

January 29, 2026

Q4 2025

Financial Information

FINANCIAL INFORMATION

Contents

03 — 07	Key Figures
08 — 35	Consolidated Financial Information (unaudited)
36 — 51	Supplemental Reconciliations and Definitions





Key Figures

	CHANGE			
(\$ in millions, unless otherwise indicated)	Q4 2025	Q4 2024	US\$	Comparable ⁽¹⁾
Orders	10,316	7,593	36%	32%
Order backlog (end December)	25,282	19,975	27%	18%
Revenues	9,052	7,996	13%	9%
Gross Profit	3,658	2,982	23%	
as % of revenues	40.4%	37.3%	+3.1 pts	
Income from operations	1,505	1,094	38%	
Operational EBITA ⁽¹⁾	1,588	1,330	19%	14% ⁽²⁾
as % of operational revenues ⁽¹⁾	17.6%	16.6%	+1 pts	
Income from continuing operations, net of tax	1,274	948	34%	
Net income attributable to ABB	1,273	987	29%	
Basic earnings per share (\$)	0.70	0.54	30% ⁽³⁾	
Cash flow from operating activities	1,949	1,537	27%	
Free cash flow ⁽¹⁾	1,517	1,295	17%	

	CHANGE			
(\$ in millions, unless otherwise indicated)	FY 2025	FY 2024	US\$	Comparable ⁽¹⁾
Orders	36,765	31,482	17%	15%
Revenues	33,220	30,583	9%	7%
Gross Profit	13,640	12,001	14%	
as % of revenues	41.1%	39.2%	+1.9 pts	
Income from operations	6,047	4,735	28%	
Operational EBITA ⁽¹⁾	6,314	5,572	13%	11% ⁽²⁾
as % of operational revenues ⁽¹⁾	19.0%	18.2%	+0.8 pts	
Income from continuing operations, net of tax	4,649	3,726	25%	
Net income attributable to ABB	4,734	3,935	20%	
Basic earnings per share (\$)	2.59	2.13	21% ⁽³⁾	
Cash flow from operating activities	5,469	4,675	17%	
Free cash flow ⁽¹⁾	4,566	3,937	16%	

(1) For a reconciliation of alternative performance measures see "Supplemental Reconciliations and Definitions" on page 36.

(2) Constant currency (not adjusted for portfolio changes).

(3) EPS growth rates are computed using unrounded amounts.

		CHANGE				
(\$ in millions, unless otherwise indicated)		Q4 2025	Q4 2024	US\$	Local	Comparable
Orders	ABB Group	10,316	7,593	36%	31%	32%
	Electrification	5,323	3,908	36%	32%	33%
	Motion	2,189	1,866	17%	13%	13%
	Automation	2,817	1,893	49%	41%	41%
	<i>Corporate and Other</i>	202	117			
	<i>Intersegment eliminations</i>	(215)	(191)			
Order backlog (end December)	ABB Group	25,282	19,975	27%	19%	18%
	Electrification	9,438	7,506	26%	21%	21%
	Motion	6,285	5,239	20%	10%	8%
	Automation	10,133	7,631	33%	23%	23%
	<i>Corporate and Other</i>					
	<i>(incl. intersegment eliminations)</i>	(574)	(401)			
Revenues	ABB Group	9,052	7,996	13%	9%	9%
	Electrification	4,702	4,046	16%	13%	12%
	Motion	2,260	2,038	11%	7%	6%
	Automation	2,243	1,967	14%	9%	9%
	<i>Corporate and Other</i>	135	181			
	<i>Intersegment eliminations</i>	(288)	(236)			
Income from operations	ABB Group	1,505	1,094			
	Electrification	1,074	863			
	Motion	408	333			
	Automation	278	193			
	<i>Corporate and Other</i>					
	<i>(incl. intersegment eliminations)</i>	(255)	(295)			
Income from operations %	ABB Group	16.6%	13.7%			
	Electrification	22.8%	21.3%			
	Motion	18.1%	16.3%			
	Automation	12.4%	9.8%			
Operational EBITA	ABB Group	1,588	1,330	19%	14%	
	Electrification	1,062	863	23%	18%	
	Motion	412	383	8%	2%	
	Automation	311	244	27%	22%	
	<i>Corporate and Other⁽¹⁾</i>					
	<i>(incl. intersegment eliminations)</i>	(197)	(160)			
Operational EBITA %	ABB Group	17.6%	16.6%			
	Electrification	22.6%	21.3%			
	Motion	18.3%	18.7%			
	Automation	13.9%	12.4%			
Cash flow from operating activities	ABB Group	1,949	1,537			
	Electrification	1,425	1,214			
	Motion	493	518			
	Automation	488	346			
	<i>Corporate and Other</i>					
	<i>(incl. intersegment eliminations)</i>	(418)	(573)			
	<i>Discontinued operations</i>	(39)	32			

(1) Corporate and Other at Q4 2025 and Q4 2024 includes Stranded corporate costs of \$30 million and \$31 million, respectively.

		CHANGE				
(\$ in millions, unless otherwise indicated)		FY 2025	FY 2024	US\$	Local	Comparable
Orders	ABB Group	36,765	31,482	17%	15%	15%
	Electrification	18,757	16,422	14%	13%	13%
	Motion	8,619	7,989	8%	6%	6%
	Automation	9,928	7,485	33%	30%	30%
	<i>Corporate and Other</i>	522	503			
	<i>Intersegment eliminations</i>	(1,061)	(917)			
Order backlog (end December)	ABB Group	25,282	19,975	27%	19%	18%
	Electrification	9,438	7,506	26%	21%	21%
	Motion	6,285	5,239	20%	10%	8%
	Automation	10,133	7,631	33%	23%	23%
	<i>Corporate and Other</i>					
	<i>(incl. intersegment eliminations)</i>	(574)	(401)			
Revenues	ABB Group	33,220	30,583	9%	7%	7%
	Electrification	17,357	15,448	12%	11%	11%
	Motion	8,247	7,787	6%	4%	4%
	Automation	8,084	7,692	5%	3%	3%
	<i>Corporate and Other</i>	462	558			
	<i>Intersegment eliminations</i>	(930)	(902)			
Income from operations	ABB Group	6,047	4,735			
	Electrification	4,065	3,362			
	Motion	1,564	1,400			
	Automation	1,097	942			
	<i>Corporate and Other</i>					
	<i>(incl. intersegment eliminations)</i>	(679)	(969)			
Income from operations %	ABB Group	18.2%	15.5%			
	Electrification	23.4%	21.8%			
	Motion	19.0%	18.0%			
	Automation	13.6%	12.2%			
Operational EBITA	ABB Group	6,314	5,572	13%	11%	
	Electrification	4,081	3,520	16%	14%	
	Motion	1,600	1,518	5%	3%	
	Automation	1,132	1,080	5%	3%	
	<i>Corporate and Other⁽¹⁾</i>					
	<i>(incl. intersegment eliminations)</i>	(499)	(546)			
Operational EBITA %	ABB Group	19.0%	18.2%			
	Electrification	23.5%	22.7%			
	Motion	19.4%	19.4%			
	Automation	14.0%	14.0%			
Cash flow from operating activities	ABB Group	5,469	4,675			
	Electrification	4,242	3,652			
	Motion	1,621	1,776			
	Automation	1,528	1,231			
	<i>Corporate and Other</i>					
	<i>(incl. intersegment eliminations)</i>	(2,141)	(2,217)			
	<i>Discontinued operations</i>	219	233			

(1) Corporate and Other at FY 2025 and FY 2024 includes Stranded corporate costs of \$123 million and \$123 million, respectively.

Operational EBITA

	ABB		Electrification		Motion		Automation	
(\$ in millions, unless otherwise indicated)	Q4 25	Q4 24	Q4 25	Q4 24	Q4 25	Q4 24	Q4 25	Q4 24
Revenues	9,052	7,996	4,702	4,046	2,260	2,038	2,243	1,967
Foreign exchange/commodity timing differences in total revenues	(16)	13	1	6	(4)	11	(13)	2
Operational revenues	9,036	8,009	4,703	4,052	2,256	2,049	2,230	1,969
Income from operations	1,505	1,094	1,074	863	408	333	278	193
Acquisition-related amortization	46	43	26	25	11	9	10	10
Restructuring, related and implementation costs ⁽¹⁾	53	75	10	7	9	15	16	36
Changes in obligations related to divested businesses	–	1	–	–	–	–	–	–
Gains and losses from sale of businesses	3	(70)	–	(71)	–	–	–	–
Fair value adjustment on assets and liabilities held for sale	–	(19)	–	–	–	–	–	–
Acquisition- and divestment-related expenses and integration costs	18	15	11	5	5	2	4	3
Certain other non-operational items	74	145	5	4	3	2	5	1
Foreign exchange/commodity timing differences in income from operations	(111)	46	(64)	30	(24)	22	(2)	1
Operational EBITA	1,588	1,330	1,062	863	412	383	311	244
Operational EBITA margin (%)	17.6%	16.6%	22.6%	21.3%	18.3%	18.7%	13.9%	12.4%

	ABB		Electrification		Motion		Automation	
(\$ in millions, unless otherwise indicated)	FY 25	FY 24	FY 25	FY 24	FY 25	FY 24	FY 25	FY 24
Revenues	33,220	30,583	17,357	15,448	8,247	7,787	8,084	7,692
Foreign exchange/commodity timing differences in total revenues	(47)	82	(15)	38	(6)	27	(24)	17
Operational revenues	33,173	30,665	17,342	15,486	8,241	7,814	8,060	7,709
Income from operations	6,047	4,735	4,065	3,362	1,564	1,400	1,097	942
Acquisition-related amortization	185	194	108	94	37	35	38	56
Restructuring, related and implementation costs ⁽¹⁾	92	160	26	27	26	39	20	70
Changes in obligations related to divested businesses	(3)	(10)	–	–	–	–	–	–
Gains and losses from sale of businesses	3	(57)	(5)	(73)	–	–	–	–
Fair value adjustment on assets and liabilities held for sale	–	113	–	25	–	–	–	–
Acquisition- and divestment-related expenses and integration costs	55	57	35	38	8	5	11	6
Certain other non-operational items	132	313	(23)	7	16	7	(17)	(1)
Foreign exchange/commodity timing differences in income from operations	(197)	67	(125)	40	(51)	32	(17)	7
Operational EBITA	6,314	5,572	4,081	3,520	1,600	1,518	1,132	1,080
Operational EBITA margin (%)	19.0%	18.2%	23.5%	22.7%	19.4%	19.4%	14.0%	14.0%

(1) Includes impairment of certain assets.

Depreciation and Amortization

(\$ in millions)	ABB		Electrification		Motion		Automation	
	Q4 25	Q4 24	Q4 25	Q4 24	Q4 25	Q4 24	Q4 25	Q4 24
Depreciation	164	136	84	74	33	31	23	18
Amortization	57	58	32	35	13	11	10	11
including total acquisition-related amortization of:	46	43	26	25	11	9	10	10

(\$ in millions)	ABB		Electrification		Motion		Automation	
	FY 25	FY 24	FY 25	FY 24	FY 25	FY 24	FY 25	FY 24
Depreciation	581	520	312	275	129	119	78	71
Amortization	232	241	133	120	47	42	41	60
including total acquisition-related amortization of:	185	194	108	94	37	35	38	56

Orders received and revenues by region

(\$ in millions, unless otherwise indicated)	Orders received		CHANGE			Revenues		CHANGE		
	Q4 25	Q4 24	US\$	Local	Com-parable	Q4 25	Q4 24	US\$	Local	Com-parable
Europe	3,530	2,598	36%	25%	25%	3,175	2,624	21%	11%	11%
The Americas	4,281	2,982	44%	42%	43%	3,247	2,934	11%	9%	10%
of which United States	3,467	2,206	57%	57%	57%	2,511	2,222	13%	13%	13%
Asia, Middle East and Africa	2,505	2,013	24%	23%	23%	2,630	2,438	8%	7%	7%
of which China	903	703	28%	26%	25%	955	921	4%	2%	0%
ABB Group	10,316	7,593	36%	31%	32%	9,052	7,996	13%	9%	9%

(\$ in millions, unless otherwise indicated)	Orders received		CHANGE			Revenues		CHANGE		
	FY 25	FY 24	US\$	Local	Com-parable	FY 25	FY 24	US\$	Local	Com-parable
Europe	12,169	10,518	16%	11%	11%	11,407	10,138	13%	7%	7%
The Americas	14,537	11,575	26%	26%	26%	12,424	11,370	9%	10%	10%
of which United States	11,591	8,648	34%	33%	34%	9,660	8,623	12%	12%	12%
Asia, Middle East and Africa	10,059	9,389	7%	7%	7%	9,389	9,075	3%	4%	3%
of which China	3,805	3,480	9%	9%	8%	3,650	3,705	-1%	-2%	-4%
ABB Group	36,765	31,482	17%	15%	15%	33,220	30,583	9%	7%	7%

Consolidated Financial Information

ABB Ltd Consolidated Income Statements (unaudited)

(\$ in millions, except per share data in \$)	Year ended		Three months ended	
	Dec. 31, 2025	Dec. 31, 2024	Dec. 31, 2025	Dec. 31, 2024
Sales of products	27,669	25,531	7,484	6,634
Sales of services and other	5,551	5,052	1,568	1,362
Total revenues	33,220	30,583	9,052	7,996
Cost of sales of products	(16,581)	(15,740)	(4,524)	(4,230)
Cost of services and other	(2,999)	(2,842)	(870)	(784)
Total cost of sales	(19,580)	(18,582)	(5,394)	(5,014)
Gross profit	13,640	12,001	3,658	2,982
Selling, general and administrative expenses	(6,593)	(5,980)	(1,769)	(1,565)
Non-order related research and development expenses	(1,318)	(1,268)	(369)	(358)
Other income (expense), net	318	(18)	(15)	35
Income from operations	6,047	4,735	1,505	1,094
Interest and dividend income	203	206	61	60
Interest and other finance expense	(86)	(74)	(13)	(4)
Non-operational pension (cost) credit	55	56	13	15
Income from continuing operations before taxes	6,219	4,923	1,566	1,165
Income tax expense	(1,570)	(1,197)	(292)	(217)
Income from continuing operations, net of tax	4,649	3,726	1,274	948
Income from discontinued operations, net of tax	174	226	6	47
Net income	4,823	3,952	1,280	995
Net income attributable to noncontrolling interests and redeemable noncontrolling interests	(89)	(17)	(7)	(8)
Net income attributable to ABB	4,734	3,935	1,273	987
Amounts attributable to ABB shareholders:				
Income from continuing operations, net of tax	4,561	3,709	1,267	940
Income from discontinued operations, net of tax	173	226	6	47
Net income	4,734	3,935	1,273	987
Basic earnings per share attributable to ABB shareholders:				
Income from continuing operations, net of tax	2.50	2.01	0.70	0.51
Income from discontinued operations, net of tax	0.09	0.12	–	0.03
Net income	2.59	2.13	0.70	0.54
Diluted earnings per share attributable to ABB shareholders:				
Income from continuing operations, net of tax	2.49	2.00	0.70	0.51
Income from discontinued operations, net of tax	0.09	0.12	–	0.03
Net income	2.59	2.13	0.70	0.53
Weighted-average number of shares outstanding (in millions) used to compute:				
Basic earnings per share attributable to ABB shareholders	1,827	1,844	1,820	1,841
Diluted earnings per share attributable to ABB shareholders	1,831	1,851	1,823	1,846

Due to rounding, numbers presented may not add to the totals provided.

See Notes to the Consolidated Financial Information

ABB Ltd Condensed Consolidated Statements of Comprehensive Income (unaudited)

(\$ in millions)	Year ended		Three months ended	
	Dec. 31, 2025	Dec. 31, 2024	Dec. 31, 2025	Dec. 31, 2024
Total comprehensive income, net of tax	4,933	3,647	1,367	695
Total comprehensive (income) loss attributable to noncontrolling interests and redeemable noncontrolling interests, net of tax	(102)	8	(8)	14
Total comprehensive income attributable to ABB shareholders, net of tax	4,831	3,655	1,359	709

Due to rounding, numbers presented may not add to the totals provided.

See Notes to the Consolidated Financial Information

ABB Ltd Consolidated Balance Sheets (unaudited)

(\$ in millions)	Dec. 31, 2025	Dec. 31, 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
<i>Commitments and contingencies</i>		
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 Notes to the Consolidated Financial Information

ABB Ltd Consolidated Statements of Cash Flows (unaudited)

(\$ in millions)	Year ended		Three months ended	
	Dec. 31, 2025	Dec. 31, 2024	Dec. 31, 2025	Dec. 31, 2024
Operating activities:				
Net income	4,823	3,952	1,280	995
Income from discontinued operations, net of tax	(174)	(226)	(6)	(47)
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization	813	761	221	194
Changes in fair values of investments	(21)	62	59	83
Pension and other employee benefits	(48)	(93)	8	(41)
Deferred taxes	108	1	(20)	90
Net loss (gain) from derivatives and foreign exchange	(311)	(47)	(145)	17
Net gain from sale of property, plant and equipment	(198)	(60)	(11)	(18)
Net loss (gain) from sale of businesses	3	(57)	3	(70)
Fair value adjustment on assets and liabilities held for sale	–	113	–	(19)
Other	58	155	26	45
Changes in operating assets and liabilities:				
Trade receivables, net	(222)	(147)	15	(127)
Contract assets and liabilities	151	247	(42)	63
Inventories, net	132	(133)	250	331
Accounts payable, trade	147	180	198	73
Accrued liabilities	119	(4)	192	171
Provisions, net	(8)	(41)	15	7
Income taxes payable and receivable	(53)	(123)	(125)	(316)
Other assets and liabilities, net	(69)	(98)	70	74
Net cash provided by operating activities – continuing operations	5,250	4,442	1,988	1,505
Net cash provided by (used in) operating activities – discontinued operations	219	233	(39)	32
Net cash provided by operating activities	5,469	4,675	1,949	1,537
Investing activities:				
Purchases of investments	(1,218)	(1,563)	(171)	(361)
Purchases of property, plant and equipment and intangible assets	(1,001)	(799)	(409)	(271)
Acquisition of businesses (net of cash acquired) and increases in cost- and equity-accounted companies	(752)	(617)	(175)	(322)
Proceeds from sales of investments	589	2,170	72	332
Proceeds from sales of property, plant and equipment	194	107	18	41
Proceeds from sales of businesses (net of transaction costs and cash disposed) and cost- and equity-accounted companies	59	(33)	(15)	(29)
Net cash from settlement of foreign currency derivatives	(129)	87	(14)	96
Other investing activities	(10)	(13)	(5)	(1)
Net cash used in investing activities – continuing operations	(2,268)	(661)	(699)	(515)
Net cash used in investing activities – discontinued operations	(121)	(64)	(52)	(19)
Net cash used in investing activities	(2,389)	(725)	(751)	(534)
Financing activities:				
Net changes in debt with original maturities of 90 days or less	(85)	(15)	(19)	(8)
Increase in debt	1,083	1,914	(3)	550
Repayment of debt	(433)	(2,485)	(214)	(1)
Delivery of shares	99	451	66	47
Purchase of treasury stock	(1,499)	(1,247)	(350)	(404)
Dividends paid	(1,907)	(1,769)	–	–
Dividends paid to noncontrolling shareholders	(114)	(103)	–	–
Other financing activities	(22)	(69)	(14)	(43)
Net cash provided by (used in) financing activities – continuing operations	(2,878)	(3,323)	(534)	141
Net cash provided by (used in) financing activities – discontinued operations	1	(3)	2	–
Net cash provided by (used in) financing activities	(2,877)	(3,326)	(532)	141
Effects of exchange rate changes on cash and equivalents	111	(207)	16	(101)
Adjustment for the net change in cash and equivalents in Assets held for sale	–	–	21	–
Net change in cash and equivalents	314	417	703	1,043
Cash and equivalents, beginning of period	4,326	3,909	3,937	3,283
Cash and equivalents, end of period	4,640	4,326	4,640	4,326
Supplementary disclosure of cash flow information:				
Interest paid	290	241	62	40
Income taxes paid	1,627	1,382	463	430

Due to rounding, numbers presented may not add to the totals provided.

See Notes to the Consolidated Financial Information

ABB Ltd Consolidated Statements of Changes in Stockholders' Equity (unaudited)

(\$ 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 of \$2				(271)		(271)	(25)	(296)
Effect of change in fair value of available-for-sale securities, net of tax of \$1				5		5		5
Unrecognized income (expense) related to pensions and other postretirement plans, net of tax of \$24				(16)		(16)		(16)
Change in derivative instruments and hedges, net of tax of \$(2)				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
Balance at January 1, 2025	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 of \$(5)				72		72	13	85
Effect of change in fair value of available-for-sale securities, net of tax of \$0				3		3		3
Unrecognized income (expense) related to pensions and other postretirement plans, net of tax of \$6				18		18		18
Change in derivative instruments and hedges, net of tax of \$0				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 Notes to the Consolidated Financial Information

Notes to the Consolidated Financial Information (unaudited)

Note 1

The Company and basis of presentation

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.

The Company's Consolidated Financial Information is prepared in accordance with United States of America generally accepted accounting principles (U.S. GAAP) for interim financial reporting. As such, the Consolidated Financial Information does not include all the information and notes required under U.S. GAAP for annual consolidated financial statements. Therefore, such financial information should be read in conjunction with the audited consolidated financial statements in the Company's Financial Report for the year ended December 31, 2024.

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

- estimates to determine valuation allowances for deferred tax assets and amounts recorded for unrecognized tax benefits,
- assumptions used in the determination of corporate costs directly attributable to discontinued operations,
- 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.

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.

Basis of presentation

In the opinion of management, the unaudited Consolidated Financial Information contains all necessary adjustments to present fairly the financial position, results of operations and cash flows for the reported periods. Management considers all such adjustments to be of a normal recurring nature. The Consolidated Financial Information is presented in United States dollars (\$) unless otherwise stated. Due to rounding, numbers presented in the Consolidated Financial Information may not add to the totals provided.

Certain amounts reported in the Consolidated Financial Information for prior periods have been reclassified to conform to the current year's presentation, as mentioned below in this Note.

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 operations and financial results of the Company, the results of operations for this business have been presented as discontinued operations for all periods 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 impact of the change in accounting policy within the Consolidated Income Statements for the year and three months ended December 31, 2024, and the Consolidated Balance Sheet at December 31, 2024:

(\$ in millions)	Year ended December 31, 2024	Three months ended December 31, 2024
Consolidated Income Statement:		
Cost of sales of products	(385)	(96)
Cost of services and other	(86)	(22)
Selling, general and administrative expenses	537	134
Non-order related research and development expenses	(66)	(16)

(\$ 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 Assets held for sale and in discontinued operations, current (\$35 million) and non-current (\$11 million). See Note 11 - Commitments and contingencies 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 17 - Operating segment data for details.

Note 2

Recent accounting pronouncements

Applicable for current periods

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 update will be applied retrospectively for all periods presented in the Company's 2025 annual consolidated financial statements. Apart from the additional disclosure requirements, this update does 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 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 17). 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)	Year ended		Three months ended	
	Dec. 31, 2025	Dec. 31, 2024	Dec. 31, 2025	Dec. 31, 2024
Total revenues	2,331	2,267	581	594
Total cost of sales	(1,527)	(1,497)	(369)	(405)
Gross profit	804	770	212	189
Expenses	(510)	(439)	(175)	(118)
Income from operations	294	331	37	71
Net interest and other finance expense	(36)	(25)	(13)	(4)
Non-operational pension (cost) credit	(1)	(2)	(1)	(1)
Income from discontinued operations before taxes	257	304	23	66
Income tax expense	(83)	(78)	(17)	(19)
Income from discontinued operations, net of tax	174	226	6	47

Of the total Income from discontinued operations before taxes in the table above, \$173 million and \$226 million in the year ended December 31, 2025 and 2024, respectively, and \$6 million and \$47 million in the three months ended December 31, 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 allocated to the Robotics division. As a result, in the year ended December 31, 2025 and 2024, \$123 million and \$123 million, respectively, and for the three months ended December 31, 2025 and 2024, \$30 million and \$31 million, 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 the year ended December 31, 2025 and 2024, includes \$29 million and \$30 million, respectively, and in the three months ended December 31, 2025 and 2024, includes \$7 million and \$6 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:

(\$ in millions)	Dec. 31, 2025 ⁽¹⁾	Dec. 31, 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 Power Grids activities 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 and divestments

Acquisition of controlling interests

Acquisitions of controlling interests were as follows:

(\$ in millions, except number of acquired businesses) ⁽¹⁾	Year ended December 31,		Three months ended December 31,	
	2025	2024	2025	2024
Purchase price for acquisitions (net of cash acquired) ⁽²⁾	723	581	170	317
Aggregate excess of purchase price over fair value of net assets acquired ⁽³⁾	569	428	116	208
Number of acquired businesses	6	7	2	3

(1) Amounts include adjustments arising during the measurement period of acquisitions.

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

(3) Recorded as goodwill.

In the table above, the "Purchase price for acquisitions" and "Aggregate excess of purchase price over fair value of net assets acquired" in the year ended December 31, 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 the year ended December 31, 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 assets and liabilities becomes available.

The aggregate allocation of the purchase consideration for business acquisitions in the year ended December 31, 2025, 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	

Business divestments

In November 2024, the Company together with the Niedax Group formed Abnex Inc. (Abnex), a new joint venture company where each party has joint control. 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 recorded as a sale of its North American cable tray business, for which the Company recorded a gain of \$72 million, in Other income (expense), net, 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 results of operations of the North American cable tray business are included in the continuing operations of the Electrification operating segment for all periods presented through to the date of transfer.

In September 2024, the Company and the noncontrolling shareholders of InCharge Energy Inc. (In-Charge), a subsidiary entirely within its E-mobility Division, 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), net, 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.

Investments in equity-accounted companies

In connection with the establishment of the Joint Venture with the Niedax Group in November 2024, the Company obtained a 50 percent interest in Abnex, the resulting new joint venture entity. For accounting purposes, the acquisition of the 50 percent interest had a fair value at the transaction date of \$124 million. The fair value 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. As Abnex is jointly owned and controlled by ABB and the Niedax Group, the investment is accounted for using the equity method.

In November 2024, the reduction in the Company's share ownership and simultaneous loss of control of In-Charge resulted in, for accounting purposes, a separate acquisition of a 46 percent interest in this company. The fair value of this investment at the transaction date amounted to \$69 million and is accounted for using the equity method.

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	Cash and equivalents	Marketable securities and short-term investments
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

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.

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	December 31, 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	December 31, 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. For the year and three months ended December 31, 2025 and 2024, there were no significant amounts recorded for cash flow hedge accounting activities.

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)		Year ended December 31,		Three months ended December 31,	
		2025	2024	2025	2024
Gains (losses) recognized in Interest and other finance expense:					
Interest rate contracts	Designated as fair value hedges	(10)	28	(5)	–
	Hedged item	10	(29)	5	–
Cross-currency interest rate swaps	Designated as fair value hedges	5	33	2	13
	Hedged item	(2)	(30)	(1)	(12)

Derivatives not designated in hedge relationships

Derivative instruments that are not designated as hedges or do not qualify as either cash flow 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:

Type of derivative not designated as a hedge (\$ in millions)		Gains (losses) recognized in income			
		Year ended December 31,		Three months ended December 31,	
	Location	2025	2024	2025	2024
Foreign exchange contracts	Total revenues	165	(242)	26	(132)
	Total cost of sales	(31)	75	(6)	40
	SG&A expenses ⁽¹⁾	(38)	35	3	11
	Non-order related research and development	–	–	–	–
	Interest and other finance expense	(178)	282	13	192
Embedded foreign exchange contracts	Total revenues	(2)	26	(8)	32
	Total cost of sales	6	(6)	–	(6)
Commodity contracts	Total cost of sales	176	14	107	(35)
Other	Interest and other finance expense	1	(1)	–	–
Total		99	183	135	102

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

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

December 31, 2025				
(\$ in millions)	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"
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

(\$ in millions)	December 31, 2024			
	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”
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:

(\$ in millions)	December 31, 2025				
	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

(\$ in millions)	December 31, 2025				
	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

(\$ in millions)	December 31, 2024				
	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

(\$ in millions)	December 31, 2024				
	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

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 models) 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).

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.

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)	Level 1	Level 2	Level 3	Total 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

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 the year and three months ended December 31, 2025, there were no significant non-recurring fair value measurements. In the year and three months ended December 31, 2024, the Company recognized \$88 million and \$73 million, respectively, in fair value adjustments of equity investments. This primarily related to an impairment recorded in the three months ended December 31, 2024, of the Company’s investment in Northvolt AB. In the year ended December 31, 2024, the Company also recognized \$113 million of fair value adjustments on assets and liabilities held for sale, primarily related to the fair value adjustment of In-Charge for \$88 million (see Note 4). There were no other significant non-recurring fair value measurements during the year and three months ended December 31, 2024.

Disclosure about financial instruments carried on a cost basis

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

(\$ in millions)	December 31, 2025				
	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

(\$ in millions)	December 31, 2024				
	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) and 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

Contract assets and liabilities

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

(\$ in millions)	December 31, 2025	December 31, 2024	December 31, 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)	Year ended December 31,			
	2025		2024	
	Contract assets	Contract liabilities	Contract assets	Contract liabilities
Revenue recognized, which was included in the Contract liabilities balance at Jan 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 Jan 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

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. At December 31, 2025 and 2024, the total obligation outstanding under supplier finance programs amounted to \$482 million and \$403 million, respectively.

Note 10

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

The Company's Short-term debt and current maturities of long-term debt consisted of the following:

(\$ in millions)	December 31, 2025	December 31, 2024
Short-term debt	26	83
Current maturities of long-term debt	449	209
Total	475	292

Short-term debt primarily represented short-term bank borrowings from various banks.

In October 2025, the Company repaid at maturity its CHF 150 million 2.1% CHF Bonds, equivalent to \$188 million on date of repayment.

Long-term debt

The Company's Long-term debt at December 31, 2025 and 2024, amounted to \$7,829 million and \$6,648 million, respectively.

Significant long-term borrowings (including maturities within the next 12 months) were as follows:

(in millions)	December 31, 2025		December 31, 2024	
	Nominal outstanding	Carrying value ⁽¹⁾	Nominal outstanding	Carrying value ⁽¹⁾
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 ⁽²⁾	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 ⁽²⁾	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.

(2) Prior to completing a cash tender offer in November 2020, the original principal amount outstanding, on each of the 3.8% USD Notes, due 2028, and the 4.375% USD Notes, due 2042, was USD 750 million.

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. The aggregate net proceeds of these CHF Bonds, after fees, amounted to CHF 598 million (equivalent to approximately \$731 million on date of issuance).

Note 11

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.

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 the 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.

Maximum potential payments (\$ in millions)	December 31, 2025	December 31, 2024
Performance guarantees	1,926	2,299
Financial guarantees	18	22
Total⁽¹⁾	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 amounts to \$681 million and \$747 million, respectively, and these guarantees have various original maturities up 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, is 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 the year and three months ended December 31, 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 and divestments	–	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" — current liabilities	683	651
"Other non-current liabilities" — non-current liabilities	703	551
Provisions for warranties - Total	1,386	1,202

Note 12

Income taxes

In calculating income tax expense, the Company uses an estimate of the annual effective tax rate based upon the facts and circumstances known at each interim period. On a quarterly basis, the actual effective tax rate is adjusted, as appropriate, based upon changed facts and circumstances, if any, as compared to those forecasted at the beginning of the year and each interim period thereafter.

The effective tax rate of 25.2 percent in the year ended December 31, 2025, was higher than the effective tax rate of 24.3 percent in the year ended December 31, 2024, primarily due to a net benefit of \$72 million from a partial reversal of an uncertain tax position related to the reassessment of certain tax risks in the year ended December 31, 2024. This resulted in an increase of \$0.04 in earnings per share (basic and diluted) for the year ended December 31, 2024.

Note 13

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 the local government and tax requirements.

In August 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. As part of the buy-in agreements, 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. 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.

The following tables include amounts relating to defined benefit pension plans for both continuing and discontinued operations.

Net periodic benefit cost of the Company's defined benefit pension plans consists of the following:

Year ended December 31,	Defined pension benefits			
	Switzerland		International	
	2025	2024	2025	2024
(\$ in millions)				
Operational pension cost:				
Service cost	56	46	26	28
Operational pension cost	56	46	26	28
Non-operational pension cost (credit):				
Interest cost	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

Three months ended December 31,	Defined pension benefits			
	Switzerland		International	
	2025	2024	2025	2024
(\$ in millions)				
Operational pension cost:				
Service cost	14	11	8	8
Operational pension cost	14	11	8	8
Non-operational pension cost (credit):				
Interest cost	6	8	39	37
Expected return on plan assets	(29)	(28)	(41)	(42)
Amortization of prior service cost (credit)	–	(3)	–	(1)
Amortization of net actuarial loss	–	–	12	12
Curtailments, settlements and special termination benefits	3	2	(2)	(1)
Non-operational pension cost (credit)	(20)	(21)	8	5
Net periodic benefit cost (credit)	(6)	(10)	16	13

The components of net periodic benefit cost other than the service cost component are included in the line Non-operational pension cost (credit) in the Consolidated Income Statements. Net periodic benefit cost (credit) related to discontinued operations for the year and three months ended December 31, 2025 and 2024, is not significant.

Employer contributions were as follows:

Year ended December 31,	Defined pension benefits			
	Switzerland		International	
	2025	2024	2025	2024
(\$ in millions)				
Total contributions to defined benefit pension plans	63	45	37	77
Three months ended December 31,	2025	2024	2025	2024
Total contributions to defined benefit pension plans	13	1	12	47

The Company expects to make contributions totaling approximately \$100 million to its defined benefit pension plans for the full year 2026.

Note 14

Stockholders' equity

At the Annual General Meeting of Shareholders on March 27, 2025, shareholders approved the proposal of the Board of Directors to distribute 0.90 Swiss francs per share to shareholders. The declared dividend amounted to \$1,867 million, and was paid in the second quarter of 2025.

In February 2025, the Company announced the completion of its \$1 billion share buyback program that was launched in April 2024. This program was executed on a second trading line on the SIX Swiss Exchange. In February 2025, the Company launched a new share buyback program of up to \$1.5 billion, as announced in late January 2025, also executed on a second trading line on the SIX Swiss Exchange. Under these buyback programs, the Company purchased approximately 22 million shares in the year ended December 31, 2025, resulting in an increase in Treasury stock of \$1,314 million.

In the second quarter of 2025, the Company cancelled approximately 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 Capital stock, Additional paid-in capital and Retained earnings.

Note 15

Earnings per share

Basic earnings per share is calculated by dividing income by the weighted-average number of shares outstanding during the period. Diluted earnings per share is calculated by dividing income by the weighted-average number of shares outstanding during the period, 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.

Basic earnings per share

(\$ in millions, except per share data in \$)	Year ended December 31,		Three months ended December 31,	
	2025	2024	2025	2024
Amounts attributable to ABB shareholders:				
Income from continuing operations, net of tax	4,561	3,709	1,267	940
Income from discontinued operations, net of tax	173	226	6	47
Net income	4,734	3,935	1,273	987
Weighted-average number of shares outstanding (in millions)	1,827	1,844	1,820	1,841
Basic earnings per share attributable to ABB shareholders:				
Income from continuing operations, net of tax	2.50	2.01	0.70	0.51
Income from discontinued operations, net of tax	0.09	0.12	–	0.03
Net income	2.59	2.13	0.70	0.54

Diluted earnings per share

(\$ in millions, except per share data in \$)	Year ended December 31,		Three months ended December 31,	
	2025	2024	2025	2024
Amounts attributable to ABB shareholders:				
Income from continuing operations, net of tax	4,561	3,709	1,267	940
Income from discontinued operations, net of tax	173	226	6	47
Net income	4,734	3,935	1,273	987
Weighted-average number of shares outstanding (in millions)	1,827	1,844	1,820	1,841
Effect of dilutive securities:				
Call options and shares	4	7	3	5
Adjusted weighted-average number of shares outstanding (in millions)	1,831	1,851	1,823	1,846
Diluted earnings per share attributable to ABB shareholders:				
Income from continuing operations, net of tax	2.49	2.00	0.70	0.51
Income from discontinued operations, net of tax	0.09	0.12	–	0.03
Net income	2.59	2.13	0.70	0.53

Note 16

Reclassifications out of accumulated other comprehensive loss

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

(\$ in millions)	Foreign currency translation adjustments	Unrealized gains (losses) on available-for-sale securities	Pension and other postretirement plan adjustments	Derivative instruments and hedges	Total OCI
Balance at January 1, 2024	(3,977)	(8)	(1,075)	(10)	(5,070)
Other comprehensive (loss) income:					
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:					
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 amounts reclassified out of OCI for the year and three months ended December 31, 2025 and 2024, were not significant.

Note 17

Operating segment 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 1).

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 the year and three months ended December 31, 2024, and at December 31, 2024, has been recast to reflect this change.

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: IEC LV Motors, NEMA Motors, Drive Products, High Power, Service, and Traction.
- **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 the year and three months ended December 31, 2025 and 2024.

	Year ended December 31, 2025				
(\$ in millions)	Electrification	Motion	Automation	Corporate and Other	Total
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		
	Year ended December 31, 2024				
(\$ in millions)	Electrification	Motion	Automation	Corporate and Other	Total
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		

Three months ended December 31, 2025					
(\$ in millions)	Electrification	Motion	Automation	Corporate and Other	Total
Geographical markets					
Europe	1,389	782	937	67	3,175
The Americas	2,001	665	547	34	3,247
of which: United States	1,610	534	350	17	2,511
Asia, Middle East and Africa	1,220	646	740	24	2,630
of which: China	449	288	213	5	955
	4,610	2,093	2,224	125	9,052
Product type					
Products	4,238	1,761	1,391	94	7,484
Services and other	372	332	833	31	1,568
	4,610	2,093	2,224	125	9,052
Third-party revenues	4,610	2,093	2,224	125	9,052
Intersegment revenues	92	167	19	(278)	–
Total revenues	4,702	2,260	2,243	(153)	9,052
Operational cost of sales	(2,797)	(1,433)	(1,387)		
Operational selling, general and administrative expenses	(740)	(324)	(414)		
Operational non-order related research and development expenses	(143)	(89)	(113)		
Other segment items	40	(2)	(18)		
Operational EBITA	1,062	412	311		

Three months ended December 31, 2024					
(\$ in millions)	Electrification	Motion	Automation	Corporate and Other	Total
Geographical markets					
Europe	1,175	620	767	62	2,624
The Americas	1,691	670	505	68	2,934
of which: United States	1,325	542	315	40	2,222
Asia, Middle East and Africa	1,117	604	681	36	2,438
of which: China	440	271	202	8	921
	3,983	1,894	1,953	166	7,996
Product type					
Products	3,685	1,605	1,188	156	6,634
Services and other	298	289	765	10	1,362
	3,983	1,894	1,953	166	7,996
Third-party revenues	3,983	1,894	1,953	166	7,996
Intersegment revenues	63	144	14	(221)	–
Total revenues	4,046	2,038	1,967	(55)	7,996
Operational cost of sales	(2,444)	(1,302)	(1,237)		
Operational selling, general and administrative expenses	(631)	(288)	(372)		
Operational non-order related research and development expenses	(124)	(84)	(115)		
Other segment items	16	19	1		
Operational EBITA	863	383	244		

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 the year and three months ended December 31, 2025 and 2024, and Total assets at December 31, 2025 and 2024:

(\$ in millions)	Year ended December 31,		Three months ended December 31,	
	2025	2024	2025	2024
Operational EBITA:				
Electrification	4,081	3,520	1,062	863
Motion	1,600	1,518	412	383
Automation	1,132	1,080	311	244
Corporate and Other				
– E-mobility	(148)	(273)	(33)	(72)
– Stranded corporate costs	(123)	(123)	(30)	(31)
– Corporate costs, Intersegment elimination and other	(228)	(150)	(134)	(57)
Total	6,314	5,572	1,588	1,330
Acquisition-related amortization	(185)	(194)	(46)	(43)
Restructuring, related and implementation costs ⁽¹⁾	(92)	(160)	(53)	(75)
Changes in obligations related to divested businesses	3	10	–	(1)
Gains and losses from sale of businesses	(3)	57	(3)	70
Fair value adjustment on assets and liabilities held for sale	–	(113)	–	19
Acquisition- and divestment-related expenses and integration costs	(55)	(57)	(18)	(15)
Foreign exchange/commodity timing differences in income from operations:				
Unrealized gains and losses on derivatives (foreign exchange, commodities, embedded derivatives)	210	(109)	104	(73)
Realized gains and losses on derivatives where the underlying hedged transaction has not yet been realized	3	3	6	(4)
Unrealized foreign exchange movements on receivables/payables (and related assets/liabilities)	(16)	39	1	31
Certain other non-operational items:				
Other income/expense relating to the Power Grids joint venture	6	16	–	2
Regulatory, compliance and legal costs	29	2	30	1
Business transformation costs ⁽²⁾	(166)	(204)	(33)	(56)
Certain other fair value changes, including asset impairments	5	(107)	(67)	(76)
Other non-operational items	(6)	(20)	(4)	(16)
Income from operations	6,047	4,735	1,505	1,094
Interest and dividend income	203	206	61	60
Interest and other finance expense	(86)	(74)	(13)	(4)
Non-operational pension (cost) credit	55	56	13	15
Income from continuing operations before taxes	6,219	4,923	1,566	1,165

(1) Includes impairment of certain assets.

(2) Amount includes ABB Way process transformation costs of \$144 million and \$199 million for the year ended December 31, 2025 and 2024, respectively, and \$23 million and \$54 million for the three months ended December 31, 2025 and 2024, respectively.

Depreciation and amortization

(\$ in millions)	Year ended December 31,		Three months ended December 31,	
	2025	2024	2025	2024
Electrification	445	395	116	109
Motion	176	161	46	42
Automation	119	131	33	29
Corporate and Other	73	74	26	14
Consolidated	813	761	221	194

Capital expenditures

(\$ in millions)	Year ended December 31,		Three months ended December 31,	
	2025	2024	2025	2024
Electrification	636	473	308	194
Motion	203	191	63	51
Automation	80	81	26	18
Corporate and Other	82	54	12	8
Consolidated⁽¹⁾	1,001	799	409	271

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

(\$ in millions)	Total assets ⁽¹⁾	
	December 31, 2025	December 31, 2024
Electrification	15,088	13,089
Motion	7,648	6,870
Automation	7,070	6,647
Corporate and Other ⁽²⁾	15,079	13,682
Consolidated	44,885	40,288

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

Note 18

Subsequent events

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. The Company has evaluated this subsequent event and determined that it does not require adjustment to the financial statements for the year and three months ended December 31, 2025.

Supplemental Reconciliations and Definitions

The following reconciliations and definitions include alternative performance measures which ABB uses to supplement its Consolidated Financial Information (unaudited) which is prepared in accordance with United States generally accepted accounting principles (U.S. GAAP). Certain of these financial measures are not defined under U.S. GAAP.

While ABB's management believes that the measures herein are useful in evaluating ABB's operating results, this information should be considered as supplemental in nature and not as a substitute for the related financial information prepared in accordance with U.S. GAAP. Therefore these measures should not be viewed in isolation but considered together with the Consolidated Financial Information (unaudited) prepared in accordance with U.S. GAAP as of and for the year and three months ended December 31, 2025.

Comparable growth rates

Growth rates for certain key figures may be presented and discussed on a "comparable" basis. The comparable growth rate measures growth on a constant currency basis. Since we are a global company, the comparability of our operating results reported in U.S. dollars is affected by foreign currency exchange rate fluctuations. We calculate the impacts from foreign currency fluctuations by translating the current-year periods' reported key figures into U.S. dollar amounts using the exchange rates in effect for the comparable periods in the previous year.

Comparable growth rates are also adjusted for changes in our business portfolio. Adjustments to our business portfolio occur due to acquisitions, divestments, or by exiting specific business activities or customer markets. The adjustment for portfolio changes is calculated as follows: where the results of any business acquired or divested have not been consolidated and reported for the entire duration of both the current and comparable periods, the reported key figures of such business are adjusted to exclude the relevant key figures of any corresponding quarters which are not comparable when computing the comparable growth rate. Certain portfolio changes which do not qualify as divestments under U.S. GAAP have been treated in a similar manner to divestments. Changes in our portfolio where we have exited certain business activities or customer markets are adjusted as if the relevant business was divested in the period when the decision to cease business activities was taken. We do not adjust for portfolio changes where the relevant business has annualized revenues of less than \$50 million.

The following tables provide reconciliations of reported growth rates of certain key figures to their respective comparable growth rate.

Comparable growth rate reconciliation by Business Area

Business Area	Q4 2025 compared to Q4 2024							
	Order growth rate				Revenue growth rate			
	US\$ (as reported)	Foreign exchange impact	Portfolio changes	Comparable	US\$ (as reported)	Foreign exchange impact	Portfolio changes	Comparable
Electrification	36%	-4%	1%	33%	16%	-3%	-1%	12%
Motion	17%	-4%	0%	13%	11%	-4%	-1%	6%
Automation	49%	-8%	0%	41%	14%	-5%	0%	9%
ABB Group	36%	-5%	1%	32%	13%	-4%	0%	9%

Business Area	FY 2025 compared to FY 2024							
	Order growth rate				Revenue growth rate			
	US\$ (as reported)	Foreign exchange impact	Portfolio changes	Comparable	US\$ (as reported)	Foreign exchange impact	Portfolio changes	Comparable
Electrification	14%	-1%	0%	13%	12%	-1%	0%	11%
Motion	8%	-2%	0%	6%	6%	-2%	0%	4%
Automation	33%	-3%	0%	30%	5%	-2%	0%	3%
ABB Group	17%	-2%	0%	15%	9%	-2%	0%	7%

Regional comparable growth rate reconciliation

Regional comparable growth rate reconciliation for ABB Group - Quarter

Region	Q4 2025 compared to Q4 2024							
	Order growth rate				Revenue growth rate			
	US\$ (as reported)	Foreign exchange impact	Portfolio changes	Comparable	US\$ (as reported)	Foreign exchange impact	Portfolio changes	Comparable
Europe	36%	-11%	0%	25%	21%	-10%	0%	11%
The Americas	44%	-2%	1%	43%	11%	-2%	1%	10%
of which: United States	57%	0%	0%	57%	13%	0%	0%	13%
Asia, Middle East and Africa	24%	-1%	0%	23%	8%	-1%	0%	7%
of which: China	28%	-2%	-1%	25%	4%	-2%	-2%	0%
ABB Group	36%	-5%	1%	32%	13%	-4%	0%	9%

Regional comparable growth rate reconciliation by Business Area - Quarter

Region	Q4 2025 compared to Q4 2024							
	Order growth rate				Revenue growth rate			
	US\$ (as reported)	Foreign exchange impact	Portfolio changes	Comparable	US\$ (as reported)	Foreign exchange impact	Portfolio changes	Comparable
Europe	17%	-10%	0%	7%	19%	-10%	0%	9%
The Americas	55%	0%	0%	55%	19%	-1%	0%	18%
of which: United States	68%	0%	0%	68%	22%	0%	0%	22%
Asia, Middle East and Africa	22%	-2%	-1%	19%	10%	-1%	-2%	7%
of which: China	-5%	-2%	-3%	-10%	2%	-2%	-3%	-3%
Electrification	36%	-4%	1%	33%	16%	-3%	-1%	12%

Region	Q4 2025 compared to Q4 2024							
	Order growth rate				Revenue growth rate			
	US\$ (as reported)	Foreign exchange impact	Portfolio changes	Comparable	US\$ (as reported)	Foreign exchange impact	Portfolio changes	Comparable
Europe	16%	-9%	-1%	6%	23%	-10%	-1%	12%
The Americas	26%	-1%	0%	25%	0%	-2%	0%	-2%
of which: United States	30%	-1%	0%	29%	-1%	-1%	0%	-2%
Asia, Middle East and Africa	9%	0%	0%	9%	10%	-1%	-1%	8%
of which: China	16%	-2%	0%	14%	10%	-3%	0%	7%
Motion	17%	-4%	0%	13%	11%	-4%	-1%	6%

Region	Q4 2025 compared to Q4 2024							
	Order growth rate				Revenue growth rate			
	US\$ (as reported)	Foreign exchange impact	Portfolio changes	Comparable	US\$ (as reported)	Foreign exchange impact	Portfolio changes	Comparable
Europe	73%	-15%	0%	58%	22%	-10%	0%	12%
The Americas	15%	-2%	0%	13%	8%	-2%	0%	6%
of which: United States	32%	-2%	0%	30%	12%	-1%	0%	11%
Asia, Middle East and Africa	43%	-2%	0%	41%	9%	-2%	0%	7%
of which: China	188%	-7%	0%	181%	5%	-2%	0%	3%
Automation	49%	-8%	0%	41%	14%	-5%	0%	9%

Regional comparable growth rate reconciliation for ABB Group – Year to date

Region	FY 2025 compared to FY 2024							
	Order growth rate				Revenue growth rate			
	US\$ (as reported)	Foreign exchange impact	Portfolio changes	Comparable	US\$ (as reported)	Foreign exchange impact	Portfolio changes	Comparable
Europe	16%	-5%	0%	11%	13%	-6%	0%	7%
The Americas	26%	0%	0%	26%	9%	1%	0%	10%
of which: United States	34%	-1%	1%	34%	12%	0%	0%	12%
Asia, Middle East and Africa	7%	0%	0%	7%	3%	1%	-1%	3%
of which: China	9%	0%	-1%	8%	-1%	-1%	-2%	-4%
ABB Group	17%	-2%	0%	15%	9%	-2%	0%	7%

Regional comparable growth rate reconciliation by Business Area – Year to date

Region	FY 2025 compared to FY 2024							
	Order growth rate				Revenue growth rate			
	US\$ (as reported)	Foreign exchange impact	Portfolio changes	Comparable	US\$ (as reported)	Foreign exchange impact	Portfolio changes	Comparable
Europe	10%	-5%	0%	5%	13%	-5%	0%	8%
The Americas	22%	0%	1%	23%	15%	1%	0%	16%
of which: United States	29%	0%	-1%	28%	19%	0%	-1%	18%
Asia, Middle East and Africa	7%	0%	-1%	6%	7%	0%	-2%	5%
of which: China	-1%	0%	-3%	-4%	1%	0%	-4%	-3%
Electrification	14%	-1%	0%	13%	12%	-1%	0%	11%

Region	FY 2025 compared to FY 2024							
	Order growth rate				Revenue growth rate			
	US\$ (as reported)	Foreign exchange impact	Portfolio changes	Comparable	US\$ (as reported)	Foreign exchange impact	Portfolio changes	Comparable
Europe	7%	-5%	0%	2%	14%	-5%	-1%	8%
The Americas	20%	0%	0%	20%	2%	0%	0%	2%
of which: United States	27%	-1%	0%	26%	3%	0%	0%	3%
Asia, Middle East and Africa	-2%	0%	0%	-2%	2%	0%	0%	2%
of which: China	8%	0%	0%	8%	1%	-1%	0%	0%
Motion	8%	-2%	0%	6%	6%	-2%	0%	4%

Region	FY 2025 compared to FY 2024							
	Order growth rate				Revenue growth rate			
	US\$ (as reported)	Foreign exchange impact	Portfolio changes	Comparable	US\$ (as reported)	Foreign exchange impact	Portfolio changes	Comparable
Europe	33%	-5%	0%	28%	11%	-5%	0%	6%
The Americas	46%	-1%	0%	45%	3%	0%	0%	3%
of which: United States	73%	-4%	0%	69%	6%	0%	0%	6%
Asia, Middle East and Africa	21%	-1%	0%	20%	0%	-1%	0%	-1%
of which: China	40%	-1%	0%	39%	-8%	-1%	0%	-9%
Automation	33%	-3%	0%	30%	5%	-2%	0%	3%

Order backlog growth rate reconciliation

December 31, 2025 compared to December 31, 2024				
Business Area	US\$ (as reported)	Foreign exchange impact	Portfolio changes	Comparable
Electrification	26%	-5%	0%	21%
Motion	20%	-10%	-2%	8%
Automation	33%	-10%	0%	23%
ABB Group	27%	-8%	-1%	18%

Other growth rate reconciliations

Q4 2025 compared to Q4 2024								
Business Area	Service orders growth rate				Services revenues growth rate			
	US\$ (as reported)	Foreign exchange impact	Portfolio changes	Comparable	US\$ (as reported)	Foreign exchange impact	Portfolio changes	Comparable
Electrification	23%	-4%	0%	19%	25%	-5%	0%	20%
Motion	22%	-6%	0%	16%	15%	-5%	0%	10%
Automation	22%	-6%	0%	16%	9%	-5%	0%	4%
ABB Group	24%	-6%	0%	18%	15%	-5%	0%	10%

FY 2025 compared to FY 2024								
Business Area	Service orders growth rate				Services revenues growth rate			
	US\$ (as reported)	Foreign exchange impact	Portfolio changes	Comparable	US\$ (as reported)	Foreign exchange impact	Portfolio changes	Comparable
Electrification	21%	-2%	-3%	16%	18%	-2%	-4%	12%
Motion	11%	-1%	0%	10%	3%	-2%	0%	1%
Automation	31%	-3%	0%	28%	8%	-2%	0%	6%
ABB Group	25%	-2%	-1%	22%	10%	-2%	-1%	7%

Operational EBITA as % of operational revenues (Operational EBITA margin)

Definition

Operational EBITA margin

Operational EBITA margin is Operational EBITA as a percentage of operational revenues.

Operational EBITA

Operational earnings before interest, taxes and acquisition-related amortization (Operational EBITA) represents Income from operations excluding:

- acquisition-related amortization (as defined below),
- 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.

Operational EBITA is our measure of segment profit but is also used by management to evaluate the profitability of the Company as a whole.

Acquisition-related amortization

Amortization expense on intangibles arising upon acquisitions.

Restructuring, related and implementation costs

Restructuring, related and implementation costs consists of restructuring and other related expenses, as well as internal and external costs relating to the implementation of group-wide restructuring programs.

Operational revenues

The Company presents operational revenues solely for the purpose of allowing the computation of Operational EBITA margin. Operational revenues are Total revenues adjusted for foreign exchange/commodity timing differences in total revenues of: (i) unrealized gains and losses on 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 (and related assets). Operational revenues are not intended to be an alternative measure to Total revenues, which represent our revenues measured in accordance with U.S. GAAP.

Reconciliation

The following tables provide reconciliations of consolidated Operational EBITA to Net Income and Operational EBITA margin by business.

Reconciliation of consolidated Operational EBITA to Net Income

(\$ in millions)	Year ended December 31,		Three months ended December 31,	
	2025	2024	2025	2024
Operational EBITA	6,314	5,572	1,588	1,330
Acquisition-related amortization	(185)	(194)	(46)	(43)
Restructuring, related and implementation costs ⁽¹⁾	(92)	(160)	(53)	(75)
Changes in obligations related to divested businesses	3	10	–	(1)
Gains and losses from sale of businesses	(3)	57	(3)	70
Fair value adjustment on assets and liabilities held for sale	–	(113)	–	19
Acquisition- and divestment-related expenses and integration costs	(55)	(57)	(18)	(15)
Certain other non-operational items	(132)	(313)	(74)	(145)
Foreign exchange/commodity timing differences in income from operations	197	(67)	111	(46)
Income from operations	6,047	4,735	1,505	1,094
Interest and dividend income	203	206	61	60
Interest and other finance expense	(86)	(74)	(13)	(4)
Non-operational pension (cost) credit	55	56	13	15
Income from continuing operations before taxes	6,219	4,923	1,566	1,165
Income tax expense	(1,570)	(1,197)	(292)	(217)
Income from continuing operations, net of tax	4,649	3,726	1,274	948
Income from discontinued operations, net of tax	174	226	6	47
Net income	4,823	3,952	1,280	995

(1) Includes impairment of certain assets.

Reconciliation of Operational EBITA margin by business

(\$ in millions, unless otherwise indicated)	Three months ended December 31, 2025				
	Electrification	Motion	Automation	Corporate and Other and Intersegment elimination	Consolidated
Total revenues	4,702	2,260	2,243	(153)	9,052
Foreign exchange/commodity timing differences in total revenues:					
Unrealized gains and losses on derivatives	6	(6)	(13)	1	(12)
Realized gains and losses on derivatives where the underlying hedged transaction has not yet been realized	(1)	–	(4)	(2)	(7)
Unrealized foreign exchange movements on receivables (and related assets)	(4)	2	4	1	3
Operational revenues	4,703	2,256	2,230	(153)	9,036
Income (loss) from operations	1,074	408	278	(255)	1,505
Acquisition-related amortization	26	11	10	(1)	46
Restructuring, related and implementation costs ⁽¹⁾	10	9	16	18	53
Gains and losses from sale of businesses	–	–	–	3	3
Acquisition- and divestment-related expenses and integration costs	11	5	4	(2)	18
Certain other non-operational items	5	3	5	61	74
Foreign exchange/commodity timing differences in income from operations:					
Unrealized gains and losses on derivatives (foreign exchange, commodities, embedded derivatives)	(63)	(23)	2	(20)	(104)
Realized gains and losses on derivatives where the underlying hedged transaction has not yet been realized	(1)	–	(7)	2	(6)
Unrealized foreign exchange movements on receivables/payables (and related assets/liabilities)	–	(1)	3	(3)	(1)
Operational EBITA	1,062	412	311	(197)	1,588
Operational EBITA margin (%)	22.6%	18.3%	13.9%	n.a.	17.6%

(1) Includes impairment of certain assets.

In the three months ended December 31, 2025, Certain other non-operational items in the table above includes the following:

(\$ in millions, unless otherwise indicated)	Three months ended December 31, 2025				
	Electrification	Motion	Automation	Corporate and Other	Consolidated
Certain other non-operational items:					
Regulatory, compliance and legal costs	–	–	–	(30)	(30)
Business transformation costs ⁽¹⁾	–	2	–	31	33
Certain other fair values changes, including asset impairments	4	2	6	55	67
Other non-operational items	1	(1)	(1)	5	4
Total	5	3	5	61	74

(1) Amounts include ABB Way process transformation costs of \$23 million for the three months ended December 31, 2025.

	Three months ended December 31, 2024				
				Corporate and Other and Intersegment elimination	Consolidated
(\$ in millions, unless otherwise indicated)	Electrification	Motion	Automation		
Total revenues	4,046	2,038	1,967	(55)	7,996
Foreign exchange/commodity timing differences in total revenues:					
Unrealized gains and losses on derivatives	23	18	15	(1)	55
Realized gains and losses on derivatives where the underlying hedged transaction has not yet been realized	1	3	4	(1)	7
Unrealized foreign exchange movements on receivables (and related assets)	(18)	(10)	(17)	(4)	(49)
Operational revenues	4,052	2,049	1,969	(61)	8,009
Income (loss) from operations	863	333	193	(295)	1,094
Acquisition-related amortization	25	9	10	(1)	43
Restructuring, related and implementation costs ⁽¹⁾	7	15	36	17	75
Changes in obligations related to divested businesses	–	–	–	1	1
Gains and losses from sale of businesses	(71)	–	–	1	(70)
Fair value adjustment on assets and liabilities held for sale	–	–	–	(19)	(19)
Acquisition- and divestment-related expenses and integration costs	5	2	3	5	15
Certain other non-operational items	4	2	1	138	145
Foreign exchange/commodity timing differences in income from operations:					
Unrealized gains and losses on derivatives (foreign exchange, commodities, embedded derivatives)	44	26	9	(6)	73
Realized gains and losses on derivatives where the underlying hedged transaction has not yet been realized	–	1	1	2	4
Unrealized foreign exchange movements on receivables/payables (and related assets/liabilities)	(14)	(5)	(9)	(3)	(31)
Operational EBITA	863	383	244	(160)	1,330
Operational EBITA margin (%)	21.3%	18.7%	12.4%	n.a.	16.6%

(1) Includes impairment of certain assets.

In the three months ended December 31, 2024, Certain other non-operational items in the table above includes the following:

	Three months ended December 31, 2024				
				Corporate and Other	Consolidated
(\$ in millions, unless otherwise indicated)	Electrification	Motion	Automation		
Certain other non-operational items:					
Other income/expense relating to the Power Grids joint venture	–	–	–	(2)	(2)
Regulatory, compliance and legal costs	–	–	–	(1)	(1)
Business transformation costs ⁽¹⁾	2	–	–	54	56
Certain other fair values changes, including asset impairments	2	1	1	72	76
Other non-operational items	–	1	–	15	16
Total	4	2	1	138	145

(1) Amounts include ABB Way process transformation costs of \$54 million for the three months ended December 31, 2024.

	Year ended December 31, 2025				
				Corporate and Other and Intersegment elimination	Consolidated
(\$ in millions, unless otherwise indicated)	Electrification	Motion	Automation		
Total revenues	17,357	8,247	8,084	(468)	33,220
Foreign exchange/commodity timing differences in total revenues:					
Unrealized gains and losses on derivatives	(38)	(11)	(23)	1	(71)
Realized gains and losses on derivatives where the underlying hedged transaction has not yet been realized	(1)	–	(9)	(3)	(13)
Unrealized foreign exchange movements on receivables (and related assets)	24	5	8	–	37
Operational revenues	17,342	8,241	8,060	(470)	33,173
Income (loss) from operations	4,065	1,564	1,097	(679)	6,047
Acquisition-related amortization	108	37	38	2	185
Restructuring, related and implementation costs ⁽¹⁾	26	26	20	20	92
Changes in obligations related to divested businesses	–	–	–	(3)	(3)
Gains and losses from sale of businesses	(5)	–	–	8	3
Acquisition- and divestment-related expenses and integration costs	35	8	11	1	55
Certain other non-operational items	(23)	16	(17)	156	132
Foreign exchange/commodity timing differences in income from operations:					
Unrealized gains and losses on derivatives (foreign exchange, commodities, embedded derivatives)	(143)	(55)	(12)	–	(210)
Realized gains and losses on derivatives where the underlying hedged transaction has not yet been realized	2	1	(7)	1	(3)
Unrealized foreign exchange movements on receivables/payables (and related assets/liabilities)	16	3	2	(5)	16
Operational EBITA	4,081	1,600	1,132	(499)	6,314
Operational EBITA margin (%)	23.5%	19.4%	14.0%	n.a.	19.0%

(1) Includes impairment of certain assets.

In the year ended December 31, 2025, Certain other non-operational items in the table above includes the following:

	Year ended December 31, 2025				
				Corporate and Other	Consolidated
(\$ in millions, unless otherwise indicated)	Electrification	Motion	Automation		
Certain other non-operational items:					
Other income/expense relating to the Power Grids joint venture	–	–	–	(6)	(6)
Regulatory, compliance and legal costs	–	–	–	(29)	(29)
Business transformation costs ⁽¹⁾	1	9	–	156	166
Certain other fair values changes, including asset impairments	(19)	7	(17)	24	(5)
Other non-operational items	(5)	–	–	11	6
Total	(23)	16	(17)	156	132

(1) Amounts include ABB Way process transformation costs of \$144 million for the year ended December 31, 2025.

	Year ended December 31, 2024				
				Corporate and Other and Intersegment elimination	Consolidated
(\$ in millions, unless otherwise indicated)	Electrification	Motion	Automation		
Total revenues	15,448	7,787	7,692	(344)	30,583
Foreign exchange/commodity timing differences in total revenues:					
Unrealized gains and losses on derivatives	68	47	35	1	151
Realized gains and losses on derivatives where the underlying hedged transaction has not yet been realized	(1)	3	8	(2)	8
Unrealized foreign exchange movements on receivables (and related assets)	(29)	(23)	(26)	1	(77)
Operational revenues	15,486	7,814	7,709	(344)	30,665
Income (loss) from operations	3,362	1,400	942	(969)	4,735
Acquisition-related amortization	94	35	56	9	194
Restructuring, related and implementation costs ⁽¹⁾	27	39	70	24	160
Changes in obligations related to divested businesses	–	–	–	(10)	(10)
Gains and losses from sale of businesses	(73)	–	–	16	(57)
Fair value adjustment on assets and liabilities held for sale	25	–	–	88	113
Acquisition- and divestment-related expenses and integration costs	38	5	6	8	57
Certain other non-operational items	7	7	(1)	300	313
Foreign exchange/commodity timing differences in income from operations:					
Unrealized gains and losses on derivatives (foreign exchange, commodities, embedded derivatives)	56	41	15	(3)	109
Realized gains and losses on derivatives where the underlying hedged transaction has not yet been realized	(7)	1	5	(2)	(3)
Unrealized foreign exchange movements on receivables/payables (and related assets/liabilities)	(9)	(10)	(13)	(7)	(39)
Operational EBITA	3,520	1,518	1,080	(546)	5,572
Operational EBITA margin (%)	22.7%	19.4%	14.0%	n.a.	18.2%

(1) Includes impairment of certain assets.

In the year ended December 31, 2024, certain other non-operational items in the table above includes the following:

	Year ended December 31, 2024				
				Corporate and Other	Consolidated
(\$ in millions, unless otherwise indicated)	Electrification	Motion	Automation		
Certain other non-operational items:					
Other income/expense related to the Power Grids joint venture	–	–	–	(16)	(16)
Regulatory, compliance and legal costs	–	–	–	(2)	(2)
Business transformation costs ⁽¹⁾	5	1	–	198	204
Certain other fair values changes, including asset impairments	3	5	(1)	100	107
Other non-operational items	(1)	1	–	20	20
Total	7	7	(1)	300	313

(1) Amounts include ABB Way process transformation costs of \$199 million for the year ended December 31, 2024.

Net debt

Definition

Net debt

Net debt is defined as Total debt less Cash and marketable securities.

Total debt

Total debt is the sum of Short-term debt and current maturities of long-term debt, and Long-term debt.

Cash and marketable securities

Cash and marketable securities is the sum of Cash and equivalents and Marketable securities and short-term investments.

Reconciliation

(\$ in millions)	December 31, 2025	December 31, 2024
Short-term debt and current maturities of long-term debt	475	292
Long-term debt	7,829	6,648
Total debt	8,304	6,940
Cash and equivalents	4,640	4,326
Marketable securities and short-term investments	1,981	1,334
Cash and marketable securities	6,621	5,660
Net debt	1,683	1,280

Net debt/Equity ratio

Definition

Net debt/Equity ratio

Net debt/Equity ratio is defined as Net debt divided by Equity.

Equity

Equity is defined as Total stockholders' equity.

Reconciliation

(\$ in millions, unless otherwise indicated)	December 31, 2025	December 31, 2024
Total stockholders' equity	16,646	14,991
Net debt (as defined above)	1,683	1,280
Net debt / Equity ratio	0.10	0.09

Net debt/EBITDA ratio

Definition

Net debt/EBITDA ratio

Net debt/EBITDA ratio is defined as Net debt divided by EBITDA.

EBITDA

EBITDA is defined as Income from operations for the trailing twelve months preceding the balance sheet date before depreciation and amortization for the same trailing twelve-month period.

Reconciliation

(\$ in millions, unless otherwise indicated)	December 31, 2025	December 31, 2024
Income from operations for the year ended	6,047	4,735
Depreciation and Amortization for the year ended	813	761
EBITDA	6,860	5,496
Net debt (as defined above)	1,683	1,280
Net debt / EBITDA ratio	0.25	0.23

Net working capital

Definition

Net working capital

Net working capital is the sum of (i) receivables, net, (ii) contract assets, (iii) inventories, net, and (iv) prepaid expenses; less (v) accounts payable, trade, (vi) contract liabilities and (vii) other current liabilities (excluding primarily: (a) income taxes payable, (b) current derivative liabilities, (c) pension and other employee benefits, (d) payables under the share buyback program and (e) liabilities related to certain other restructuring-related activities); and including the amounts related to these accounts which have been presented as either assets or liabilities held for sale.

Reconciliation

(\$ in millions, unless otherwise indicated)	December 31,	
	2025	2024
Net working capital:		
Receivables, net	7,535	6,843
Contract assets	1,090	889
Inventories, net	5,862	5,420
Prepaid expenses	281	282
Accounts payable, trade	(5,210)	(4,681)
Contract liabilities	(3,221)	(2,704)
Other current liabilities ⁽¹⁾	(3,965)	(3,646)
Net working capital	2,372	2,403

- (1) Amounts exclude \$712 million and \$729 million at December 31, 2025 and 2024, respectively, related primarily to (a) income taxes payable, (b) current derivative liabilities, (c) pension and other employee benefits, (d) payables under the share buyback program and (e) liabilities related to certain restructuring-related activities.

Average trade net working capital as a percentage of revenues

Definition

Average trade net working capital as a percentage of revenues

Average trade net working capital as a percentage of revenues is calculated as Average trade net working capital divided by Total revenues for the trailing twelve months (being the total revenues recorded by ABB in the twelve months preceding the relevant balance sheet date).

Average trade net working capital

Average trade net working capital is calculated as the average of the opening and closing Trade net working capital for each of the four quarters during the trailing twelve-month period (4-quarter average).

Trade net working capital

Trade net working capital is the sum of (i) trade receivables, net (comprised of trade accounts receivable net of related allowance, presented within Receivables, net, on the Consolidated Balance Sheets), (ii) contract assets, and (iii) inventories, net; less (iv) accounts payable, trade, (v) contract liabilities and (vi) accrued expenses, operating (comprised of accruals related to customer rebates, unpaid interest and other general operating expenses; all of which are presented within Other current liabilities on the Consolidated Balance Sheets); and including the amounts related to these accounts which have been presented as either assets or liabilities held for sale.

Reconciliation

(\$ in millions, unless otherwise indicated)	December 31, 2025	September 30, 2025	June 30, 2025	March 31, 2025	December 31, 2024
Trade net working capital:					
Trade receivables, net	6,884	6,838	6,837	6,401	6,277
Contract assets	1,090	1,062	1,083	992	889
Inventories, net	5,862	6,051	6,007	5,680	5,420
Accounts payable, trade	(5,210)	(4,936)	(4,918)	(4,676)	(4,681)
Contract liabilities	(3,221)	(3,204)	(3,109)	(2,986)	(2,704)
Accrued expenses, operating	(1,346)	(1,370)	(1,254)	(1,189)	(1,234)
Trade net working capital in assets and liabilities held for sale	–	(8)	–	–	–
Trade net working capital	4,059	4,433	4,646	4,222	3,967
Average of opening and closing Trade net working capital	4,246	4,540	4,434	4,095	
Average trade net working capital	4,329				
Total revenues for the year ended	33,220				
Average trade net working capital as a percentage of revenues	13.0%				

(\$ in millions, unless otherwise indicated)	December 31, 2024	September 30, 2024	June 30, 2024	March 31, 2024	December 31, 2023
Trade net working capital:					
Trade receivables, net	6,277	6,360	6,415	6,329	6,321
Contract assets	889	967	868	889	885
Inventories, net	5,420	6,100	5,809	5,687	5,645
Accounts payable, trade	(4,681)	(4,798)	(4,759)	(4,673)	(4,497)
Contract liabilities	(2,704)	(2,795)	(2,682)	(2,577)	(2,559)
Accrued expenses, operating	(1,234)	(1,327)	(1,228)	(1,265)	(1,402)
Trade net working capital in assets and liabilities held for sale	–	20	–	–	–
Trade net working capital	3,967	4,527	4,423	4,390	4,393
Average of opening and closing Trade net working capital	4,247	4,475	4,407	4,392	
Average trade net working capital	4,380				
Total revenues for the year ended	30,583				
Average trade net working capital as a percentage of revenues	14.3%				

Return on Capital employed (ROCE)

In the first quarter of 2025, the Company modified its definition of Return on Capital employed (ROCE) to utilize a four-quarter average of Capital employed in place of a simple average of the annual period's opening and closing Capital employed. The change to an averaging method allows for a comparable ratio that can be presented quarterly compared to our previous annual disclosure. In addition, a fixed notional tax rate (subject to review for significant changes) is used. The new definition is provided below.

Definition

Return on Capital employed (ROCE)

Return on Capital employed (ROCE) is calculated as Operational EBITA after tax for the trailing twelve months divided by the unrounded average of the opening and closing Capital employed for each of the four quarters during the trailing twelve-month period (4-quarter average).

Capital employed

Capital employed is calculated as the sum of Adjusted total fixed assets and Net working capital (as defined above).

Adjusted total fixed assets

Adjusted total fixed assets is the sum of (i) property, plant and equipment, net, (ii) goodwill, (iii) other intangible assets, net, (iv) investments in equity-accounted companies, (v) operating lease right-of-use assets, and (vi) fixed assets included in assets held for sale, less (vii) deferred tax liabilities recognized in certain acquisitions.

Notional tax on Operational EBITA

The Notional tax on Operational EBITA is computed using a consistent notional tax rate, approximately representative of the Company's weighted-average global tax rate, multiplied by Operational EBITA. The notional tax rate is subject to adjustment for significant changes in the Company's weighted-average global tax rate.

Reconciliation

(\$ in millions, unless otherwise indicated)	December 31, 2025	September 30, 2025	June 30, 2025	March 31, 2025	December 31, 2024
Adjusted total fixed assets:					
Property, plant and equipment, net	4,692	4,443	4,396	4,099	3,986
Goodwill	9,637	9,522	9,507	9,305	8,801
Other intangible assets, net	1,119	1,096	1,140	1,134	999
Investments in equity-accounted companies	349	381	369	361	351
Operating lease right-of-use assets	765	754	761	765	752
Fixed assets included in assets held for sale	–	9	–	–	–
Total fixed assets	16,562	16,205	16,173	15,664	14,889
Less: Deferred taxes recognized in certain acquisitions ⁽¹⁾	(199)	(210)	(220)	(231)	(242)
Adjusted total fixed assets	16,363	15,995	15,953	15,433	14,647
Net working capital - (as defined above)	2,372	2,993	3,423	3,037	2,403
Capital employed	18,735	18,988	19,376	18,470	17,050
Average of opening and closing Capital employed	18,862	19,182	18,923	17,760	
Operational EBITA for the year ended	6,314				
Notional tax on Operational EBITA	(1,579)				
Operational EBITA after tax for the year ended	4,735				
Average Capital employed (4 quarters)	18,682				
Return on Capital Employed (ROCE)	25.3%				

(1) Amount relates to GEIS acquired in 2018, B&R acquired in 2017, Thomas & Betts acquired in 2012 and Baldor acquired in 2011.

	December 31, 2024	September 30, 2024	June 30, 2024	March 31, 2024	December 31, 2023
(\$ in millions, unless otherwise indicated)					
Adjusted total fixed assets:					
Property, plant and equipment, net	3,986	4,050	3,911	3,864	3,958
Goodwill	8,801	8,774	8,752	8,716	8,760
Other intangible assets, net	999	981	1,034	1,073	1,162
Investments in equity-accounted companies	351	172	173	162	172
Operating lease right-of-use assets	752	779	772	772	798
Fixed assets included in assets held for sale	–	176	–	–	–
Total fixed assets	14,889	14,932	14,642	14,587	14,850
Less: Deferred taxes recognized in certain acquisitions ⁽¹⁾	(242)	(253)	(265)	(281)	(297)
Adjusted total fixed assets	14,647	14,679	14,377	14,306	14,553
Net working capital - (as defined above)	2,403	3,231	3,213	3,159	2,835
Capital employed	17,050	17,910	17,590	17,465	17,388
Average of opening and closing Capital employed	17,480	17,750	17,528	17,427	
Operational EBITA for the year ended	5,572				
Notional tax on Operational EBITA	(1,393)				
Operational EBITA after tax for the year ended	4,179				
Average Capital employed (4 quarters)	17,546				
Return on Capital Employed (ROCE)	23.8%				

(1) Amount relates to GEIS acquired in 2018, B&R acquired in 2017, Thomas & Betts acquired in 2012 and Baldor acquired in 2011.

Free cash flow

Definition

Free cash flow

Free cash flow is calculated as net cash provided by operating activities adjusted for: (i) purchases of property, plant and equipment and intangible assets, and (ii) proceeds from sales of property, plant and equipment.

Reconciliation

(\$ in millions, unless otherwise indicated)	Year ended December 31,		Three months ended December 31,	
	2025	2024	2025	2024
Net cash provided by operating activities – continuing operations	5,250	4,442	1,988	1,505
Adjusted for the effects of continuing operations:				
Purchases of property, plant and equipment and intangible assets	(1,001)	(799)	(409)	(271)
Proceeds from sale of property, plant and equipment	194	107	18	41
Free cash flow – continuing operations	4,443	3,750	1,597	1,275
Net cash provided by operating activities – discontinued operations	219	233	(39)	32
Adjusted for the effects of discontinued operations:				
Purchases of property, plant and equipment and intangible assets	(98)	(46)	(42)	(12)
Proceeds from sale of property, plant and equipment	2	–	1	–
Free cash flow – discontinued operations	123	187	(80)	20
Free cash flow	4,566	3,937	1,517	1,295

Free cash flow conversion to net income

Definition

Free cash flow conversion to net income

Free cash flow conversion to net income is calculated as Free cash flow divided by Adjusted net income.

Adjusted net income

Adjusted net income is calculated as Net income adjusted for gains or losses arising on sale of certain businesses and certain other significant items within net income which are also excluded / adjusted for when calculating operating cashflows.

Reconciliation

(\$ in millions, unless otherwise indicated)	Year ended December 31,	
	2025	2024
Free cash flow (as defined above)	4,566	3,937
Adjusted net income⁽¹⁾	4,757	3,966
Free cash flow conversion to net income	96%	99%

(1) Adjusted net income for the year ended December 31, 2025, is adjusted to exclude \$53 million of gains arising on sale of certain investments and intangibles assets, and adjustments to the gain on sale of Power Grids of \$13 million. Adjusted net income for the year ended December 31, 2024, is adjusted to exclude the fair value adjustment of \$88 million on assets and liabilities held for sale related to In-Charge and the net gain on the sale of a business within the Electrification business area of \$64 million. In addition, 2024 includes adjustments to the gain on sale of Power Grids of \$10 million.

Net finance income (expense)

Definition

Net finance income (expense) is calculated as Interest and dividend income less Interest and other finance expense.

Reconciliation

(\$ in millions)	Year ended December 31,		Three months ended December 31,	
	2025	2024	2025	2024
Interest and dividend income	203	206	61	60
Interest and other finance expense	(86)	(74)	(13)	(4)
Net finance income	117	132	48	56

Book-to-bill ratio

Definition

Book-to-bill ratio is calculated as Orders received divided by Total revenues.

Reconciliation

(\$ in millions, except Book-to-bill presented as a ratio)	Year ended December 31,					
	2025			2024		
	Orders	Revenues	Book-to-bill	Orders	Revenues	Book-to-bill
Electrification	18,757	17,357	1.08	16,422	15,448	1.06
Motion	8,619	8,247	1.05	7,989	7,787	1.03
Automation	9,928	8,084	1.23	7,485	7,692	0.97
Corporate and Other <i>(incl. intersegment eliminations)</i>	(539)	(468)	n.a.	(414)	(344)	n.a.
ABB Group	36,765	33,220	1.11	31,482	30,583	1.03

(\$ in millions, except Book-to-bill presented as a ratio)	Three months ended December 31,					
	2025			2024		
	Orders	Revenues	Book-to-bill	Orders	Revenues	Book-to-bill
Electrification	5,323	4,702	1.13	3,908	4,046	0.97
Motion	2,189	2,260	0.97	1,866	2,038	0.92
Automation	2,817	2,243	1.26	1,893	1,967	0.96
Corporate and Other <i>(incl. intersegment eliminations)</i>	(13)	(153)	n.a.	(74)	(55)	n.a.
ABB Group	10,316	9,052	1.14	7,593	7,996	0.95



ABB Ltd

Corporate Communications

P.O. Box 8131

8050 Zurich

Switzerland

Tel: +41 (0)43 317 71 11

www.abb.com