	—	50	7	49
Total other comprehensive (loss) income	85	3	18	4	110
Less:					
Amounts attributable to noncontrolling interests	13	—	—	—	13
Balance at December 31, 2025	(4,176)	—	(1,073)	(4)	(5,253)

The following table reflects amounts reclassified out of OCI in respect of Foreign currency translation adjustments and Pension and other postretirement plan adjustments:

(\$ in millions)	Location of (gains) losses reclassified from OCI	2025	2024
Details about OCI components			
Foreign currency translation adjustments:			
Net loss on complete or substantially complete liquidations of foreign subsidiaries	Other income (expense), net	—	14
Changes attributable to divestments	Other income (expense), net	(8)	9
Amounts reclassified from OCI		(8)	23
Pension and other postretirement plan adjustments:			
Amortization of prior service cost (credit)	Non-operational pension (cost) credit	(3)	(11)
Amortization of net actuarial loss	Non-operational pension (cost) credit	59	66
Net losses from settlements and curtailments	Non-operational pension (cost) credit	—	(8)
Total before tax		56	47
Tax	Income tax expense	(6)	(16)
Amounts reclassified from OCI		50	31

The amounts reclassified out of OCI in respect of Unrealized gains (losses) on available-for-sale securities and Derivative instruments and hedges were not significant in 2025 and 2024.

Note 23

Operating segment and geographic data

The Chief Operating Decision Maker (CODM) is the Chief Executive Officer. The CODM allocates resources to and assesses the performance of each operating segment using the information outlined below. The Company is organized into the following segments, based on products and services: Electrification, Motion and Automation. The remaining operations of the Company are included in Corporate and Other.

Effective January 1, 2025, the Company changed its accounting policy related to the functional classification of information system expenses in the income statement. Under the new policy, information systems expenses are now allocated to the relevant income statement caption based on the nature of the underlying system and the Total segment assets of each individual operating segment have been retroactively restated for the impact of the policy change on Inventories and the related deferred tax balance (see Note 2).

On October 8, 2025, the Company entered into an agreement to divest its Robotics division. As a result of the planned divestment, the Company announced a reorganization of its operating segments into three business areas. Following the announcement to divest its Robotics division, the Company reclassified the results of operations for this division, formerly part of the Robotics & Discrete Automation segment, and certain related amounts previously included in Corporate and Other to discontinued operations (see Note 3). The Process Automation segment, renamed the Automation segment, remains unchanged except that it now includes the Machine Automation division from the former Robotics & Discrete Automation segment.

The segment information for 2024, and at December 31, 2024, has been recast to reflect these changes.

A description of the types of products and services provided by each reportable segment is as follows:

- Electrification:** manufactures and sells electrical products and solutions which are designed to provide the efficient and reliable distribution of electricity from source to socket. The portfolio of increasingly digital and connected solutions includes renewable power solutions, modular substation packages, distribution automation products, switchboards and panelboards, switchgear, UPS solutions, circuit breakers, measuring and sensing devices, control products, wiring accessories, enclosures and cabling systems and intelligent home and building solutions, designed to integrate and automate lighting, heating, ventilation, security and data communication networks. The products and services are delivered through five operating divisions: Distribution Solutions, Smart Power, Smart Buildings, Installation Products, and Service.
- Motion:** designs, manufactures and sells drives, motors, generators and traction converters that are driving the low-carbon future for industries, cities, infrastructure and transportation. These products, digital technology and related services enable industrial customers to increase energy efficiency, improve safety and reliability, and achieve precise control of their processes. Building on over 140 years of cumulative experience in electric powertrains, Motion combines domain expertise and technology to deliver the optimum solution for a wide range of applications in all industrial segments. In addition, Motion, along with its partners, has a leading global service presence. These products and services are delivered through six operating divisions: Motion High Power, Drive Products, Motion Services, Traction, IEC LV Motors and NEMA Motors.
- Automation:** offers a broad range of industry-specific, integrated automation, electrification and digital solutions, as well as lifecycle services for the process, hybrid and marine industries. The product portfolio includes control technologies; process, machine and factory automation; industrial software; advanced analytics; sensing and measurement technology; and marine propulsion systems. In addition, Automation offers a comprehensive range of services, from repair to advanced digital capabilities such as remote monitoring, preventive maintenance, asset performance management, emission monitoring and cybersecurity. The products, systems and services are currently delivered through five operating divisions: Energy Industries, Process Industries, Marine & Ports, Measurement & Analytics and Machine Automation.

Corporate and Other: Corporate includes headquarter costs, the Company's corporate real estate activities and Corporate Treasury while Other includes the E-mobility operating segment and other non-core operating activities as well as the operating activities of certain divested businesses and stranded corporate costs related to the planned divestment of the Robotics division.

The primary measure of profitability on which the operating segments are evaluated is Operational EBITA, which represents income from operations excluding:

- amortization expense on intangibles arising upon acquisition (acquisition-related amortization),
- restructuring, related and implementation costs,
- changes in the amount recorded for obligations related to divested businesses occurring after the divestment date (changes in obligations related to divested businesses),
- gains and losses from sale of businesses (including fair value adjustment on assets and liabilities held for sale, if any),
- acquisition- and divestment-related expenses and integration costs,
- certain other non-operational items, as well as
- foreign exchange/commodity timing differences in income from operations consisting of: (a) unrealized gains and losses on derivatives (foreign exchange, commodities, embedded derivatives), (b) realized gains and losses on derivatives where the underlying hedged transaction has not yet been realized, and (c) unrealized foreign exchange movements on receivables/payables (and related assets/liabilities).

Certain other non-operational items generally includes certain regulatory, compliance and legal costs, certain asset write downs/impairments and certain other fair value changes, as well as other items which are determined by management on a case-by-case basis.

For all operating segments, the primary performance measure the CODM uses to allocate resources (including capital expenditure and financial resources) and assess performance as part of the monthly business review process is Operational EBITA. As part of this review process, current year-to-date budget-to-actual variances are provided (inclusive of key deviations) along with forecasted annual expectations and plans to address any negative variances. Operational EBITA is also used to assess segment performance against targets set in the annual incentive plans as part of the compensation of the Company's employees.

The CODM primarily reviews the results of each segment on a basis that is before the elimination of profits made on inventory sales between segments. Segment results below are presented before these eliminations, with a total deduction for intersegment profits to arrive at the Company's consolidated Operational EBITA. Intersegment sales and transfers are accounted for as if the sales and transfers were to third parties, at current market prices.

For a category of expense to be classified as a significant segment expense, it must be significant to the segment, regularly provided to or easily computed from information regularly provided to the CODM and included in the primary measure of profitability. Significant segment expenses include Operational cost of sales, Operational selling, general and administrative expenses, and Operational non-order related research and development costs, which respectively are comprised of Cost of sales, Selling, general and administrative expenses (excluding bad debt expense), and Non-order related research and development costs, with each of these expense categories being adjusted to exclude any costs incurred on behalf of other segments and any relevant non-operational items (as defined above).

Other segment items represent Other income (expense) excluding its respective components of non-operational items (as defined above), bad debt expense, and foreign exchange/commodity timing differences in total revenues.

The following tables present disaggregated segment revenues from contracts with customers, significant segment expenses, and Operational EBITA for 2025 and 2024:

(\$ in millions)	2025				Total
	Electrification	Motion	Automation	Corporate and Other ⁽¹⁾	
Geographical markets					
Europe	5,150	2,610	3,438	209	11,407
The Americas	7,589	2,663	2,024	148	12,424
of which: United States	6,082	2,185	1,306	87	9,660
Asia, Middle East and Africa	4,348	2,407	2,569	65	9,389
of which: China	1,793	1,098	742	17	3,650
	17,087	7,680	8,031	422	33,220
Product type					
Products	15,838	6,495	5,013	323	27,669
Services and other	1,249	1,185	3,018	99	5,551
	17,087	7,680	8,031	422	33,220
Third-party revenues	17,087	7,680	8,031	422	33,220
Intersegment revenues	270	567	53	(890)	—
Total revenues	17,357	8,247	8,084	(468)	33,220
Operational cost of sales	(10,054)	(5,096)	(4,946)		
Operational selling, general and administrative expenses	(2,793)	(1,240)	(1,561)		
Operational non-order related research and development expenses	(487)	(319)	(414)		
Other segment items	58	8	(31)		
Operational EBITA	4,081	1,600	1,132		

(\$ in millions)	2024				Total
	Electrification	Motion	Automation	Corporate and Other ⁽¹⁾	
Geographical markets					
Europe	4,566	2,241	3,110	221	10,138
The Americas	6,577	2,618	1,970	205	11,370
of which: United States	5,128	2,122	1,232	141	8,623
Asia, Middle East and Africa	4,047	2,353	2,577	98	9,075
of which: China	1,777	1,098	808	22	3,705
	15,190	7,212	7,657	524	30,583
Product type					
Products	14,129	6,060	4,865	477	25,531
Services and other	1,061	1,152	2,792	47	5,052
	15,190	7,212	7,657	524	30,583
Third-party revenues	15,190	7,212	7,657	524	30,583
Intersegment revenues	258	575	35	(868)	—
Total revenues	15,448	7,787	7,692	(344)	30,583
Operational cost of sales	(9,078)	(4,924)	(4,803)		
Operational selling, general and administrative expenses	(2,462)	(1,087)	(1,418)		
Operational non-order related research and development expenses	(436)	(310)	(400)		
Other segment items	48	52	9		
Operational EBITA	3,520	1,518	1,080		

(1) The amounts shown for "Intersegment revenues" within Corporate and Other primarily represents the consolidated intersegment revenue elimination. These amounts include intersegment revenues of \$40 million and \$33 million for 2025 and 2024, respectively.

Revenues by geography reflect the location of the ultimate destination of the products' end use, if known, or the location of the customer. In 2025 and 2024, the United States and China are the only countries where revenue exceeded 10 percent of total revenues. In each of 2025 and 2024, more than 98 percent of the Company's total revenues were generated from customers outside Switzerland.

The following tables present Operational EBITA, the reconciliations of consolidated Operational EBITA to Income from continuing operations before taxes, as well as Depreciation and amortization, and Capital expenditures for 2025 and 2024, and Total assets at December 31, 2025 and 2024:

(\$ in millions)	2025	2024
Operational EBITA:		
Electrification	4,081	3,520
Motion	1,600	1,518
Automation	1,132	1,080
Corporate and Other:		
— E-mobility	(148)	(273)
— Stranded corporate costs	(123)	(123)
— Corporate costs, intersegment elimination and other	(228)	(150)
Total	6,314	5,572
Acquisition-related amortization	(185)	(194)
Restructuring, related and implementation costs ⁽¹⁾	(92)	(160)
Changes in obligations related to divested businesses	3	10
Gains and losses from sale of businesses	(3)	57
Fair value adjustment on assets and liabilities held for sale	—	(113)
Acquisition- and divestment-related expenses and integration costs	(55)	(57)
Foreign exchange/commodity timing differences in income from operations:		
Unrealized gains and losses on derivatives (foreign exchange, commodities, embedded derivatives)	210	(109)
Realized gains and losses on derivatives where the underlying hedged transaction has not yet been realized	3	3
Unrealized foreign exchange movements on receivables/payables (and related assets/liabilities)	(16)	39
Certain other non-operational items:		
Other income/expenses relating to the Power Grids joint venture	6	16
Regulatory, compliance and legal costs	29	2
Business transformation costs ⁽²⁾	(166)	(204)
Certain other fair value changes, including asset impairments	5	(107)
Other non-operational items	(6)	(20)
Income from operations	6,047	4,735
Interest and dividend income	203	206
Interest and other finance expense	(86)	(74)
Non-operational pension (cost) credit	55	56
Income from continuing operations before taxes	6,219	4,923

(1) Includes impairment of certain assets.

(2) Amounts in 2025 and 2024 include ABB Way process transformation costs of \$144 million and \$199 million, respectively.

(\$ in millions)	Depreciation and amortization		Capital expenditures ⁽¹⁾		Total assets ⁽²⁾ at December 31,	
	2025	2024	2025	2024	2025	2024
Electrification	445	395	636	472	15,088	13,089
Motion	176	161	203	191	7,648	6,870
Automation	119	131	80	82	7,070	6,647
Corporate and Other	73	74	82	54	15,079	13,682
Consolidated	813	761	1,001	799	44,885	40,288

(1) Capital expenditures and Total assets are after intersegment eliminations and therefore reflect third-party activities only.

(2) At December 31, 2025 and 2024, respectively, Corporate and Other includes \$3,562 million and \$3,323 million of assets reported in discontinued operations (see Note 3).

Other geographic information

Geographic information for long-lived assets was as follows:

(\$ in millions)	Long-lived assets at December 31,	
	2025	2024
Europe	3,126	2,633
The Americas	1,523	1,311
Asia, Middle East and Africa	808	794
Total	5,457	4,738

Long-lived assets represent Property, plant and equipment and Operating lease right-of-use assets and are shown by location of the assets. At December 31, 2025, approximately 19 percent and 9 percent of the Company's long-lived assets were located in the United States and Switzerland, respectively. At December 31, 2024, approximately 20 percent and 9 percent of the Company's long-lived assets were located in the United States and Switzerland, respectively.

Note 24 Subsequent events

Sale of property

On January 27, 2026, the Company completed the sale of a commercial property located in Zurich, Switzerland, for proceeds of approximately CHF 330 million, resulting in an estimated gain of CHF 290 million before tax (equivalent to \$427 million and \$377 million, respectively, on date of sale). The Company has evaluated this subsequent event and determined that it does not require adjustment to the financial statements for 2025.

Stockholders' equity

In January 2026, the Company announced that a proposal will be put to the 2026 AGM for approval by the shareholders to distribute 0.94 Swiss francs per share to shareholders.



Statutory Auditor's Report

To the General Meeting of ABB Ltd, Zurich

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of ABB Ltd and its subsidiaries (the Group), which comprise the consolidated balance sheets as at December 31, 2025 and 2024, the related consolidated income statements, consolidated statements of comprehensive income, consolidated statements of changes in stockholders' equity, and consolidated statement of cash flows for each of the years ended December 31, 2025 and 2024, and the related notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements (pages 53 to 117) present fairly, in all material respects, the financial position of the Group as at December 31, 2025 and 2024, and the results of its operations and its cash flows for each of the years ended December 31, 2025 and 2024, in conformity with U.S. generally accepted accounting principles (U.S. GAAP) and comply with Swiss law.

Basis for Opinion

We conducted our audit in accordance with Swiss law, International Standards on Auditing (ISA) and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Group in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession that are relevant to audits of the financial statements of public interest entities, as well as those of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), as applicable to audits of financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Key Audit Matters



Revenue recognition for certain long-term fixed-price contracts using percentage-of-completion method

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, we do not provide a separate opinion on these matters.



Revenue recognition for certain long-term fixed-price contracts using percentage-of-completion method

Key Audit Matter

The Group recognizes a portion of its revenues from the sale of customized products, including long-term fixed-price contracts for integrated automation and electrification systems and solutions that are generally recognized on an over time basis using the percentage-of-completion method of accounting.

We identified the determination of estimated costs to complete related to revenue recognition of certain long-term fixed-price contracts using the percentage-of-completion method of accounting as a key audit matter. In particular, a high degree of subjective auditor judgment was required to evaluate the Group's estimate regarding the amount of future direct materials, labor and subcontractor costs, as well as indirect costs to complete the contracts.

Our response

As part of our audit, we obtained an understanding of the Group's accounting process specific to fixed-price contracts which are recognized using the percentage-of-completion method. We evaluated the design and implementation of certain internal controls over the development of estimates regarding the amount of future direct materials, labor and subcontractor costs, as well as indirect costs.

We assessed the Group's historical ability to accurately estimate costs to complete by comparing historical estimate-to-actual results for a selection of long-term contracts. We evaluated the estimate of remaining costs to be incurred for a selection of contracts by assessing progress to date and the nature and complexity of work to be performed through interviewing project managers and inspecting correspondence, if any, between the Group and the customers and/or subcontractors.

For further information on Revenue recognition for certain long-term fixed-price contracts using percentage-of-completion method refer to the following:

- Note 2 Significant accounting policies



Other Information in the ABB Annual Reporting Suite

The Board of Directors is responsible for the other information. The other information comprises the information included in the ABB Annual Reporting Suite (consisting of the Integrated Report, the Financial Report, the Corporate Governance Report, the Compensation Report, and the Sustainability Statement), but does not include the consolidated financial statements, the statutory financial statements of ABB Ltd, the audited content of the Compensation Report and our auditor's reports thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Board of Directors' Responsibilities for the Consolidated Financial Statements

The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with U.S. GAAP and the provisions of Swiss law, and for such internal control as the Board of Directors determines is necessary to enable the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law, ISA and SA-CH will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.



As part of an audit in accordance with Swiss law, ISA and SA-CH, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors or its relevant committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated to the Board of Directors or its relevant committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report, unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



Report on Other Legal and Regulatory Requirements

In accordance with Art. 728a para. 1 item 3 CO and PS-CH 890, we confirm that an internal control system exists, which has been designed for the preparation of the consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

KPMG AG

A handwritten signature in black ink, appearing to read 'Achim Wolper'.

Achim Wolper
Licensed Audit Expert
Auditor in Charge

A handwritten signature in black ink, appearing to read 'M. Midani'.

Mohamad Midani

Zurich, Switzerland
February 18, 2026



03

ABB LTD STATUTORY FINANCIAL STATEMENTS

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ABB LTD MANAGEMENT REPORT 2025

ABB Ltd is the holding company of the ABB Group, owning directly or indirectly all subsidiaries globally. The major business activities during 2025 can be summarized as follows:

Management services

The Company provided management services to Group companies for CHF 21 million.

Share transactions

- share deliveries in relation to employee share programs of CHF 172 million
- share cancellations of CHF 806 million, for shares repurchased under the 2024 share buyback program
- share repurchases of CHF 1,094 million for cancellation purposes in 2025
- share repurchases for employee share programs of CHF 140 million

Dividend distribution to external shareholders

- from retained earnings brought forward of CHF 1,504 million

Other information

In 2025, the Company employed on average 16 employees.

Once a year, the Company's Board of Directors performs a risk assessment in accordance with the Group's risk management process and discusses appropriate actions if necessary.

The Company does not carry out any research and development activities.

In 2026, the Company will continue to operate as the holding company of the ABB Group. No change of business is expected.

February 18, 2026

FINANCIAL STATEMENTS 2025

INCOME STATEMENT

Year ended December 31 (CHF in thousands)	Note	2025	2024
Dividend income	7	3,100,000	2,600,000
Finance income		28,927	60,257
Other operating income	8	26,307	32,935
Gain on sale of participation	2	7,449	8,019
Total income		3,162,683	2,701,211
Finance expense		(43,548)	(193,820)
Personnel expenses		(42,802)	(55,904)
Other operating expenses	9	(20,761)	(17,781)
Total expenses		(107,111)	(267,505)
Net income before taxes		3,055,572	2,433,706
Income taxes		(7,010)	—
Net income		3,048,562	2,433,706

BALANCE SHEET

December 31 (CHF in thousands)	Note	2025	2024
Cash		188	302
Cash deposit with ABB Capital Ltd		1,316,908	391,648
Non-trade receivables		35	1,137
Non-trade receivables – Group		76,865	87,672
Short-term loans – Group		19,818	22,628
Accrued income and prepaid expenses		260	188
Accrued income and prepaid expenses – Group		61	43
Total current assets		1,414,135	503,618
Long-term loans – Group		198,175	248,902
Participations	2	5,709,367	5,709,367
Other non-current assets		5,057	3,839
Total non-current assets		5,912,599	5,962,108
Total assets		7,326,734	6,465,726
Interest-bearing liabilities	4	325,000	150,003
Interest-bearing liabilities – Group	4	19,818	22,628
Non-trade payables		26,093	25,184
Non-trade payables – Group		2,018	8,976
Current provisions		—	8,545
Deferred income and accrued expenses		28,514	28,414
Deferred income and accrued expenses – Group		1,499	4,243
Total current liabilities		402,942	247,993
Interest-bearing liabilities	4	1,770,270	1,495,399
Interest-bearing liabilities – Group	4	198,175	248,902
Total non-current liabilities		1,968,445	1,744,301
Total liabilities		2,371,387	1,992,294
Share capital	6	221,268	223,274
Legal retained earnings	6	1,000,000	1,000,000
Treasury shares	6	(1,240,521)	(984,382)
Available earnings			
Retained earnings brought forward	6	1,926,038	1,800,834
Net income		3,048,562	2,433,706
Total shareholders' equity		4,955,347	4,473,432
Total liabilities and shareholders' equity		7,326,734	6,465,726

NOTES TO THE FINANCIAL STATEMENTS

Note 1 General

ABB Ltd, Zurich, Switzerland (the Company) is the parent company of the ABB Group. Its stand-alone financial statements are prepared in accordance with Article 957 et seqq. of Title 32 of the Swiss Code of Obligations.

Group companies are all companies which are directly or indirectly controlled by the Company and any variable interest entities if it is determined that the Company is the primary beneficiary.

Note 2 Participations

Company name	Purpose	Domicile	2025		2024	
			Share capital	Ownership and voting rights	Share capital	Ownership and voting rights
ABB Asea Brown Boveri Ltd	Holding	CH-Zurich	CHF 2,767,880,000	100.00%	CHF 2,767,880,000	100.00%

Participations are valued at the lower of cost or fair value, using generally accepted valuation principles.

In 2025 and 2024, adjustments of CHF 7 million and CHF 8 million, respectively, were recorded in “Gain on sale of participation” related to the sale of the Power Grids business.

Note 3 Indirect Participations

The following table sets forth the name, country of incorporation, ownership and voting rights, as well as share capital, of the significant indirect subsidiaries of the Company, as of December 31, 2025 and 2024.

Company name/Location	Country	Company ownership and voting rights %		Company ownership and voting rights %		Currency
		2025	Share capital in thousands 2025	2024	Share capital in thousands 2024	
ABB S.A.U., Buenos Aires	Argentina	100.00	25,659,498	100	25,659,498	ARS
ABB Australia Pty Limited, Moorebank	Australia	100.00	71,218	100.00	71,218	AUD
ABB Group Investment Management Pty. Ltd., Moorebank	Australia	100.00	403,318	100.00	403,318	AUD
ABB AG, Wiener Neudorf	Austria	100.00	15,000	100.00	15,000	EUR
B&R Holding GmbH, Eggelsberg	Austria	100.00	35	100.00	35	EUR
B&R Industrial Automation GmbH, Eggelsberg	Austria	100.00	1,240	100.00	1,240	EUR
ABB NV, Diegem, Machelen ⁽⁶⁾	Belgium	100.00	34,000	100.00	4,000	EUR
ABB AUTOMAÇÃO LTDA., Sorocaba	Brazil	100.00	191,039	100.00	191,039	BRL
ABB ELETRIFICAÇÃO LTDA., Sorocaba	Brazil	100.00	268,759	100.00	268,759	BRL

Company name/Location	Country	Company ownership and voting rights %	Share capital in thousands	Company ownership and voting rights %	Share capital in thousands	Currency
		2025	2025	2024	2024	
ABB Bulgaria EOOD, Sofia	Bulgaria	100.00	65,110	100.00	65,110	BGN
ABB Electrification Canada Inc., Saint-Laurent	Canada	100.00	— ⁽¹⁾	100.00	— ⁽¹⁾	CAD
ABB Inc., Saint-Laurent	Canada	100.00	— ⁽¹⁾	100.00	— ⁽¹⁾	CAD
ABB S.A., Santiago	Chile	100.00	5,484,348	100.00	5,484,348	CLP
ABB (China) Investment Limited, Beijing	China	100.00	95,000	100.00	95,000	USD
ABB (China) Ltd., Beijing	China	100.00	140,000	100.00	140,000	USD
ABB Beijing Drive Systems Co. Ltd., Beijing	China	90.00	5,000	90.00	5,000	USD
ABB Beijing Switchgear Limited, Beijing	China	60.00	16,500	60.00	16,500	USD
ABB Electrical Machines Ltd., Shanghai	China	100.00	14,400	100.00	14,400	USD
ABB Engineering (Shanghai) Ltd., Shanghai	China	100.00	40,000	100.00	40,000	USD
ABB LV Installation Materials Co. Ltd. Beijing, Beijing	China	85.70	17,100	85.70	17,100	USD
ABB Shanghai Free Trade Zone Industrial Co., Ltd., Shanghai	China	100.00	6,500	100.00	6,500	CNY
ABB Shanghai Motors Co. Ltd., Shanghai	China	75.00	11,217	75.00	11,217	USD
ABB Xiamen Low Voltage Equipment Co. Ltd., Xiamen	China	100.00	15,800	100.00	15,800	USD
ABB Xiamen Switchgear Co. Ltd., Xiamen	China	66.52	29,500	66.52	29,500	USD
ABB Xinhui Low Voltage Switchgear Co. Ltd., Xinhui	China	90.00	6,200	90.00	6,200	USD
ABB s.r.o., Prague	Czech Republic	100.00	400,000	100.00	400,000	CZK
ABB A/S, Middelfart	Denmark	100.00	100,000	100.00	100,000	DKK
ABB for Electrical Industries (ABB ARAB) S.A.E., Cairo	Egypt	100.00	353,479	100.00	353,479	EGP
Asea Brown Boveri S.A.E., Cairo	Egypt	100.00	166,000	100.00	166,000	USD
ABB AS, Jüri	Estonia	100.00	1,663	100.00	1,663	EUR
ABB Oy, Helsinki	Finland	100.00	10,003	100.00	10,003	EUR
ABB France, Cergy Pontoise	France	99.84	25,778	99.84	25,778	EUR
ABB SAS, Cergy Pontoise	France	100.00	45,921	100.00	45,921	EUR
ABB AG, Mannheim	Germany	100.00	167,500	100.00	167,500	EUR
ABB Beteiligungs- und Verwaltungsgesellschaft mbH, Mannheim	Germany	100.00	61,355	100.00	61,355	EUR
ABB Stotz-Kontakt GmbH, Heidelberg	Germany	— ⁽²⁾	— ⁽²⁾	100.00	7,500	EUR
ABB Striebel & John GmbH, Sasbach	Germany	— ⁽²⁾	— ⁽²⁾	100.00	1,050	EUR
B&R Industrie-Elektronik GmbH, Friedberg ⁽⁵⁾	Germany	100.00	358	100.00	358	EUR
Busch-Jaeger Elektro GmbH, Lüdenscheid	Germany	— ⁽²⁾	— ⁽²⁾	100.00	1,535	EUR
Asea Brown Boveri Industrial, Technical & Commercial Company of Imports – Exports S.A., Metamorphosis Attica	Greece	100.00 ⁽³⁾	1,721 ⁽³⁾	—	—	EUR
ABB Business Services Private Limited, Bangalore	India	100.00	5,200,100	100.00	5,200,100	INR
ABB Global Industries and Services Private Limited, Bangalore	India	100.00	366,923	100.00	366,923	INR
ABB India Limited, Bangalore	India	75.00	423,817	75.00	423,817	INR
ABB Limited, Dublin	Ireland	100.00	635	100.00	635	EUR
ABB E-mobility S.p.A., Milan	Italy	74.49	20,000	74.34	20,000	EUR
ABB S.p.A., Milan	Italy	100.00	110,000	100.00	110,000	EUR
ABB K.K., Tokyo	Japan	100.00	1,000,000	100.00	1,000,000	JPY
ABB Ltd., Seoul	Korea, Republic of	100.00	16,950,000	100.00	16,950,000	KRW
ABB Malaysia Sdn Bhd., Petaling Jaya	Malaysia	100.00 ⁽³⁾	3,500 ⁽³⁾	—	—	MYR
ABB Electrical Control Systems S. de R.L. de C.V., Monterrey	Mexico	100.00	712,463	100.00	712,463	MXN
ABB Mexico S.A. de C.V., San Luis Potosi	Mexico	100.00	1,135,752	100.00	1,135,752	MXN
Asea Brown Boveri S.A. de C.V., San Luis Potosi	Mexico	100.00	1,517,686	100.00	667,686	MXN
ABB B.V., Rotterdam	Netherlands	100.00	9,200	100.00	9,200	EUR
ABB E-mobility B.V., Delft	Netherlands	74.49	1	74.34	1	EUR
ABB Finance B.V., Rotterdam	Netherlands	100.00	20	100.00	20	EUR
ABB Holdings B.V., Rotterdam	Netherlands	100.00	363	100.00	363	EUR
ABB AS, Fornebu	Norway	100.00	134,550	100.00	134,550	NOK
ABB Electrification Norway AS, Skien	Norway	100.00	60,450	100.00	60,450	NOK
ABB Holding AS, Fornebu	Norway	100.00	240,000	100.00	240,000	NOK

Company name/Location	Country	Company ownership and voting rights %	Share capital in thousands	Company ownership and voting rights %	Share capital in thousands	Currency
		2025	2025	2024	2024	
ABB Business Services Sp. z o.o., Warsaw	Poland	99.94	24	99.94	24	PLN
ABB Sp. z o.o., Warsaw	Poland	99.94	320,765	99.94	245,461	PLN
Industrial C&S of P.R. LLC, Arecibo	Puerto Rico	100.00	— ⁽¹⁾	100.00	— ⁽¹⁾	USD
ABB Electrical Industries Co. Ltd., Riyadh	Saudi Arabia	65.00	100,000	65.00	100,000	SAR
ABB Pte. Ltd., Singapore	Singapore	100.00	32,797	100.00	32,797	SGD
ABB Holdings (Pty) Ltd., Modderfontein	South Africa	100.00	217,758	100.00	217,758	ZAR
ABB Investments (Pty) Ltd., Modderfontein	South Africa	51.00	185,978	51.00	185,978	ZAR
ABB South Africa (Pty) Ltd., Modderfontein	South Africa	74.91	3,835,544	74.91	3,835,544	ZAR
Asea Brown Boveri S.A.U., Madrid ⁽⁴⁾	Spain	100.00	18,245	100.00	33,318	EUR
ABB AB, Västerås	Sweden	100.00	200,000	100.00	200,000	SEK
ABB Electrification Sweden AB, Västerås	Sweden	100.00	10,000	100.00	10,000	SEK
ABB Norden Holding AB, Västerås	Sweden	100.00	2,344,783	100.00	2,344,783	SEK
ABB Capital AG, Zurich	Switzerland	100.00	100	100.00	100	CHF
ABB E-mobility Holding Ltd, Zurich	Switzerland	74.49	1,138	74.34	1,138	CHF
ABB Schweiz AG, Baden	Switzerland	100.00	55,000	100.00	55,000	CHF
ABB Verwaltungs AG, Zurich	Switzerland	100.00 ⁽³⁾	1,000 ⁽³⁾	—	—	CHF
ABB Ltd., Taipei	Taiwan (Chinese Taipei)	100.00	195,000	100.00	195,000	TWD
ABB Elektrik Sanayi A.S., Istanbul	Turkiye	99.99	665,000	99.99	165,000	TRY
ABB Industries (L.L.C.), Dubai	United Arab Emirates	100.00	5,000	100.00	5,000	AED
ABB Industries FZE, Dubai	United Arab Emirates	100.00	3,000	100.00	3,000	AED
ABB Transmission & Distribution Limited LLC, Abu Dhabi, Abu Dhabi	United Arab Emirates	49.00 ⁽³⁾	18,500 ⁽³⁾	—	—	AED
ABB Holdings Limited, Warrington	United Kingdom	100.00	226,014	100.00	226,014	GBP
ABB Limited, Warrington	United Kingdom	100.00	120,000	100.00	120,000	GBP
ABB E-mobility Inc., Wilmington, DE	United States	74.49	—	74.34	—	USD
ABB Finance (USA) Inc., Wilmington, DE	United States	100.00	1	100.00	1	USD
ABB Holdings Inc., Cary, NC	United States	100.00	2	100.00	2	USD
ABB Inc., Cary, NC	United States	100.00	1	100.00	1	USD
ABB Installation Products Inc., Memphis, TN	United States	100.00	1	100.00	1	USD
ABB Motors and Mechanical Inc., Fort Smith, AR	United States	100.00	— ⁽¹⁾	100.00	— ⁽¹⁾	USD
ABB Treasury Center (USA), Inc., Wilmington, DE	United States	100.00	1	100.00	1	USD
Edison Holding Corporation, Wilmington, DE	United States	100.00	— ⁽¹⁾	100.00	— ⁽¹⁾	USD
Industrial Connections & Solutions LLC, Cary, NC	United States	100.00	— ⁽¹⁾	100.00	— ⁽¹⁾	USD

(1) Shares without par value.

(2) Participation was either sold, liquidated or merged in 2025.

(3) Based on the internal defined thresholds, these indirect participations are considered significant in the respective year.

(4) Name changed from Asea Brown Boveri S.A. to Asea Brown Boveri S.A.U.

(5) Name changed from B + R Industrie-Elektronik GmbH to B&R Industrie-Elektronik GmbH.

(6) Location changed from Zaventem to Diegem, Machelen.

Note 4

Interest-bearing liabilities

December 31 (CHF in thousands)		2025	2024
Bonds 2019 – 2029 1.0% coupon	nominal value	170,000	170,000
	premium on issuance	73	94
Bonds 2022 – 2025 2.10% coupon	nominal value	—	150,000
	premium on issuance	—	3
Bonds 2022 – 2027 0.75% coupon	nominal value	425,000	425,000
	premium on issuance	184	289
Bonds 2022 – 2030 2.375% coupon	nominal value	150,000	150,000
	premium on issuance	13	16
Bonds 2023 – 2026 1.965% coupon	nominal value	325,000	325,000
	premium on issuance	—	—
Bonds 2023 – 2028 1.9775% coupon	nominal value	150,000	150,000
	premium on issuance	—	—
Bonds 2023 – 2033 2.1125% coupon	nominal value	275,000	275,000
	premium on issuance	—	—
Bonds 2025 – 2032 0.8725% coupon	nominal value	350,000	—
	premium on issuance	—	—
Bonds 2025 – 2036 1.2762% coupon	nominal value	250,000	—
	premium on issuance	—	—
Loan 2024 – 2028 \$275 million (in 2024 \$300 million)		217,993	271,530
Total		2,313,263	1,916,932

Bonds are valued at nominal value. Any bond premium is accrued over the duration of the bond so that at maturity, the balance sheet amount equals the amount that is due to be paid.

In October 2025, the Company repaid at maturity its CHF 150 million 2.1% bonds.

In June 2025, the Company issued the following bonds: (i) CHF 350 million 0.8725% bonds due in 2032 and (ii) CHF 250 million 1.2762% bonds due in 2036. Each of the respective bonds pays interest annually. The Company has the option, three months before their maturity date, to redeem each of these bonds, in whole but not in part, at par plus accrued interest. Further, the Company has the option to redeem the above bonds prior to maturity, in whole but not in part, at par plus accrued interest, if 85% or more of the aggregate principal amount of the relevant bond issue has been redeemed or purchased and cancelled at the time of the option exercise notice.

In September 2023, the Company issued the following bonds: (i) CHF 325 million 1.965% bonds due in 2026, (ii) CHF 150 million 1.9775% bonds due in 2028 and (iii) CHF 275 million 2.1125% bonds due in 2033. Each of the respective bonds pays interest annually. The Company has the option, three months before their maturity date, to redeem each of these bonds, in whole but not in part, at par plus accrued interest. Further, the Company has the option to redeem the above bonds prior to maturity, in whole but not in part, at par plus accrued interest, if 85% or more of the aggregate principal amount of the relevant bond issue has been redeemed or purchased and cancelled at the time of the option exercise notice.

In October 2022, the Company issued CHF 150 million 2.375% bonds due in 2030. The interest on those bonds is paid annually. The Company has the option, three months before their maturity date, to redeem each of these bonds, in whole but not in part, at par plus accrued interest. Further, the Company has the option to redeem the above bonds prior to maturity, in whole but not in part, at par plus accrued interest, if 85% or more of the aggregate principal amount of the relevant bond issue has been redeemed or purchased and cancelled at the time of the option exercise notice.

In March 2022, the Company issued CHF 425 million 0.75% bonds due in 2027. The interest on those bonds is paid annually. The Company has the option, one month before their maturity date, to redeem the bonds, in whole but not in part, at par plus accrued interest. Further, the Company has the option to redeem the bonds prior to maturity, in whole but not in part, at par plus accrued interest, if 85% or more of the aggregate principal amount of the relevant bond issue has been redeemed or purchased and cancelled at the time of the option exercise notice.

In February 2019, the Company issued CHF 170 million 1.0% bonds due in 2029. The interest on those bonds is paid annually. The Company has the option, three months before their maturity date, to redeem the bonds, in whole but not in part, at par plus accrued interest. Further, the Company has the option to redeem the bonds prior to maturity, in whole but not in part, at par plus accrued interest, if 85% or more of the aggregate principal amount of the relevant bond issue has been redeemed or purchased and cancelled at the time of the option exercise notice.

In 2016, the Company entered into an 8-year borrowing agreement of USD 500 million with ABB Capital Ltd to hedge a USD 500 million loan granted to a Group Company. In 2024, the borrowing agreement was amended and extended by 4 years. Both the original and the extended agreement have an amortization schedule of USD 25 million per annum. The average interest rate in 2025 and 2024 was 5.31% and 6.20%, respectively.

Note 5 Contingent liabilities

With certain Group companies, the Company has keep-well agreements. A keep-well agreement is a shareholder agreement between the Company and a Group company. These agreements provide for maintenance of a minimum net worth in the Group company and the maintenance of 100% direct or indirect ownership by the Company.

The keep-well agreements additionally provide that if at any time the Group company has insufficient liquid assets to meet any payment obligation on its debt (as defined in the agreements) and has insufficient unused commitments under its credit facilities with its lenders, the Company will make available to the Group company sufficient funds to enable it to fulfill such payment obligation as it falls due. A keep-well agreement is not a guarantee by the Company for payment of the indebtedness, or any other obligation, of a Group company. No party external to the ABB Group is a party to any keep-well agreement.

The Company has also provided certain guarantees securing the payment obligations of certain Group companies in connection with debt issuance and commercial paper programs, indentures, or other debt instruments. The amount guaranteed under these instruments was CHF 4,285 million as of December 31, 2025, and CHF 4,494 million as of December 31, 2024.

Additionally, the Company has provided certain guarantees securing the performance of contracts and undertakings of Group companies with third parties entered into in the normal course of business with an aggregate value of CHF 63 million as per December 31, 2025, and CHF 72 million as per December 31, 2024.

Furthermore, the Company is the guarantor in the Group's USD 2 billion multicurrency revolving credit facility ("Group Facility"). In June 2025, the revolving credit facility maturing in 2026 was replaced with a new facility maturing in 2030, with the option in 2026 and 2027 to extend the maturity to 2031 and 2032, respectively. No amounts were drawn at December 31, 2025 and 2024, under either the new or old revolving credit facility.

The Company through certain of its direct and indirect subsidiaries is involved in various regulatory and legal matters. The Company's direct and indirect subsidiaries have made certain related provisions as further described in "Note 15 Commitments and contingencies" to the Consolidated Financial Statements of ABB Ltd. As described in the note, there is a risk of adverse outcomes beyond the provisioned amounts.

The Company is part of a value added tax group and therefore is jointly liable to the Swiss Federal Tax Department for the value added tax liabilities of the other members.

Note 6

Stockholders' equity

(CHF in thousands)	Share capital	Legal reserves	Available earnings		Treasury shares	Total
		from retained earnings	from retained earnings brought forward	Net income		
Opening balance at January 1, 2025	223,274	1,000,000	1,800,834	2,433,706	(984,382)	4,473,432
Allocation to retained earnings brought forward			2,433,706	(2,433,706)		—
Cancellation of shares	(2,006)		(804,109)		806,115	—
Dividend payment CHF 0.90 per share			(1,504,393)			(1,504,393)
Purchases of treasury shares					(1,233,807)	(1,233,807)
Delivery of treasury shares					171,553	171,553
Net income for the year				3,048,562		3,048,562
Closing balance at December 31, 2025	221,268	1,000,000	1,926,038	3,048,562	(1,240,521)	4,955,347

Share capital as of December 31, 2025	Number of registered shares	Par value (CHF)	Total (CHF in thousands)
Issued shares	1,843,899,204	0.12	221,268
Contingent shares	304,038,800	0.12	36,485
Capital Band available increase	196,474,500	0.12	23,577
Capital Band available decrease	(75,628,629)	0.12	(9,075)
Share capital as of December 31, 2024	Number of registered shares	Par value (CHF)	Total (CHF in thousands)
Issued shares	1,860,614,888	0.12	223,274
Contingent shares	304,038,800	0.12	36,485
Capital Band available increase	196,474,500	0.12	23,577
Capital Band available decrease	(92,344,313)	0.12	(11,081)

Treasury shares are valued at acquisition cost. During 2025, a gain from the delivery of treasury shares of CHF 14 million was recorded in the Income Statement under Finance income. During 2024, a loss from the delivery of treasury shares of CHF 116 million was recorded in the Income Statement under Finance expense.

During 2025, a bank holding call options related to ABB Group's management incentive plan (MIP) exercised these options. Such options had been issued in 2019 by the Group company that facilitates the MIP at fair value and had adjusted strike prices of CHF 17.63. At issuance, the Group company had entered into an intercompany option agreement with the Company, having the same terms and conditions to enable it to meet its future obligations. As a result of the exercise by the bank, the Company delivered 1,277,676 shares at CHF 17.63, out of treasury shares. During 2024, a bank holding call options related to ABB Group's MIP exercised a portion of these options. Such options had been issued in 2018 and 2019 by the Group company that facilitates the MIP at fair value and had adjusted strike prices of CHF 22.05 and CHF 17.63, respectively. At issuance, the Group company had entered into an intercompany option agreement with the Company, having the same terms and conditions to enable it to meet its future obligations. As a result of the exercise by the bank, the Company delivered 14,386,669 shares at CHF 22.05 and 2,398,642 shares at CHF 17.63, out of treasury shares.

The ABB Group has an annual employee share acquisition plan (ESAP) which provides share options to employees globally. To enable the Group company that facilitates the ESAP to deliver shares to employees who have exercised their stock options under the ESAP, the Group company entered into an agreement with the Company to acquire the required number of shares at their then market value from the Company.

Consequently, in 2025, the Company delivered, out of treasury shares, to the Group company 1,234,784 shares at CHF 56.40. In 2024, the Company delivered, out of treasury shares, to the Group company 1,531,249 shares at CHF 49.85.

In 2025 and 2024, the Company transferred 2,111,713 and 2,659,053 treasury shares at an average acquisition price per share of CHF 36.88 and CHF 33.15, respectively, to fulfill its obligations under other share-based arrangements.

In 2025, the Company purchased 3 million shares, for CHF 140 million, to support its employee share programs globally and 22 million shares, for CHF 1,094 million, as part of its share buyback programs for capital reduction purposes announced on February 7, 2025, and March 28, 2024. In 2024, the Company purchased 5 million shares, for CHF 216 million, to support its employee share programs globally and 19 million shares, for CHF 881 million, as part of its share buyback programs for capital reduction purposes announced on March 28, 2024, and March 31, 2023.

Company has a capital band ranging from CHF 212 million (lower limit) to CHF 259 million (upper limit). The Board of Directors is authorized within the capital band to increase or reduce the share capital once or several times and in any amounts or to acquire or dispose of shares directly or indirectly, until March 23, 2028, or until an earlier expiry of the capital band.

In 2025, under the above-mentioned capital band, the Board of Directors resolved to cancel 16,715,684 shares that had been repurchased under the 2024 share buyback program. These shares were cancelled in April 2025, resulting in a decrease of CHF 806 million in treasury shares and a corresponding combined decrease in share capital and retained earnings brought forward, with a reduction in the total number of issued ABB Ltd shares to 1,843,899,204.

The movement in the number of treasury shares during the year was as follows:

	2025		2024	
	Number of shares	Average acquisition price per share (in CHF)	Number of shares	Average acquisition price per share (in CHF)
Opening balance as of January 1	22,422,600	43.90	40,495,329	31.88
Purchases for employee share programs	2,731,469	51.33	5,112,500	42.16
Purchases for intended cancellation	21,943,565	49.84	19,178,071	45.91
Cancellation	(16,715,684)	48.23	(21,387,687)	34.27
Delivery for employee share programs	(4,624,173)	37.10	(20,975,613)	31.92
Closing balance as of December 31	25,757,777	48.16	22,422,600	43.90
Thereof pledged for MIP	—		406,303	

Note 7

Dividend income

The Company received in 2025 and 2024, dividend payments from ABB Asea Brown Boveri Ltd of CHF 3.1 billion and CHF 2.6 billion in cash, respectively.

Note 8

Other operating income

Other operating income includes mainly outgoing charges for Business Area and Division management services and guarantee compensation fees to Group companies.

Note 9

Other operating expenses

In 2025 and 2024, Other operating expenses included usual operating expenses.

Note 10

Share-based Compensation of Board members and Executive Committee members

For the calendar year 2025 and 2024, the members of the Board of Directors and of the Executive Committee received the following Equity-based compensation.

	Number of shares	Value (CHF in thousands)	Number of shares	Value (CHF in thousands)
	2025	2025	2024	2024
Board member compensation settled in shares	53,407 ⁽¹⁾	3,305 ⁽²⁾	62,444 ⁽¹⁾	3,263 ⁽²⁾
Shares granted to EC members ⁽³⁾⁽⁴⁾	196,747 ⁽⁵⁾	8,303 ⁽⁶⁾	326,800 ⁽⁵⁾	15,316 ⁽⁶⁾
Total	250,154	11,608	389,244	18,579

(1) The reference number of shares granted is calculated based on net amount due after deductions for social security, pension payments, withholding tax, etc.

(2) Represents gross amount paid, prior to deductions for social security, pension payments, withholding tax, etc.

(3) In addition to the above awards, three members of the EC participated in the 22nd launch of the ESAP in 2025, which will allow them to save over a 12-month period and, in November 2026, use their savings to acquire ABB shares under the ESAP. Each EC member who participated in ESAP will, upon vesting, be entitled to acquire up to 170 ABB shares at an exercise price of CHF 59.40 per share. Furthermore, three members of the EC participated in the 21st launch of the ESAP in 2024, which allowed them to save over a 12-month period and, in November 2025, used their savings to acquire ABB shares under the ESAP. Each EC member who participated in ESAP, upon vesting, was entitled to acquire up to 210 ABB shares at an exercise price of CHF 48.41 per share.

(4) All EC members are included whereas two EC member are not employees of ABB Ltd.

(5) The reference number of shares granted is based on the fair value of the ABB shares on the grant date.

(6) The estimated value of the share-based LTIP grants is based on the price of ABB shares on the grant date and the estimated value of the share-based replacement grant is based on the closing price of ABB shares on the grant date.

Note 11

Full time employees

During each of 2025 and 2024, the Company employed on average 16 and 18 employees, respectively.

Note 12**Subsequent events**

Subsequent to December 31, 2025, and up to February 12, 2026, the Company purchased, under the share buyback program, an additional 0.8 million shares, for approximately CHF 53 million. Any further purchases up to February 18, 2026, are not considered significant for the Company.

PROPOSED APPROPRIATION OF AVAILABLE EARNINGS

Proposed appropriation of available earnings (CHF in thousands)	2025	2024
Net income for the year	3,048,562	2,433,706
Carried forward from previous year	2,730,147	2,531,256
Cancellation of shares	(804,109)	(730,422)
Available earnings to the Annual General Meeting	4,974,600	4,234,540
Gross dividend of CHF 0.90 per share paid directly by the Company ⁽¹⁾		(1,504,393)
Gross dividend of CHF 0.94 per share on total number of registered shares ⁽¹⁾	(1,733,265)	
Balance to be carried forward	3,241,335	2,730,147

⁽¹⁾ No dividend is paid on treasury shares held by ABB Ltd. Shareholders who are resident in Sweden participating in the established dividend access facility receive an amount in Swedish kronor from ABB Norden Holding AB which corresponds to the dividend resolved on a registered share of ABB Ltd without deduction of the Swiss withholding tax. This amount however is subject to taxation according to Swedish law.

On January 29, 2026, the Company announced that the Board of Directors will recommend for approval at the Annual General Meeting on March 19, 2026, that a dividend of CHF 0.94 per share be distributed out of the available earnings, expected to be paid in March 2026. As the legal retained earnings exceed 20% of the share capital, no further allocation to those reserves is required.



Statutory Auditor's Report

To the General Meeting of ABB Ltd, Zurich

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of ABB Ltd (the Company), which comprise the balance sheet as at December 31, 2025, and the income statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements (pages 125 to 136) comply with Swiss law and the Company's articles of incorporation.

Basis for Opinion

We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession that are relevant to audits of the financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. We have determined that there are no key audit matters to communicate in our report.

Other Information

The Board of Directors is responsible for the other information. The other information comprises the information included in the ABB Annual Reporting Suite (consisting of the Integrated Report, the Financial Report, the Corporate Governance Report, the Compensation Report and the Sustainability Statement), but does not include the consolidated financial statements, the statutory financial statements of the Company, the audited content of the Compensation Report, and our auditor's reports thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.



In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Board of Directors' Responsibilities for the Financial Statements

The Board of Directors is responsible for the preparation of the financial statements in accordance with the provisions of Swiss law and the Company's articles of incorporation, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and SA-CH will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Swiss law and SA-CH, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.



- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

We communicate with the Board of Directors or its relevant committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated to the Board of Directors or its relevant committee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report, unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In accordance with article 728a para. 1 item 3 CO and PS-CH 890, we confirm that an internal control system exists, which has been designed for the preparation of the financial statements according to the instructions of the Board of Directors.

Based on our audit in accordance with Art. 728a para. 1 item 2 CO, we confirm that the proposal of the Board of Directors complies with Swiss law and the Company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

KPMG AG

Achim Wolper
Licensed Audit Expert
Auditor in Charge

Mohamad Midani

Zurich, Switzerland
February 18, 2026

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