

Full-Year Report 2023



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Robust sales of CHF 6.7 billion,
delivering **sales growth of 10.9% CER¹**

CORE EBITDA of CHF 2 billion, resulting in
a **margin of 29.8%**

Continued growth investment with
CAPEX at 25% of sales

Solid free cash flow at CHF 329 million

Proposed **14% dividend increase** from
CHF 3.50 to CHF 4.00 per share

Return of excess capital continues with **share**
buyback up to CHF 2 billion

Group Outlook 2024: **flat CER sales growth**
and **CORE EBITDA margin in the high twenties**

Mid-Term Guidance 2024 - 2028 confirmed



¹ Sales growth figures, expressed as a percentage (%), are at Constant Exchange Rate (CER)

CEO Update

Dear Stakeholders,

In 2023, we delivered a robust financial performance. Despite macroeconomic challenges, we have continued to see high levels of demand for our offerings, which are designed to meet our customers' complex needs. We continued to pursue our ambitious growth program in areas of sustained market growth, while maintaining a healthy balance sheet, supported by solid free cash flow.

Full-Year 2023 sales reached CHF 6.7 billion, with sales growth of 10.9% CER, and CHF 2 billion CORE EBITDA, resulting in a margin of 29.8%. These solid financial results were driven by the Biologics and Small Molecules divisions, with a softer performance in Cell & Gene, and Capsules & Health Ingredients.

We continued to execute our investment strategy to support Lonza's future growth, with CAPEX at 25% of sales. New CAPEX projects announced in 2023 included an antibody-drug conjugate (ADC) commercial filling line in Stein (CH) for a dedicated customer, and a growth project to facilitate a significant capacity increase for Bioconjugates in Visp (CH). We remain focused on sustainable growth opportunities, supported by attractive margins and manageable risk. This will enable us to support our customers' complex needs and capture value in the CDMO market.

2023 was a year of shifting market dynamics and we continued to adapt to our changing environment. As part of our commitment to deliver long-term value to our shareholders and customers, we continually monitor emerging global trends and changing customer needs. As part of an extensive strategic review, we confirmed plans to decommission our Biologics manufacturing facilities in Guangzhou (CN) and Hayward (US). Biologics will retain a commercial sales organization in China. This site reconfiguration will optimize our global network and capacity.

We continued to make progress on our ESG commitments in 2023, with the development of a comprehensive climate plan to cut Scope 1 and 2 emissions¹ by more than 40% by the end of 2030. To support this commitment, we signed two major Power Purchase Agreements (PPAs) to source all electricity from renewable sources by 2025, where available. Collectively, these agreements will decarbonize all of Lonza's Scope 2 electricity emissions across Switzerland, the European Union, and China.

Looking to 2024, we provide an Outlook of flat CER sales growth and a CORE EBITDA margin in the high twenties. This reflects continued strong underlying CDMO business performance, offset by the growth headwind from around CHF 500 million in Moderna sales and related termination impacts in 2023. We plan to maintain CAPEX at current levels (25% of sales) in 2024.

Our Board of Directors proposes a 14% dividend increase from CHF 3.50 to CHF 4.00 per share. In addition, based on Lonza's strong balance sheet and positive outlook, we continue to return excess capital to shareholders through a share buyback of up to CHF 2 billion. As of 31 December 2023, approximately CHF 1 billion of shares have been acquired. We anticipate that the full buyback program will be completed in H1 2025.

We are pleased to confirm our Mid-Term Guidance 2024–2028. Our robust performance in 2023 is testament to our strong business fundamentals, our capability to capture value in the CDMO market, and the skill and dedication of our global colleague community.

As I close, I would like to take this opportunity to thank our people for their drive to deliver in 2023, and their constant commitment to our purpose of enabling a healthier world. I would like to thank our customers and investors for their continuing trust and loyalty during a year of change, both at Lonza and in the wider world.

As we enter a new year on solid foundations, I am confident that we are well-placed to deliver long-term value for our customers and shareholders.

Sincerely,

Albert M. Baehny

Chairman of the Board of Directors and CEO *ad interim*



¹ Scope 1 includes direct GHG emissions from sources owned or controlled by Lonza. Scope 2 encompasses GHG emissions from purchased electricity and steam.

Financial Highlights (Unaudited) for the Twelve Months Ended 31 December¹

IFRS Results

Million CHF	2023	Change in %	2022
Sales	6'717	7.9	6'223
EBIT	880	(42.9)²	1'541
Margin in %	13.1		24.8
EBITDA	1'940	(9.3)	2'139
Margin in %	28.9		34.4
Profit for the period	655	(46.2)	1'218
EPS basic (CHF)	8.88	(45.8)	16.37
EPS diluted (CHF)	8.88	(45.7)	16.34

CORE Earnings³

Million CHF	2023	Change in %	2022
CORE EBITDA	1'999	0.2	1'995
Margin in %	29.8		32.1
CORE Profit for the period	914	(16.7)	1'097
CORE EPS basic (CHF)	12.40	(15.9)	14.74
CORE EPS diluted (CHF)	12.39	(15.8)	14.71
ROIC in %	8.7	(23.7)	11.4

Other Performance Measures

Million CHF	2023	Change in %	2022
Operational free cash flow (before acquisitions and divestitures)	329	n/a	(465)
Operational free cash flow	236	n/a	(237)
Capital expenditures (CAPEX)	1'682	(10.1)	1'872
Net debt / (net cash)	922	n/a	(186)
Net Debt – equity ratio	0.1	n/a	(0.0)
Net Debt / CORE EBITDA ratio	0.5	n/a	(0.1)
Number of employees (Full-Time Equivalent)	18'000	2.9	17'494

¹ All financial information for financial year 2023 is unaudited

² In 2023, result from operating activities (EBIT) was negatively affected by impairment and restructuring initiatives (CHF 489 million, see note 5)

In 2022, result from operating activities (EBIT) was positively affected by the gains (CHF 199 million) related to the divestiture of several businesses in Bioscience and Small Molecules

³ For Lonza's definition of CORE results, also refer to the Alternative Performance Measures Brochure published in conjunction with this Full-Year Report

Biologics

Division

For the twelve months ended 31 December

Million CHF	2023	2022	Change in %	Change in % in constant currency ¹
Sales	3'719	3'274	13.6	17.6
CORE EBITDA	1'294	1'228	5.4	7.7
Margin in %	34.8	37.5		
Capital expenditures (CAPEX)	1'071	1'268	(15.5)	

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

Divisional Overview

The Biologics division showed continued solid growth in 2023, despite softer early-stage demand and a resetting phase post-pandemic. A strong performance was supported by Mammalian, Microbial, Drug Product Services (DPS) and Bioconjugates.

The division reported continued solid sales growth at 13.6% (17.6% CER) compared to Full-Year 2022. A softer CORE EBITDA margin decreased by 2.7ppts to 34.8%, influenced by lower early-stage demand, new project ramp up and portfolio mix.

Biologics saw a healthy increase in the value of contract signings in 2023, with new multi-year customer agreements constituting a potential collective value of around CHF 10 billion.

In the context of current market dynamics, Lonza confirmed plans to optimize its global Biologics small-scale network by decommissioning its manufacturing facilities in Guangzhou (CN) and Hayward (US). The Biologics division will retain a commercial sales organization in China.

Small Molecules

Division

For the twelve months ended 31 December

Million CHF	2023	2022	Change in %	Change in % in constant currency ¹
Sales	901	819	10.0	11.2
CORE EBITDA	283	248	14.1	8.9
Margin in %	31.4	30.3		
Capital expenditures (CAPEX)	157	182	(13.7)	

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

Divisional Overview

Small Molecules delivered a strong financial performance in 2023, driven by the division's continued portfolio shift towards complex and high value small molecules.

Compared to Full-Year 2022, the division reported sales growth of 10% (11.2% CER). CORE EBITDA margin increased 1.1ppts in 2023 to 31.4%, which was supported by strong operational execution and product mix.

In 2023, the division signed multi-year agreements with a collective value of more than CHF 1 billion including new contracts and extensions. Multiple existing customers received regulatory approval for their oncology treatments in 2023. In addition, the division's track record and specialized expertise in highly potent APIs (HPAPIs) supported a significant increase in interest from new customers.

The division also continued to execute its growth investments in 2023, bringing a new dedicated customer mono-plant in Visp (CH) online and expanding its Solid Form Services facilities in Bend (US) to meet accelerated timelines for increasingly complex molecules.

Cell & Gene

Division

For the twelve months ended 31 December

Million CHF	2023	2022	Change in %	Change in % in constant currency ¹
Sales	696	693	0.4	6.6
CORE EBITDA	64	116	(44.8)	(40.5)
Margin in %	9.2	16.7		
Capital expenditures (CAPEX)	98	114	(14.0)	

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

Divisional Overview

In Cell & Gene, early-stage funding constraints impacted sales growth during 2023 for both early-stage services and products. The division delivered 0.4% (6.6% CER) sales growth compared to Full-Year 2022. A softer CORE EBITDA margin of 9.2% was influenced by adverse market conditions, delays in clinical trials and operational challenges.

The Cell & Gene Technologies business supported the commercial launch of two new customer products, and broke ground on a dedicated customer facility at its Portsmouth (US) site. Performance was impacted by early-stage funding constraints and operational challenges.

The Bioscience business unit saw continued late-stage and commercial demand in products and services to support the biologics and cell and gene markets, and delivered a series of new product launches and testing solutions.

In Personalized Medicines, significant progress was made in deploying the Cocoon® platform, with more than 100 instruments now supporting customers in multiple active clinical trials.

Capsules & Health Ingredients

Division

For the twelve months ended 31 December				
Million CHF	2023	2022	Change in %	Change in % in constant currency ¹
Sales	1'161	1'266	(8.3)	(2.4)
CORE EBITDA	327	418	(21.8)	(14.1)
Margin in %	28.2	33.0		
Capital expenditures (CAPEX)	80	105	(23.8)	

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

Divisional Overview

Capsules & Health Ingredients delivered a softer performance in 2023. Compared to Full-Year 2022, the division reported sales of -8.3% (-2.4% CER), impacted by lower post-pandemic nutraceutical demand and customer inventory destocking.

In 2023, the division continued to innovate through technology. It completed the development of its next-generation hard empty capsule (HEC) manufacturing technology, and extended its proprietary capsule sealing technology.

The division saw continued growth momentum in pharma HEC and health ingredients, and positive long-term demand is supported by the trend for proactive consumer health management.

The division reported a CORE EBITDA margin of 28.2%, with softer performance driven mainly by higher raw materials costs and exchange rates.

Corporate

For the twelve months ended 31 December

Million CHF	2023	2022
Sales^{1,2}	240	171
CORE EBITDA²	31	(15)

1 Primarily includes sales to Arxada (former Specialty Ingredients business, divested in 2021)

2 Includes the impact from the hedging program on Sales (2023: CHF 65 million, 2022: CHF -9 million) and CORE EBITDA (2023: CHF 12 million, 2022: CHF -3 million) which is managed centrally by Corporate Treasury and therefore reported as part of Corporate

Outlook 2024 and Mid-Term Guidance 2024–2028

Lonza provides the following Outlook for Full-Year 2024:

- **Flat CER sales growth**
- **CORE EBITDA Margin in high twenties**

Outlook assumes no unexpected adverse events.

Lonza confirms its Mid-Term Guidance 2024–2028:

- **11–13% sales CAGR in CER (2024–2028)**
- **32–34% CORE EBITDA Margin in 2028**
- **Double-digit ROIC in 2028**
- **1.5–2.0x Net Debt / CORE EBITDA**

Dividend Proposed

Lonza's Board of Directors is proposing a 14% dividend increase from CHF 3.50 to CHF 4.00 per share. Subject to approval at the upcoming Annual General Meeting, 50% of the dividend will be paid out of the capital contribution reserve and will therefore be free from Swiss withholding tax.

Condensed Financial Statements

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

Million CHF	2023	2022
Property, plant and equipment	6'617	6'120
Intangible assets	1'988	2'231
Goodwill	2'752	2'863
Other non-current assets	574	408
Deferred tax assets	15	17
Total non-current assets	11'946	11'639
Inventories	1'585	1'819
Trade receivables and other receivables	1'609	1'644
Current tax receivables	40	30
Short-term investments	200	885
Cash and cash equivalents	1'468	1'339
Total current assets	4'902	5'717
Total assets	16'848	17'356
Equity attributable to equity holders of the parent	9'452	10'597
Non-controlling interests	60	68
Total equity	9'512	10'665
Non-current debt	2'610	1'554
Non-current provision	384	378
Other non-current liabilities (incl. employee benefit liabilities)	1'088	1'123
Deferred tax liabilities	491	556
Total non-current liabilities	4'573	3'611
Current debt	191	678
Current provision	67	47
Other current liabilities	2'368	2'252
Current tax payable	137	103
Total current liabilities	2'763	3'080
Total liabilities	7'336	6'691
Total equity and liabilities	16'848	17'356

Condensed consolidated income statement for the twelve months ended 31 December 2023 (unaudited) and 31 December 2022

Million CHF	2023	2022
Sales	6'717	6'223
Cost of goods sold	(4'769) ¹	(3'785)
Gross profit	1'948	2'438
Marketing and distribution, Research and development, Administration and general overhead ²	(1'074) ³	(1'060)
Other operating income and expenses	6	163 ⁴
Result from operating activities (EBIT)⁵	880	1'541
Net financial result	(77)	(95)
Share of profit / (loss) from associates / joint ventures	(13)	2
Profit before income taxes	790	1'448
Income taxes	(135)	(230)
Profit for the period	655	1'218
Attributable to:		
Equity holders of the parent	654	1'215
Non-controlling interests	1	3
Profit for the period	655	1'218
Earnings per share for profit attributable to equity holders of the parent⁵		
Basic earnings per share – EPS basic (CHF)	8.88	16.37
Diluted earnings per share – EPS diluted (CHF)	8.88	16.34

Condensed consolidated statement of comprehensive income for the twelve months ended 31 December 2023 (unaudited) and 31 December 2022

Million CHF	2023	2022
Profit for the period	655	1'218
Other comprehensive income:		
Items that will not be reclassified to profit or loss		
Re-measurements of defined benefit liability	(35)	49
Income tax on items that will not be reclassified to profit or loss	5	(8)
	(30)	41
Items that are or may be reclassified subsequently to profit or loss:		
Exchange differences on translating foreign operations	(498)	(205)
Reclassification of foreign currency differences related to divested businesses	0	8
Cash flow hedges	(45)	23
Income tax on items that are or may be reclassified to profit or loss	21	(3)
	(522)	(177)
Other comprehensive income for the period, net of tax	(552)	(136)
Total comprehensive income for the period	103	1'082
Total comprehensive income attributable to:		
Equity holders of the parent	109	1'084
Non-controlling interests	(6)	(2)
Total comprehensive income for the period	103	1'082

- 1 Includes impairments of CHF 405 million and restructuring costs of CHF 50 million (see note 5)
- 2 Includes the amortization of acquisition related intangible assets (2023: CHF 132 million, 2022: CHF 138 million)
- 3 Includes impairment of CHF 30 million (see note 5)
- 4 Includes gains of CHF 199 million related to the divestiture of several businesses in Bioscience and Small Molecules
- 5 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

Condensed consolidated cash flow statement for the twelve months ended 31 December 2023 (unaudited) and 31 December 2022

Million CHF	2023	2022
Profit for the period	655	1'218
Adjustment for non-cash items	956	670
Income tax and interest paid	(225)	(287)
(Increase) / decrease of net working capital	53	(483)
Use of provisions	(32)	(58)
Increase/(decrease) in other payables, net	(22)	(40)
Net cash provided by operating activities	1'385	1'020
Purchase of property, plant & equipment and intangible assets	(1'682)	(1'872)
Acquisition of subsidiaries, net of cash acquired	(93) ¹	(10)
Disposal of subsidiaries, net of cash disposed of	0	238 ²
Net (increase) / decrease in other assets	(30)	(54)
Lease payments received / (lease prepayment)	10	5
(Increase) / decrease in short-term investments	685	718
(Increase) / decrease in loans and advances	(16)	(18)
Interest and dividend received	30	19
Net cash provided by / (used for) investing activities	(1'096)	(974)
Issuance of straight bonds	1'328	0
Repayment of German Private Placement	(180)	0
Repayment of straight bond	(475)	(105)
Increase / (decrease) in debt	23	(47)
Principal payment of lease liabilities	(58)	(60)
Net increase in other non-current liabilities	486	205
Capital injection from owners of the non-controlling interests	1	2
Purchase of treasury shares	(1'020) ³	(58)
Sale of treasury shares	9	7
Dividends paid ⁴	(263)	(228)
Net cash provided by / (used for) financing activities	(149)	(284)
Effect of currency translation on cash	(11)	(5)
Net (decrease) / increase in cash and cash equivalents	129	(243)
Cash and cash equivalents at 1 January	1'339	1'582
Cash and cash equivalents at 31 December	1'468	1'339

1 Related to the acquisition of Synaffix in May 2023, see note 4

2 Related to the divestitures of several businesses in Bioscience and Small Molecule

3 Includes the effects from the Share Buyback Program that was initiated in 2023, see note 8

4 Includes dividends of CHF 3 million (2022: CHF 5 million) paid to non-controlling interest shareholders of a subsidiary

Condensed consolidated statement of changes in equity
at 31 December 2023 (unaudited) and 31 December 2022

Million CHF	Attributable to equity holders of the parent						Total	Non-controlling interests	Total equity
	Share capital	Share premium	Retained earnings	Hedging reserve	Translation reserve	Treasury shares			
Twelve months ended 31 December 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	1'215	0	0	0	1'215	3	1'218
Other comprehensive income, net of tax	0	0	41	20	(192)	0	(131)	(5)	(136)
Total comprehensive income for the period	0	0	1'256	20	(192)	0	1'084	(2)	1'082
Dividends	0	(111)	(112)	0	0	0	(223)	(5)	(228)
Capital injection from owners of the non-controlling interests	0	0	0	0	0	0	0	2	2
Recognition of share-based payments	0	0	36	0	0	0	36	0	36
Movements in treasury shares	0	0	(113)	0	0	63	(50)	0	(50)
Balance at 31 December 2022	74	2'582	9'042	16	(1'003)	(114)	10'597	68	10'665
Twelve months ended 31 December 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	654	0	0	0	654	1	655
Other comprehensive income, net of tax	0	0	(30)	(39)	(476)	0	(545)	(7)	(552)
Total comprehensive income for the period	0	0	624	(39)	(476)	0	109	(6)	103
Dividends	0	(130)	(130)	0	0	0	(260)	(3)	(263)
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	15	0	0	0	15	0	15
Movements in treasury shares	0	0	(65)	0	0	(944)	(1'009)	0	(1'009)
Balance at 31 December 2023	74	2'452	9'486	(23)	(1'479)	(1'058)	9'452	60	9'512

Selected Explanatory Notes

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

These unaudited condensed financial statements are based on the consolidated financial statements for the twelve-month period ended 31 December 2023 that will be prepared in accordance with the IFRS Accounting Standards, issued by the International Accounting Standards Board (IASB).

New Standards, Interpretations and Amendments

The following new or amended standards became applicable for the current reporting period and did not have any material effect on the Group's financial statements:

- * Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2
- * Definition of Accounting Estimates – Amendments to IAS 8
- * Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12
- * International Tax Reform – Pillar Two Model Rules – Amendments to IAS 12

2. Exchange Rates

Balance sheet		
Period-end rate CHF	31.12.2023	31.12.2022
US dollar	0.84	0.92
Pound sterling	1.07	1.11
Euro	0.93	0.99

Income statement		
Average rate CHF	2023	2022
US dollar	0.90	0.95
Pound sterling	1.12	1.18
Euro	0.97	1.00

3. Operating Segments

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

In **Biologics**, Lonza accelerates and de-risks the path from drug substance development to drug product supply, for complex modalities including mammalian, microbial, mRNA and bioconjugates. The end-to-end service offering is complemented by granting customers access to Lonza's expression system technologies.

In **Small Molecules**, Lonza supports the journey from early development to commercial supply, with drug substance, drug product and particle engineering services.

In **Cell & Gene**, Lonza supports and equips its customers to develop, de-risk, commercialize and scale their emerging therapies through its Cell & Gene Technologies, Personalized Medicine and Bioscience business units.

In **Capsules & Health Ingredients**, Lonza delivers dosage solutions and science-backed up health ingredients to support the pharma and nutrition markets.

Twelve months ended 31 December 2023

Million CHF	Biologics	Small Molecules	Cell & Gene	Capsules & Health Ingredients	Total Operating segments	Corporate / Eliminations ¹	Total Group
Sales third-party	3'719	901	696	1'161	6'477	240	6'717
Inter-segment sales	5	4	62	1	72	(72)	0
Total sales	3'724	905	758	1'162	6'549	168	6'717
CORE EBITDA	1'294	283	64	327	1'968	31	1'999
Margin in %	34.8	31.4	9.2	28.2	30.4	n.a.	29.8

Twelve months ended 31 December 2022

Million CHF	Biologics	Small Molecules	Cell & Gene	Capsules & Health Ingredients	Total Operating segments	Corporate / Eliminations ¹	Total Group
Sales third-party	3'274	819	693	1'266	6'052	171	6'223
Inter-segment sales	6	3	51	3	63	(63)	0
Total sales	3'280	822	744	1'269	6'115	108	6'223
CORE EBITDA	1'228	248	116	418	2'010	(15)	1'995
Margin in %	37.5	30.3	16.7	33.0	33.2	n.a.	32.1

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 twelve months ended 31 December in 2023 and 2022 is as follows:

Million CHF	2023	2022
Profit before income taxes	790	1'448
Net financial result	(77)	(95)
Share of loss from associates/joint ventures	(13)	2
Result from operating activities (EBIT)¹	880	1'541
Environmental-remediation expenses	(15)	(27)
Income / (expense) resulting from acquisition and divestitures	6	202 ²
Litigations	0	(31) ³
Restructuring costs	(50)	0
Depreciation & amortization of property, plant and equipment, right-of-use assets and intangibles	(621)	(596)
Impairment of property, plant and equipment, right-of-use assets and intangibles	(439) ⁴	(2)
CORE EBITDA	1'999	1'995

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 Includes the gains related to divestiture of several businesses in Bioscience and Small Molecules

³ Litigation related to a Lonza legacy site / business

⁴ See note 5

4. Acquisition of Business (2023)

Effective 31 May 2023, Lonza Group acquired 100% of the shares of Synaffix B.V., Netherlands for an initial cash consideration of EUR 107 million and an additional performance-based consideration up to EUR 60 million. 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 fair values of intangible assets have been determined (on a provisional basis) by independent valuation specialists and amount to EUR 77 million, resulting in a goodwill of EUR 59 million. The contingent consideration is based on the achievement of sales-related milestones. Lonza's estimate of the probability weighted contingent consideration of EUR 30 million is reflected as a liability within the consolidated balance sheet as of 31 December 2023.

The Synaffix business is reported within Biologics segment and does not have any significant impact on the consolidated financial statements for the twelve-month period ended 31 December 2023, with the exception of the acquired goodwill and intangible assets.

5. Impairment Losses and Restructuring Costs (2023)

The impairment losses and restructuring costs recognized for financial year 2023 are as follows:

Million CHF	Biologics	Cell & Gene	Total Group
Impairment of property, plant and equipment, right of use assets and intangible assets	(363)	(76)	(439)
Restructuring costs	(50)	0	(50)
Total	(413)	(76)	(489)

Biologics

In 2023, Lonza decided to optimize its global Biologics network, in light of current market dynamics, by decommissioning its Mammalian and Drug Product Services manufacturing facility in Guangzhou (CN) and its Mammalian manufacturing facility in Hayward (US). This led to impairment losses of CHF 183 million and restructuring-related costs of CHF 50 million (including inventory write-downs).

Biologics also reported impairment losses of CHF 180 million on property, plant & equipment, primarily in relation to customer specific production assets and customer contracts in Visp (CH). These were usually compensated by termination related revenues.

The above costs were reported as part of cost of goods sold.

Cell & Gene

The 2023 impairment loss in the Cell & Gene division (CHF 46 million) relates to various production assets. These costs were included in cost of goods sold (CHF 42 million) and in other operating income and expenses (CHF 4 million).

Furthermore, following the contract termination with Codiak Biosciences (due to Codiak's filing for bankruptcy in March 2023), Cell & Gene reported an impairment loss on intangible assets in the amount of CHF 30 million. These costs, that were reported as

part of Administration and general overheads, were offset with the release of Lonza's obligation to provide future manufacturing services (release of deferred income).

6. Net Financial Result

The net financial result for the twelve-month periods ended 31 December are as follows:

Million CHF	2023	2022
Net interest expenses on debt and bonds	(77)	(43)
Amortization of debt fees and discounts	(8)	(6)
Net interest income / (expenses) on financial assets	38	3
Net interest expenses on IFRS 16 lease liabilities	(12)	(12)
Net interest expenses on defined benefit plan liabilities	(1)	0
Net gain/(loss) on investments measured at fair value through profit or loss	(2)	(3)
Interest related to derivative instruments	8	(4)
Foreign exchange rate differences, including impact from currency-related financial derivative instruments	(6)	(15)
Net impact from fair value adjustment on contingent purchase price consideration	(6)	(5)
Net other financial income / (expense)	(11)	(10)
Net financial result	(77)	(95)

7. 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 has been recorded against retained earnings and CHF 130 million has been recorded against reserves from capital contributions of Lonza Group AG.

8. 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. The total number of shares repurchased at 31 December 2023 was 2,242,568 for a total value of CHF 995.4 million.

9. Events After the Balance Sheet Date

As of the date of issuance of these condensed consolidated financial statements, no significant subsequent events have occurred after the reporting period that might affect the Group and that should be included thereto.

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 2024 and Mid-Term Guidance 2024–2028 herein may not prove to be correct. The statements in the section on Outlook 2024 and Mid-Term Guidance 2024–2028 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 2024 and Mid-Term Guidance 2024–2028 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 2024 and Mid-Term Guidance 2024–2028. 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.

3 April 2024

Publication of Annual and Sustainability Reports

8 May 2024

Annual General Meeting

13 May 2024

Ex-Dividend Date

14 May 2024

Record-Dividend Date

15 May 2024

Dividend-Payment Date

25 July 2024

Half-Year Results 2024

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