Enabling a Healthier World

Half-Year Report

2023

Contents

CHF 3.1 billion sales and **5.6% CER[1] sales growth**, corresponding to around 10% CER underlying sales growth[2]

CHF 922 million CORE EBITDA resulted in a **margin of 30%**

Good momentum in commercial CDMO business

Group Outlook 2023 update:
mid-to-high single-digit CER sales growth and **28 to 29% CORE EBITDA margin**, reflecting slower growth than expected in early-stage services and continued weak demand in the nutraceutical capsules market driving underutilization

Mid-Term Sales Guidance confirmed with updated margin range at 31 to 33%

1 Sales growth figures, expressed as a percentage (%), are at Constant Exchange Rate (CER)
2 H1 2023 sales growth against an elevated H1 2022 base set by high COVID-related sales and Allakos cancellation fee. It also includes other disclosed one-time effects in H1 2022 and H1 2023

CEO Update

Dear Stakeholders,

In the First Half of 2023, sustained demand for commercial CDMO services drove solid underlying sales growth in our Biologics division and a strong performance in our Small Molecules division. This robust commercial momentum more than offset post-pandemic mRNA sales, and the lower demand for early-stage services and nutraceutical capsules.

At a Group level, H1 2023 sales reached CHF 3.1 billion, with sales growth of 5.6% CER, and around 10% CER underlying sales growth. CHF 922 million CORE EBITDA resulted in a margin of 30%.

Representing around 70% of our CDMO business, our commercial offering is underpinned by partnership models and long-term contracts that provide a solid foundation for long-term stability and success. In H1 2023, performance in the Biologics division was supported by robust commercial growth across the Bioconjugates, Mammalian and Microbial business units. We also saw strong performance in the Small Molecules division, supported by high asset utilization and a focus on more complex and high value offerings.

In our Cell & Gene division, sustained performance in the Bioscience business unit was balanced by lower early-stage demand and some customer clinical-stage failures in the Cell & Gene Technologies business unit.
In the Capsules & Health Ingredients division, sales growth in pharma hard capsules was offset by lower demand for nutraceutical capsules.

CHF 765 million CAPEX was executed in H1 2023. In Visp (CH), two new bioconjugates manufacturing suites came online, alongside a clinical and commercial drug product manufacturing line. We also extended our Biologics Early Development Services (EDS) into the US market, with the opening of a new laboratory in Cambridge (US).

In June 2023, we entered into a collaboration agreement with Vertex to build a dedicated manufacturing facility for type 1 diabetes cell therapies at our site in Portsmouth (US), reflecting our confidence in the long-term commercial potential of this emerging modality.

Business highlights in H1 2023 also included the acquisition of Synaffix and its leading clinical-stage technology platform for the development of antibody-drug conjugates (ADCs). By integrating the Synaffix technologies into our existing offering, we can now provide a best-in-class service to customers who wish to rapidly discover, develop and commercialize their ADCs.

We have also made significant progress in advancing our carbon reduction program over the course of the First Half. We have submitted a letter of commitment to the Science Based Targets initiative, with plans to reduce absolute Scope 1 and 2 greenhouse gas emissions[1] by more than 40% by the end of 2030 (from a 2021 base). We have also signed a ten-year virtual power purchase agreement with solar energy company IGNIS to generate renewable energy equal to our electricity needs across Switzerland and the European Union.

Our business is well-positioned for success through our leading commercial offering and our ongoing growth program. In H2 2023, we will focus on ramping up our new assets in Biologics to support accelerated sales growth, as well as optimizing capacity utilization and driving continuous improvement initiatives across the network. Looking at the external environment in the Second Half, we anticipate continuing impacts from lower demand for early-stage services and nutraceutical capsules driving underutilization. In this context, we have updated our Outlook 2023 from high single-digit to mid-to-high single-digit CER sales growth, and from 30–31% to 28–29% CORE EBITDA margin. Mid-Term Sales Guidance is confirmed, with a margin range updated from 33–35% to 31–33%.

As I close, I would like to confirm that our Capital Markets Day will be held on 17 October 2023 in Visp (CH). Further details will be provided in the coming weeks. I look forward to welcoming many of our investors for a strategic update on our business and a tour of our facilities. In the meantime, I thank our investors for their trust and our global colleague community for their continuing commitment to bringing innovative therapies to life for our customers and their patients.

Sincerely,

Pierre-Alain Ruffieux
Chief Executive Officer

1 Definition of Scope 1 and 2 according to Sustainability Report, pages 33–34

Financial Highlights
For the Six Months Ended 30 June

IFRS Results

Million CHF		2023	Change in %	2022
Sales		**3’078**	**3.2**	**2’982**
EBIT		**540**	**(16.3)**	**645**
Margin in %		17.5		21.6
EBITDA		**899**	**(3.7)**	**934**
Margin in %		29.2		31.3
Profit for the period		**411**	**(17.5)**	**498**
EPS basic	(CHF)	**5.54**	**(17.1)**	**6.68**
EPS diluted	(CHF)	**5.54**	**(16.9)**	**6.67**

CORE Earnings[1]

Million CHF		2023	Change in %	2022
CORE EBITDA		**922**	**(6.6)**	**987**
Margin in %		30.0		33.1
CORE EPS basic	(CHF)	**6.12**	**(16.0)**	**7.29**
CORE EPS diluted	(CHF)	**6.12**	**(15.9)**	**7.28**
ROIC in %		**8.7**	**(25.6)**	**11.7**

Other Performance Measures

Million CHF	2023	Change in %	2022
Operational free cash flow (before acquisitions and divestitures)	(62)	(81.3)	(331)
Operational free cash flow	(156)	(53.4)	(335)
Capital expenditures (CAPEX)	765	(9.0)	841
Net debt / (net cash)	564		(186)[2]
Debt-equity ratio	0.1		(0.0)[2]
Net Debt / CORE EBITDA ratio[3]	0.3		(0.1)[2]
Number of employees (Full-Time Equivalent)	17’896	4.3	17’154

1 For Lonza’s definition of CORE results, also refer to the Alternative Performance Measures Brochure published in conjunction with this Half-Year Report
2 Net debt and related ratios are based on reported financial results as of 31 December 2022
3 Net debt/CORE EBITDA is calculated based on the CORE EBITDA of the last twelve months

Biologics Division

For the six months ended 30 June

Million CHF	2023	2022	Change in %	Change in % in constant currency[1]
Sales	**1'605**	**1'625**	**(1.2)**	**1.9**
CORE EBITDA	**506**	**606**	**(16.5)**	**(12.4)**
Margin in %	31.5	37.3		
Capital expenditures (CAPEX)	**483**	**584**	**(17.3)**	

1 Refer to the Alternative Performance Measures Brochure published in conjunction with this Half-Year Report

Divisional Overview

Strong performance in Bioconjugates, Mammalian and Microbial supported double-digit underlying sales growth, which fully offset the H1 2022 increase in mRNA sales and the Allakos cancellation fee.

Compared to the First Half of 2022, the division reported sales at -1.2% (1.9% CER) and CORE EBITDA margin decreased 5.8ppts to 31.5%. Margin was impacted by the high base of H1 2022, as well as growth project dilution in H1 2023.

Our Biologics division saw a healthy increase in the value of contract signings in H1 2023 versus H1 2022. Due to weaker biotech funding, there was slower growth than expected in early-stage services.

At our biopark in Visp (CH), we completed a new clinical and commercial drug product manufacturing line and the expansion of our bioconjugation facility with two new manufacturing suites. In addition, we extended our Early Development Services (EDS) offering into the US market with a new laboratory in Cambridge (US).

In the First Half, we completed the acquisition of Synaffix and its leading clinical-stage technology platform for the development of antibody-drug conjugates (ADCs). By capturing synergies, we can now deliver a best-in-class customer offering from discovery through to commercialization.

Small Molecules
Division

For the six months ended 30 June

Million CHF	2023	2022	Change in %	Change in % in constant currency[1]
Sales	**393**	**288**	**36.5**	**37.5**
CORE EBITDA	**137**	**86**	**59.3**	**57.0**
Margin in %	34.9	29.9		
Capital expenditures (CAPEX)	**73**	**83**	**(12.0)**	

1 Refer to the Alternative Performance Measures Brochure published in conjunction with this Half-Year Report

Divisional Overview

Our Small Molecules division delivered a strong performance in H1 2023, driven by sustained customer demand for highly potent and difficult-to-make small molecules.

During the First Half, we expanded our Solid Form Services facility in Bend (US), which complements our API development services and first-in-human services. We also completed an upgrade to our powder characterization capabilities in Tampa (US).

Compared to a lower base in H1 2022, the division reported sales growth of 36.5% (37.5% CER) in H1 2023. CORE EBITDA margin increased 5ppts to 34.9%, as a result of high asset utilization, favorable mix and a focus on more high value and complex offerings.

Cell & Gene
Division

For the six months ended 30 June

Million CHF	2023	2022	Change in %	Change in % in constant currency[1]
Sales	**363**	**344**	**5.5**	**10.8**
CORE EBITDA	**71**	**77**	**(7.8)**	**1.3**
Margin in %	19.6	22.4		
Capital expenditures (CAPEX)	**39**	**48**	**(18.8)**	

1 Refer to the Alternative Performance Measures Brochure published in conjunction with this Half-Year Report

Divisional Overview

In H1 2023, sales growth in the Cell & Gene division was supported by strong momentum in Bioscience and the positive impact of the Codiak BioSciences termination following its bankruptcy filing. The sustained performance in the Bioscience business unit was driven by robust demand, alongside operational efficiency gains and pricing adjustments.

Weak performance in the Cell & Gene Technologies business unit was driven by lower early-stage biotech funding and some customer clinical-stage failures.

Despite the current headwinds, we remain committed to this space and its long-term commercial potential. This is reflected in our agreement with Vertex to build a dedicated manufacturing facility for type 1 diabetes cell therapies in Portsmouth (US).

The Cell & Gene division delivered 5.5% (10.8% CER) sales growth compared to Half-Year 2022 with a CORE EBITDA margin of 19.6%.

Capsules & Health Ingredients
Division

For the six months ended 30 June

Million CHF	2023	2022	Change in %	Change in % in constant currency[1]
Sales	**595**	**625**	**(4.8)**	**0.3**
CORE EBITDA	**190**	**220**	**(13.6)**	**(7.7)**
Margin in %	31.9	35.2		
Capital expenditures (CAPEX)	**33**	**52**	**(36.5)**	

1 Refer to the Alternative Performance Measures Brochure published in conjunction with this Half-Year Report

Divisional Overview

Compared to Half-Year 2022, the Capsules & Health Ingredients division reported sales of -4.8% (0.3% CER), with a softer CORE EBITDA margin of 31.9%.

The division saw sales growth in pharma hard capsules, but performance was impacted by decreased customer demand for nutraceutical capsules.

CORE EBITDA margin was impacted by asset underutilization and increased raw materials costs, which were only partially offset by pricing adjustments and cost savings.

The division continues to drive performance improvements through operational excellence programs and a focus on automation.

Corporate

For the six months ended 30 June

Million CHF	2023	2022
Sales[1, 2]	**122**	**100**
CORE EBITDA[2]	**18**	**(2)**

1 Primarily includes sales to Arxada (former Specialty Ingredients business, divested in 2021)
2 Impact from the hedging program managed centrally by Corporate Treasury team and therefore reported as part of Corporate

Outlook 2023 and Mid-Term Guidance 2024

Lonza updates Outlook for Full-Year 2023:

- **Mid-to-high single-digit CER sales growth**
- **28 to 29% CORE EBITDA margin**

Outlook assumes no unexpected adverse events.

Lonza confirms Mid-Term Sales Guidance and updates margin guidance for 2024:

- **Sales guidance confirmed at low teens CER (CAGR 2021–2024)**
- **CORE EBITDA margin of around 31%–33%**

Condensed Financial Statements

Condensed consolidated balance sheet at 30 June 2023 (unaudited) and 31 December 2022

Million CHF	2023	2022
Property, plant and equipment	6’559	6’120
Intangible assets	2’182	2’231
Goodwill	2’888	2’863
Other non-current assets	402	407
Deferred tax assets	16	18
Total non-current assets	**12’047**	**11’639**
Inventories	1’932	1’819
Trade receivables and other receivables	1’525	1’644
Current tax receivables	20	30
Short-term investments	450	885
Cash and cash equivalents	1’698	1’339
Total current assets	**5’625**	**5’717**
Total assets	**17’672**	**17’356**
Equity attributable to equity holders of the parent	10’306	10’597
Non-controlling interests	64	68
Total equity	**10’370**	**10’665**
Non-current debt	2’461	1’554
Non-current provision	398	378
Other non-current liabilities (incl. employee benefit liabilities)	1’172	1’123
Deferred tax liabilities	560	556
Total non-current liabilities	**4’591**	**3’611**
Current debt	449	678
Current provision	40	47
Other current liabilities	2’102	2’252
Current tax payable	120	103
Total current liabilities	**2’711**	**3’080**
Total liabilities	**7’302**	**6’691**
Total equity and liabilities	**17’672**	**17’356**

Condensed consolidated income statement for the six months ended 30 June (unaudited)

Million CHF		2023	2022
Sales		**3’078**	**2’982**
Cost of goods sold		(1’970)	(1’786)
Gross profit		**1’108**	**1’196**
Marketing and distribution, Research and development, Administration and general overhead[1,2]		(555)	(511)
Other operating income and expenses		(13)	(40)
Result from operating activities (EBIT)[3]		**540**	**645**
Net financial result		(41)	(52)
Share of profit / (loss) from associates / joint ventures		(13)	1
Profit before income taxes		**486**	**594**
Income taxes		(75)	(96)
Profit from continuing operations		**411**	**498**
Profit from discontinued operations, net of tax		0	(4)
Profit for the period		**411**	**494**
Attributable to:			
Equity holders of the parent		410	492
Non-controlling interests		1	2
Profit for the period		**411**	**494**
Earnings per share for profit attributable to equity holders of the parent[4]			
Basic earnings per share – EPS basic	(CHF)	5.54	6.62
Diluted earnings per share – EPS diluted	(CHF)	5.54	6.61

Condensed consolidated statement of comprehensive income for the six months ended 30 June (unaudited)

Million CHF	2023	2022
Profit for the period	**411**	**494**
Other comprehensive income:		
Items that will not be reclassified to profit or loss:		
Re-measurements of net defined benefit liability	(4)	56
Income tax on items that will not be reclassified to profit or loss	0	(9)
	(4)	**47**
Items that are or may be reclassified subsequently to profit or loss:		
Exchange differences on translating foreign operations	(121)	(32)
Cash flow hedges – effective portion of changes in fair value	(35)	(3)
Income tax on items that are or may be reclassified to profit or loss	5	(5)
	(151)	**(40)**
Other comprehensive income for the period, net of tax	**(155)**	**7**
Total comprehensive income for the period	**256**	**501**
Total comprehensive income attributable to:		
Equity holders of the parent	260	499
Non-controlling interests	(4)	2
Total comprehensive income for the period	**256**	**501**

1 Includes the amortization of acquisition-related intangible assets (2023: CHF 66 million, 2022: CHF 70 million)
2 For 2023, also includes impairment related to customer specific assets in Houston (US)
3 Result from operating activities (EBIT) excludes interest income and expenses as well as financial income and expenses that are not interest related and Lonza’s share of profit/loss from associates and joint ventures
4 EPS from continued operations for 2022 is not disclosed separately anymore as the EPS impact of CHF 0.06 is considered to be not material

Condensed consolidated cash flow statement for the six months ended 30 June (unaudited)

Million CHF	2023	2022
Profit for the period	**411**	**494**
Adjustment for non-cash items	395	438
Income tax and interest paid	(100)	(208)
Increase of net working capital	(333)	(413)
Use of provisions	(15)	(14)
Increase / (decrease) of other payables, net	11	3
Net cash provided by operating activities	**369**	**300**
Purchase of property, plant & equipment and intangible assets	(765)	(841)
Acquisition of subsidiaries, net of cash acquired[2]	(94)	(4)
Increase / (decrease) in loans and advances	(4)	(12)
Net purchase of other assets and disposals	(26)	(28)
Lease payment received	2	2
Net decrease in short-term investments	435	693
Interest and dividend received	16	13
Net cash used for investing activities	**(436)**	**(177)**
Issuance of straight bonds	929	0
Repayment of straight bonds	(300)	0
Increase / (decrease) in debt	73	(14)
Principal payment of lease liabilities	(39)	(36)
Increase in other non-current liabilities	329	129
Capital injection from owners of non-controlling interests	0	1
Purchase of treasury shares[3]	(311)	(43)
Sale of treasury shares	9	7
Dividends paid[1]	(260)	(224)
Net cash provided by / used for financing activities	**430**	**(180)**
Effect of currency translation on cash	(4)	1
Net increase / (decrease) in cash and cash equivalents	**359**	**(56)**
Cash and cash equivalents at 1 January	1’339	1’582
Cash and cash equivalents at 30 June	**1’698**	**1’526**

1 Includes dividends paid to non-controlling interests shareholders a subsidiary (2023: CHF 0 million, 2022: CHF 1 million)
2 Relates to the acquisition of Synaffix, see note 3
3 Includes the effects from the Share Buyback Program, see note 9

Condensed consolidated statement of changes in equity for the six months ended 30 June (unaudited)

	Attributable to equity holders of the parent								
Million CHF	Share capital	Share premium	Retained earnings	Hedging reserve	Translation reserve	Treasury shares	Total	Non-controlling interests	Total equity
Six months ended 30 June 2022									
Balance at 1 January 2022	**74**	**2'693**	**7'975**	**(4)**	**(811)**	**(177)**	**9'750**	**73**	**9'823**
Profit for the period	0	0	492	0	0	0	492	2	494
Other comprehensive income, net of tax	0	0	47	(3)	(37)	0	7	0	7
Total comprehensive income for the period	**0**	**0**	**539**	**(3)**	**(37)**	**0**	**499**	**2**	**501**
Dividends	0	(111)	(112)	0	0	0	(223)	(1)	(224)
Capital injection from owners of the non-controlling interests	0	0	0	0	0	0	0	1	1
Recognition of share-based payments	0	0	21	0	0	0	21	0	21
Movements in treasury shares	0	0	(110)	0	0	74	(36)	0	(36)
Balance at 30 June 2022	**74**	**2'582**	**8'313**	**(7)**	**(848)**	**(103)**	**10'011**	**75**	**10'086**
Six months ended 30 June 2023									
Balance at 1 January 2023	**74**	**2'582**	**9'042**	**16**	**(1'003)**	**(114)**	**10'597**	**68**	**10'665**
Profit for the period	0	0	410	0	0	0	410	1	411
Other comprehensive income, net of tax	0	0	(4)	(33)	(113)	0	(150)	(5)	(155)
Total comprehensive income for the period	**0**	**0**	**406**	**(33)**	**(113)**	**0**	**260**	**(4)**	**256**
Dividends	0	(130)	(130)	0	0	0	(260)	0	(260)
Recognition of share-based payments	0	0	10	0	0	0	10	0	10
Movements in treasury shares	0	0	(61)	0	0	(240)	(301)	0	(301)
Balance at 30 June 2023	**74**	**2'452**	**9'267**	**(17)**	**(1'116)**	**(354)**	**10'306**	**64**	**10'370**

Selected Explanatory Notes

1. Basis of Preparation of Financial Statements and Changes to Group's Accounting Policies

These condensed consolidated financial statements are the unaudited, interim consolidated financial statements (hereafter "the interim financial statements") of Lonza Group Ltd and its subsidiaries (hereafter "the Group") for the six-month period ended 30 June 2023 (hereafter "the interim period"). They are prepared in accordance with the International Accounting Standard 34 (IAS 34) "Interim Financial Reporting". These interim financial statements should be read in conjunction with the consolidated financial statements for the year ended 31 December 2022 (hereafter "the annual financial statements") as they provide an update of the previously reported information. The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period. The interim financial statements do not include all of the information required for a complete set of IFRS financial statements.

The preparation of the interim financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets, liabilities and disclosure of contingent liabilities at the date of the interim financial statements. If in the future such estimates and assumptions, which are based on management's best judgment at the date of the interim financial statements, deviate from the actual circumstances, the original estimates and assumptions will be modified as appropriate in the year in which the circumstances change.

New Standards, Interpretations and Amendments
There were no new standards or amendments to existing standards that have a material effect on the Group's interim financial statements.

2. Exchange Rates

Balance sheet

Period-end rate CHF	30.06.2023	31.12.2022
US dollar	0.90	0.92
Pound sterling	1.14	1.11
Euro	0.98	0.99

Income statement

Average rate CHF	2023	2022
US dollar	0.91	0.94
Pound sterling	1.12	1.23
Euro	0.99	1.03

3. Acquisitions of Businesses

Effective 31 May 2023, Lonza Group acquired 100% of the shares of Synaffix B.V., Netherlands for an initial cash consideration of EUR 106 million and an additional performance-based consideration up to EUR 60 million.

As of Half-Year 2023, the fair value of the acquired assets has been determined on a preliminary basis.

The contingent payments are based on the achievement of sales-related milestones. Lonza's estimate of the probability weighted contingent consideration of EUR 22 million is reflected as a liability within the consolidated balance sheet as of 30 June 2023.

Synaffix is an innovative biotech company focused on antibody-drug conjugates (ADCs). The acquisition will further strengthen Lonza's bioconjugates offering through the integration of Synaffix technology platform and R&D capabilities.

The acquisition is reported within the Biologics segment of Lonza and does not have significant impact on the consolidated financial statements for the six-month period ended 30 June 2023, with the exception of the acquired goodwill and intangible assets.

4. Operating Segments

Following the requirements of IFRS 8 "Operating Segments", the Group's reportable segments are described below:

Biologics
The Biologics division is a leading contract development and manufacturing partner for biopharmaceuticals, serving customers for all clinical and commercial manufacturing needs throughout the product lifecycle, including drug substance and drug product manufacturing. The modalities across Biologics include mammalian and microbial expression systems, bioconjugates, and mRNA. The end-to-end service offering is complemented by granting customers access to Lonza's expression system technologies and Drug Product Services capabilities.

Small Molecules
The Small Molecules division operates as an integrated development and manufacturing service provider for small molecule drug substances and their intermediates. Small Molecules supports customers across all aspects of design, development and manufacturing, with the ability to offer integrated drug substances to drug product solutions, including particle engineering and drug product packaging.

Cell & Gene
The Cell & Gene division is concentrated around three business areas: Cell & Gene Technologies, Personalized Medicine and Bioscience.

The Cell & Gene Technologies business develops innovative technologies and platforms that industrialize the manufacturing processes and production of cell and gene therapies. Cell & Gene Technologies provides contract development and manufacturing services along with regulatory support for a wide range of allogeneic and autologous cell therapies and exosome-based therapies, as well as viral vector gene therapies.

Personalized Medicine is a start-up business unit developing breakthrough technologies to industrialize autologous cell therapies. A prominent part of this business is our Cocoon® Platform, a closed, automated system for patient-scale cell therapy manufacturing.

Bioscience is a market-leading provider of specialty raw materials and enabling technology solutions in core target markets including cell and gene therapy, injectable drugs, vaccines and bio-manufacturing.

Capsules & Health Ingredients
The Capsules & Health Ingredients business is a trusted partner in innovative capsules, dosage form solutions and health ingredients for pharmaceutical and nutraceutical companies.

Six months ended 30 June 2023

Million CHF	Biologics	Small Molecules	Cell & Gene	Capsules & Health Ingredients	Total Operating segments	Corporate / Eliminations[1]	Total Group
Sales third-party	**1'605**	**393**	**363**	**595**	**2'956**	**122**	**3'078**
Inter-segment sales	3	4	32	0	39	(39)	0
Total sales	**1'608**	**397**	**395**	**595**	**2'995**	**83**	**3'078**
CORE EBITDA	**506**	**137**	**71**	**190**	**904**	**18**	**922**
Margin in %	31.5	34.9	19.6	31.9	30.6	n.a.	30.0

Six months ended 30 June 2022

Million CHF	Biologics	Small Molecules	Cell & Gene	Capsules & Health Ingredients	Total Operating segments	Corporate / Eliminations[1]	Total Group
Sales third-party	**1'625**	**288**	**344**	**625**	**2'882**	**100**	**2'982**
Inter-segment sales	4	1	24	2	31	(31)	0
Total sales	**1'629**	**289**	**368**	**627**	**2'913**	**69**	**2'982**
CORE EBITDA	**606**	**86**	**77**	**220**	**989**	**(2)**	**987**
Margin in %	37.3	29.9	22.4	35.2	34.3	n.a.	33.1

1 The "Corporate / Eliminations" column represents the corporate function, including eliminations for reconciliation of the Group total

The reconciliation of the IFRS result to the CORE EBITDA for the six months ended 30 June in 2023 and 2022 is as follows:

Million CHF	2023	2022
Profit before income taxes	**486**	**594**
Net financial result	(41)	(52)
Share of loss from associates/joint ventures	(13)	1
Result from operating activities (EBIT)[1]	**540**	**645**
Environmental remediation expenses	(19)	(22)
Litigation[2]	0	(31)
Income / (expense) resulting from acquisition and divestitures[3]	(4)	0
Depreciation & amortization of property, plant and equipment and intangibles, incl. impairment and reversal of impairments[4]	(359)	(289)
CORE EBITDA	**922**	**987**

1 Result from operating activities (EBIT) excludes interest income and expenses as well as financial income and expenses that are not interest related and Lonza's share of profit/loss from associates and joint ventures
2 Litigation related to a Lonza legacy site / business
3 Divestiture costs relates to the Specialty Ingredients business, that was sold on 1 July 2021
4 Includes impairments related to customer specific production assets in Visp (CH) and intangible assets in Lonza Houston (US)

Disaggregation of Third Party Revenues

Lonza derives revenue in its business models of Contract Development and Manufacturing (including related services and licenses) and sale of products. These business models and the markets Lonza operates in are the basis to disaggregate revenue into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors.

The segments Biologics, Small Molecules, Cell & Gene and Capsules & Health Ingredients derive their revenues primarily from long-term supply agreements with pharmaceutical and nutraceutical customers. These operating segments typically provide products and manufacturing services, from research to commercial supply. Lonza supports customers' research activities as well as the whole life cycle of a customer product from development of a drug substance to commercial supply. Lonza concluded that the revenues of the operating segments shall not be further disaggregated.

The table below shows the segment information provided to the Group's Executive Committee and also illustrates the disaggregation of recognized revenues for the six-month period ended 30 June:

Million CHF	2023	2022
Biologics	1'605	1'625
Small Molecules	393	288
Cell & Gene	363	344
Capsules & Health Ingredients	595	625
Corporate / Eliminations	122	100
Total Group	**3'078**	**2'982**

5. Financial Instruments

The carrying amount of financial assets represents the maximum credit exposure.

Million CHF	Carrying amount 30.06.2023	Fair value 30.06.2023	Carrying amount 31.12.2022	Fair value 31.12.2022
Financial assets at amortized cost				
Trade receivables, net	1'079	1'079	1'164	1'164
Other receivables	80	80	112	112
Accrued income	142	142	188	188
Current and non-current loans	198	198	194	194
Short-term investments at amortized costs	450	450	650	650
Cash and cash equivalents	1'698	1'698	1'339	1'339
Total financial assets amortized at cost	**3'647**	**3'647**	**3'647**	**3'647**
Financial assets at fair value				
Short-term investments at fair value through profit or loss	0	0	235	235
Other investments	64	64	66	66
Derivative financial instruments				
– Currency-related instruments	49	49	98	98
Contingent consideration from sale of business	2	2	2	2
Total financial assets at fair value	**115**	**115**	**401**	**401**
Total financial assets	**3'762**	**3'762**	**4'048**	**4'048**
Financial liabilities at amortized cost				
Debt				
– Straight bonds[1]	1'850	1'814	1'224	1'172
– Other debt	1'061	1'064	1'008	1'007
Current and non-current liabilities	1'021	1'021	1'120	1'120
Trade payables	419	419	477	477
Total financial liabilities at amortized cost	**4'351**	**4'318**	**3'829**	**3'776**
Financial liabilities at fair value				
Derivative financial instruments				
– Currency-related instruments	48	48	62	62
– Interest-related instruments	9	9	1	1
Contingent consideration	47	47	26	26
Total financial liabilities - measured at fair value through profit and loss	**104**	**104**	**89**	**89**
Total financial liabilities	**4'455**	**4'422**	**3'918**	**3'865**

1 The fair value of straight bonds for disclosure purposes is Level 1 and is calculated based on the observable market prices of the debt instruments

Financial Instruments Carried at Fair Value
The Group applied the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities

Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

Million CHF	30.06.2023				31.12.2022			
	Level 1	Level 2	Level 3	**Total fair value**	Level 1	Level 2	Level 3	**Total fair value**
Assets								
Short-term investments at fair value through profit or loss	0	0	0	**0**	235	0	0	**235**
Other investments	0	64	0	**64**	0	66	0	**66**
Derivative financial instruments	0	49	0	**49**	0	98	0	**98**
Contingent consideration related to sale of business	0	0	2	**2**	0	0	2	**2**
Liabilities								
Derivative financial instruments	0	(57)	0	**(57)**	0	(63)	0	**(63)**
Contingent consideration related to acquisition of businesses	0	0	(47)	**(47)**	0	0	(26)	**(26)**
Net assets and liabilities measured at fair value	**0**	**56**	**(45)**	**11**	**235**	**101**	**(24)**	**312**

1 In 2023 and 2022, there were no transfers between Level 1 and Level 2 fair value measurements.

6. Net Financial Result

The net financial result for the six-month periods ended 30 June are as follows:

Million CHF	2023	2022
Net interest expenses on debt and bonds	(34)	(19)
Amortization of debt fees and discounts	(4)	(3)
Net interest income / (expenses) on financial assets	16	(3)
Net interest expenses on IFRS 16 lease liabilities	(6)	(6)
Foreign exchange rate differences, including impact from currency-related financial derivative instruments	(10)	(10)
Interest related financial derivative instruments	4	(4)
Net gains/(losses) on investments measured at fair value through profit or loss	(4)	(5)
Other net financial expenses	(3)	(2)
Net financial result	**(41)**	**(52)**

7. Seasonality of Operations

In general, Lonza operates in businesses where no significant seasonal or cyclical variations in sales are expected. In the Contract Development and Manufacturing business customers are committed to Lonza through long-term supply agreements. However, certain agreements provide Lonza's customers the option to defer delivery of the finished product for a specific period of time, impacting the revenue recognition pattern.

8. Dividends Paid

On 5 May 2023, the Annual General Meeting approved the distribution of a dividend of CHF 3.50 (financial year 2021: CHF 3.00) per share in respect of the 2022 financial year.

The distribution to holders of outstanding shares totaled CHF 260 million (financial year 2022: CHF 223 million). Thereof, CHF 130 million have been recorded against retained earnings and CHF 130 million have been recorded against reserves from capital contributions of Lonza Group AG.

9. Share Buyback Program

On 25 January 2023, Lonza announced a program to buy back its own registered shares of up to CHF 2 billion over a maximum period of two years for the purpose of subsequent capital reductions. The buyback program started on 3 April 2023 (see **news release**). The total number of shares repurchased at 30 June 2023 was 508,768 for a total value of CHF 286 million.

10. Events After the Balance Sheet Date

On 20 July 2023, the Board of Directors authorized the interim financial statements of Lonza Group Ltd and its subsidiaries for the six-month period ended 30 June 2023 for issue.

Forward-Looking Statements

Forward-looking statements contained herein are qualified in their entirety as there are certain factors that could cause results to differ materially from those anticipated. Any statements contained herein that are not statements of historical fact (including statements containing the words "outlook," "guidance," "believes," "plans," "anticipates," "expects," "estimates" and similar expressions) should be considered to be forward-looking statements. Investors are cautioned that all forward-looking statements involve risks and uncertainty.

There are a number of important factors that could cause actual results or events to differ materially from those indicated by such forward-looking statements, including the timing and strength of new product offerings; pricing strategies of competitors; the company's ability to continue to receive adequate products from its vendors on acceptable terms, or at all, and to continue to obtain sufficient financing to meet its liquidity needs; difficulty to maintain relationships with employees, customers and other business partners; and changes in the political, social and regulatory framework in which the company operates, or in economic or technological trends or conditions, including currency fluctuations, inflation and consumer confidence, on a global, regional or national basis.

In particular, the assumptions underlying the Outlook 2023 and Mid-Term Guidance 2024 herein may not prove to be correct. The statements in the section on Outlook 2023 and Mid-Term Guidance 2024 constitute forward-looking statements and are not guarantees of future financial performance.

Lonza's actual results of operations could deviate materially from those set forth in the section on Outlook 2023 and Mid-Term Guidance 2024 as a result of the factors described above or other factors. Investors should not place undue reliance on the statements in the section on Outlook 2023 and Mid-Term Guidance 2024. Except as otherwise required by law, Lonza disclaims any intention or obligation to update any forward-looking statements as a result of develop.

Disclaimer

Except as otherwise required by law, Lonza disclaims any intention or obligation to update any forward-looking statements as a result of developments occurring after this presentation was published.
Lonza Group Ltd has its headquarters in Basel, Switzerland, and is listed on the SIX Swiss Exchange. It has a secondary listing on the Singapore Exchange Securities Trading Limited ("SGX-ST"). Lonza Group Ltd is not subject to the SGX-ST's continuing listing requirements but remains subject to Rules 217 and 751 of the SGX-ST Listing Manual.

Upcoming Roadshows:

25 August 2023
Credit Suisse, Zurich

28 August 2023
JP Morgan, New York

29 August 2023
JP Morgan, Boston

4–5 September 2023
UBS, London

Upcoming Announcements:

17 October 2023
Capital Markets Day
(incl. Qualitative Update)

26 January 2024
Full-Year Results 2023

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