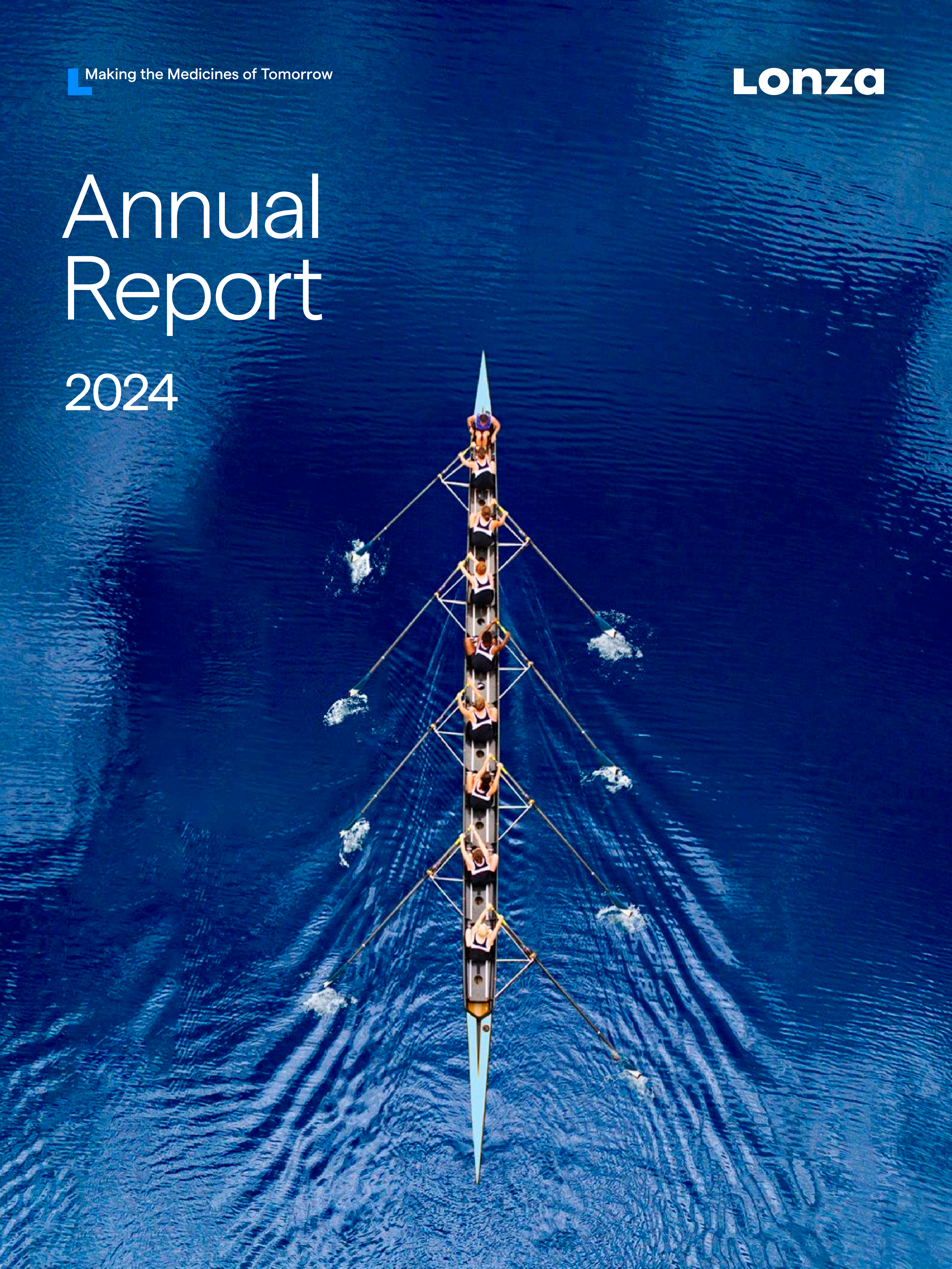
Making the Medicines of Tomorrow

Lonza

Annual Report
2024



Contents

Creating Value in 2024

Letter from the Chair

Jean-Marc Huët
Chair of the Board
of Directors

Dear Stakeholders,

It is my pleasure to welcome you to the Lonza 2024 Annual Report – an important milestone in a year of structured and strategic change for our company. With governance enhancements at the Board level and the launch of our new One Lonza Group strategy, 2024 was a defining year in which we strengthened our foundations to deliver long-term value creation with a sharpened focus on our core CDMO[1] business.

In May 2024, I took over as Chair from Albert Baehny, and I would like to thank Albert for his many contributions to Lonza. Shortly after I commenced in my role, in July 2024, I was joined by Wolfgang Wienand who commenced his new role as Chief Executive Officer. Already before his arrival, Wolfgang and I started to establish a strong working dynamic founded upon trust, shared values, and complementary experiences. Together, we are committed to ensuring that the business is well equipped to navigate challenges, capture opportunities, and deliver on our shared vision to be the pioneer and world leader in the CDMO industry, setting the pace with cutting-edge science, smart technology and lean manufacturing.

Improving Robustness in Board Governance
In my first year as Chair, I agreed with the Board of Directors that there was a need to enhance governance, ensure robust succession planning, and focus on business stability and continuity. As part of our agreed improvement program, we introduced a revised and updated Board Committee structure. The Nomination and Compensation Committee (NCC) was split into two distinct bodies: the Nomination and Governance Committee (NGC) and the Remuneration Committee (RemCo). This is designed to ensure that talent, leadership development and governance are a clear focus with a dedicated body to ensure best practice. The majority of Board members now serve on two of our four Board Committees, ensuring closer engagement with the business in areas relevant to their experience and expertise. We have also proposed that Board members' positions will be reviewed after nine years of service, with the maximum possible tenure set at twelve years.

In this period of transition, we have agreed to maintain the role of Lead Independent Director to ensure open communications with our investors. Furthermore, Board member skills will be reviewed regularly and enhanced by ongoing Board education to ensure the Board is set up to serve Lonza's business today and in the future. Such updates have been designed to improve Board understanding and create a closer connection between the Board and business. This will enable the Board to fulfil its primary function – to support and challenge Lonza to bring and be its best.

Expanding our Board with Relevant Experience
In 2024, we partnered with a third party to evaluate and advise on Board dynamics. This positive collaboration has promoted greater self-awareness across the Board and improved alignment in our ways of working. We have also developed our first ever Board skills matrix (see page 198), which maps Board member capabilities. These important strategic evaluations have helped us to find opportunities to increase inclusion, improve complementarity and add relevant skills and experience to our Board composition.

In line with our skills matrix, we have identified three potential new Board members with experience and expertise that is highly relevant to our business and industry. For election at our Annual General Meeting (AGM) in 2025, we will propose: Juan Andres (formerly President, Strategic Partnerships and Enterprise Expansion at Moderna), Eric Drapé (formerly EVP, Head of Global Operations, Company Officer and Member of the Executive Committee at Teva Pharmaceuticals), and David Meline (formerly CFO of 3M, Amgen and Moderna, and Chair of the Finance, Audit and Compliance Committee for ABB). All three have previously worked for companies that have partnered with Lonza, which brings a valuable new customer understanding to our Board. They also bring manufacturing experience alongside a global perspective and important non-executive experience as seasoned Board members.

At the same time, Olivier Verscheure has decided not to stand for re-election after serving on the Board since 2018. On behalf of the Board, I would like to sincerely thank Olivier for his valuable contributions to Lonza over his seven years of service. Specifically, I wish to acknowledge his impressive knowledge and scientific experience in technology and artificial intelligence, which has proved to be highly relevant and valuable to our business.

Our Continuing Commitment to Corporate Responsibility
Sustainable value creation is an ethical, social and commercial imperative for Lonza, and a collective responsibility shared across our global team. Our corporate responsibility is incorporated into the company's governance structures and remuneration policies. This ensures that the entire Lonza colleague community is committed to creating value by supporting our communities, making active social contributions, and reducing our environmental footprint.

In February 2024, the Science Based Targets Initiative (SBTi) validated our near-term greenhouse gases (GHG) reduction targets, which are designed to advance our ambition of achieving net-zero by 2050 or earlier. Half of our electricity production is already procured from renewable sources, supported by renewable power agreements in the EU and China, and we have worked to increase this further with agreements in the US. These support our ambition to purchase all electricity from renewable sources where available.

Thanks to our Stakeholders
The confidence of our investor community has been instrumental as we have focused on making strategic changes that secure our capability to deliver lasting value for our people, our shareholders, our customers and their patients. Reflecting our commitment to delivering value to our shareholders, we have added a Chair's Roadshow and a Remuneration Roadshow to the annual investor schedule as a means of maintaining close connections with this important community.

For our shareholders, the Board of Directors proposes to maintain a dividend of CHF 4.00 per share. Subject to approval at the upcoming AGM, 50% of the dividend will be paid out of the capital contribution reserve, ensuring it remains free from Swiss withholding tax.

On behalf of the Board of Directors, I would also like to take this chance to express my sincere thanks to all our stakeholders for their continued trust and support during a year of positive transformation for Lonza. Specifically, I would like to thank the global Lonza colleague community for the warm welcome they have shown me, and their support and dedication in delivering our business in 2024. I look forward to continuing to our journey, as we drive structured and sustainable growth, innovation and excellence in the years ahead.

Jean-Marc Huët
Chair of the Board of Directors

[1] Contract Development and Manufacturing Organization.

Letter from the CEO

Wolfgang Wienand
Chief Executive Officer (CEO)

Dear Stakeholders,

Since joining Lonza in the Summer of 2024, I have had the privilege of immersing myself in our business and finding out what makes our company unique. In my first 100 days, I visited ten of our key global sites to meet our people, feel our culture up close, and gain a deep understanding of where we have strengths and where we can make improvements. Across the network, I found a high-performing team deeply committed to serving our customers and their patients – and eager to share and listen to ideas on how to drive our business forward.

This intensive immersion period was invaluable for me in testing my incoming hypotheses, shaping my thinking and defining my future focus areas. As my first 100 days came to a close, I spent the remainder of the year working closely with my global leadership team to define One Lonza, a single business that is united and galvanized by a shared purpose, a new ambitious vision, a concise strategy for our future, and a reshaped operating model best suited to execute upon the strategy.

We approach our next chapter in our journey from a position of strength and confidence. Lonza continues to operate in an attractive and growing market, backed by a sustained pipeline of therapies, and robust investment in emerging technologies to make the medicines of tomorrow. Reflecting on Lonza in 2024, I see a healthy business with significant growth potential, and a clear path to achieve its goals. The foundational work undertaken across the organization this year, alongside a continued focus on delivery, means we are well positioned for an era of structured growth and development in 2025 and beyond.

Financial Performance and Investor Relations
In 2024, Lonza reported sales of CHF 6.6 billion (-0.2% CER and -2.1% AER compared to the prior year). A CORE EBITDA of CHF 1.9 billion resulted in a robust margin of 29.0%, driven by high demand for commercial CDMO services and strong operational execution. Adjusted for the COVID-related mRNA business and the related termination impact in 2023, underlying sales grew at around 7% in CER and CORE EBITDA margin improved by low-single-digit ppts.

We prioritized direct engagement with our investor community in 2024. Alongside the Full-Year 2023 and Half-Year 2024 reports, we hosted roadshows in Zurich, London, New York, Toronto, Paris, Edinburgh, Frankfurt, Stockholm and Copenhagen, and we attended industry conferences in San Francisco, New York and London. In May, we hosted our Annual General Meeting (AGM) in Basel, where more than 40% of our shareholder capital was represented. Then, to end the year in December, we hosted an Investor Update where we gave a detailed insight into our One Lonza strategy and first measures undertaken to bring the strategy to life.

One Lonza Strategy: Our Transformation into a Dedicated CDMO
Unveiled at our Investor Update in December, the One Lonza strategy is powered by the Lonza Engine – our unique set of five core competencies that sets us apart: high performance teams; a strong scientific, technological, digital ecosystem; unparalleled customer partnerships; end-to-end execution excellence; and plug-and-play investment and integration capabilities. These five components work in harmony to drive long-term value creation.

As part of our One Lonza strategy, we are evolving the organizational structure for our CDMO business to a simplified set-up with three integrated Business Platforms. The change has been designed to enhance customer proximity, provide scalability for future growth and strengthen our multimodality offering. On 1 April 2025, we will launch our new CDMO structure with three Business Platforms:

- **Integrated Biologics** leverages our experience in drug approvals to accelerate and de-risk the path to market with best-in-class, end-to-end offerings – from licensing and clinical development to drug substance and drug product manufacturing
- **Advanced Synthesis** applies more than 125 years' expertise in classic and complex chemistry to the manufacturing of small molecules, highly potent APIs, antibody-drug conjugates and bioconjugates
- **Specialized Modalities** operates at the forefront of emerging technologies – spanning cell and gene, mRNA and microbial – to help pioneer our customers' breakthrough medicines

This new structure will enable us to balance our revenues, improve synergies between platforms, deepen functional expertise across businesses, strengthen our offerings across technologies, and increase focus on high-growth business areas. We are also elevating the role of key Group Functions, strengthening standardization and harmonization, improving execution capabilities with an increased focus on excellence in asset construction and operation, and balancing M&A alongside organic investment to drive future growth.

To enhance customer and shareholder value through focusing on our CDMO offering, we plan to exit the **Capsules & Health Ingredients** (CHI) business at the appropriate time. This exit is being carefully planned to meet the interests of our customers, shareholders, and colleagues, and we aim for the exit to support CHI to achieve the highest potential for its business, its colleagues and the customers they serve.

As an executive leadership team, we are confident that these structured and strategic changes will allow us to improve collaboration and performance, enhance our customer experience, and provide a model that is ready to capture future growth and advantage.

New Areas of Responsibility in the Executive Committee
As part of our organizational update, we have announced changes to the roles and responsibilities of some Executive Committee (EC) members. Gordon Bates, currently President of our Small Molecules division, will become Head of the Integrated Biologics Platform. Christian Seufert, currently President of Capsules & Health Ingredients, will become Head of the Advanced Synthesis Platform. Daniel Palmacci, currently President of Cell & Gene, will become Head of the Specialized Modalities Platform. Jean-Christophe Hyvert, currently President of Biologics, will become Head of Capsules & Health Ingredients.

I would like to thank these leaders for their continuing contributions to our business, and their flexibility in embracing these positive changes that are designed to align the right leader with the right business.

Investing to Generate Long-Term Value
Our investment strategy focuses on areas of sustained customer demand and market growth, to capture opportunities with attractive margins while minimizing risk. In 2024, our CapEx was 22% of sales, enabling us to maintain an accelerated growth trajectory through a combination of organic growth projects and strategic acquisitions.

In March 2024, Lonza signed an agreement to purchase the Genentech large-scale manufacturing site from Roche for USD 1.2 billion in cash. With a total bioreactor capacity of 330,000 liters, the Vacaville site is one of the largest biologics manufacturing facilities in the world. The acquisition was successfully completed in October. It significantly extends our capacity for mammalian manufacturing in the US, and marks a major milestone in our commitment to deliver long-term value for our customers and shareholders. As part of the deal, we also welcomed around 800 Vacaville colleagues into the Lonza network – bringing a wealth of industry knowledge and large-scale mammalian manufacturing expertise.

Alongside this major acquisition, we continued to execute our large growth projects and invest in organic growth. Bioconjugates – including antibody-drug conjugates (ADCs) – remains a major area of growth for the Lonza business, and in 2024 we continued to strengthen our end-to-end offering. In October, we extended a long-term agreement with a major global biopharmaceutical partner for commercial-scale manufacture of ADCs, with plans to construct a new suite in Visp (CH). In November, we announced plans to expand bioconjugation capabilities in Visp with two new 1,200L suites. This will double our multipurpose capacity for the launch and commercial supply of bioconjugates, enabling us to capitalize on continued market demand.

The Year Ahead
Looking to 2025, we will enter the new year with a clear direction towards creating a single and unified One Lonza. We will focus on embedding and executing our One Lonza strategy, driving excellence across functions, and continuing to deliver on our commitments to our customers and their patients.

As I close, I extend my thanks to our global community of 18,500 colleagues for what we have been able to achieve together already in 2024. I have already witnessed an inspiring level of talent, expertise, dedication and passion across the global network, and I look forward to achieving even greater success with our outstanding global One Lonza team in 2025 and beyond.

Wolfgang Wienand
Chief Executive Officer (CEO)

2024 Highlights

January

We commenced the year by reporting a solid 2023 Full-Year performance.

Jean-Marc Huët was nominated as the new Chair of Lonza for election at the Annual General Meeting 2024 in May.

March

We signed an agreement to acquire the Genentech large-scale biologics manufacturing site in Vacaville (US) from Roche for USD 1.2 billion.

We expanded our service offering for spray-dried biologics for pulmonary delivery.

April

We announced the appointment of Wolfgang Wienand as our new Chief Executive Officer.

We announced the issuance of a CHF 1 billion straight bond.

We signed renewable energy certificate agreements in the US, supporting our goal to source 100% of electricity from renewable sources where available by 2025.

We launched an AI-enabled route scouting service to address the growing complexity of small molecule active pharmaceutical ingredients (APIs).

May

We welcomed our new Chair, Jean-Marc Huët, following a shareholder vote at our Annual General Meeting.

June

The Board of Directors announced a series of updates to enhance governance, including changes to the Board Committee structure.

We launched the Enprotect® capsule in a smaller size 9 format to accelerate the pre-clinical development of acid-sensitive APIs.

July

We welcomed our new Chief Executive Officer, Wolfgang Wienand.

We communicated our Half-Year 2024 financial results.

The Board of Directors nominated Juan Andres and Eric Drapé for election as Independent Board Members at the Annual General Meeting 2025.

August

We announced the issuance of a CHF 1.2 billion dual-tranche straight bonds.

We added clinical bottling and labeling capabilities at our Small Molecules site in Bend (US).

September

We signed a long-term commercial supply agreement with Vertex for CASGEVY®, the world's first approved gene-edited therapy using CRISPR/Cas9 technology for the treatment of sickle cell disease and beta-thalassemia.

We completed an expansion of our Microbial manufacturing facility in Visp (CH).

We inaugurated the Innovaform™ Accelerator – our new Center of Excellence in Colmar (FR) – to collaborate with pharmaceutical customers on formulation and encapsulation projects.

October

We successfully completed the acquisition of the Genentech large-scale biologics site in Vacaville (US) from Roche, welcoming around 800 new colleagues to Lonza.

The Board of Directors nominated David Meline for election as an Independent Board Member at the Annual General Meeting 2025.

We announced a long-term extension of our collaboration with a major global biopharmaceutical partner for the commercial-scale manufacture of ADCs.

We completed the expansion of our new drug product services facility in Basel (CH).

November

We announced plans to invest in two new bioconjugation manufacturing suites in Visp (CH), which will double our multipurpose capacity for the launch and commercial supply of bioconjugates.

We announced the completion of the first GMP product batch supported from the recently completed next-generation mammalian manufacturing facility in Portsmouth (US).

December

We outlined our new One Lonza strategy and organizational structure, including the plan to exit the Capsules & Health Ingredients business at the appropriate time and in the best interest of shareholders and stakeholders.

Lonza at a Glance

6,574m
Sales in CHF

1,908m
CORE EBITDA in CHF

29.0
CORE EBITDA margin in %

8.4
ROIC in %

~18,500
Employees (Full-time equivalent)

>1,105
Small[1] and large[2] molecules

>30
Global development and manufacturing sites

298
Brands

2,784
Trademark filings

413
Active patent families

[1] Including active pharmaceutical ingredients (API), highly potent API (HPAPI), dosage form and delivery systems and particle engineering.
[2] Including mammalian, microbial, bioconjugates, drug product services and cell and gene therapy products (personalized medicines are included in pre-clinical and clinical molecules only, early development services are included for pre-clinical molecules only).

Financial Highlights

Throughout 2024, we continued our organic investment program to drive future growth across technologies. Throughout the year, we invested CHF 1.4 billion CapEx – equivalent to 22% of sales. Approximately 60% of this was deployed for growth projects, mainly for large Biologics projects, including our commercial Drug Product Services plants in Stein (CH) and our Mammalian and Bioconjugates facilities in Visp (CH).

In 2024, we delivered sales of CHF 6.6 billion in line with prior year (-0.2% CER and -2.1% AER). A CORE EBITDA of CHF 1.9 billion resulted in a robust margin of 29.0%, driven by high demand for commercial CDMO services and strong operational execution. Adjusted for the COVID-related mRNA business and the related termination impact in 2023, underlying sales grew at around 7% CER.

CORE EBITDA margin decreased by 0.8 ppts in 2024 compared to 2023. This was primarily due to a high base in 2023 from the high-margin COVID-related mRNA business, as well as margin decline in Capsules & Health Ingredients (CHI). Excluding the COVID-related business, we achieved a low single-digit ppt improvement in CORE EBITDA margin, supported by productivity measures, including our network optimization activities initiated in 2023, better asset utilization and more favorable product mix. All three CDMO divisions reported underlying CORE EBITDA margin improvements.

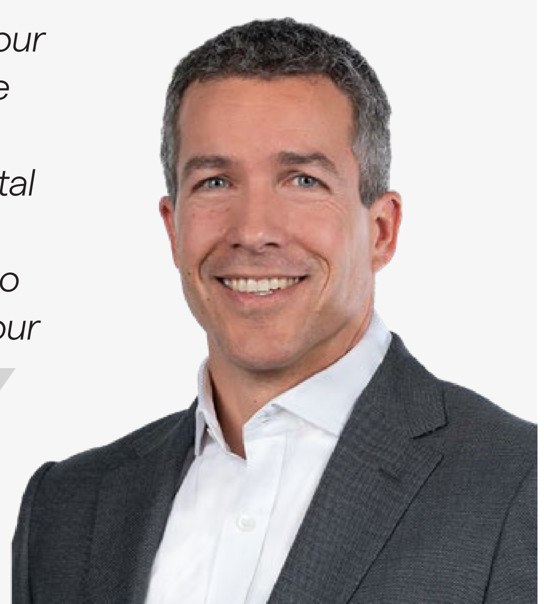
In 2024, we delivered a strong operational free cash flow (FCF) of CHF 473 million before acquisitions and divestments, mainly driven by lower CapEx compared to prior year. Net working capital (NWC) as a percentage of sales increased due to strong year-end sales, leading to a higher level of receivables and higher inventory following the completion of the Vacaville (US) acquisition in October 2024.

To support the Vacaville acquisition and ongoing growth investments, we secured approximately CHF 2.1 billion in funding through the Eurobond market in 2024. Alongside our ongoing share buyback program, this has increased our leverage to 1.5x, aligned with our target range of 1.5x to 2.0x. This supports our commitment to maintaining a BBB+ investment rating, while our balance sheet continues to provide sufficient headroom for organic growth investments and strategically relevant bolt-on acquisitions.

Personal Perspective

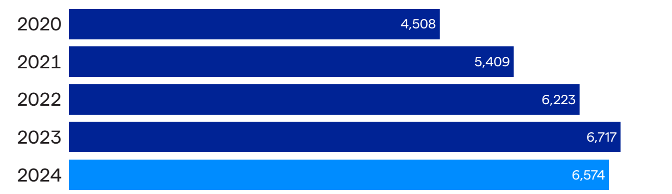
Philippe Deecke
Chief Financial Officer

By focusing on high value assets and technologies, our strategic investment plan is designed to outpace the market, deliver long-term margin improvement, and generate strong free cash flow. Our disciplined capital allocation framework ensures we balance organic investments, bolt-on M&A and shareholder returns to ensure sustainable value creation for our business, our shareholders, our customers and our people.



Historic Progression

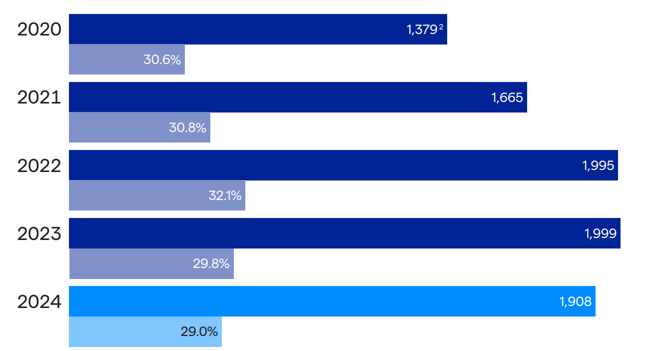
Sales
Million CHF



ROIC[1]
in %

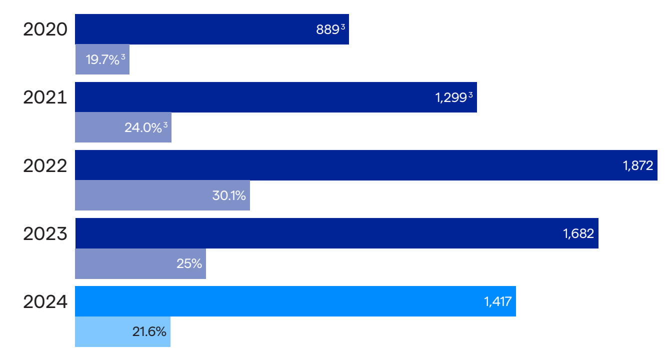
CORE EBITDA[1]
Million CHF

CORE EBITDA Margin
In %



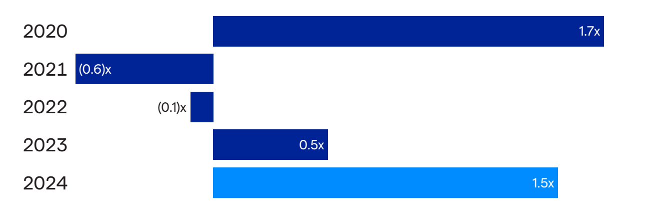
Capital Expenditures (CapEx)
Million CHF

CapEx/Sales
In %



CORE EPS diluted
CHF

Net Debt/CORE EBITDA[5]
Ratio



1 Refer to section "Alternative Performance Measures" of the Financial Report for more details on the calculation methodology.
2 CORE results for the Full-year 2020 (CORE EBITDA, ROIC, CORE EPS) were restated to reflect the changes from the revised Alternative Performance Measures policy that was introduced on 1 January 2021.
3 Lonza continuing operations excluding the Speciality Ingredients business that was sold on 1 July 2021.
4 In 2024, Lonza revised the definitions of several Performance Measures. As a result, the Operational Free Cash Flow and CORE EPS were restated for 2021, 2022 and 2023. Refer to section "Alternative Performance Measures" of the Financial Report for more details on the calculation methodology.
5 "Net debt", "Net debt / CORE EBITDA" reflect total group including discontinued operations from 2015 to 2020. For 2021 and 2022, financials were reflected based on Lonza continuing operations basis (excluding Lonza Specialty Ingredients business).

Investor Information

Shares of Lonza Group Ltd are listed on the SIX Swiss Exchange and Swiss Market Index (SMI). We also maintain a secondary listing on the SGX Singapore Exchange. The nominal value of the Lonza Group Ltd share is CHF 1. Our share price closed at the end of 2024 at CHF 535.8 per share, which represents an increase of 51.5% in 2024.

The free float in Lonza Group Ltd registered shares reached 97.80% at year-end, and the average daily trade volume was 178,931 shares in 2024.

Listing and Security Information

Stock Exchange Listing / Trading:
SIX Swiss Exchange
SGX Singapore Exchange

Common Stock Symbols:
Bloomberg LONN SW
Reuters LONN.S
Six Swiss Exchange LONN
SGX Singapore Exchange O6Z

Security Number:
Valor 001384101
ISIN CH0013841017

Shareholdings

According to disclosure notifications filed with Lonza, the following shareholders held more than 3% of Lonza's share capital as of 31 December 2024:

Principal Shareholders:
BlackRock, Inc., New York, NY (USA): 9.85%
UBS Fund Management (Switzerland) AG, Basel, Switzerland: 6.246%

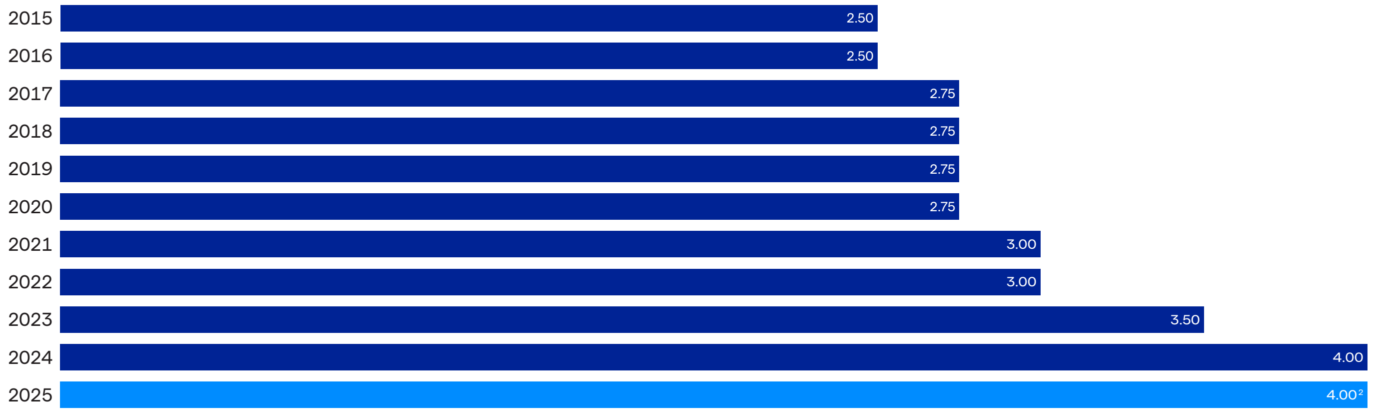
We know of no other shareholder(s) that owned more than 3% of our share capital as of 31 December 2024. To the best of our knowledge, the shareholders mentioned above are not linked by any shareholders' agreement or similar arrangement with respect to their shareholdings in Lonza or the exercise of shareholders' rights. For a full review of the individual disclosure notifications made during 2024, please refer to the SIX Swiss Exchange disclosure platform.

Dividend

Lonza's Board of Directors will propose to maintain a dividend of CHF 4.00 per share at the Lonza Annual General Meeting (AGM) in May 2025. The proposal represents a payout of 44.3% of 2024 reported profit for the period of Lonza Group. Subject to approval, 50% of the dividend will be paid out of the capital contribution reserve, meaning it will be free from Swiss withholding tax.

Dividend Payment History[1]

In CHF/Share



[1] This overview shows year of pay-out for all past years, thereby addressing some inconsistencies in previous reports.
[2] Proposed.

Lonza Share Price Development 2021 – 2024

In CHF/Share

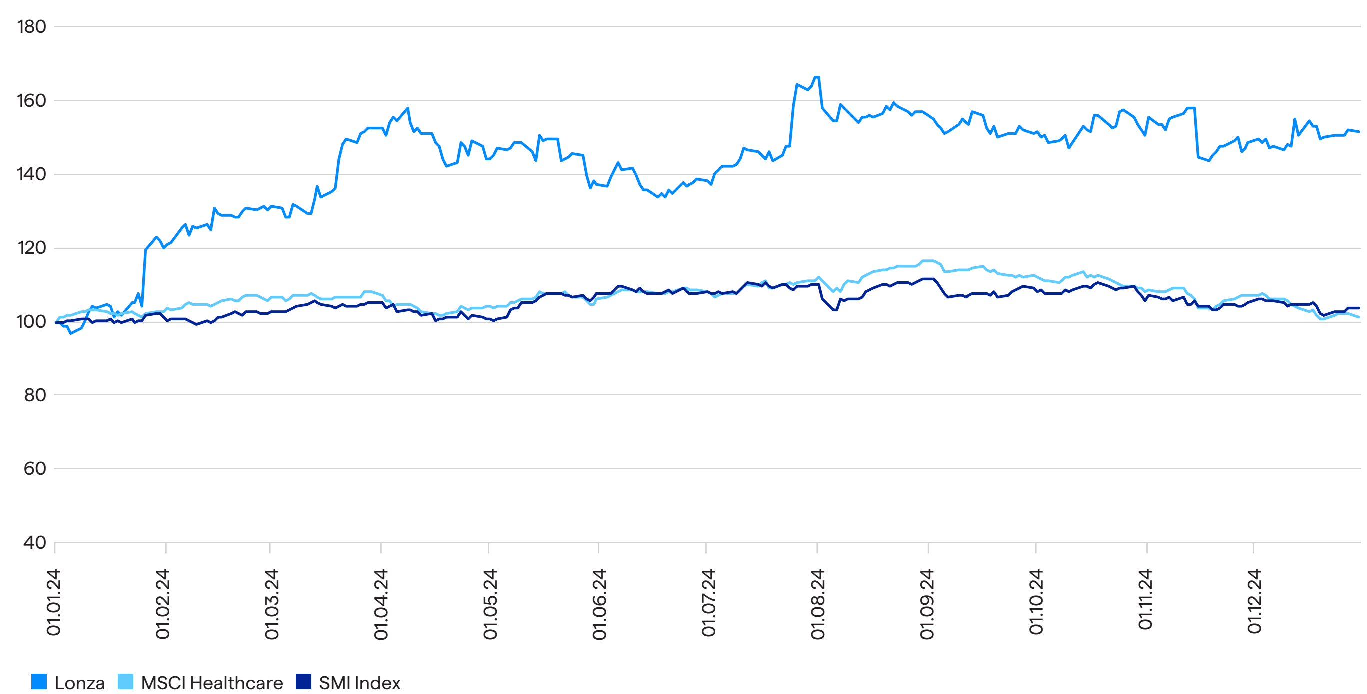
Financial Events in 2024	
A Full-Year Results 2023	26.01.2024
B Annual Report 2023	03.04.2024
C Annual General Meeting	08.05.2024
D Ex-Dividend Date	13.05.2024
E Record-Dividend Date	14.05.2024
F Dividend-Payment Date	15.05.2024
G Half-Year Results 2024	25.07.2024

Share Price in 2024	
Share Price High	CHF 587.4 on 31.07.2024
Share Price Low	CHF 343.4 on 05.01.2024
Share Price Closing	CHF 535.8 on 30.12.2024

Source: Bloomberg

Lonza Share Price Development vs. Swiss Market Index (SMI) and MSCI Healthcare Index

Rebased to 100



Source: Bloomberg

Upcoming Financial Events

Date	Time	Event
24 April 2025	5:00pm CEST	Closing of the Share Register
9 May 2025		Annual General Meeting for the Financial Year 2024
13 May 2025		Ex-Dividend Date
14 May 2025		Record-Dividend Date
15 May 2025		Dividend-Payment Date
23 July 2025		Half-Year Results 2025

More information for our shareholders and capital market is available on Lonza's Investor Relations webpage. To learn more about Lonza's activities during 2025, refer to our News Archive.

Ten-Year Overview of Major Key Indicators

million CHF	2015	2016	2017 [2]	2018 [3]	2019	2020	2021	2022	2023	2024
Sales	3,803	4,132	4,548	5,542	4,207	4,508	5,409	6,223	6,717	6,574
CORE EBITDA [1]	793	918	1,196	1,511	1,334	1,379 [4]	1,665	1,995	1,999	1,908
Margin in %	20.9	22.2	26.5	27.3	31.7	30.6	30.8	32.1	29.8	29.0
EBITDA	780	848	1,084	1,429	1,264	1,378	1,365	2,139	1,940	1,695
Margin in %	20.5	20.5	23.8	25.8	30.0	30.6	25.2	34.4	28.9	25.8
Result from operating activities (EBIT)	428	486	673	842	825	901	851	1,541	880	964
Margin in %	11.3	11.8	14.8	15.2	19.6	20.0	15.7	24.8	13.1	14.7
ROIC in % [1]	n.a.	n.a.	8.4	8.0	9.2	9.1 [4]	10.7	11.4	8.7	8.4
CORE EPS (diluted) in CHF	6.76	8.38	10.78	11.98	11.40	12.19 [4,7]	14.33 [7]	16.28 [7]	13.88 [7]	15.01
EPS (diluted) in CHF	5.26	5.69	9.70	8.77	8.68	9.77	9.05	16.34	8.88	8.92
Operational free cash flow (bef. acquisitions and divestitures)	693	638	658	884	371	504	412 [7]	(420) [7]	374 [7]	473
Net debt / (net cash) [5]	1,660	1,584	3,762	3,534	2,961	2,813	(958)	(186)	922	2,859
Net debt / CORE EBITDA [5]	2.1	1.7	2.7	2.3	1.8	1.7	(0.6)	(0.1)	0.5	1.5
Number of employees (Full-Time Equivalent) [6]	9,829	10,130	14,618	15,375	15,468	14,062	16,218	17,494	18,000	18,686

[1] Refer to section "Alternative Performance Measures" of the Financial Report for more details on the calculation methodology.
[2] Until 2017, Lonza including the Water Care business. From 2018, Lonza excluding the Water Care business.
[3] Until 2018, Lonza including the Specialty Ingredients business (reported as discontinued operations until effective disposal 1 July 2021). From 2019, Lonza excluding the Specialty Ingredients business.
[4] CORE results for the Full-year 2020 (CORE EBITDA, ROIC, CORE EPS) were restated to reflect the changes from the revised Alternative Performance Measures policy that was introduced on 1 January 2021.
[5] "Net debt", "Net debt / CORE EBITDA" reflect total group including discontinued operations from 2015 to 2020. For 2021 and 2022, financials were reflected based on Lonza continuing operations basis (excluding Lonza Specialty Ingredients business).
[6] "Number of employees (Full-time Equivalent)" reflect total group (including discontinued operations). From 2020, Lonza Specialty Ingredients business was excluded.
[7] In 2024, Lonza revised the definitions of several Performance Measures. As a result, the Operational Free Cash Flow and CORE EPS were restated for 2021, 2022 and 2023. Refer to section "Alternative Performance Measures" of the Financial Report for more details on the calculation methodology.

Our Priorities in 2024

In 2024, we continued to support complex customer needs across the entire treatment lifecycle by focusing on five priorities: service, scope, sustainability, solutions and speed[1]. These enabled us to effectively address our customers' evolving needs.

Service

Exceptional customer service is fundamental to building lasting relationships and differentiating the Lonza CDMO offering. We work to earn customer trust and loyalty through our consistent focus on operational excellence, our strong track record on quality, and our commitment to delivering value and right-first time.

In 2024, we continued to prioritize continuous improvement and operational excellence across the business. We advanced efficiency by implementing Operational Excellence initiatives across multiple sites and enabling functions. We continued to maintain our strong focus on Lean operating principles and enhanced the efficiency of our Quality Control operations. In addition, 11,000 of our global colleagues have now completed our Lean training program to guide their continuous improvement activities and deliver outstanding customer service. Since the start of 2022, we have successfully executed around 2,000 Lean projects to drive efficiency and value across our operations. These efforts have contributed to our high customer satisfaction ratings.

In 2024, we ran our Lonza Promoter Score (LPS) survey for the fifth consecutive year and gathered more than 1,900 responses. The survey provides a quantifiable and consistent measure of customer engagement across Lonza. Aligned with previous results, the 2024 LPS survey found that our customers continue to value our highly skilled employee community. In addition, the quality of our services and products was also widely acknowledged. This feedback was consistent across our customer base.

[1] For 2025, our Lonza Engine strategy will replace these five priorities.

Scope

We have one of the most complete offerings in the CDMO industry across modalities, scales and phases, enabling us to help our customers in bringing new drugs to market quickly and securely. We provide end-to-end support from pre-clinical stages to commercialization, and our expertise spans both drug substance and drug product.

Our breadth of offerings is strengthened by our growth strategy, which focuses on building capability and capacity in areas of high market potential. In 2024, we progressed with 22 large growth projects – 50% of which are now in construction and 20% in ramp up.

Our approach to organic growth is illustrated by our growing Bioconjugates portfolio. In 2024, we invested in technologies to manufacture bioconjugates at different scales, further strengthening our integrated supply chain. To allow us to support further ADC drug candidates through to commercialization, we expanded our offering to include filling lines in Stein (CH) and Basel (CH), which are specifically designed to manufacture highly-potent compounds. We are also expanding bioconjugation capacity in Visp (CH) with the addition of three large-scale suites to meet growing demand for commercial large-scale manufacturing. The suites will include both customer-dedicated and multipurpose spaces to meet the needs of new and existing customers.

Our organic growth portfolio is supported by bolt-on acquisitions in areas of sustained customer need and high market potential. In 2024, we expanded our mammalian manufacturing network with the acquisition of the Genentech large-scale manufacturing site in Vacaville (US) from Roche. This strategic acquisition has created a significant West Coast commercial manufacturing presence close to San Francisco's pharma and biotech hub, complementing our existing East Coast manufacturing site in Portsmouth, as well as our international network. With a total bioreactor capacity of around 330,000 liters, the Vacaville site is one of the largest biologics manufacturing facilities in the world. This acquisition, alongside the addition of six 20,000L bioreactors in Visp (CH), which will commence operations in H1 2025, further strengthens our capability to meet our customers' long-term commercial supply needs.

Our scope further expanded with new offerings in 2024. Building on more than 20 years of experience in the spray-drying of biologics (including monoclonal antibodies (mAbs), oligonucleotides and peptides), we now offer spray-drying of biologics for clinical supply and beyond. Our new clinical offering further strengthens our spray-drying expertise and provides manufacturing capacity from early-phase to commercial supply. This expertise and capability enable our customers to bring innovative new medicines to patients with unmet medical needs.

Sustainability

Sustainability is a critical component of our strategy and an ethical imperative for our business. We reached multiple sustainability milestones in 2024 and achieved progress in all of our key environmental metrics.

The Science-Based Targets initiative (SBTi) approved our near-term target to reduce absolute Scope 1 and 2 GHG emissions[1] by 42% by the end of 2030 (against the 2021 base year), alongside our supplier engagement target for Scope 3 emissions[1]. Achieving these goals will support our overall target to achieve net zero by 2050 or before.

To support our emissions reduction journey, we have made significant progress in the adoption of renewable electricity. Half of our electricity is now procured from renewable sources; supported by the start of photovoltaic production in Spain under Virtual Power Purchasing Agreements, covering all EU and Swiss sites. Furthermore, in Q2 2024, we signed multiple long-term Renewable Energy Certificate (REC) agreements in the United States which will begin to offset the majority of our US emissions from the end of 2025.

Our activities are guided by our continuing dedication to integrity and ethical conduct. Our successful efforts in this area were recognized by Ethisphere, a global leader in defining and advancing the standards of ethical business practices. In 2024, for the third time, we were honored to be one of the World's Most Ethical Companies®. Lonza is one of just two companies headquartered in Switzerland included in the 2024 ranking, and one of just four companies named within the pharmaceuticals category of the Ethisphere ranking.

We made further progress on improving supply chain engagement. As part of these efforts, we launched a learning series on emission reductions and hosted our first online Responsible Supplier Event with more than 1,100 participants. This was designed to empower both employees and suppliers to actively contribute to our sustainability goals.

[1] Scope 1 and Scope 2 cover emissions from our operations and energy use, while Scope 3 includes all other indirect emissions that occur in our value chain.

Solutions

By delivering end-to-end services supported by scientific, regulatory, and manufacturing expertise, we build strong and lasting customer relationships. In Small Molecules, we continued to address the increasing complexity of the clinical pipeline with the launch of our AI-enabled Route Scouting Service offering. This aims to streamline synthetic route identification for novel active pharmaceutical ingredients (APIs). It provides customers with synthetic pathways that are more resilient from a supply chain perspective and offers insights into optimal route design for both clinical and commercial manufacturing.

In Capsules & Health Ingredients, we launched the Innovaform™ Accelerator center at our Colmar (FR) site, designed to co-innovate with pharmaceutical customers on formulation and encapsulation solutions. This new facility serves as a Center of Excellence to support the development of innovative drug delivery for oral and pulmonary administration, addressing challenges such as solubility and bioavailability in APIs. It provides expertise and technology platforms for small molecules, peptide proteins, and nucleic acid-based therapies. This initiative aims to accelerate drug development timelines and reduce manufacturing costs.

Speed

We enable our customers to accelerate the path to commercialization by leveraging advanced manufacturing capabilities, scalable facilities, and scientific expertise. We are also supporting our customers' speed to market with flexible business models and strategic collaborations.

In Cell & Gene, we announced a long-term commercial supply agreement with Vertex for CASGEVY®. CASGEVY® is the first cell therapy based on the Nobel Prize winning CRISPR/Cas9 technology. It offers the potential of a one-time treatment for eligible patients with transfusion-dependent beta-thalassemia or sickle cell disease. Under the terms of the agreement, Vertex will leverage our scientific, regulatory and manufacturing expertise, global manufacturing network, and first-hand experience in the commercial manufacture of cell therapy products. We will manufacture CASGEVY® at the state-of-the-art cGMP cell therapy manufacturing facilities in Geleen (NL), with plans to expand to our Portsmouth (US) facility.

In Biologics, we enable our customers to accelerate the path to commercialization by simplifying and innovating critical processes for emerging modalities, including analytical testing. While the fast-growing but still relatively small mRNA market relies on traditional technologies, faster and more effective analytics can streamline regulatory review and development. Through our collaboration with Oxford Nanopore, we are developing a cGMP-validated test to directly sequence DNA templates and mRNA, enabling faster, simultaneous analysis of critical quality attributes. This innovation could streamline quality control, reduce testing time and expedite the path to market for mRNA products including vaccines for infectious diseases.

Our Approach to Sustainability

Our commitment to sustainability shapes the products and services that we deliver to our customers and their patients, ensuring a positive impact on people and the planet. Across our global network, we focus on strengthening governance, reducing our environmental footprint, and enhancing our engagement with the communities and people who support our business.

We have grouped our sustainability initiatives around material themes and selected the seven key Sustainable Development Goals (SDGs) that are most relevant to our business. The 17 SDGs of the United Nations (UN) comprise a global blueprint to achieve a sustainable future for humanity.

This section of our Annual Report provides a short overview of our progress and key achievements relating to our seven selected SDGs in 2024. It is supported by the 2024 Sustainability Report, which offers more information and insight into our sustainability commitments and performance indicators.

Personal Perspective

Andreas Bohrer
Group General Counsel

Sustainability is about long-term value creation. We engage in responsible conduct to meet the commitments of our shareholders, customers, employees and other stakeholders. To drive accountability and measurable impact, we embed sustainable practices into our business strategy and define clear delivery targets in our remuneration policies.

Our Ambitions, Progress and Achievements

SDG	Ambition	Progress and achievements
SDG 3 **Good Health and Well-being**	To support our customers and their patients to deliver their treatments. To provide safe workplaces, caring for well-being and the health of the planet.	• Increased EcoVadis Environmental, Social and Governance (ESG) rating by six points, improving our Silver Medal status. • Enhanced reporting, including adaptation to the EU ESG reporting requirements and climate change risk assessment. • Conducted the Lonza Promoter Score (LPS) survey for the fifth consecutive year to measure customer engagement, receiving more than 1,900 responses.
SDG 4 **Quality Education**	To establish an internal learning system to support employee engagement and professional development.	• Launched the Learn@Lonza Learning Experience Platform to enhance engagement and support by providing access to a wide range of internal and external content. • Rolled out the Employee Development Journey (EDJ) initiative, promoting the importance of regular development discussions. Customized learning paths were created for people managers to support focused colleague conversations. • Enhanced visibility of impactful initiatives, including the creation of Capability and Career Guides.
SDG 5 **Gender Equality**	To ensure equal opportunity for all employees, regardless of gender.	• Continued work on the global gender equality roadmap, and removing gender-related obstacles in the workplace to ensure each person is assessed fairly based on merit. • Developed Leadership Toolkit on gender equality – a practical guide for leaders to understand, implement, and sustain gender equality initiatives. • Joined Advance Switzerland (a leading business association for gender equality in Switzerland) and PMI's WeConnect to partner and network with other businesses in support of gender equality. • Piloting software to review and enhance language in advertising and website content, ensuring greater inclusivity.
SDG 6 **Clean Water and Sanitation**	To reduce water consumption intensity by 50% by 2030 and continuously assess water risks in our network.	• Executing a number of industrial water reduction projects, delivering absolute reduction in water consumption compared to previous year. • Making regular updates and improvements to the site network's water balance, enabling a focus on water consumption, discharge quantity and quality, and identifying improvement opportunities.
SDG 9 **Industry, Innovation and Infrastructure**	To construct and invest in sustainable facilities designed for a low carbon and resource efficient future.	• Estimation of the future carbon footprint of each investment project and assessment of how additional measures could reduce it. • "Sustainability by Design" standards implemented to support energy reduction for key utilities (e.g. heating, ventilation, air conditioning and water quality systems). • Compliance review of projects with Sustainable Design standard.
SDG 12 **Responsible Consumption and Production**	To engage our supply chain through responsible sourcing, improving its sustainability performance.	• Completed our first online Responsible Supplier Event with more than 1,100 participants. • Continued evaluation of suppliers' sustainability performance, now covering 80% of our spend. • Won the "Sustainability for the Future" category at the Procurement Success Awards for our Responsible Sourcing program.
SDG 13 **Climate Action**	To decrease the greenhouse gas (GHG) footprint over the next decade and achieve net-zero GHG emissions by 2050.	• Near-term targets validated by the Science Based Targets initiative (SBTi). • Half of our electricity is procured from renewable energy sources; supported by the start of photovoltaic production in Spain under Virtual Power Purchasing Agreements, covering all EU and Swiss sites. • Signed multiple renewable energy certificate (REC) agreements in the United States, which will cover over 90% of our electricity consumption in the region.

Our People and Culture

Overview

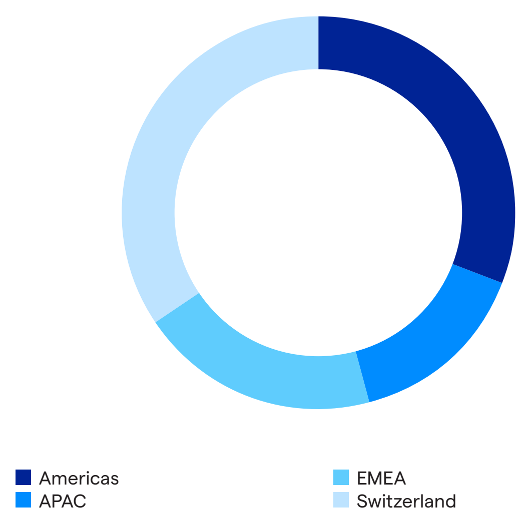
Across our global network at Lonza, we are committed to creating an inclusive environment where people feel they belong and are empowered to bring their best. We have a broad range of cultural backgrounds across our global employee community and our workforce includes more than 100 different nationalities. Our employees are balanced across a broad range of age groups, and between genders with Lonza's global workforce being 37% women and 63% men in 2024.

Our people sit at the heart of our business, and we strive to give our colleagues the best possible professional experience within Lonza. In 2024, we prioritized our talent growth and development, alongside our hiring practices. We deployed Learn@Lonza, a modern, customizable digital solution to provide every employee with access to a voluntary, tailored learning experience that caters to diverse learning styles and needs. Alongside mandatory compliance and job-related training, this company-wide learning management system supports employees with easy access to resources necessary for skill enhancement and continuous growth.

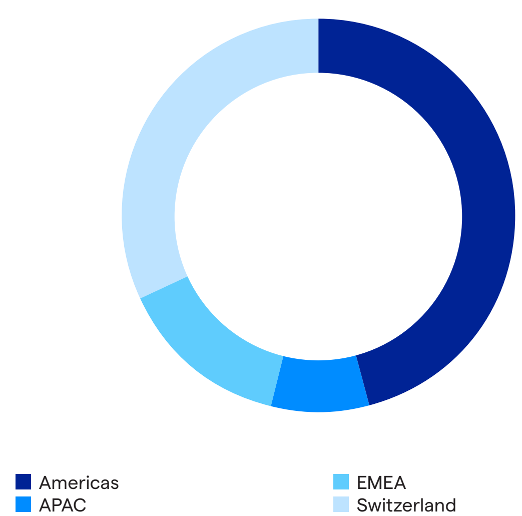
We equipped our people managers with the Lonza Manager Learning Path, a series of targeted microlearning courses to upskill their leadership capabilities. We also expanded our accelerated development programs, aimed at developing our future leaders, with a second cohort of the Accelerated Management Development Program (AMDP) for global talent, and the Site Leadership Development Center (SLDC) for local talent across our site network. We continue to assess and enhance our talent and succession pipelines, recognizing their importance to our ongoing success. Additionally, we remain committed to delivering a sustainable, fair and competitive rewards program.

All our programs and actions are guided by the Lonza People Strategy which is designed to enable our people to **Come, Stay and Grow** and **Make a Meaningful Difference**. We regularly monitor the progress and impact of these programs through our Voice of Employee (VoE) engagement survey.

Headcount Split by Region



External New Joiners by Region (Headcount)



Coming to Lonza (Attracting the Best People)

In 2024, we adapted and enhanced our talent acquisition processes as part of a strategic initiative to attract and acquire the right talent, ensuring we continue to drive our company's success. This decision is grounded in our commitment to align our hiring practices with the evolving needs of our business and the competitive talent landscape.

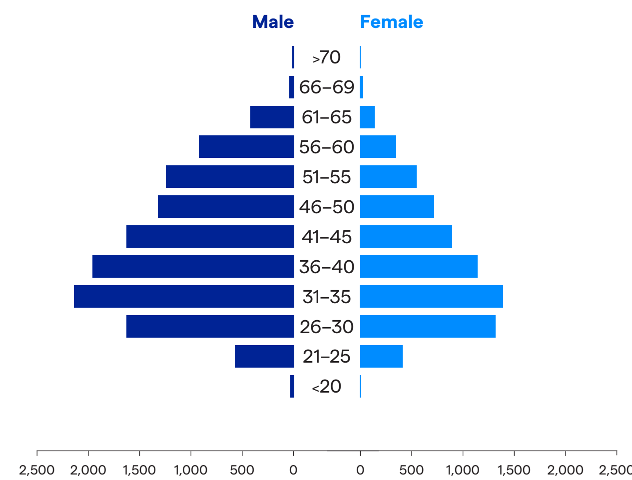
Delivering a positive, streamlined candidate experience is critical to attracting top talent and positioning ourselves as an employer of choice within the highly competitive healthcare industry. Our new partner brings specialized expertise and industry insight aimed at supporting our efforts to identify high-quality candidates, enhance the candidate experience, reduce time-to-hire, and ensure we can continue to adapt to market trends and talent expectations. Ultimately, this partnership supports our long-term growth by ensuring that we recruit the right people who are both qualified for their roles and well suited to our company's purpose and culture.

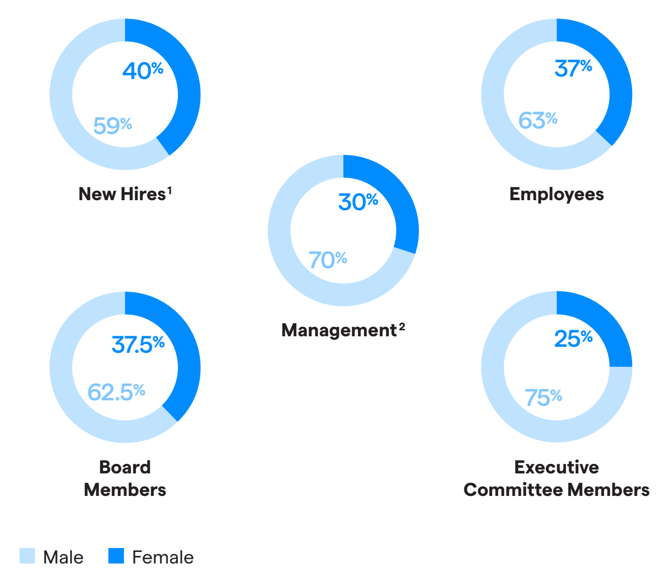
More than 2,800 new colleagues joined us in 2024, including around 800 who became part of our team through the acquisition of the large-scale biologics site in Vacaville (US) from Roche. Our recruitment activities at our sites across the network remained focused in delivering the critical capabilities needed to support our existing operations as well as our strategic growth projects. We further strengthened talent acquisition by improving the background check process for new hires, enhancing its efficiency, simplification, user-friendliness, and overall quality. This process is critical for hiring managers to ensure compliance, improved decision making and cultural fit, and is equally important for candidates. It reflects our commitment to our values, providing fair opportunities and fostering a safe and secure work environment.

We continued to leverage our talent referral program, and onboarded more than 630 new colleagues in 2024, who were referred to us by our current colleagues. In addition, the combination of our digital global onboarding tool and our local site-based onboarding events continues to create an enhanced new hire experience and support retention of colleagues with tenure below one year. The voluntary turnover rate of colleagues with a tenure of less than one year remains stable at 10.3% in 2024 compared to 10.6% in 2023.

We continue to review and adapt our programs to attract industry leading talent, ensuring the sustained growth of our employee community. This is important for our business continuity and will support growth plans in the coming years.

Distribution of Employees by Gender and Age Group





Globally where permitted by local law, Lonza allows employees to identify as male, female, transgender or to choose not to disclose. 46 employees identified as transgender or chose not to disclose in 2024.

[1] 1% of new hires identified as transgender or chose not to disclose.
[2] Reflects employees at director level and above.

Staying at Lonza (Fostering an Empowering Environment for our People)

Talent retention remained a key focus in 2024. With a 7.4% voluntary turnover, we are trending in line with our industry and are showing an improvement (from 8.3% in 2023).

To promote a positive and empowering environment, in 2024 we extended family leave in key locations, including the USA and Switzerland. Our health and wellbeing initiatives support colleagues through different life stages and aim to be truly inclusive. Furthermore, in 2024, we continued to expand our wellbeing offering. Further information can be found on page 47 of the 2024 Sustainability Report.

Our Lonza Bonus program is an important tool to reward sustained high performance, with bonus payouts determined by a combination of company performance and personal performance. More information about the Lonza Bonus can be found in the Remuneration report on page 177. We also expanded our employee share purchase plan to include additional locations in 2024 to further enable our colleagues' participation in our business success.

In 2024, more than 1,200 colleagues benefited from our "Work from Anywhere" policy, which allows eligible employees to work in a different location for up to 28 days each year upon completing a compliance review. To further empower our people and line managers, we launched the Workforce Lifecycle Hub providing centralized information, including guides, checklists and supporting systems across important events in the workforce lifecycle.

Looking to 2025, we will continue to review these programs to ensure they are competitive and meet the needs of our people.

Growing at Lonza (Developing our People)

We remain committed to building a positive and engaging environment where our colleagues are inspired and enabled to grow. Our colleagues can embark on an Employee Development Journey to define development aspirations and needs and take charge of their professional growth, using tools including mentoring, career conversations and development planning guides.

In 2024, we launched Learn@Lonza globally, an important investment showcasing our commitment to skill enhancement and continuous professional and personal growth of our people. Learn@Lonza offers every employee easy access to a customized, self-paced learning experience via a comprehensive platform that caters to diverse learning styles and needs. The platform uptake score at 15%, achieved six months following launch is considered excellent in our industry, and above the 12% benchmark.

Also in 2024, we piloted our Talent Marketplace platform in key areas of the business to further support employees' growth. The platform is designed to help match employees' skills with internal project-based opportunities and short-term work assignments, thus leveraging existing capacities and capabilities, while creating exposure and learning opportunities for the participating colleagues.

We recognize that our people managers play a pivotal role in supporting the growth of their teams, and thus we launched in 2024 the Lonza Manager Learning Path, to support managers through targeted microlearning courses. We also further embedded our Lonza Leadership Framework across the organization. This includes the integration of our "Care, Communicate and Coach" approach into all our people programs and campaigns, including tailored leadership workshops.

Our combined focus on personal growth, professional learning, and internal career development has driven an increase in our internal mobility rate, specifically vacant positions filled by internal candidates to 43.5% in 2024 (from 39.1% in 2023). We expect that these efforts to recognize the potential of internal talent will deliver a strong return on investment and positively contribute to business continuity and future retention.

Further information on our 2024 initiatives can be found on page 45 of the 2024 Sustainability Report.

Looking to 2025

Our refined and extended company vision and purpose[1], outlined at the end of 2024, are enabled by our people who make an extraordinary commitment and contribution to our business. To further support our vision, we developed the Lonza Engine – a framework capturing our unique set of strengths. Central to this is our high-performance culture, united as One Lonza with one purpose, one vision and shared values.

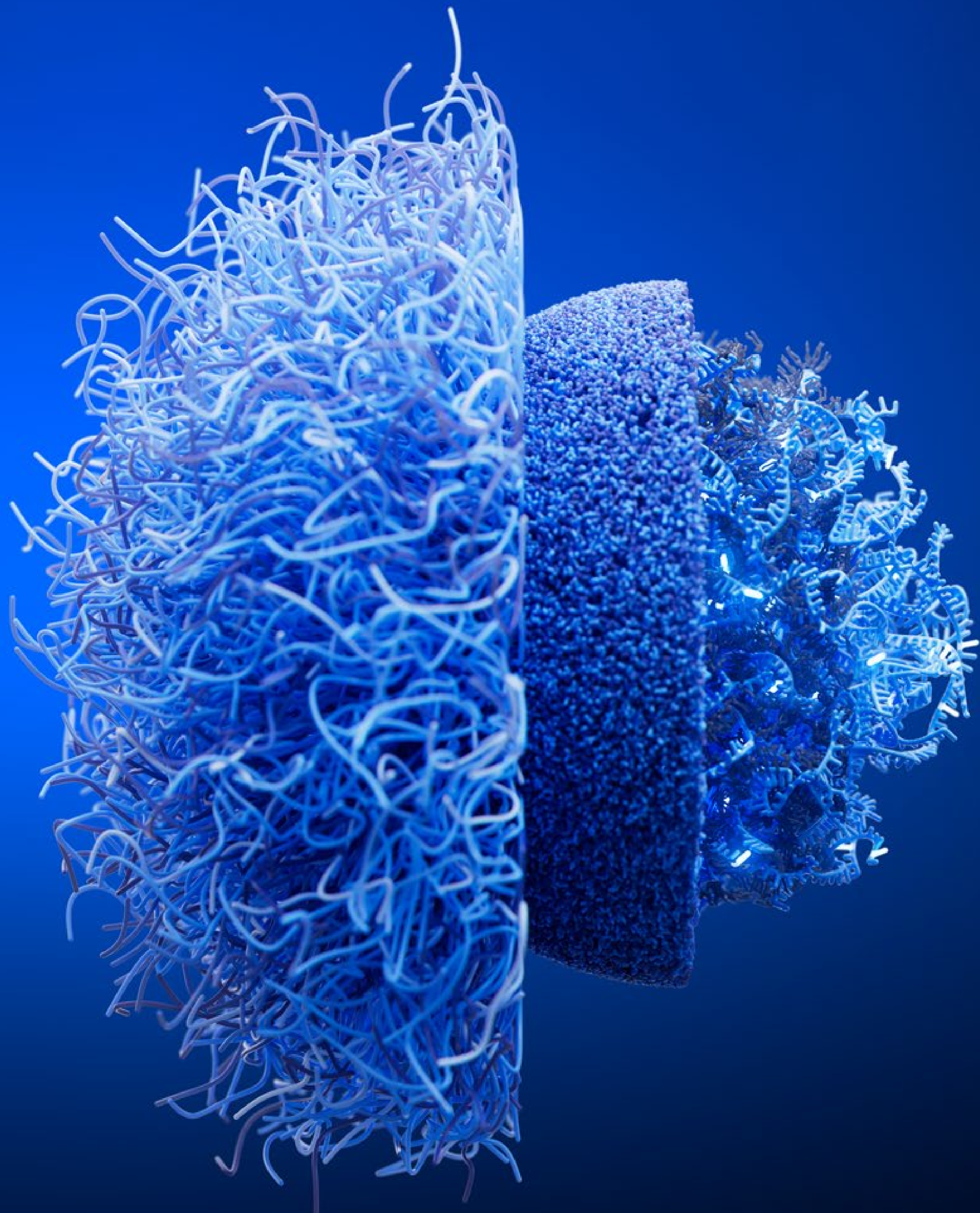
We also introduced a refreshed set of values (Collaboration, Accountability, Excellence, Passion and Integrity) which define the behaviours we expect from our global community of approximately 18,500 employees. In 2025, we will embed our new values into every aspect of our people processes, ensuring they are integral to how we select, develop, recognize and reward our talent. We will also continue our focus on leadership development and reinforce a growth mindset, through our customized learning suite, supported by best-in-class digital solutions. These actions are aimed at increasing our current and future capabilities and enabling us to achieve our strategic ambitions through the collective power of our people.

[1] Our refined company vision: we are the pioneer and world leader in the CDMO industry, setting the pace with cutting-edge science, smart technology and lean manufacturing; our refined company purpose: we turn our customers' breakthrough innovations into viable therapies and manufacture the medicines of tomorrow.

Personal Perspective

Nicoleta Baumgärtner
Chief Human Resources Officer

Our people are our greatest strength, and we are committed to fostering an inspiring environment where they feel valued, supported and empowered to bring their best. Looking ahead, we will continue to prioritize learning and development opportunities, along with fostering inclusion and well-being, to empower our teams to grow, develop, and innovate in ways that contribute to our long-term success."



Lipid Nanoparticle

Our Businesses

Group Operations

Driving Operational Excellence and Standardization

In our continued drive for improved efficiency, we accelerated our transformation through the implementation of Operational Excellence initiatives across multiple sites in 2024, expanding beyond manufacturing to include our enabling functions. The Lean Lab programs have enhanced the efficiency of our Quality Control operations, while the standardization and automation of business processes, supported by advanced digital tools, have further streamlined workflows across the organization.

We made progress in our digital transformation journey, particularly within our supply chain, procurement and maintenance functions. This included streamlining processes, increasing automation, and driving greater operational efficiency. For instance, our new paperless maintenance initiative saves three tons of paper annually. At the same time, we maintained a strong focus on responsible sourcing and the decarbonization of electricity use, in line with our sustainability goals.

Alongside these efforts, we remained committed to addressing customer needs while fostering an environment of employee engagement and development, ensuring that our people are empowered to drive continuous improvement and innovation.

Executing our Strategic Growth Projects

Our project management framework, guiding initiatives from initial concept to final delivery, helps drive the effective execution of our growth strategies. We apply a rigorous selection process that aligns with both our customers' evolving needs and our own long-term success, focusing on factors such as strategic alignment, market potential, feasibility and return on investment. This comprehensive approach reinforces our confidence in generating sustained value for the business.

Throughout the project lifecycle, we employ a streamlined, stage-gated approach that drives efficiency and accountability. At every phase, we refine both the technical solutions and the commercial case, with clearly defined metrics and approvals to guide investment decisions. Continuous progress tracking facilitates early issue identification and resolution, helping to align timelines and budgets more effectively.

Each initiative is led by a dedicated project lead and supported by a cross-functional team. We ensure close oversight of individual projects through regular steering committee reviews, while the broader project portfolio is monitored by the Executive Committee and the Board of Directors at key intervals. This governance structure helps keep execution on track while enabling us to incorporate valuable lessons, so we can continually refine our project capabilities.

Growth Projects in Action

Building a New Dedicated Facility for the Vertex T1D Cell Therapy Portfolio
As part of our ongoing commitment to innovation, we are building a dedicated 130,000 ft^2 facility in Portsmouth (US) to support the manufacture of the Vertex portfolio of investigational stem cell-derived, fully differentiated insulin-producing islet cell therapies for people living with Type 1 Diabetes (T1D).

The dedicated facility will complement our global cell and gene technologies manufacturing network, which supports customers in developing, de-risking, commercializing, and scaling their emerging therapies. Under the terms of the collaboration, Vertex will leverage our scientific, regulatory and manufacturing expertise, along with our global manufacturing network and first-hand experience in the commercial manufacture of cell therapy products.

The new facility is located next to the existing Lonza Portsmouth site, enabling us to leverage the existing infrastructure, capabilities and talent. The construction is progressing in line with plan, with the exterior structure successfully completed in June 2024, just 13 months after commencement. GMP operations are expected to begin by the end of 2026.

The new facility will leverage Lonza's Sustainable Design Standard[1], which prioritizes energy and water efficiency alongside the integration of sustainable technologies into all large investment projects. In partnership with Vertex, this new asset will be the first Lonza near-zero GHG emission manufacturing facility. The main technical sustainability elements include full electrification, use of renewable electricity and a 1.5 megawatt solar photovoltaic installation.

[1] Sustainable Design Standards provide a framework to help us reduce energy and water consumption, GHG emissions, and waste production across growth assets.

Strategic Expansion of Drug Product Facilities in Switzerland
In 2024, we made solid progress on our key drug product expansion projects in Stein (CH). We are ramping up drug product manufacturing capabilities to support our customers from clinical to large-scale commercial supply. This strategic expansion will strengthen our end-to-end offering by delivering services from development to manufacturing, and from drug substance to drug product. Installations and construction activities continue to progress and the facility is expected to become operational in 2027.

The site in Stein builds upon our existing drug product capabilities in Switzerland which include:

- A Center of Excellence in Basel (CH) supporting pharmaceutical development, analytical development, clinical quality control and non-GMP pre-clinical drug product manufacturing
- Two drug product manufacturing lines in Stein, including a flexible, small-scale line designed for filling antibody drug conjugates (ADCs) which will be GMP-ready in H1 2025
- A drug product manufacturing asset in Visp (CH), including a liquid and lyophilized vial isolator line, operational since Q1 2023

The landmark investment in Stein includes:

- Process facilities such as preparation areas, compounding suites and filling lines under isolators (covering liquid and lyo vials, as well as pre-filled syringes), with capabilities to also support ADCs
- An automated warehouse for cold and ambient temperature storage
- A facility supporting automated, semi-automated and manual visual inspections, dispensing and sampling areas, deep freezers and thawing units for drug substance
- A central utility facility
- An office and lab building

Personal Perspective

Maria Soler Nunez
Head, Group Operations

"Our business model is designed for long-term growth through strategic investments, operational excellence and a customer-centric approach. With targeted growth initiatives and continuous improvement, we support our customers' evolving needs so we can build strong partnerships and deliver lasting impact."

Biologics

>710

pre-clinical and clinical large molecules[1]

>65

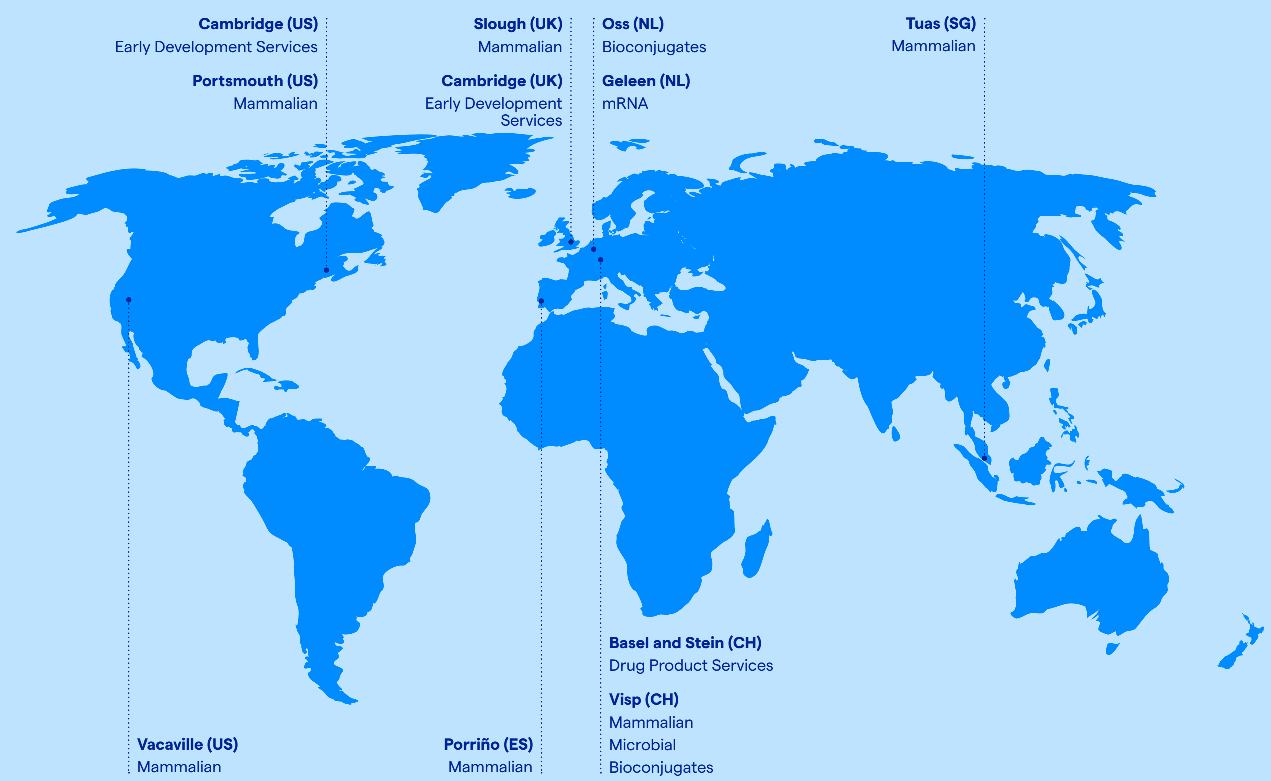
commercial large molecules[1]

[1] Including mammalian, microbial, bioconjugates, drug product services and cell and gene therapy products (personalized medicines are included in pre-clinical and clinical molecules only, early development services are included for pre-clinical molecules only).
[2] Our new organizational structure, announced in December 2024, will become operational on 1 April 2025 with three integrated business platforms: Integrated Biologics, Advanced Synthesis and Specialized Modalities. Capsules & Health Ingredients, which we plan to exit at the appropriate time, will operate as an independent business platform.

The Biologics division[2] comprises a full-service CDMO, providing development and manufacturing services to pharma and biotech companies across a wide range of biologic modalities, including mammalian, microbial, bioconjugates, mRNA and drug product services. In addition, it offers licenses for a variety of different technologies used in the research and development of new therapeutics.

We offer innovative development and manufacturing services and technologies across various molecule types, from drug discovery to market supply, and from drug substance to drug product. Our end-to-end offering ensures customers benefit from high levels of expertise, along with the speed and ease of doing business with a single strategic partner. Through our global network, we can be close to our customers and support supply chain resilience.

Our Global Development and Manufacturing Footprint



Market Trends

The biopharmaceutical market continued to expand in 2024 and is expected to achieve a compound annual growth rate (CAGR) between 8 and 10% in the next five years[3]. Historically, the clinical molecule pipeline within the market has increased between 9 and 10% per annum over the last ten years[4].

The biologics CDMO market continues to show positive growth, with an expected CAGR between 9 and 11% over the next five years[5], as the outsourcing trend continues. The growth in CDMO capacity continues to outpace capacity in customer-owned facilities, as large and small players increasingly rely on manufacturing partners to support, complement and de-risk their journey to market. Partnering models help attract customers by enabling capital preservation, direct access to leading expertise, de-risked supply, and regulatory support.

Large pharmaceutical organizations contribute the majority of CDMO revenues due to commercial manufacturing activity. Small biotech businesses represent a higher proportion of the molecule pipeline, where outsourcing is built into business models to conserve capital resources. While funding has affected this segment in the short term, we expect this to normalize in the medium term.

[3] 2024 – 2029 CAGR in USD (excl. CGT); Source: Evaluate Pharma; Lonza Biologics target market.
[4] Source : Citeline Biologics trends (excl. CGT).
[5] 2024 – 2029 CAGR in USD (ex CGT) ; Source: Frost & Sullivan (2024); Lonza internal analysis.

Strong and continued growth is reflected across all phases of molecules in the biologics pipeline. This is matched by the increased diversity of modalities for the molecules in development, with new biologics drug types and novel indications as key growth factors.

There are specific market dynamics at play in selected modalities:

- Venture capital funding in biopharma rebounded in 2024, marking a strong year with over 20% year-on-year investment growth, breaking a two-year downward trend. This increase was largely driven by higher average funding per round[6], with later-stage investments seeing the most significant growth. Early-stage and seed funding also showed first signs of recovery. Additionally, the number of mega-rounds exceeding $100 million grew significantly, reinforcing the trend of "fewer but larger" deals[7]. This funding resurgence will likely contribute to higher pharma R&D spending in 2025, with an estimated growth of approximately 3%[8], which may lead to increased demand for outsourcing services across the CDMO sector. At Lonza, early-stage demand is already recovering, with a more than 40% increase in early-stage inquiries in 2024[9].

[6] Source: Jeffries Pharmaceutical Services: December Biotech Funding (06 January 2025).
[7] Source: J.P.Morgan: 2024 Biopharma Industry Insights (January 2025).
[8] Source: Evaluate Pharma: Global Pharma R&D Reported Expenditures (January 2025).
[9] Source: Internal analysis.

- In mammalian, we expect that manufacturing demand will continue to outpace supply, especially for large-scale manufacturing. We see strong potential for large-volume monoclonal antibody treatments currently in clinical trials. These include high-volume products, such as Alzheimer's treatments and other potential blockbusters. In addition, there is an increasing demand for existing commercial mammalian derived drugs arising from growing patient populations.
- The future potential of bioconjugation is strong, with global drug sales for antibody-drug conjugates (ADCs) expected to grow by around 20% CAGR over the next five years[1]. There is a lack of available capacity across the industry, while the demand for outsourcing arising from the complexity of the supply chain and manufacturing process is high. Customers are looking for CDMOs that cover the entire ADC value chain across modalities, to help manage complexity and navigate risk. In this market context, Lonza provides a robust end-to-end offering, supporting customers in bringing their treatments to market.
- Growth in the microbial market is driven by a promising drug sales outlook with a CAGR of 7% from 2024 to 2029 and a robust molecule pipeline, which increased around 4% CAGR between 2018 and 2023[2]. This trend is anticipated to continue in the next five years. Demand for large-scale microbial manufacturing is strong and is outstripping CDMO market capacity. Customers look to experienced manufacturing partners that can design and manage bespoke large-scale plants and navigate the complexities of microbial tech transfer and scale-up. In this regard, we are well-positioned to respond to market needs.

Our Offering

We work across the entire spectrum of customers, from small biotech to large pharmaceutical companies. We offer different manufacturing scales and development services, as well as supporting customers throughout the molecule lifecycle – from lead optimisation, to pre-clinical, through to clinical and commercial phases, including Biologics License Application (BLA) support services. We have one of the most complete offerings across technologies and scales, offering a wide range of services, including regulatory services. We can deliver tailored services that meet specific customer needs. We bring deep and long-standing industrial expertise in commercial delivery, with rigorous standards of quality, safety, efficiency and value providing a unifying thread across modalities.

[1] Source: Evaluate Pharma 2024-2029 (2024).
[2] Source: Citeline Analysis (2024).

Mammalian
Our largest network – spanning across scales, capabilities, technologies and geographies – lies in our Mammalian business unit. We are seeing the addition of a healthy number of new molecules entering our pipeline across all phases. Several late phase molecules are set to enter commercial stage in the near future, securing our commercial growth and driving demand in large-scale manufacturing. The ongoing trend for outsourcing, combined with the increased demand for existing molecules, and the growing number of molecules expected to reach commercialization in the near future, offers a market opportunity in the coming years.

We will continue to strengthen our robust pipeline by maintaining a strong focus on lifecycle management and integrated solutions with Drug Product Services and Bioconjugation services. We remain committed to providing a full spectrum of mammalian development and manufacturing services for all molecule types. We will continue to invest in innovation to ensure speed and success in the early stages, while maintaining reliability and quality of commercial supply.

In 2024, we ramped-up our new 2,000L assets in Portsmouth (US) to support customers seeking small-scale manufacturing in the United States. The facility now consolidates demand across stages at a single site, from clinic to launch and scale-up, with 6,000L and 20,000L bioreactors. This development facilitated our consolidation, which led to the planned decommissioning of our sites in Hayward (US) and Guangzhou (CN).

The successful acquisition of the Vacaville site (US) secures long-term commercial supply for our customers. Vacaville is one of the largest biologics manufacturing facilities in the world, with a total bioreactor capacity of around 330,000 liters. This was supported by the technical completion of the large-scale facility in Visp (CH), which adds six 20,000L bioreactors to meet increasing market demand for biologics.

Bioconjugates

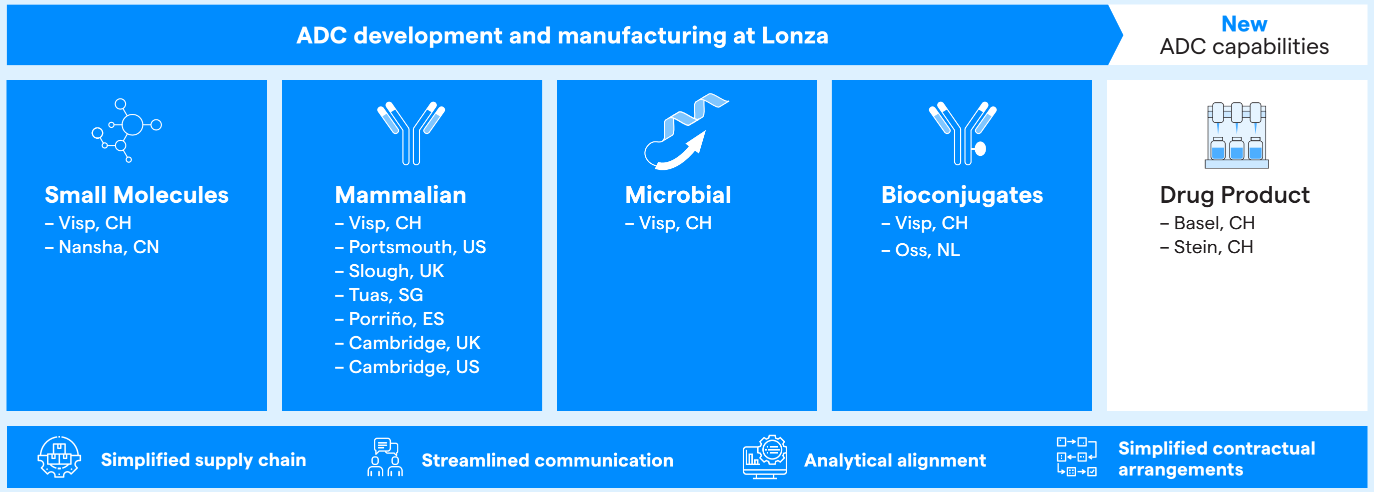
ADCs consist of an antibody that can identify and locate a target cancer cell, a cytotoxic payload to kill the cell and a chemical linker to bind the two components together. ADCs have the capacity to revolutionize the cancer treatment landscape, but the production process is highly complex and integrated. It requires deep technical expertise, leading technology, and well-controlled facilities to ensure safety, quality, and efficacy.

We provide robust expertise and experience in drug conjugation. The application of this targeted modality is expanding beyond its historical use in ADCs for oncology to address medical needs in other areas, including indications such as muscular disorders and rare diseases, as well as treatment modalities like vaccines and ophthalmology.

We are a leader in the manufacturing of commercially available ADCs, and we see significant further growth potential. Since 2006, we have produced more than 1,400 cGMP batches for more than 70 programs. Our production capacity is increasing with new assets coming online, leading to close to 400 batches in 2024. Additionally, batch sizes are increasing as more products reach commercialization, reflecting growing market demand.

We develop and produce all ADC components, drawing on expertise across divisions. The business benefits from a high level of integration with other modalities, including Mammalian, HPAPI and Drug Product. In 2024, we invested in all five technology areas needed for manufacturing bioconjugates at different scales, as outlined in the graph on the right, further strengthening our integrated supply chain. As a result, our bioconjugates offering now spans drug substance and newly added drug product manufacture for early clinical and commercial supply, including an early development focus on payload and site-specific linker technology.

This increased capacity includes the expansion of early development capability and laboratories offering expertise and speed in process development and scale-up for a wide range of bioconjugation approaches (including mAbs, proteins, and different types of linker and payloads such as cytotoxic molecules, oligonucleotides, polysaccharides, and radio labelled molecules). This accelerates time to market, while ensuring long-term supply capabilities.



Enabling Early Innovation

We are continually investing in R&D and innovation to meet future demand alongside market needs for more diverse and complex ADCs. Our position at the forefront of bioconjugation innovation has been strengthened through the acquisition of Synaffix and the integration of its leading technology platform into our offering.

Through a unique combination of technology access, discovery services, and manufacturing capabilities, we help drive the next wave of innovation in ADCs by accelerating timelines and reducing complexity on the journey to commercialization.

To further extend our offering and complement our intellectual property on site-specific conjugation, we collaborated with leading bioconjugation technology providers to offer state-of-the-art solutions.

The resulting Lonza Bioconjugation Toolbox offers a variety of conjugation technologies, linkers, and payloads to drug developers seeking to de-risk the development of drug candidates from the very beginning by preventing pitfalls and dead ends in later development stages.

Meeting Market Demand for Commercial Manufacture

To meet growing market demand for large-scale manufacturing, we are expanding our bioconjugation capacity in Visp (CH) by building two multipurpose manufacturing suites. The expansion will provide additional manufacturing capacity for launch and commercial supply to meet growing market demand.

Furthermore, as part of an extended long-term collaboration, we will build a customer-dedicated bioconjugation suite in Visp to support the manufacture, handling and containment of highly-potent modalities at a commercial scale.

Drug Product Manufacture for Bioconjugates

Our network has continued to adapt to the evolving ADC landscape and the increasing number of commercial molecules in the ADC pipeline. To allow us to deliver on the expected progression of ADC drug candidates through to commercialization, we expanded our offering to include filling lines specifically designed to manufacture pre-clinical, clinical, or commercial batches of highly-potent compounds.

The expansion includes new GMP filling lines for ADCs at our sites in Stein (CH) and Basel (CH). These assets, specifically designed to produce pre-clinical batches of highly potent compounds, directly support essential pre-clinical activities for ADC drug programs, such as toxicology testing and stability.

This approach aims to provide a seamless end-to-end solution for drug developers and support the industry's goal of advancing and commercializing these life-saving therapies to benefit patients worldwide.

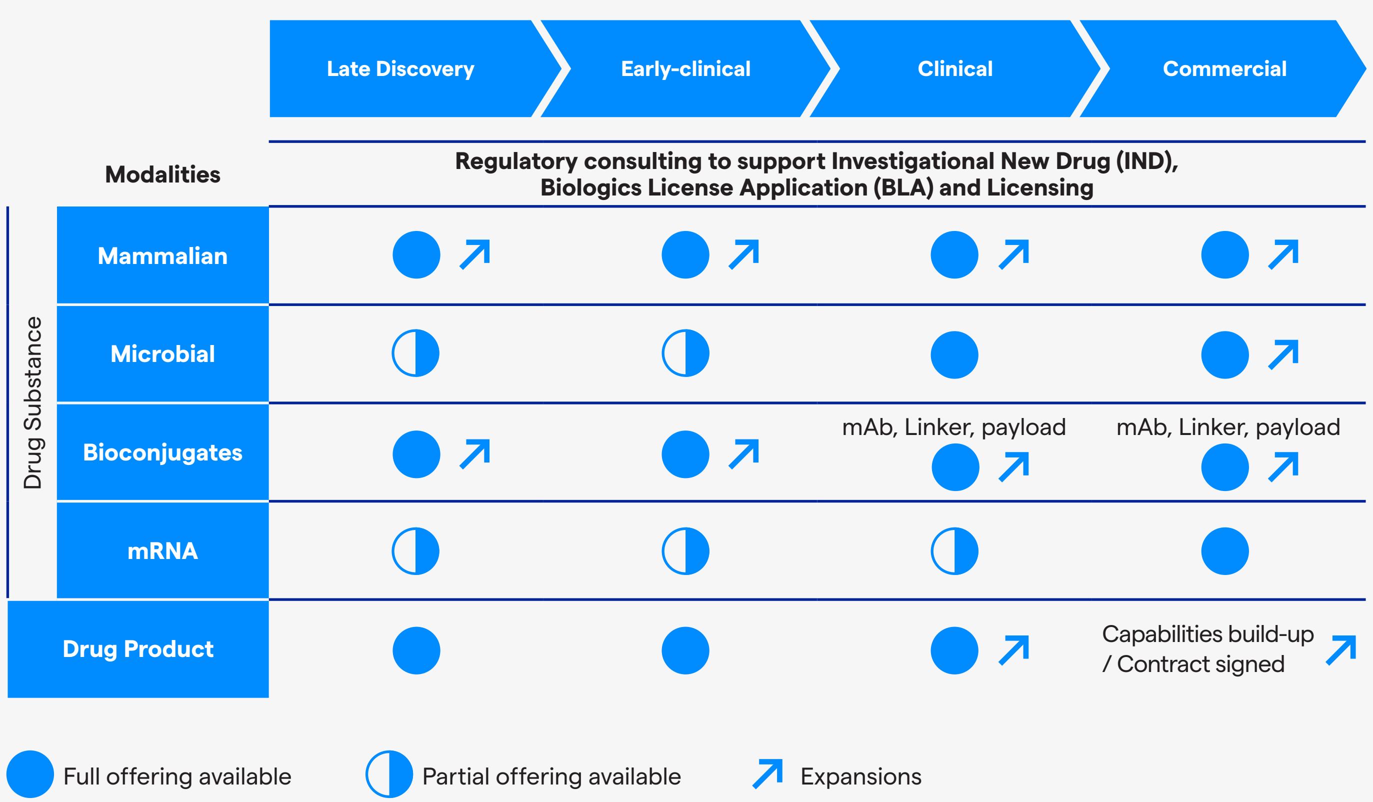
Microbial
With mandates to manufacture eight commercial products and a track record in large-scale complex protein and vaccine production, our Microbial business unit is a leader in late-phase and commercial supply for customers looking for reliability and quality. In 2024, we celebrated our 40th anniversary of working in the microbial space, building on a legacy of expertise and innovation. Our journey includes more than 70 GMP technology transfers into Lonza, reflecting our long-standing commitment to quality and innovation. With our proprietary XS Technologies® expression system, state-of-the-art development labs, and GMP manufacturing scales spanning from 70 liters to 15,000 liters (including a new mid-scale production facility), our facility in Visp (CH) enables us to offer services that meet our customers' needs across the entire product lifecycle.

Drug Product Services
Our Drug Product Services (DPS) business unit provides fully integrated, phase-appropriate solutions to drug product development and manufacturing. It addresses formulation, process design, and primary packaging. Our approach helps our customers to bring a drug product to market. Furthermore, we support customers in addressing various challenges across formulation, analytical, process development, and drug product manufacturing. In the last five years, we have expanded from drug product development services into clinical and commercial fill and finish.

The DPS portfolio includes expertise in drug product injection and infusion, covering various routes of parenteral administration such as intravenous, subcutaneous and intravitreal. With a growing team of more than 700 professionals, we offer an integrated approach across various biologics modalities. This includes standard monoclonal antibodies as well as more complex molecule formats such as bispecific antibodies, fusion proteins, recombinant proteins and bioconjugates, including ADCs.

DPS partners with the drug substance business units to offer end-to-end solutions, including drug substance and drug product. There is increasing demand for integrated solutions that decomplexify and de-risk supply through strategic partnership with a single CDMO.

Our Integrated Service Offering



mRNA
We pioneered the large-scale commercial manufacturing of mRNA medicines during the COVID-19 pandemic, in record time. It is a testament to our adoption of new technology, and the strength of our development and manufacturing knowledge, that we can deploy new offerings at speed. Since then, mRNA technology has advanced in multiple therapeutic areas, with many projects now in early development. To support these projects, we have opened a new integrated mRNA/lipid nanoparticles (LNP) manufacturing complex at our cell and gene therapy site in Geleen (NL), leveraging local expertise and providing development opportunities for our employees. The expansion includes IND-enabling, clinical and small-scale commercial manufacturing services. It also includes areas for process and analytical development, cGMP manufacturing and quality control for mRNA and LNP necessary for formulating mRNA-based medicines.

Licensing
Our Licensing business manages access to our licensable Intellectual Property (IP), enabling companies to incorporate proven technologies and accelerate the development of new therapeutics. Our differentiated licensing offering is particularly suited for pharmaceutical, biotechnology companies and research institutions conducting early research. The business drives innovation and strategic partnerships, enabling both start-ups and major players in the industry to leverage our industrial capabilities and reach. Our Evolving IP offering spans multiple modalities. With decades of continual innovation, our GS® mammalian gene expression system is a core component of a more comprehensive set of expression technology solutions that span diverse therapeutic modalities. We serve more than 500 active licensing customers, alongside more than 200 Research Evaluation Agreements. More than 85 approved therapeutics contain Lonza's out-licensed IP, reaching millions of patients each year. To strengthen our Bioconjugates services and keep offering the best possible platforms to our customers, we acquired and integrated Synaffix in 2023, a company with strong proprietary conjugation technology.

Furthermore, in order to better support early-stage customers across the biologics network, our Early Development Services (EDS) team is now centralized within our Licensing business unit, enabling improved support for early stage, pre-clinical customers with a complete end-to-end service solutions across all modalities. The advanced capabilities of EDS align seamlessly with the business focus on fostering innovation and supporting customers.

2024 Highlights

In 2024, our Biologics division reported sales in line with the prior year (-0.5% CER), with growth from sustained commercial demand offset by the loss of COVID-related mRNA business and the related termination impact in 2023. Growth was mainly driven by strong performance in Mammalian and Bioconjugates.

To strengthen our ability to meet customer needs, we continued investing in the expansion of our end-to-end offering, supporting the entire drug lifecycle from early development to commercial manufacturing.

New Facilities to Meet Growing Demand
In 2024, we strengthened our offering in our Mammalian business, which represents the largest set of capabilities across our network. Through the successful acquisition of the Genentech Vacaville site in California (US) from Roche, we have significantly extended our capacity for large-scale mammalian drug substance manufacturing in the US, the world's largest pharmaceutical market. This acquisition has created a significant West Coast commercial manufacturing presence close to San Francisco's pharma and biotech hub, complementing our existing East Coast manufacturing site in Portsmouth, as well as our international network across Europe and Asia Pacific. With a total bioreactor capacity of around 330,000 liters, the Vacaville site is one of the largest biologics manufacturing facilities in the world. We plan to invest approximately CHF 500 million to further upgrade the facility and add capabilities to meet demand for the next generation of mammalian biologics therapies. The acquisition has significantly extended manufacturing capacity for current commercial customers and new molecules on the path to commercialization within our network.

Additionally, the commencement of commercial GMP operations in our new large-scale mammalian facility in Visp (CH) is scheduled for H1 2025. Due to specific demand, the facility will be further equipped with the latest N-1 perfusion technologies for the production of next-generation monoclonal antibodies. The addition of six 20,000L bioreactors in Visp, alongside the Vacaville acquisition, further strengthens our ability to meet the long-term commercial supply needs of our customers.

In 2024, we also released the first GMP batch at our next-generation mammalian manufacturing facility in Portsmouth (US). This marks a significant milestone, allowing the facility to help meet the increasing market demand for small- to mid-scale volumes of mammalian-derived biologics and support the implementation of high-titer and high-throughput platform processes.

Within our Microbial business, we completed an expansion at our facility in Visp (CH) which adds mid-scale manufacturing capacity for the clinical and commercial supply of microbially-produced biologics. This expansion increases flexibility for our customers and complements the existing small-scale and large-scale microbial manufacturing assets at the site.

We continued to strengthen our drug product services offering with the addition of new assets and the introduction of an offering for cytotoxic ADCs. In 2024, we completed the expansion of our footprint in Basel (CH) with an additional building, equipped to support late-stage clinical and commercial projects with additional quality control and bioanalytics capacity. The expansion also includes lab space for handling highly potent substances required for cytotoxic ADCs. Furthermore, we are bringing a flexible clinical filling line online that will allow us to fill cytotoxic ADCs.

Construction is also underway for our new commercial large-scale fill-finish facility in Stein (CH). This facility will enable us to provide customers with a commercial-scale supply of pharmaceutical products in different formats, including vials and syringes.

Advancing Bioconjugation

In 2024, Bioconjugates benefited from continued strong demand across both clinical and commercial services.

We expanded our filling capacity in Stein (CH) with a new customer-dedicated filling line for the commercial supply of ADCs. Once completed, this will enhance our comprehensive, end-to-end development and manufacturing services for ADCs, simplifying the path from DNA-to-IND and beyond for our customers.

Building on a successful long-term relationship where Lonza manufactured all key elements of bioconjugates at a commercial scale, we have further extended our collaboration with a major global biopharmaceutical partner. The extended agreement will expand the dedicated bioconjugation footprint for the customer with the construction of a new bioconjugation suite at our Visp (CH) site. We will also provide commercial-scale monoclonal antibody (mAb) manufacturing services for a new ADC targeting solid tumors. The new bioconjugation suite will occupy approximately 800m² of manufacturing space and will support the manufacture, handling, and containment of highly-potent modalities.

Financial Performance in Full-Year 2024
Comparison vs. Prior Year

3,676m -0.5%[1] +~13%[2]

Sales (CHF)

1,266m -3.8%

CORE EBITDA (CHF)

34.4% -1.0ppt

CORE EBITDA Margin

[1] Sales growth at Constant Exchange Rates (CER).
[2] Sales growth at Constant Exchange Rates (CER), adjusted for COVID-related mRNA business.

Furthermore, we are expanding our bioconjugation capacity in Visp by building two multipurpose 1,200L manufacturing suites. The new suites will occupy approximately 2,000m² and double our multipurpose capacity for the launch and commercial supply of bioconjugates. The flexible multi-customer suites are designed to run the increasingly complex and variable processes needed to manufacture ADCs and other bioconjugates maturing through the drug pipeline.

We have seen high interest in our strengthened ADC offering through our acquisition of Synaffix. To further enhance our offering in this space, we have expanded the Synaffix footprint in the Netherlands, enabling us to offer increased Early Development Services capacity to companies developing novel therapeutic candidates. Furthermore, in 2024, Synaffix collaborated with BigHat Biosciences on the development of machine learning-enabled ADC. This collaboration showcases how drug developers can leverage a fully integrated range of services within our Biologics division.

Expanding Collaboration through Integrated Service Offering

Early in 2024, we signed a collaboration agreement with Acumen Pharmaceuticals to manufacture their novel therapeutic sabirnetug for the treatment of Alzheimer's Disease (AD). Sabirnetug targets toxic soluble amyloid beta oligomers, a primary cause of AD, and is the first of its kind in clinical development. Our new, next-generation single-use manufacturing facility in Portsmouth (US) will support the production of sabirnetug, potentially bringing new treatment options to patients suffering from AD. In line with our strategy to offer an integrated end-to-end offering for biologics manufacturing, we extended the successful relationship with Acumen later in 2024 to enable the commercial launch of sabirnetug. The extension will provide drug product manufacturing services for early phase and potential commercial supply from our Visp (CH) site.

Personal Perspective

Jean-Christophe Hyvert
President, Biologics Division

"2024 was a year of focused and strategic growth for our Biologics business. As integrated service offerings become increasingly important, Lonza remains at the forefront of this trend. We successfully completed the acquisition of our large-scale manufacturing facility in Vacaville from Roche, significantly enhancing our manufacturing capacity to continue to serve commercial customers and support the development of new molecules."

Innovation Spotlight

Intensified Bioprocessing Using Advanced Digital and Process Analytical Technologies

To bring innovative solutions to our customers and their patients, we continue to focus on leveraging our expertise and experience across multiple areas and modalities. A key innovation focus area in 2024 was the development of novel mammalian expression platforms and bioprocessing technologies to significantly increase productivity and improve process robustness for our clinical and commercial customers.

We have developed and implemented technologies across several clinical and commercial assets to intensify biomanufacturing and significantly increase product titers. When combined with innovative purification technologies, these high titers result in very high-yielding processes. In addition, we have successfully developed and implemented several in-line testing process analytical technologies (PATs), which allow us to improve process robustness through machine learning (ML) and automation.

As part of our digital initiatives, optimizing the use of ML technologies to meet the needs of the business has also been a key research focus. We have developed several machine learning algorithms which have allowed us to advance our mammalian expression and bioprocessing platforms. Such tools have been applied to improve both the speed and predictability of our cell line construction offering.

The new intensified processes, supported by ML-based analysis and selection tools, will help our customers deliver innovative therapeutics that address unmet patient needs.

Monoclonal Antibody

Small Molecules

>205

pre-clinical and clinical small molecules[1]

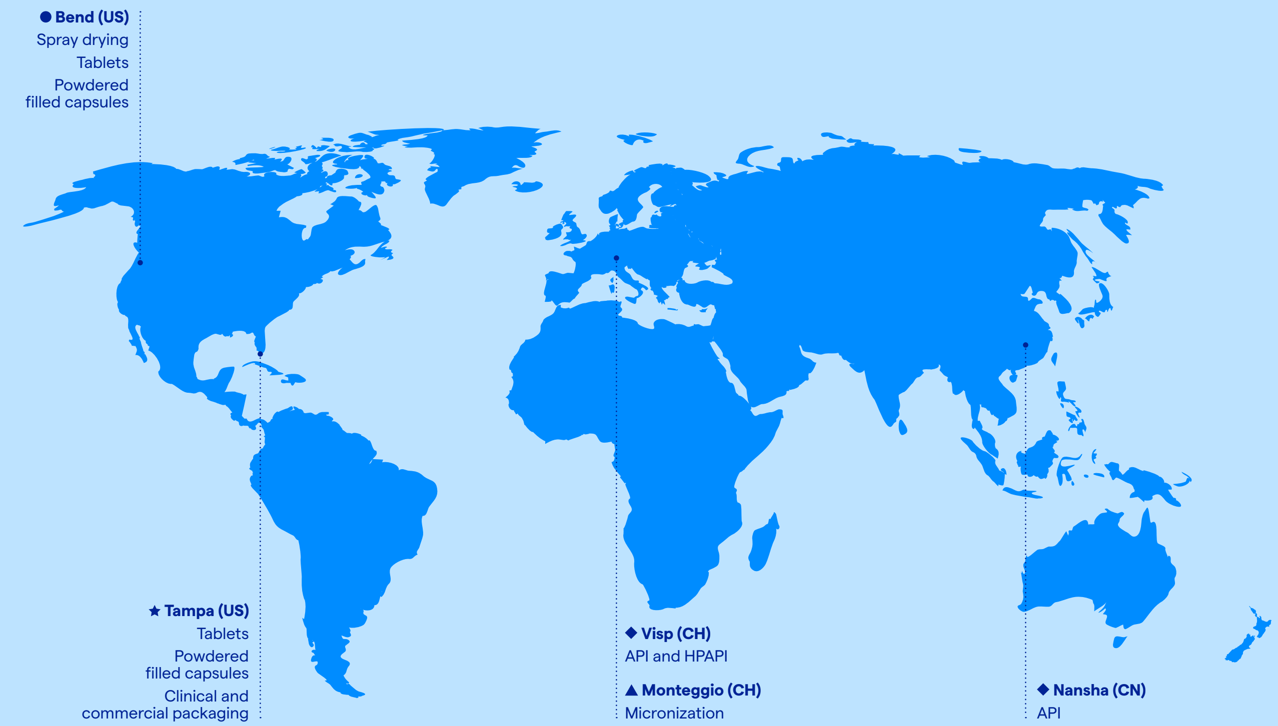
>125

commercial small molecules[1]

[1] Including active pharmaceutical ingredients (API), highly potent API (HPAPI), dosage form and delivery systems and particle engineering.
[2] Our new organizational structure, announced in December 2024, will become operational on 1 April 2025 with three integrated business platforms: Integrated Biologics, Advanced Synthesis and Specialized Modalities. Capsules & Health Ingredients, which we plan to exit at the appropriate time, will operate as an independent business platform.

Our Small Molecules division[2] supports customers throughout their journey from clinical development to commercialization, across drug substance and drug product. We provide contract development and manufacturing services for customers including large pharmaceutical and small biotech companies.

Our Global Development and Manufacturing Footprint



Market Trends

Small molecules remain an attractive and growing market, with 54% of all molecules in clinical development comprising of small molecules (approximately 9,000 molecules)[3]. The small molecules clinical market experienced 28% growth[4] between 2018 and 2023, and we anticipate this trend to accelerate further over the next five years.

In 2024, the outsourced small molecules market was valued at USD 75 billion[5] and we estimate that this market will grow at 6 to 7% per year through to 2029[6]. Our primary focus is to support the development and manufacturing of innovative products, and we expect this segment to grow at the higher end of this range.

Growth is driven by three main therapeutic areas, oncology, Central Nervous System (CNS) and endocrine (in particular diabetes and weight loss). Thirty percent[7] of small molecules New Molecular Entities (NME) approvals by the U.S. Food and Drug Administration (FDA) are targeted towards oncology, a disease area estimated to sustain double-digit sales revenue growth per year through to 2029[8]. Small molecules account for more than 60%[7] of FDA NME approvals, of which approximately 80%[9] are administered orally.

The required toxicity of products to destroy cancer cells means that they are often highly potent and need high containment manufacturing capabilities. We have a long and successful history of developing processes to manufacture highly potent active pharmaceutical ingredients (HPAPIs). In such complex containment environments, manufacturing experience and expertise is as critical as process control.

Increasingly, new therapies are on expedited timelines for approval. To support these timelines, our quality system and regulatory experts can support customer filings. This is a particularly important service for small companies who may not have in-house capabilities.

Our Offering

We focus on helping customers develop and manufacture innovative small molecules. Over the last 40 years, we have built a leading reputation in this space, supported by our commitment to science, technology and delivery.

We work in close partnership with our customers, helping them to address challenges and support molecule progression through clinical stages. Our team of experts supports development throughout the product lifecycle, from pre-clinical stages through to commercialization. Entry points in this lifecycle can vary from early clinical development to late-phase or commercial supply.

Our Small Molecules services can broadly be split into three categories: Drug Substance, Drug Product and Particle Engineering, which forms a bridge between Drug Substance and Drug Product.

Our Drug Substance services relate to the development and manufacturing of active pharmaceutical ingredients (APIs). Our Particle Engineering services relate to our micronization and spray-dried dispersion technologies, which support enhanced bioavailability. Finally, our Drug Product services support oral and inhaled formulations of APIs in tablet and capsule dosage forms.

Our current portfolio includes more than 125 commercial programs and more than 205 pre-clinical and clinical programs. These are delivered by a global asset network capable of supplying a range of volumes to meet both clinical and commercial demand. Our ability to provide integrated supply chains for products, within or across divisions, is a compelling customer offering that simplifies ways of working.

In Drug Substance, we continue to build on our existing capabilities in developing and manufacturing highly potent small molecules, especially the payload and linker manufacturing of antibody-drug conjugate (ADC) products. These represent a particularly attractive market segment within the HPAPI category.

Candidates in the small molecules pipeline are increasingly complex and are often accompanied by a decrease in bioavailability due to their limited solubility. We help customers to address these challenges through a portfolio of bioavailability enhancement technologies, phase-appropriate and proprietary processing equipment, and drug delivery capabilities. Our site in Bend (US) specializes in improving bioavailability, leveraging our scientific expertise and spray-dried dispersion technology.

2024 Highlights

In 2024, our Small Molecules division reported sales growth of 9.3% CER compared to the prior year at a strong CORE EBITDA margin of 35.7%, driven by high commercial demand, strong operational performance and the division's continued portfolio shift to high-value products and complex service offerings. The division signed the highest number of new customers and programs compared to previous years. Furthermore, three drug products manufactured by the business received FDA approval in 2024, and the batch success rate in commercial manufacturing exceeded 99%.

[3] Source: Citeline, pre-clinical excluded.
[4] Source: Citeline.
[5] Source: Small Molecule CMO/CDMO Market Outlook from 2024 to 2034.
[6] Source: Small Molecule Contract Manufacturing: CDMO Market Overview – PharmaSource; Lonza internal analysis, FDA, Evaluate Pharma.
[7] Source: Intern multi-year Analyses of FDA NME Approvals.
[8] Source: EP 2024.
[9] Source: Citeline, Pharmacircle 2024.

Complete Life Cycle Offering

Design
Small- / Lab-scale

Develop
Clinical scale development, manufacture and packaging

Manufacture
Commercial scale manufacture and packaging

Our Portfolio of Services

Drug Substance Intermediates
GMP intermediates

Drug Substance
Full range of API inclusive of HPAPI, cytotoxic payloads for ADCs

Drug Product Intermediates
Micronized API, spray dried dispersions

Drug Products
Tablets, encapsulated powder and multiparticulates, injectables

Financial Performance in Full-Year 2024
Comparison vs. Prior Year

983m +9.3%[1]
Sales (CHF)

351m +20.6%
CORE EBITDA (CHF)

35.7% +3.4ppts
CORE EBITDA Margin

[1] Sales growth, expressed as a percentage (%), are at constant exchange rate (CER).

Looking ahead, we will continue our focus on being a strong development and manufacturing partner to support our customers during the entire lifecycle of their products. This includes introducing new offerings and expanding our capacity to meet evolving needs.

Developing New Offerings
In 2024, we launched two new market offerings: AI-enabled route scouting, and spray-dried biologics for pulmonary delivery. Together with the Physiology Based Pharmacokinetics and Solid Form Services offerings, these new advances further strengthen our positioning as a strong development partner, accelerating growth in our early-phase pipeline.

AI-Enabled Route Scouting Service
Active pharmaceutical ingredients (API) synthesis is becoming increasingly complex and lengthy, often requiring more than 20 synthetic steps. We have implemented an AI-driven solution that accelerates this process. Our new AI-enabled route scouting service provides customers with synthetic pathways that are more resilient from a supply chain perspective and offer insights into optimal route design for both clinical and commercial manufacturing.

Spray-Dried Biologics for Pulmonary Delivery
Building on more than 20 years of experience in the spray-drying of biologics, such as monoclonal antibodies (mAbs), oligonucleotides and peptides, we now offer spray-drying of biologics for clinical supply and beyond.

Expanding Capabilities
In 2024, we continued to invest in adapting our capabilities and commercial offerings in line with market needs. We augmented this with additional capacity to meet sustained customer demand, particularly in relation to complex molecules and HPAPIs.

To support our customers in advancing their therapeutic candidates, our Bend (US) site is globally recognized for its expertise in improving bioavailability, a critical factor in addressing the poor solubility of many small molecule drugs. We continue to invest in this area and have the Bend site in 2024 by adding new clinical bottling and labelling capabilities for tablets and powder-filled capsules. In addition, we expanded the site to include clinical manufacturing of spray-dried protein formulations for pulmonary delivery, aligning with growing industry trends.

Personal Highlight

Gordon Bates
President, Small Molecules Division

"We remain committed to being a strong development partner driven by science. In response to positive market dynamics, and listening to our clients' needs, we are planning for future growth by strengthening our early-phase offerings, and investing in additional development and manufacturing capacity to be present throughout the full product lifecycle."

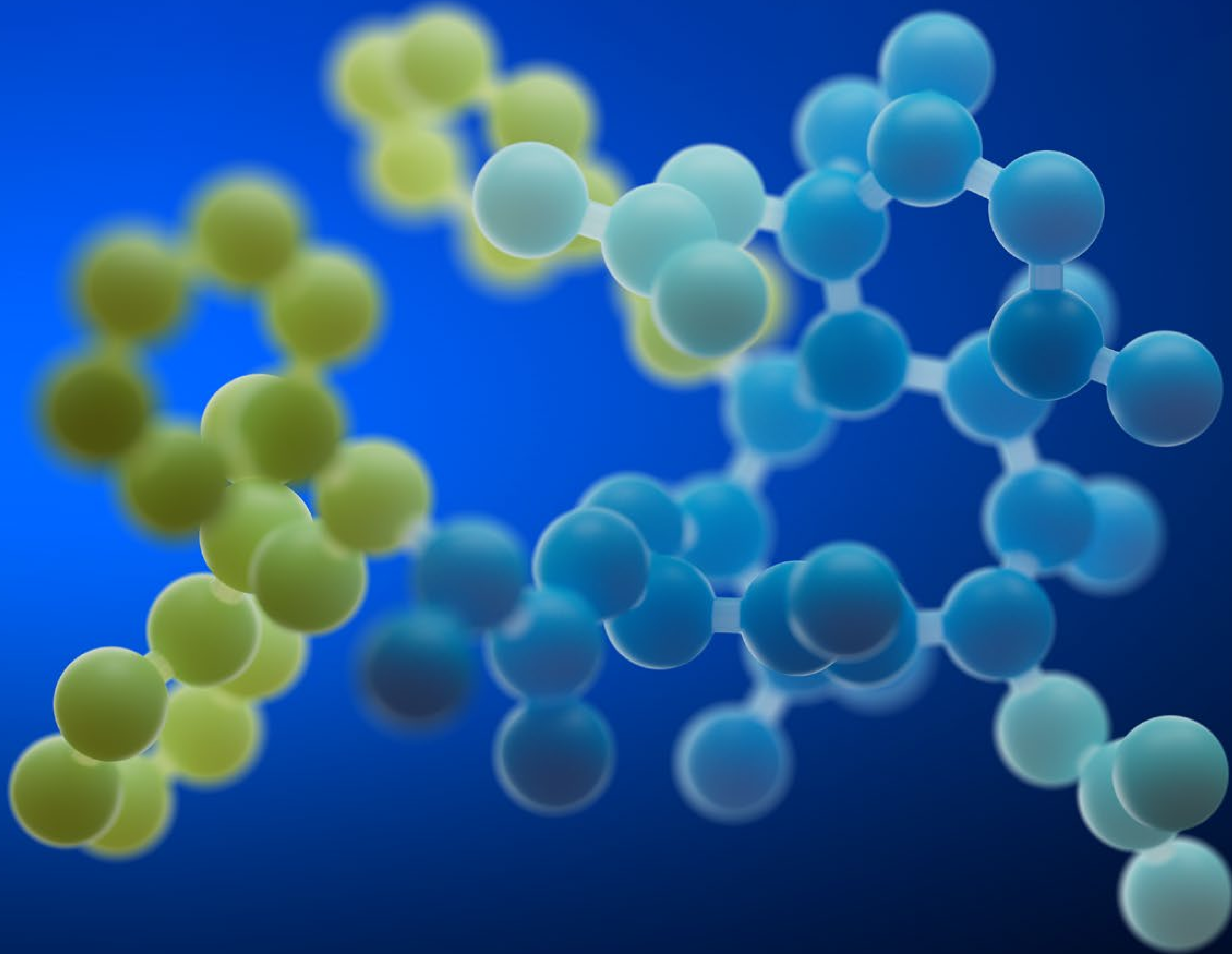
Innovation Spotlight

Leveraging Modern Tools to Optimize Process Chemistry

Staying competitive in the CDMO space requires ongoing investment and continuous improvement, with a strong focus on advancing digitalization in the development and manufacture of therapeutic drugs. Our Small Molecules division is focused on addressing the increasing complexity of small molecule-based drug candidates. A key piece of this puzzle is that the intricate structures of modern drug candidates require multiple synthetic steps to produce them. To address this growing challenge, we are utilizing AI-enabled route scouting to identify chemically feasible synthetic pathways that can be optimized for performance, efficiency and manufacturability.

The growing complexity of APIs also presents challenges in identifying the optimal synthetic conditions for a given reaction step. Once our experts have identified the best synthetic route for a molecule, we implement high-throughput experimentation (HTE) to address this. HTE enables researchers to accelerate development by running multiple reactions in parallel – and allows for the rapid testing of a broad spectrum of reagents, solvents, catalysts, and conditions. This approach helps identify optimal reaction conditions early in the project, reducing the number of experiments and reagents needed, thereby lowering the cost of goods and shortening timelines.

By combining AI tools and HTE, we can rapidly assess and optimize promising synthetic routes, which leads to accelerated process development for API synthesis. At our Visp (CH) site, we utilize a dedicated robotics system with broad and phase-appropriate experimentation capabilities, which can be implemented 24/7 across a full spectrum of potential reaction conditions.



Taxol

Cell & Gene

25
years of cell and gene cGMP manufacturing experience

>250
process development projects

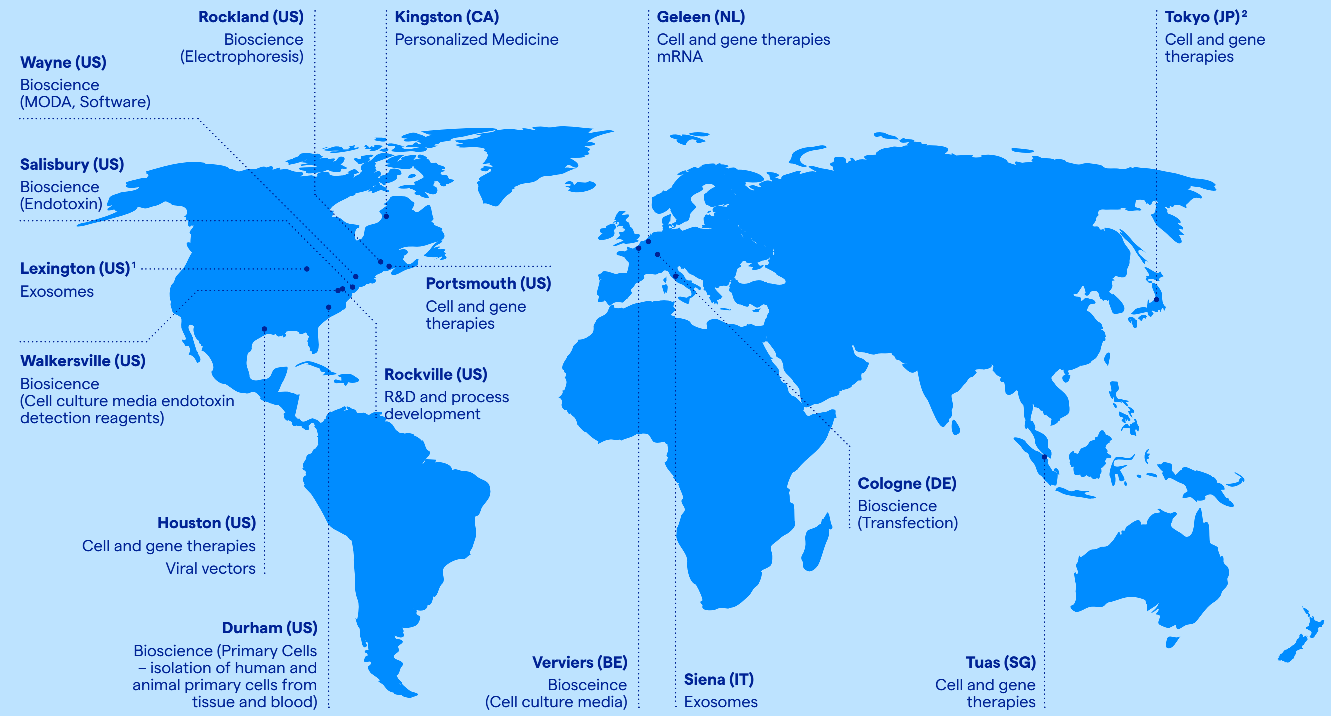
>100
active therapies supported by Bioscience[1]

>1400
commercial batches delivered by our CGT CDMO network

[1] Third party therapies (excluding Lonza manufactured drugs).
[2] Our new organizational structure, announced in December 2024, will become operational on 1 April 2025 with three integrated business platforms: Integrated Biologics, Advanced Synthesis and Specialized Modalities. Capsules & Health Ingredients, which we plan to exit at the appropriate time, will operate as an independent business platform.

Our Cell & Gene division[2] provides comprehensive solutions that facilitate the accelerated development, manufacturing and commercialization of life-changing treatments. We also offer tools and technologies that help enable cell and gene, biologics and small molecule innovators to develop, de-risk and industrialize their therapies.

Our Global Development and Manufacturing Footprint



[1] The exosome asset will be transferred to Houston in 2025.
[2] Facility owned and operated by Nikon Cell innovation Co. Ltd. under Nikon-Lonza partnership.

Market Trends

Cell and gene therapies are rapidly evolving from innovative concepts into commercially viable treatments, as evidenced by nine Food and Drug Administration (FDA) cell therapy initial approvals in 2024. This upward trend is projected to continue, with numerous additional therapies expected to reach the market in the coming years.[3] Venture capital funding in the cell and gene therapy (CGT) field has stabilized to pre-pandemic levels[3], and this is particularly benefiting companies with late-stage products by supporting their clinical trial advancements. Concurrently, the cell and gene Contract Development and Manufacturing Organization (CDMO) market is anticipated to grow at an annual rate of 12%[4] over the next five years, driven by increasing demand for specialized manufacturing services and a robust pipeline of therapies.

To navigate regulatory complexities and manage financial constraints, many companies are turning to outsourcing. Cell and gene CDMOs such as Lonza play a pivotal role by providing regulatory expertise and scalable, cost-effective manufacturing solutions. This collaboration enables companies to concentrate on innovation, while relying on CDMOs to manage production and related compliance at clinical and commercial scales, to unlock the full potential of cell and gene therapies.

[3] Source: Alliance for Regenerative Medicine.
[4] Souce: Lonza internal analysis.

Our Offering

Our Cell & Gene division comprises three synergistic business units that provide a combination of products and services. Our Cell & Gene Technologies business unit offers CDMO services and is becoming a "commercialization engine" for cell and gene therapies. The Bioscience business unit delivers specialty products that support the growth of the biologics, small molecules and cell and gene markets. The Personalized Medicine business unit focuses on the Cocoon® Platform, with the aim of revolutionizing cell therapy manufacturing through automation.

Together, our business units address key customer challenges and needs. In addition, our CDMO expertise enables us to tailor and innovate our products and services.

Cell & Gene Technologies
Our value proposition is founded on the quality, expertise and trust in our experience and track record. Over the last 25 years, we have established a leading position in contract development and manufacturing for cell and gene therapies. Our expertise spans a wide range of modalities across cell and gene, including exosomes-based therapies, iPSCs, MSCs, NKs and other allogeneic cell therapies, autologous CAR-T, TIL, HSC, TCR, T-reg gene therapies, and viral vectors including AAVs and LVVs among others. From process development to commercial manufacturing, our offering is one of the most complete and integrated in a highly fragmented industry.

In 2024, we expanded our portfolio of commercial cell and gene therapies and continue to be a trusted partner in supporting late-stage clinical and commercial cell and gene products in the industry. As of 2024, we manufacture the viral vector, cell therapy or gene therapy for five commercial cell and gene therapy products in three continents: the United States, Europe and Asia. Our network of CGT manufacturing sites also completed a combined total of seven Pre-Licensing Inspections (PLI) and Pre-Approval Inspections (PAIs).

While expanding our portfolio of commercial products, we also launched a range of key offerings focused on the development and manufacturing services to enable our customers' next milestones: Investigational New Drug (IND) filing, tech transfer and commercialization planning.

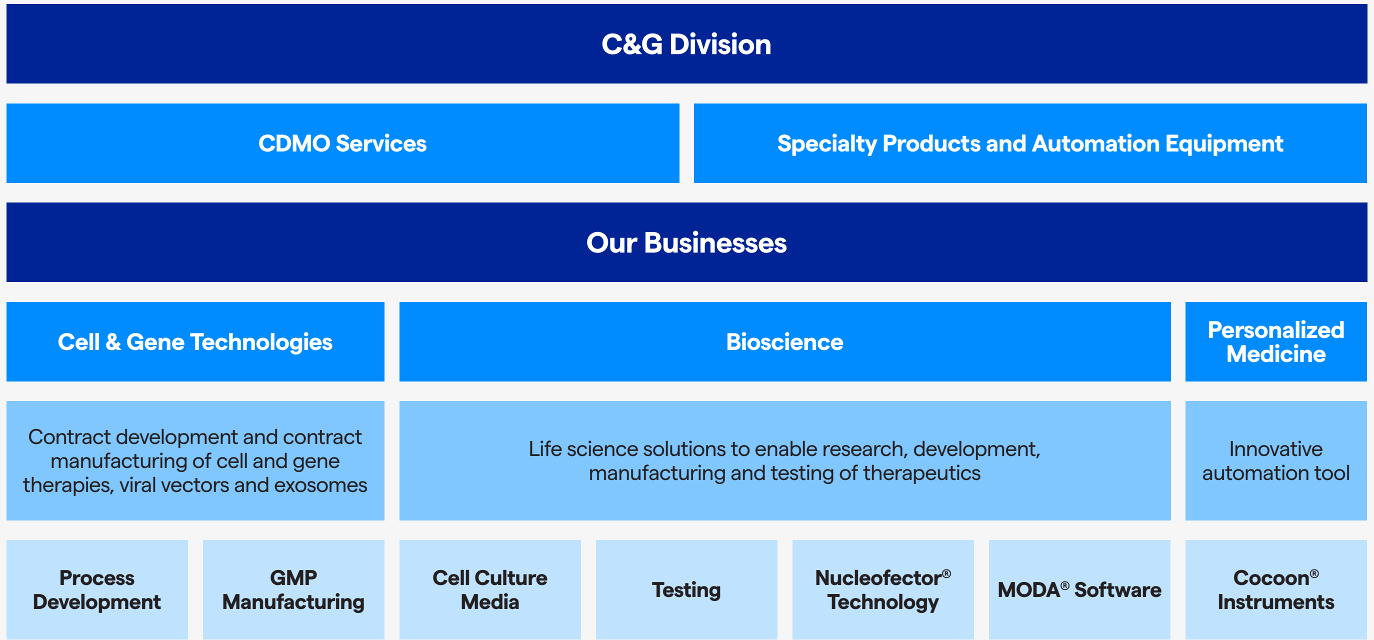
Bioscience
Our Bioscience business unit has a strong portfolio of products and services that support the growth of the biologics, small molecule and cell and gene markets. Our customers value our improved reliability, reduced variability, ease of use, high performance and cost efficiency. Our expertise in primary human cell biology tools help enable customers to develop more predictive models and accelerate the path to IND. Our Bioscience products and services range from cell culture and discovery technologies for research to cell culture medium, quality control tests and software for biomanufacturing.

Recently, we expanded the use of our TheraPEAK® T-VIVO® Cell Culture Medium to support the growth and expansion of gamma delta (γδ) T cells. These cells possess a unique capability to infiltrate solid tumors. By optimizing their expansion at clinical scale, we offer a solution with the potential to revolutionize solid tumor drug development, paving the path for a healthier world.

Personalized Medicines
The end-to-end process for the production of a cell therapy can be long and involves complex supply chain logistics and manual manufacturing processes. At present, it can take four to six weeks between collecting the cells and infusing the treatment back to the waiting patient. Furthermore, most of the current manufacturing solutions are not sufficiently scalable to meet patient demand as cell therapies are approved for earlier lines of treatment or for more prevalent indications.

Designed to address many of these challenges, our Cocoon® Platform is a functionally closed, highly flexible and scalable autologous cell manufacturing solution. The platform enables decentralized manufacturing models that have the potential to reduce vein-to-vein times, deliver fresh cells, improve physician control and enhance patient experience. It is highly automated, which can help reduce both the costs associated with manual intervention and the risks associated with human error. It is also scalable, as multiple instruments may be connected in the future, enabling the ability to save significant clean room space.

To date, we have installed more than 150 Cocoon® Instruments, and we work with more than 30 customers.



Financial Performance in Full-Year 2024
Comparison vs. Prior Year

689m **+1.1%**[1]
Sales (CHF)

108m **+58.8%**
CORE EBITDA (CHF)

15.7% **+5.9ppts**
CORE EBITDA Margin

[1] Sales growth at Constant Exchange Rates (CER).

2024 Highlights

In 2024, our Cell & Gene division reported sales growth of 1.1% CER compared to the prior year. This was driven by strong operational performance in Cell & Gene Technologies and partially offset by softer performance in Bioscience. Compared to 2023, the division significantly improved its CORE EBITDA margin, supported by Cell & Gene Technologies achieving positive margins and productivity measures in Bioscience. The business' long-term portfolio continued to shift towards increased commercial manufacturing.

Clinical and Commercial Programs
In 2024, we announced a long-term commercial supply agreement with Vertex for CASGEVY®. CASGEVY® is the first approved gene-edited therapy using CRISPR/Cas-9, a Nobel-Prize winning gene editing technology. This groundbreaking therapy offers a one-time treatment option for patients with transfusion-dependent beta-thalassemia or sickle cell disease, representing a significant advancement for patients. CASGEVY® will be manufactured at our cGMP cell therapy facilities in Geleen (NL), with plans to expand to our Portsmouth (US) site. Our Geleen site was granted a GMP license by the FDA, the European Medicines Agency (EMA) and the UK Medicines and Healthcare Products Regulatory Agency (MHRA).

We also entered into an agreement with Cabaletta Bio focused on the development and tech transfer of potentially curative targeted cell therapies for patients with autoimmune diseases. Under the terms of the agreement, we will supply Good Manufacturing Practices (GMP) products to support Cabaletta's current and planned clinical trials for resecabtagene autoleucel (rese-cel), including potential late-stage trials and preparations for commercial readiness.

Personal Highlight

Daniel Palmacci
President, Cell & Gene Division

"We have seen continued customer interest in our commercial offering within Cell & Gene, highlighted by our long-term supply agreement with Vertex to manufacture CASGEVY® for sickle cell disease and beta-thalassemia. Such agreements reflect our ambition to expand our portfolio of commercial products, with more additions expected in the mid-term."

Furthermore, in 2024, we placed a strong emphasis on delivering attractive and competitive solutions tailored to early-stage cell and gene therapy developers. We launched the "Early Advantage" range of standard bench-to-IND offerings, providing customers with pre-defined terms, accelerated timelines and a legal framework, designed to help them achieve their milestones efficiently. This offering has resonated strongly with the market, attracting a significant number of new customers.

Bioscience
To meet the growing demand for endotoxin assay products, we commenced an expansion of our endotoxin assay production facility in Walkersville (US). The site manufactures the materials required to execute the endotoxin assay, which is used to help ensure the safety and compliance of parenteral drugs and medical devices. The upgraded facility will incorporate sustainable technologies and streamline manufacturing processes, reflecting our continued drive for operational excellence.

Our Cologne (DE) site manufactures Nucleofector® transfection technology utilized in the research, development, and manufacturing of novel therapeutics. To meet growth expectations, the site has expanded to a new facility to modernize and increase manufacturing capacity, streamline production and logistics processes and improve our throughput.

We are committed to providing the expertise and tools to support customer needs. Our MODA-ES® Platform, a next-generation manufacturing execution system for cell and gene therapies, enables a cost-effective transition to electronic record-keeping. The Champalimaud Foundation has adopted the platform to enhance and streamline cell therapy manufacturing, helping to make life-saving treatments more accessible for cancer patients with unmet medical needs.

Innovation Spotlight

Industrializing Viral Vector-Based Therapies through Advanced Platforms and Products

Viral vectors are among the most efficient methods of therapeutic gene transfer and have been used to treat a wide range of acute and chronic conditions. The field has recently undergone unprecedented growth and by the end of 2024, seven *Adeno-associated virus* (AAV) therapies were approved by the U.S. Food and Drug Administration (FDA) with approximately 600 further therapies in the development pipeline.

Patient access to these transformative therapies is currently limited by barriers including manufacturing scale, cost and process robustness. To help address this, we are driving the industrialization of AAV manufacturing through innovation in media, analytics, and platform processes.

Our Xcite® AAV transient transfection platform provides industry-leading productivity, quality and speed to clinic by leveraging proprietary cell line and plasmid engineering technologies. Our next-generation products in development are designed to significantly increase the scalability and robustness of AAV manufacturing while substantially reducing costs. These include a helper virus-free stable producer cell line platform, and a medium and enhancer for HEK293 cells.

Capsules & Health Ingredients

>100

years of capsule manufacturing experience

>40

product offerings

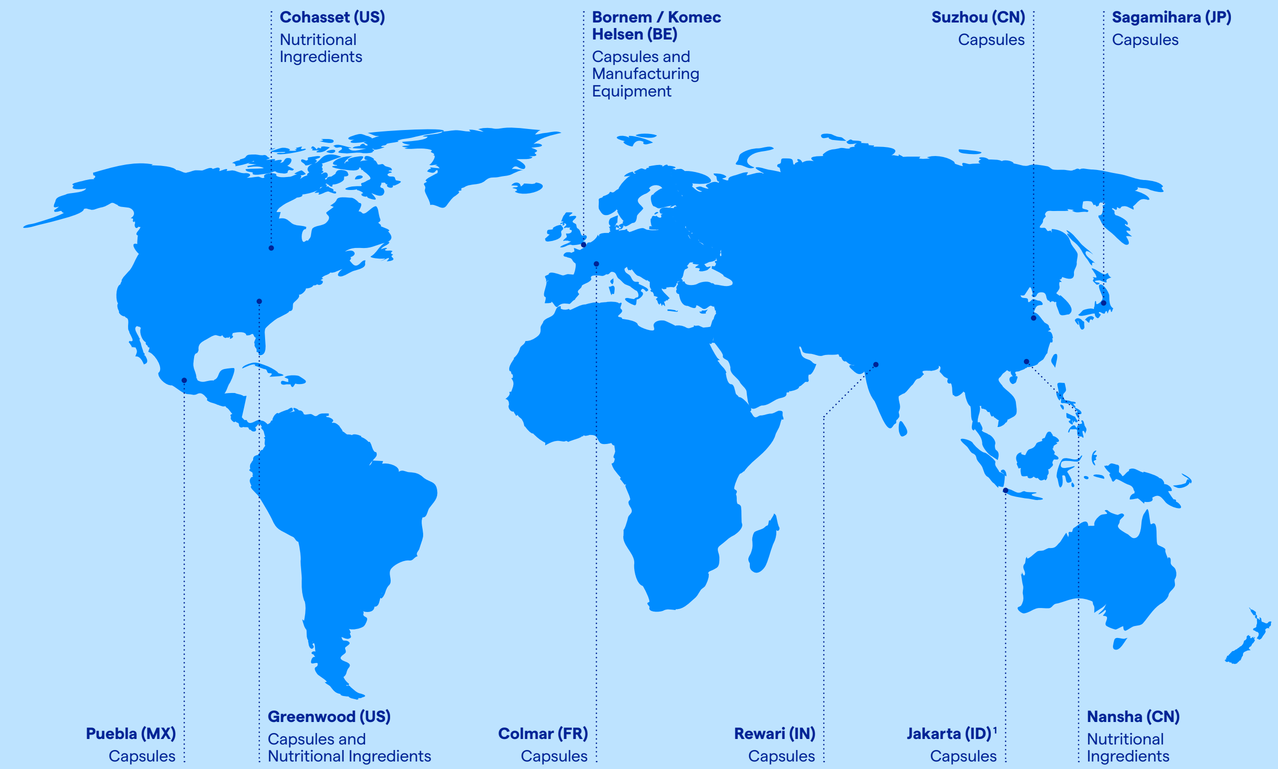
>70

Net Promoter Score[1]

Our Capsules & Health Ingredients (CHI) division[2] offers high-quality capsules and encapsulation technologies to the global pharmaceutical and nutraceutical markets. With a focus on process, product and service innovation, our network supports more than 7,000 customers with the design, customization and manufacture of hard empty capsules, capsule filling equipment, differentiated dosage form solutions, and science-backed health ingredients. These are designed to meet evolving consumer requirements and patient needs.

[1] The Net Promoter Score (NPS) is a metric used to measure customer loyalty and satisfaction with a company's products or services. In the B2B life sciences industry, benchmarks typically range between 40 and 45 (Source: Medallia).
[2] Our new organizational structure, announced in December 2024, will become operational on 1 April 2025 in Q2 2025 with three integrated business platforms: Integrated Biologics, Advanced Synthesis and Specialized Modalities. Capsules & Health Ingredients, which we plan to exit at the appropriate time, will operate as an independent business platform.

Our Global Development and Manufacturing Footprint



[1] To be decommissioned in 2025.

Market Trends

The **pharmaceutical market** is robust and typically acyclic, with high qualification and registration requirements. Recently, Western markets have experienced an unprecedented post-COVID-19 destocking period, which is expected to ease in 2025. Pharmaceutical companies regularly look to strengthen supply chains of key materials, manage increasingly tight compliance standards, and innovate with dosage form functionality. Here, we support customers by addressing drug development and ingredient formulation challenges, as well as offering partnerships throughout the complex pharmaceutical development process. In particular, the launch of our Innovaform™ development center enables cutting edge capsule-based formulation innovations together with our market-leading customers.

For the **nutraceutical market**, we anticipate slightly higher growth in hard empty capsules compared with the pharmaceutical market, as the period of post-COVID destocking has come to an end. The market looks set to strengthen in the longer term, driven by consumers' increasing focus on a proactive approach to health management and longevity. We deliver tailored end-to-end product development and contract manufacturing services through our Dosage Form Solutions (DFS) business. This enables us to bring concepts to reality, in some cases as quickly as a matter of weeks, allowing us to capture the rapid changes in consumer nutrition market trends.

Both the pharmaceutical and nutraceutical markets are projected to grow at around 2 to 3% per year in the next five years[3].

[3] Capacity utilization figures from 2019, based on recent Kline & Co (Q4 2022) and Ascendant Mfr (Q2 2023) interviews.

Our Offering

Our CHI division is well-placed to increase its presence in both the pharmaceutical and nutraceutical segments, with strong customer service, alongside manufacturing and automation expertise delivered by multi-disciplinary teams that are skilled in delivering customized solutions from discovery and concept to commercialization. We also provide a portfolio of capsule filling equipment and supporting technical services to meet our customers' fill and finish needs. The division is comprised of three core businesses.

Hard Empty Capsules
We offer a wide range of gelatin and plant-based Capsugel® capsule options with a variety of release profiles and encapsulation technologies. These are designed to meet evolving technical and regulatory requirements and market demands, such as vegetarian, vegan, organic and clean-label solutions. We have the largest global capsule manufacturing capacity in the world, with the capability to produce billions of capsules per year across our global production network. We supply customers in every major geographical region with standard and customizable capsules. In addition, we provide novel and functional capsules for increasingly complex and sensitive therapeutic requirements.

Innovative Dosage Form Solutions
Our DFS business builds upon our strong capsule expertise and provides our nutraceutical customers with an expert end-to-end contract manufacturing service. We support dosage forms ranging from simple liquid formulations using our proprietary liquid sealing technology, to complex multi-dose and timed-release systems. Our DFS program has been supported by capacity expansions across our network to further improve speed-to-market. Alongside our formulation and encapsulation expertise, we also support our customers by co-creating finished products and providing product branding support.

Active Lifestyle Health Ingredients
We provide multiple science-backed health ingredients for the growing active lifestyle market. Our offering includes products that support healthy human nutrition, targeting global consumer trends including joint health, muscular strength, energy, endurance and weight management. Our portfolio includes premium brands such as UC-II® undenatured type II collagen for joint health, Carnipure® L-carnitine for energy, and a range of other branded products targeting immune and digestive health.

2024 Highlights

In 2024, our Capsules & Health Ingredients division continued to maintain its leading position in Hard Empty Capsules (HEC), Dosage Form Solutions, and Health Ingredients in a challenging market environment. The HEC market has recovered at a slower than expected pace, while the pharmaceutical HEC market correction has been deeper and longer than anticipated. As a result, over the past couple of years, we have focused on optimizing our cost position in the short term through operational excellence in manufacturing, which has led to improved efficiencies, and cost-saving initiatives across all functions and regions. These efforts have partially offset the margin pressures caused by lower industry utilization.

In this context, we have taken further measures to optimize our production network, including the planned decommissioning of the Jakarta (ID) site in mid-2025, the closure of production lines at our capsule plants in Western markets, and targeted capital investments to expand production capacity with additional lines in China and India.

Furthermore, in 2024, we invested significantly into the long-term competitiveness of our business. We saw a positive early impact of our newly-introduced superior proprietary D90 capsule manufacturing technology.

Process Innovation
Leveraging our in-house design, technical, and engineering teams, we advanced the development of our next-generation proprietary hard empty capsule manufacturing technology. The first full production line became operational in Q1 2024. This new technology has increased individual line capacity by 15% while concurrently reducing weight and dimensional variability. It is also reducing our net carbon footprint and establishing a new product quality standard. Following the successful installation of the first line, we have initiated the roll out of this new technology across our manufacturing network, which will take several years.

Product Innovation
Our commitment to product innovation was recognized by The Medicine Maker's 2023 Innovation Award. Our next-generation enteric capsule, Enprotect®, was the recipient of this award, highlighting its cutting-edge design aimed at enhancing drug delivery for acid-sensitive active pharmaceutical ingredients.

Building on this innovative technology, we have introduced the Capsugel® Enprotect® size 9 capsule, aimed at accelerating the pre-clinical development of acid-sensitive APIs. This smaller capsule format supports rodent studies and expedites the drug development process by enabling earlier, more accurate pre-clinical testing. The technology eliminates the need for additional coating and helps to ensure consistent API release in the small intestine while simplifying formulation and manufacturing. This innovation is expected to improve drug testing efficiency and enhance first-in-human timelines.

Service Innovation
This year marks the launch of the Innovaform™ Accelerator center at our Colmar (FR) site, designed to co-innovate with pharmaceutical customers on formulation and encapsulation solutions. This new facility serves as a Center of Excellence to support the development of innovative drug delivery for oral and pulmonary administration, addressing challenges such as solubility and bioavailability in active pharmaceutical ingredients (APIs). It provides expertise and technology platforms for small molecules, peptide proteins, and nucleic acid-based therapies. This initiative aims to accelerate drug development timelines for our customers and reduce scale-up and manufacturing costs.

Furthermore, we expanded our service offering for orally delivered biologic therapies to support the unique development and manufacturing needs of smart capsules companies. The service offering leverages customized Capsugel® Enprotect® capsules using bi-layer manufacturing technology and it will be offered exclusively from the recently launched Innovaform™ Accelerator in Colmar (FR).

Financial Performance in Full-Year 2024
Comparison vs. Prior Year

1,054m -6.6%[1]
Sales (CHF)

256m -22.9%
CORE EBITDA (CHF)

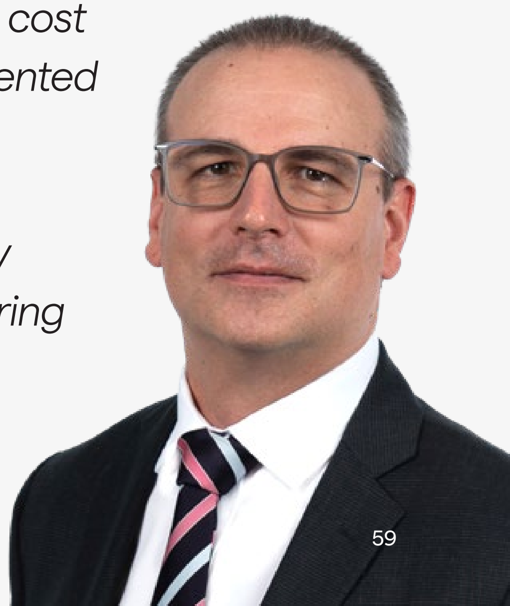
24.3% -4.3ppts
CORE EBITDA Margin

[1] Sales growth at Constant Exchange Rates (CER).

Personal Highlight

Christian Seufert
President, Capsules & Health Ingredients (CHI) Division

During 2024, we remained committed to delivering customer value while strengthening our overall cost competitiveness. In the short term, we implemented rigorous cost management across all sites and functions. For the long term, we advanced the deployment of our new proprietary hard empty capsule manufacturing D90 technology, delivering a significant improvement in quality standards, productivity and carbon footprint.



Innovation Spotlight

Driving the Development of Customized Capsules for Targeted Release

Patients continue to favor oral administration of active pharmaceutical ingredients (APIs), but formulating such products is hindered by challenges related to the solubility and bioavailability of new APIs entering the development pipeline. We have been working on addressing these challenges by advancing innovative capsule delivery solutions.

In 2024, we launched the Innovaform™ Accelerator, a new offering targeting dosage form and delivery challenges of small molecules, oral peptides, proteins, monoclonal antibodies and nucleic acid-based therapeutics. By co-innovating with developers, we aim to optimize the effectiveness of their APIs and improve manufacturing efficiency. The offering provides services for adapting formulation, capsules and encapsulation strategies to create the ideal delivery vehicle for each API.

The Innovaform™ Accelerator supports the development and testing of delivery solutions based on Capsugel® Enprotect®. This technology platform was recently expanded to include a Size 9 capsule that addresses challenges faced in pre-clinical drug development. Specifically, this new small capsule supports the administration of actives and formulations to animal models, particularly rodents, to evaluate their effects in vivo. Conventional methods of oral administration present challenges, such as inconsistent dosing, poor drug absorption, and the risk of drug degradation in the gastrointestinal tract. Capsugel® Enprotect® Size 9 addresses these challenges by reducing the risk of dosing errors and ensuring consistency across experimental groups, improving the reliability and reproducibility of pre-clinical studies.

Financial Statements

Consolidated Balance Sheet

Assets [1]

million CHF	Notes [2]	2024	2023
Non-current assets			
Property, plant and equipment	6	8,532	6,617
Intangible assets	5	2,002	1,988
Goodwill	5	3,370	2,752
Other non-current assets	7	336	574
Deferred tax assets	21	53	15
Total non-current assets		**14,293**	**11,946**
Current assets			
Inventories	9	1,727	1,585
Trade receivables	10	1,283	1,138
Current tax receivables		44	40
Other receivables, prepaid expenses and accrued income, incl. derivatives	11	675	471
Short-term investments	12	600	200
Cash and cash equivalents	12	1,111	1,468
Total current assets		**5,440**	**4,902**
Total assets		**19,733**	**16,848**

[1] At 31 December.
[2] See the accompanying notes to the consolidated financial statements.

Equity and liabilities [1]

million CHF	Notes [2]	2024	2023
Equity			
Share capital	25	72	74
Share premium		1,813	2,452
Treasury shares		(773)	(1,058)
Retained earnings and reserves		8,216	7,984
Total equity attributable to equity holders of the parent		**9,328**	**9,452**
Non-controlling interests		60	60
Total equity		**9,388**	**9,512**
Liabilities			
Non-current provisions	13	434	384
Employee benefit liabilities	23	56	41
Other non-current liabilities	15	1,541	1,047
Non-current debt	14	4,242	2,610
Deferred tax liabilities	21	493	491
Total non-current liabilities		**6,766**	**4,573**
Current provisions	13	89	67
Other current liabilities	15	2,415	1,900
Trade payables	16	471	468
Current debt	14	468	191
Current tax payables	21	136	137
Total current liabilities		**3,579**	**2,763**
Total liabilities		**10,345**	**7,336**
Total equity and liabilities		**19,733**	**16,848**

[1] At 31 December.
[2] See the accompanying notes to the consolidated financial statements.

Consolidated Income Statement [1]

million CHF	Notes [2]	2024	2023
Sales	1,2	**6,574**	**6,717**
Cost of goods sold [3]		(4,414)	(4,769)
Gross profit		**2,160**	**1,948**
Marketing and distribution		(259)	(237)
Research and Development	22	(118)	(105)
Administration and general overheads [4]		(821)	(732)
Other operating income	19.1	113	44
Other operating expenses	19.2	(111)	(38)
Result from operating activities (EBIT)		**964**	**880**
Financial income	20.1	42	50
Financial expenses	20.2	(251)	(127)
Net financial result		**(209)**	**(77)**
Share of profit / (loss) of associates / joint ventures	8	(1)	(13)
Profit before income taxes		**754**	**790**
Income taxes	21	(117)	(135)
Profit for the period		**637**	**655**
Attributable to:			
Equity holders of the parent		636	654
Non-controlling interest		1	1
Profit for the period		**637**	**655**
Earnings per share for profit attributable to equity holders of the parent:			
Basic earnings per share – EPS basic	26	8.93	8.88
Diluted earnings per share – EPS diluted	26	8.92	8.88

1 For the year ended 31 December.
2 See the accompanying notes to the consolidated financial statements.
3 Includes net impairments of CHF 68 million (2023: CHF 405 million) and restructuring costs of CHF 40 million (2023: CHF 50 million), as well as acquisition related expenses (CHF 143 million) in 2024.
4 Includes the amortization of acquisition related intangible assets (2024:CHF 135 million, 2023: CHF 132 million). Additionally, includes impairments of CHF 16 million (2023: CHF 30 million), acquisition related expenses of CHF 23 million and business transformation initiative expenses of CHF 14 million.

Consolidated Statement of Comprehensive Income [1]

million CHF	Notes [2]	2024	2024	2023	2023
Profit for the period			**637**		**655**
Other comprehensive income					
Items that will not be reclassified to profit or loss:					
Remeasurements of net defined benefit liability	23	(34)		(35)	
Income tax on items that will not be reclassified to profit or loss	21	5	(29)	5	(30)
Items that are or may be reclassified subsequently to profit or loss:					
Exchange differences on translating foreign operations		298		(498)	
Cash flow hedges – effective portion of changes in fair value		(105)		(23)	
Cash flow hedges – reclassified to property, plant and equipment		8		6	
Cash flow hedges – reclassified to goodwill		35		0	
Cash flow hedges – reclassified to profit or loss		32		(17)	
Cash flow hedges – costs of hedging		(29)		(11)	
Income tax on items that are or may be reclassified to profit or loss	21	(10)	229	21	(522)
Other comprehensive income for the period, net of tax			**200**		**(552)**
Total other comprehensive income for the period			**837**		**103**
Total comprehensive income attributable to:					
Equity holders of the parent			834		109
Non-controlling interests			3		(6)
Total comprehensive income for the period			**837**		**103**

1 For the year ended 31 December.
2 See the accompanying notes to the consolidated financial statements.

Consolidated Cash Flow Statement [1]

million CHF	Notes[2]	2024	2023
Profit for the period		**637**	**655**
Adjustments for non-cash items:			
– Income taxes	21	117	135
– Net financial result		209	77
– Share of loss / (profit) of associates / joint ventures	8	1	13
– Depreciation of property, plant and equipment (incl. depreciation of right-of-use assets)	6	472	449
– Amortization of intangibles	5	175	172
– Impairment losses on property, plant, equipment (incl. depreciation of right-of-use assets) and intangibles	5,6	89	439
– Reversal of impairment	6	(21)	0
– Write-off of capitalized contract assets		145	22
– Goodwill impairment		16	0
– Increase / (decrease) in provisions	13	108	56
– Increase / (decrease) in employee benefit liability		(4)	(14)
– (Gain) / loss on disposal of property, plant and equipment		(80)	1
– Non-cash items related to businesses combinations		8	(16)
– Amortization of other liabilities / assets		(204)	(398)
– Share-based payments	24	41	21
Income taxes paid		(136)	(145)
Interest paid		(99)	(80)
Total before change in net working capital		1,474	1,387
Decrease / (increase) in inventories		0	143
Decrease / (increase) in trade receivables		(108)	(35)
Increase / (decrease) in trade payables		3	(6)
(Increase) / decrease other net working capital		46	(50)
Use of provisions	13	(45)	(32)
Increase / (decrease) in other payables, net		(96)	(19)
Net cash provided by / (used for) operating activities		**1,274**	**1,388**
Purchase of property, plant and equipment	6	(1,381)	(1,653)
Purchase of intangible assets	5	(36)	(29)
Acquisitions of subsidiaries, net of cash acquired	4	(1,075)	(93)
Purchase of unconsolidated investments		(4)	(23)
Lease payments received		3	10
Decrease / (increase) in capitalized contract assets	2	(55)	(20)
Net proceeds from disposals and purchases of other assets		4	12
Net proceeds from disposals and purchases of short-term investments	12	(400)	685
Net proceeds from issuance and repayments of loans		(7)	(16)
Interest received		33	30
Dividends received		2	1
Net cash provided by / (used for) investing activities		**(2,916)**	**(1,096)**

million CHF	Notes[2]	2024	2023
Repayment of straight bonds	14	(110)	(475)
Repayment of German Private Placements	14	(43)	(180)
Issuance of straight bonds	14	2,071	1,328
Increase / (decrease) in other debt	14	(41)	20
Repayment of lease liabilities		(41)	(58)
Increase in other non-current liabilities		452	486
Capital injection from owners of the non-controlling interests		0	1
Purchase of treasury shares[3]	25	(726)	(1,020)
Sale of treasury shares		9	9
Dividends paid[4]	26	(288)	(263)
Net cash provided by / (used for) financing activities		**1,283**	**(152)**
Effect of currency translation on cash		2	(11)
Net increase / (decrease) in cash and cash equivalents		**(357)**	**129**
Cash and cash equivalents at 1 January		1,468	1,339
Cash and cash equivalents at 31 December		**1,111**	**1,468**

[1] For the year ended 31 December.
[2] See the accompanying notes to the consolidated financial statements.
[3] Includes the effects from the Share Buyback Program that was initiated in 2023.
[4] Includes dividends of CHF 3 million (2023: CHF 3 million) paid to non-controlling interest shareholders of a subsidiary.

Consolidated Statement of Changes in Equity

million CHF	Notes[1]	Attributable to equity holders of the parent								
		Share capital	Share premium	Retained earnings	Hedging reserve	Translation reserve	Treasury shares	Total	Non-controlling interests	Total equity
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
– Remeasurement of defined benefit liability		0	0	(30)	0	0	0	(30)	0	(30)
– Exchange differences on translating foreign operations		0	0	0	0	(476)	0	(476)	(7)	(483)
– Cash flow hedges		0	0	0	(39)	0	0	(39)	0	(39)
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	26	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	24	0	0	15	0	0	0	15	0	15
Movements in treasury shares		0	0	(65)	0	0	(944)	(1,009)	0	(1,009)
At 31 December 2023		**74**	**2,452**	**9,486**	**(23)**	**(1,479)**	**(1,058)**	**9,452**	**60**	**9,512**
Profit for the period		0	0	636	0	0	0	636	1	637
– Remeasurement of defined benefit liability		0	0	(29)	0	0	0	(29)	0	(29)
– Exchange differences on translating foreign operations		0	0	0	0	286	0	286	2	288
– Cash flow hedges		0	0	0	(59)	0	0	(59)	0	(59)
Other comprehensive income, net of tax		0	0	(29)	(59)	286	0	198	2	200
Total comprehensive income for the period		**0**	**0**	**607**	**(59)**	**286**	**0**	**834**	**3**	**837**
Dividends	26	0	(142)	(143)	0	0	0	(285)	(3)	(288)
Recognition of share-based payments	24	0	0	43	0	0	0	43	0	43
Movements in treasury shares		0	0	(5)	0	0	(711)	(716)	0	(716)
Capital reduction	25	(2)	(497)	(497)	0	0	996	0	0	0
At 31 December 2024		**72**	**1,813**	**9,491**	**(82)**	**(1,193)**	**(773)**	**9,328**	**60**	**9,388**

[1] See the accompanying notes to the consolidated financial statements.

Hedging reserve
The hedging reserve represents the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred.

Translation reserve
The translation reserve of the consolidated statement of changes in equity comprises all foreign exchange differences arising from the translation of the financial statements of foreign entities including the impact on translating monetary items that form a net investment in a foreign operation.

Note 1
Operating Segments

1.1 General Information

Following the requirements of IFRS 8 "Operating Segments", the Group's reportable segments/divisions 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 and bioconjugates technologies as well as manufacturing related know-how 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 (CGT) business develops innovative technologies and platforms that industrialize the manufacturing processes and production of cell and gene therapies. CGT 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.

Corporate
Corporate includes mainly corporate functions, such as finance and accounting, legal, communication, treasury (including hedging), information technology and human resources.

1.2 Information About Reportable Segment Profit or Loss, Assets and Liabilities including Reconciliations

In the following table, sales and profit or loss are disclosed by the four reportable segments and corporate, which include the costs of the corporate functions, including eliminations, and adds up to the Group total. Lonza does not allocate financial result, income and expenses from associates and joint ventures as well as taxes to the reportable segments. The information disclosed by the operating segments is the same as the information reported monthly to the Group's Executive Committee.

Year ended

31 December 2024

million CHF	Biologics	Small Molecules	Cell & Gene	Capsules & Health Ingredients	Total operating segments	Corporate / Eliminations	Group total
Sales third-party	3,676	983	689	1,054	6,402	172	**6,574**
Intersegment sales [1]	4	2	56	1	63	(63)	0
Total sales	**3,680**	**985**	**745**	**1,055**	**6,465**	**109**	**6,574**
CORE EBITDA [2]	**1,266**	**351**	**108**	**256**	**1,981**	**(73)**	**1,908**
– Percentage return on sales in %	34.4	35.7	15.7	24.3	30.9	n.a.	29.0
Included in CORE EBITDA:							
Research and Development [3]	(162)	(21)	(30)	(16)	(229)	(5)	(234)
Depreciation and amortization	(306)	(71)	(72)	(171)	(620)	(27)	(647)
Impairment, net of reversal of impairment [4]	(10)	(16)	(13)	(14)	(53)	(31)	(84)
Restructuring income / (expenses)	(194)	0	(2)	0	(196)	0	(196)
Capitalized contract cost write-off [5]	(145)	0	0	0	(145)	0	(145)
Environmental expenses, net of reversal	0	0	0	0	0	(80)	(80)
Other segment information:							
Additions to property, plant and equipment	825	129	183	81	1,218	163	1,381
Additions to property, plant and equipment from acquisitions	706	0	0	0	706	0	706
Additions to right-of-use assets	14	1	9	10	34	4	38
Additions to intangible assets	3	0	9	8	20	16	36
Additions to goodwill and intangible assets from acquisitions	670	0	0	0	670	0	670
Additions to investment in associates and joint ventures	0	0	0	0	0	0	0

[1] Intersegment sales were based on prevailing market prices.
[2] Refer to section "Alternative Performance Measures" for details on the calculation methodology.
[3] Refer to note 22.
[4] Includes reversal of impairment of CHF 21 million related to Singapore (refer to note 3).
[5] Refer to note 2.

The reconciliation of the CORE EBITDA to the IFRS result for the twelve months ended 31 December in 2024 and 2023 is as follows:

million CHF	2024	2023
Profit before income taxes	**754**	**763**
Net financial result	(209)	(77)
Share of profit / (loss) from associates and joint ventures	(1)	(13)
Result from operating activities (EBIT) [1]	**964**	**853**
Environmental-related measures	(80)	(15)
Acquisitions and divestitures	(163) [2]	6
Restructuring [3]	(40)	(50)
Business transformation initiatives [4]	(14)	0
Gain from sale of real estate	84	0
Depreciation and amortization of property, plant and equipment and intangibles	(647)	(648)
Impairment, net of reversal of property, plant and equipment (incl. right-of-use assets) and intangibles	(84)	(439) [2]
CORE EBITDA	**1,908**	**1,999**

[1] Result from operating activities (EBIT) excludes financial income and expenses as well as Lonza's share of profit/loss from associates and joint ventures.
[2] Costs related to the acquisition of the Vacaville site (see note 4), and the subsequent network optimization measures as a result of this acquisition.
[3] Primarily related to Biologics restructuring program initiated in 2023. Refer to note 3.
[4] Costs related to One Lonza Business Transformation, and Nexus (a global Business Process Transformation linked to a new ERP system for Lonza CDMO business based on SAP S/4 HANA).

Year ended

31 December 2023

million CHF	Biologics	Small Molecules	Cell & Gene	Capsules & Health Ingredients	Total operating segments	Corporate / Eliminations	Group total
Sales third-party	3,719	901	696	1,161	6,477	240	**6,717**
Intersegment sales [1]	5	4	62	1	72	(72)	0
Total sales	**3,724**	**905**	**758**	**1,162**	**6,549**	**168**	**6,717**
CORE EBITDA [2]	**1,316**	**291**	**68**	**332**	**2,007**	**(8)**	**1,999**
– Percentage return on sales in %	35.4	32.3	9.8	28.6	31.0	n.a.	29.8
Included in CORE EBITDA:							
Research and Development [3]	(181)	(21)	(31)	(17)	(250)	(3)	(253)
Depreciation and amortization [2]	(274)	(69)	(70)	(175)	(588)	(33)	(621)
Impairment, net of reversal of impairment [4]	(362)	0	(76)	0	(438)	(1)	(439)
Restructuring income / (expenses) [4]	(50)	0	0	0	(50)	0	(50)
Capitalized contract costs write-off	(22)	0	0	0	(22)	0	(22)
Environmental expenses, net of reversal	0	0	0	0	0	(15)	(15)
Other segment information:							
Additions to property, plant and equipment	1,063	157	90	73	1,383	270	1,653
Additions to property, plant and equipment from acquisitions	1	0	0	0	1	0	1
Additions to right-of-use assets	22	4	21	1	48	7	55
Additions to intangible assets	8	0	8	7	23	6	29
Additions to goodwill and intangible assets from acquisitions	134	0	0	0	134	0	134
Additions to investment in associates and joint ventures	0	0	0	0	0	0	0

[1] Intersegment sales were based on prevailing market prices.
[2] Refer to section "Alternative Performance Measures" for details on the calculation methodology. In 2024, Lonza has made changes to the definition of certain Performance Measures. The revised approach resulted in an improved CORE EBITDA by division for 2023, with no impact at Group level.
[3] Refer to note 22.
[4] Refer to note 3.

1.3 Measurement of Operating Segment Profit or Loss

The accounting principles applied to the operating segments are based on the same accounting principles used for the consolidated financial statements. Lonza evaluates the performance of its operating segments on the basis of the result from operating activities (EBIT) as well as the CORE result from operating activities. Intersegment sales and transfers are based on prevailing market prices.

1.4
Geographical Information

Year ended
31 December 2024

million CHF	Revenue from external customers (sales) [1]	Property, plant and equipment	Intangible assets	Goodwill	Other non-current assets	Total non-current assets [2]
Belgium	468	95	895	2,232	31	3,253
Czech Republic	8	0	0	0	0	0
Denmark	285	0	0	0	0	0
France	112	89	66	8	1	164
Germany	295	18	8	55	0	81
Ireland	457	0	0	0	0	0
Italy	60	1	0	1	0	2
Netherlands	167	134	68	82	3	287
Spain	41	114	1	0	0	115
Sweden	110	0	0	0	0	0
Switzerland	719	4,911	167	321	252	5,651
United Kingdom	239	202	2	7	0	211
Rest of Europe	183	0	0	0	0	0
Europe	**3,144**	**5,564**	**1,207**	**2,706**	**287**	**9,764**
Canada	104	8	89	20	0	117
Mexico	31	36	18	0	0	54
United States	2,309	2,481	510	642	47	3,680
Rest of North and Central America	0	4	0	0	0	4
North and Central America	**2,444**	**2,529**	**617**	**662**	**47**	**3,855**
Brazil	49	0	9	0	0	9
Rest of Latin America	80	0	0	0	0	0
Latin America	**129**	**0**	**9**	**0**	**0**	**9**
China	146	132	58	0	0	190
India	46	19	17	1	0	37
Indonesia	12	9	6	0	0	15
Japan	442	29	24	0	1	54
Singapore	32	247	34	0	1	282
South Korea	119	0	0	0	0	0
Thailand	12	0	24	0	0	24
Rest of Asia	28	3	0	0	0	3
Asia	**837**	**439**	**163**	**1**	**2**	**605**
Australia & New Zealand	**17**	**0**	**6**	**1**	**0**	**7**
Other countries	**3**	**0**	**0**	**0**	**0**	**0**
Total	**6,574**	**8,532**	**2,002**	**3,370**	**336**	**14,240**

[1] Sales from external customers (sales) allocated to geographical areas by destination according to the location of the customer.
[2] Total non-current assets excludes deferred tax assets.

Year ended
31 December 2023

million CHF	Revenue from external customers (sales) [1]	Property, plant and equipment	Intangible assets	Goodwill	Other non-current assets	Total non-current assets [2]
Belgium	341	98	953	2,208	36	3,295
Czech Republic	11	0	0	0	0	0
Denmark	322	0	0	0	0	0
France	111	76	68	8	1	153
Germany	302	15	10	54	0	79
Ireland	368	0	0	0	0	0
Italy	52	1	0	1	0	2
Netherlands	88	112	72	81	2	267
Spain	40	114	0	0	0	114
Sweden	123	0	0	0	0	0
Switzerland	1,168	4,057	81	63	485	4,686
United Kingdom	171	192	2	7	0	201
Rest of Europe	195	0	0	0	0	0
Europe	**3,292**	**4,665**	**1,186**	**2,422**	**524**	**8,797**
Canada	90	6	100	20	0	126
Mexico	33	33	21	0	0	54
United States	2,136	1,486	498	307	47	2,338
Rest of North and Central America	1	0	0	0	0	0
North and Central America	**2,260**	**1,525**	**619**	**327**	**47**	**2,518**
Brazil	71	0	10	0	0	10
Rest of Latin America	26	0	0	0	0	0
Latin America	**97**	**0**	**10**	**0**	**0**	**10**
China	172	132	57	0	0	189
India	42	15	17	1	1	34
Indonesia	14	18	11	0	0	29
Japan	544	29	26	0	1	56
Singapore	137	229	33	0	1	263
South Korea	97	0	0	0	0	0
Thailand	15	0	23	0	0	23
Rest of Asia	29	3	0	0	0	6
Asia	**1,050**	**426**	**167**	**1**	**3**	**597**
Australia & New Zealand	**16**	**0**	**6**	**2**	**0**	**8**
Other countries	**2**	**1**	**0**	**0**	**0**	**1**
Total	**6,717**	**6,617**	**1,988**	**2,752**	**574**	**11,931**

[1] Sales from external customers (sales) allocated to geographical areas by destination according to the location of the customer.
[2] Total non-current assets excludes deferred tax assets.

1.5
Information About Major Customers

In 2024, Lonza's largest customer accounted for 8.1% and the second to fifth largest customers for 7.8%, 4.9%, 3.3%, and 3.0% in relation to total Group sales, respectively. No other customer accounted for 2.9% or more of Lonza's total sales.

In 2023, Lonza's largest customer accounted for 7.2% and the second to fifth largest customers for 7.0%, 5.1%, 4.3%, and 4.2% in relation to total Group sales, respectively. No other customer accounted for 4.2% or more of Lonza's total sales.

Note 2
Revenues

2.1 Disaggregation of Third-Party Revenues

Lonza derives its revenue primarily from supply agreements with pharmaceutical and nutraceutical customers, through Contract Development and Manufacturing (including related services and licenses) and sale of products. Lonza typically provides products / manufacturing services by supporting customers' research activities as well as the whole life cycle of a customer product from development of a drug substance to commercial supply.

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. Lonza concluded that the revenues of the operating segments shall not be further disaggregated. In accordance with note 1.1 each segment focuses on different modalities and markets.

The table below shows information for the Group's four operating segments provided to the Group's Executive Committee and also illustrates the disaggregation of recognized revenues for the twelve month period ended 31 December:

million CHF	2024	2023
Biologics	3,676	3,719
Small Molecules	983	901
Cell & Gene	689	696
Capsules & Health Ingredients	1,054	1,161
Corporate	172	240
Total	**6,574**	**6,717**

2.2 Contract Assets and Liabilities

The Group recognized contract assets mainly consisting of contract fulfilment costs that are incurred after a contract is obtained but before goods or services have been delivered to the customer. These costs arise from long-term contracts in the custom manufacturing businesses for customer-specific production facility expansions or modifications on Lonza's premises. They typically include costs for commissioning, qualification and start-up, as well as for activities relating to process development and technology transfer. The assets are amortized on a straight-line basis over the term of the specific contract they relate to. Additionally, if services rendered by Lonza exceed the payment received, a contract asset (accrued income) is recognized.

Contract liabilities mainly consist of upfront and other one-time payments, typically resulting from long-term contracts in the contract development and manufacturing business. These payments make up part of the expected transaction price and are deferred until goods/products are delivered or services are rendered. Additionally, if the payments received exceed goods delivered or services rendered, a contract liability (deferred income) is recognized. The non-current portion of deferred income is included in other long-term liabilities in the consolidated balance sheet.

The Group has recognized the following revenue-related contract assets and liabilities:

million CHF	Notes	2024	2023
Trade receivables	10	1,283	1,138
Total trade receivables		**1,283**	**1,138**

million CHF	Notes	2024	2023
Accrued income	11	144	110
Capitalized contract cost [1]	7, 11	55	154
Total contract assets		**199**	**264**

[1] Thereof non-current CHF 44 million (2023: CHF 137 million) and current CHF 11 million (2023: 17 million).

million CHF	Notes	2024	2023
Non-current deferred income	15	1,011	658
Current deferred income	15	1,075	745
Total contract liabilities		**2,086**	**1,403**

Movement in Capitalized Costs to Fulfill a Contract

million CHF	2024	2023
At 1 January	**154**	**72**
Asset recognized from costs incurred to fulfill a contract during the period	55	114
Amortization recognized as cost of providing services during the period	(11)	(8)
Capitalized contract costs write-off	(145) [1]	(22)
Currency translation effects	2	(2)
At 31 December	**55**	**154**

[1] In 2024, network optimization measures subsequent to the Vacaville acquisition resulted in CHF 143 million capitalized contract cost write-off.

Movement in Contract Liabilities

million CHF	2024	2023
At 1 January	**1,403**	**1,388**
Revenue recognized that was included in the contract liability balance at the beginning of the period	(758)	(689)
Increases due to cash received, excluding amounts recognized as revenue during the period	1,067	720
Acquisition of subsidiaries	360	1
Currency translation effects	14	(17)
At 31 December	**2,086**	**1,403**

Note 3
Impairment Losses and Restructuring Costs

Biologics
In 2023, Lonza decided to optimize its global Biologics network by decommissioning its Mammalian and Drug Product Services manufacturing facility in Guangzhou (CN) and its Mammalian manufacturing facility in Hayward (US) by 2024 and 2025, respectively. This led to impairment losses of CHF 183 million and restructuring-related costs (including inventory write-downs) of CHF 50 million.

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

In 2024, the decommissioning of the above facilities continued, which led to additional restructuring costs of CHF 28 million.

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

Small Molecules
In 2024, Small Molecules incurred impairment losses amounting to CHF 16 million primarily in relation to a manufacturing site in Switzerland facing a low asset utilization.

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 for 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).

In 2024, the Cell & Gene division prior year impairment related to the Singapore site has been partially reversed (CHF 20 million) as a result of improved utilization rate. Conversely, the manufacturing site in Lexington (US) has been facing low asset utilization leading to an additional impairment loss of CHF 32 million.

Capsules & Health Ingredients
In 2024, Capsules & Health Ingredients started different restructuring projects in the US and in Indonesia (CHF 11 million impairment, CHF 4 million restructuring costs).

Corporate
Beside the above, Lonza recognized in 2024 an impairment of the Bacthera related manufacturing assets (see note 8.1).

The impairment losses and restructuring costs recognized in the financial years 2024 and 2023 are as follows:

						2024			2023
million CHF	Biologics	Small Molecules	Cell & Gene	Capsules & Health Ingredients	Corporate	Group total	Biologics	Cell & Gene	Group total
Impairment losses on property, plant and equipment, right of use assets and intangible assets	(11)	(16)	(33)	(14)	(31)	(105)	(363)	(76)	(439)
Reversal of impairment losses on property, plant and equipment, right of use assets and intangible assets	1	0	20	0	0	21	0	0	0
Restructuring costs	(28)	0	(2)	(10)	0	(40)	(50)	0	(50)
Total	**(38)**	**(16)**	**(15)**	**(24)**	**(31)**	**(124)**	**(413)**	**(76)**	**(489)**

Note 4
Business Combinations and Sale of Businesses

4.1
Acquisition of Large-scale Biologics site in Vacaville (US)

On October 1, 2024, the Group completed the acquisition of the Genentech large-scale biologics manufacturing facility in Vacaville, California (USA), through an asset purchase agreement from Roche. The total consideration amounted to USD 1,694 million (CHF 1,435 million), of which USD 1,269 million (CHF 1,075 million) was paid in cash and USD 425 million (CHF 360 million) arose from a liability to manufacture certain Roche drug substances under a manufacturing services agreement. This agreement defines price levels that are lower compared to what Lonza usually would charge to customers.

The manufacturing service agreement will run for a period of four years and will provide a base utilization of the facility while Lonza is going to modify the assets and to onboard new customers.

The acquired Vacaville facility is one of the largest biologics manufacturing sites globally, with a total bioreactor capacity of approximately 330,000 liters which represents a significant expansion of Lonza's manufacturing network.

The demand for capacity for commercial biologics is expected to remain high across the Custom Development and Manufacturing Organizations (CDMO) industry as innovative new therapies reach approval. In this context, the acquisition of the Vacaville (US) site will provide Lonza's customers with immediate access to significant new capacity in the United States, currently the world's largest pharmaceutical market.

From the acquisition date, the Vacaville manufacturing site has been consolidated in Lonza's Mammalian business unit within its Biologics division. The acquisition is expected to have a positive impact on the Group's revenue and earnings, as the Vacaville facility will play a significant role in commercial biologics production and clinical development projects.

The acquisition of the Vacaville site did not have any significant impact on Lonza's revenues or profit of the financial year 2024. Before the acquisition Vacaville served as manufacturing site within the Roche network with no direct sales to third party customers. Going forward Lonza, as a CDMO company, will use the facility to manufacture drug substances for its customers. Therefore, Lonza does not believe that disclosing revenue or profit information for the period 1 January – 30 September 2024 would provide any meaningful insights.

As part of the acquisition, the acquired assets and liabilities assumed were measured at their fair values in accordance with IFRS 3 on a provisional basis. The identifiable assets aquired and liabilities assumed are set out in the table below. The amounts are provisional based on preliminary information and valuations of the assets and liabilities and are subject to adjustment (during the first half of 2025):

million CHF	2024
Intangible asset (Manufacturing Services Agreement)	105
Property, plant and equipment	706
Right-of-use assets	7
Inventories	76
Deferred tax assets	33
Lease liabilities	(7)
Other liabilities	(15)
Net identifiable assets	**905**
Cash consideration	1,075
Manufacturing services in kind	360
Total consideration transferred	**1,435**
Fair value of net identifiable assets	(905)
Goodwill	**530**

The goodwill from the acquisition of the Vacaville facility amounts to CHF 530 million and is in substance the result of the acquired experienced and trained workforce and the readily available and fully qualified manufacturing capabilities. The total goodwill amounts to CHF 565 million and also includes the effective portion of losses of CHF 35 million from cash flow hedges to manage the foreign exchange rate exposure that existed from 23 March 2024 until closing on 1 October 2024. The goodwill recognized is partially expected to be deductible for income tax purposes.

The Group incurred transaction-related costs of CHF 7 million that are reported in the Biologics segment within administration and general overhead expenses.

4.2
Acquisition of Synaffix

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.

The contingent payments are based on the achievement of sales-related milestones. Lonza's estimate of the probability weighted contingent consideration of EUR 60 million (CHF 56 million) is reflected as a liability within the consolidated balance sheet as of 31 December 2024.

Synaffix is an innovative biotech company focused on antibody-drug conjugates (ADCs). By acquiring Synaffix, Lonza aims to strengthen its standing in the Bioconjugates market by broadening its technology offering and leveraging existing customer relationships. The acquisition has complemented Lonza's existing Bioconjugates offering and provides an additional revenue stream for the Licensing business unit. The acquired business is reported within the Biologics segment.

4.3
Cash Flow from Acquisitions of businesses

million CHF	2024	2023
Cash consideration paid [1]	(1,075)	(104)
Cash in acquired companies	0	11
Net cash outflow	**(1,075)**	**(93)**

[1] 2024 related to the Vacaville acquisition, 2023 related to Synaffix acquisition.

Note 5
Intangible Assets and Goodwill

5.1
Cost and Accumulated Amortization and Impairment

Intangible assets include software purchased from third parties, related software implementation costs, as well as patents, trademarks, client relationships acquired and development costs primarily acquired through business combination. Their amortization is included in the line item "Administration and general overheads" of the consolidated income statement.

The Capsugel trade name acquired through the business combination in 2017 as well as the trademarks acquired through the acquisition of Cambrex (2007) are considered to have indefinite useful lives. As a result, these intangible assets with a carrying amount of CHF 231 million as of 31 December 2024 (2023: CHF 227 million) are not systematically amortized.

Development costs as of 31 December 2024 predominantly include technologies acquired with the acquisitions of Capsugel, amounting to CHF 523 million (2023: CHF 583 million) and Octane of CHF 58 million (2023: CHF 67 million).

million CHF	Goodwill	Capsugel trade name and Cambrex trademarks	Patents, trademarks, client relationship	Computer software	Technologies / Development cost	Construction in progress	Total
Year ended 31 December 2023							
At 1 January 2023							
Costs	2,863	241	1,456	252	1,276	4	6,092
Accumulated depreciation and impairment	0	0	(340)	(186)	(472)	0	(998)
Net book value	**2,863**	**241**	**1,116**	**66**	**804**	**4**	**5,094**
Year ended 31 December 2023							
Additions	0	0	3	16	10	0	29
Disposals	0	0	0	0	0	0	0
Acquisition of subsidiaries	58	0	40	0	35	0	133
Transfers / reclassifications	0	0	0	3	0	(3)	0
Amortization	0	0	(55)	(28)	(89)	0	(172)
Impairment losses	0	0	(20)	(1)	(10)	0	(31)
Currency translation effects	(169)	(14)	(83)	(1)	(46)	0	(313)
At 31 December 2023	**2,752**	**227**	**1,001**	**55**	**704**	**1**	**4,740**
Year ended 31 December 2024							
Additions	0	0	1	27	8	0	36
Disposals	0	0	0	0	0	0	0
Acquisition of subsidiaries [1]	565	0	105	0	0	0	670
Transfers / reclassifications	0	0	0	0	0	0	0
Amortization	0	0	(59)	(28)	(88)	0	(175)
Impairment losses	(16)	0	(4)	0	0	0	(20)
Currency translation effects	69	4	36	2	10	0	121
At 31 December 2024	**3,370**	**231**	**1,080**	**56**	**634**	**1**	**5,372**
Costs	3,370	231	1,524	296	1,257	1	6,679
Accumulated depreciation and impairment	0	0	(444)	(240)	(623)	0	(1,307)
Net book value	**3,370**	**231**	**1,080**	**56**	**634**	**1**	**5,372**

[1] Related to the acquisition of Vacaville. Refer to note 4.1.

5.2
Impairment Tests for Cash-Generating Units Containing Goodwill and Intangible Assets with Indefinite Useful Lives

Lonza has identified cash-generating units as follows and used them for allocating goodwill and intangible assets with indefinite useful life:

Biologics
Various modalities (mammalian, microbial, etc.) applied within the Biologics division are the cash-generating units identified. They form a group of CGU which are subject to impairment testing.

Small Molecules
In providing customized API development and manufacturing services, the Small Molecules division applies different chemical technologies representing one separate cash-generating unit. This cash-generating unit is subject to impairment testing of goodwill.

Cell & Gene
The Cell & Gene division applies various technologies (bioscience solutions, cell therapy, viral therapeutics etc.) which are cash-generating units identified. They form a group of CGU which are subject to impairment testing.

Capsules & Health Ingredients
The business offers nutritional formulation know-how, capsule and encapsulation technologies representing one cash-generating unit that is subject to impairment testing of goodwill and intangible assets with indefinite useful lives.

The reported goodwill and intangible assets with indefinite useful lives are monitored on operational division level.

The following cash-generating units maintain carrying amounts of goodwill as presented below (at year-end exchange rates):

million CHF	2024	2023
Capsules & Health Ingredients	1,323	1,301
Small Molecules	1,034	1,023
Biologics	675 [1]	88
Cell & Gene	338	340
Total carrying amounts of goodwill as at 31 December	**3,370**	**2,752**

[1] Increase in 2024 related to the acquisition of Biologics site in Vacaville. Refer to note 4.1.

The following cash-generating units maintain carrying amounts of intangible assets with indefinite useful lives as presented below (at year-end exchange rates):

million CHF	2024	2023
Capsules & Health Ingredients	206	204
Cell & Gene	25	23
Total carrying amounts of intangible assets with indefinite useful life as at 31 December	**231**	**227**

The recoverable amount of the cash-generating units is based on the value-in-use calculation. The supporting cash flow projections for 2025 to 2029 are based on the Lonza business strategy review.

The cash flow projections beyond the five-year period, of the most significant cash-generating units below, are based on the concept of perpetual growth rates, which do not necessarily reflect the Group's strategic objective targets for the future growth potential of the underlying businesses. The key assumptions and the approach to determining the value in use of the cash-generating units carrying significant goodwill are based on the following:

For assessing value in use, the cash flow projections are based on the most recent long-term forecasts approved by management. Other key assumptions used in the calculations are the period of cash flow projections included in the long term forecasts, the terminal value growth rate and the discount rate.

The cash flow projections for the Biologics cash-generating unit beyond the five-year period are based on a 2.0% (2023: 2.0%) growth rate. A pre-tax discount rate of 5.5% (2023: 8.6%) has been used in discounting the projected cash flows.

The cash flow projections for the Capsules & Health Ingredients cash-generating unit beyond the five-year period are based on a 2.0% (2023: 2.0%) growth rate. A pre-tax discount rate of 5.8% (2023: 8.6%) has been used in discounting the projected cash flows.

The cash flow projections for the Small Molecules cash-generating unit beyond the five-year period are based on a 2.0% (2023: 2.0%) growth rate. A pre-tax discount rate of 5.4% (2023: 6.4%) has been used in discounting the projected cash flows.

The Cell & Gene division consists of three cash-generating units Bioscience / Cell & Gene Technologies / Personalized Medicine businesses. The businesses are characterized by strong dynamic growth across the majority of its markets, driven by the aging population and improved access to healthcare. The cash flow projections beyond the five-year period are extrapolated using a 2.0% (2023: 2.0%) growth rate. A pre-tax discount rate of 5.6% (2023: 8.6%) has been used in discounting the projected cash flows.

A sensitivity analysis for the cash-generating units and groups of cash-generating units to which a significant amount of goodwill or intangible assets with indefinite useful lives are allocated was performed. The analysis was based on changes in key inputs which management considers to be reasonably possible:

- A reduction in cash flows by 10%
- Or an increase in discount rate by one percentage point
- Or a reduction in the perpetual growth rate by one percentage point

Based on the above, management concluded that no impairment loss would need to be recognized on goodwill or intangible assets with indefinite useful lives in any of the cash-generating units (or group of cash-generating units).

Note 6
Property, Plant and Equipment and Right-of-use Assets

million CHF	2024	2023
Property, plant and equipment	8,249	6,329
Right-of-use assets	283	288
Total	**8,532**	**6,617**

6.1
Property, Plant and Equipment

million CHF	Land	Buildings and structures	Production facilities	Construction in progress	Total
At 1 January 2023					
Costs	79	2,221	4,538	2,433	9,271
Accumulated depreciation and impairment	(1)	(985)	(2,552)	0	(3,538)
Net book value	**78**	**1,236**	**1,986**	**2,433**	**5,733**
Year ended 31 December 2023					
Additions	5	38	213	1,397	1,653
Disposals [1]	0	(9)	(6)	(99)	(114)
Acquisition of subsidiaries	0	0	1	0	1
Transfers / reclassifications	0	274	596	(870)	0
Depreciation charge	0	(83)	(319)	0	(402)
Impairment losses [2]	0	(112)	(215)	0	(327)
Currency translation effects	(5)	(56)	(98)	(56)	(215)
At 31 December 2023	**78**	**1,288**	**2,158**	**2,805**	**6,329**
Costs	79	2,430	5,027	2,805	10,341
Accumulated depreciation and impairment	(1)	(1,142)	(2,869)	0	(4,012)
Net book value	**78**	**1,288**	**2,158**	**2,805**	**6,329**
Year ended 31 December 2024					
Additions	0	0	5	1,376	1,381
Disposals	0	(2)	(4)	(10)	(16)
Acquisition of subsidiaries	47	439	208	12	706
Transfers / reclassification	42	275	551	(868)	0
Reclassification from other asset categories [3]	0	0	0	153	153
Depreciation charge	0	(86)	(343)	0	(429)
Impairment losses	(1)	(35)	(39)	0	(75)
Reversal of impairment losses	0	15	6	0	21
Currency translation effects	4	67	75	33	179
At 31 December 2024	**170**	**1,961**	**2,617**	**3,501**	**8,249**
Costs	172	3,214	5,951	3,501	12,838
Accumulated depreciation and impairment	(2)	(1,253)	(3,334)	0	(4,589)
Net book value	**170**	**1,961**	**2,617**	**3,501**	**8,249**

[1] Disposal in construction in progress related to transfer to lease receivables.
[2] Refer to note 3.
[3] Related to reclassification due to termination of a lessor lease contract (note 8.1) and to a financing transaction on Lonza own real estate assets.

Future commitments for capital expenditure in property, plant and equipment amounted to CHF 943 million at year-end 2024 (2023: CHF 942 million), mainly related to capital expenditures at sites in Visp (CH), Portsmouth (US) and Mexico. No assets were pledged for security of own liabilities in 2024 and 2023.

6.2
Right-of-use Assets

million CHF	Land	Buildings and structures	Production facilities	Others	Total
Year ended 31 December 2024					
Net carrying amount 31 December	33	238	1	11	283
Additions	0	37	0	1	38
Depreciation charge	(1)	(40)	0	(2)	(43)
Impairment losses	0	(10)	0	0	(10)
Year ended 31 December 2023					
Net carrying amount 31 December	32	252	1	3	288
Additions	0	54	0	1	55
Depreciation charge	(1)	(41)	(3)	(2)	(47)
Impairment losses [1]	0	(37)	(44)	0	(81)

[1] Refer to note 3.

Lonza predominantly leases office buildings, together with warehouses and production assets. The maturities of the lease liabilities are presented in note 28.3.

Lease expenses and cash outflows
Leases are presented as follows in the income statement:

million CHF	2024	2023
Expenses related to short-term leases and low value assets [1]	(10)	(8)
Expenses related to variable lease payments not included in lease liabilities [1]	(13)	(12)
Other rent expenses (including incidental expenses) [1]	(12)	(10)
Total lease expenses not part of right-of-use assets	**(35)**	**(30)**
Depreciation of right-of-use assets [1]	(43)	(47)
Impairment of right-of-use assets [2]	(10)	(81)
Interest expense on leases liabilities [3]	(12)	(12)

[1] Included in cost of goods sold and administrative expenses.
[2] Included in other operating expenses.
[3] Included in financial result.

Cash flows from operating activities include cash flows from short-term leases, leases of low-value assets, variable lease payments, incidental costs and the payment of interests on lease liabilities.

Cash flows from financing activities include the payment of the principal portion of lease liabilities as well as prepayments made before the lease commencement date.

The total cash outflows on leases for the year 2024 amounted to CHF 76 million (2023: CHF 88 million).

Note 7
Other Non-Current Assets

Non-current loans and advances at 31 December 2024 includes a CHF 140 million loan to BioAtrium AG (2023: CHF 144 million). This associated company represents a strategic partnership between Sanofi and Lonza (see note 8.2).

It also includes a CHF 64 million non-current loan (2023: CHF 52 million) to Bacthera, that was subject to a full loss allowance in 2024 (see note 8.1). In consideration of the current loan portion (CHF 13 million) the loan to Bacthera amounted to CHF 77 million.

million CHF	Notes	2024	2023
Loans and advances	8	205	198
Allowances for credit losses on loans and advances [1]	8.1	(64)	0
Investments in associates / joint ventures	8.2	31	32
Other investments		67	69
Capitalized contract costs	2	44	137
Lease receivables [2]		13	113
Derivative financial instruments	28.5	25	6
Contingent consideration related to sale of business	28.6	0	2
Other receivables		15	17
Total		**336**	**574**

[1] Fully relates to the loan between Lonza and Bacthera joint venture (see note 8.1).
[2] In 2024, the financial lease between Lonza and Bacthera was terminated (see note 8.1). The former Bacthera dedicated production facility was transferred back to Lonza's property plant and equipment and is being repurposed for other use within Lonza's manufacturing network.

Note 8
Investments in Associates and Joint Ventures

In 2024 and 2023, the Group did not receive any dividends from associates and joint ventures.

The following table summarizes the carrying amounts of interests in joint ventures and associates, which are accounted for using the equity method.

million CHF	2024	2023
Balance sheet value		
Interests in joint ventures	0	0
Interests in associates	31	32
Total	**31**	**32**
Net income statement effect		
Share of profit / (loss) of joint ventures	0	(12)
Share of profit / (loss) of associates	(1)	(1)
Total	**(1)**	**(13)**

8.1
Joint Ventures

With Bacthera AG (founded in April 2019), the Group established together with Chr. Hansen Holding A/S (part of Novonesis since 1 February 2024) a strategic partnership in developing and manufacturing live biotherapeutic products for pharma biotech and nutrition customers.

Lonza accounts for its 50% share in Bacthera AG as a joint venture in accordance with IFRS 11. Lonza continued to maintain its investment value in Bacthera AG at CHF 0 million. In addition, Lonza financed the joint venture with a shareholder loan with a carrying value of CHF 0 million (2023: CHF 64 million). The loan was subject to an impairment in 2024 of CHF 77 million.

In November 2021, Bacthera entered into a long-term manufacturing agreement (LTMA) with Seres Therapeutics for the commercial manufacturing of VOWST (a prescription medicine from Seres Therapeutics). In parallel, to support Bacthera in its commercial ambitions, Lonza constructed a dedicated Microbiome facility in Visp that was subject to a 20-year finance lease agreement (starting from 1 July 2023).

On 6 June 2024, Seres Therapeutics announced that it had agreed to a non-binding memorandum of understanding with Nestlé Health Science (NHSc), in which NHSc will acquire the VOWST activities.

On 26 June 2024, Bacthera announced a restructuring plan and the shut-down of all activities except the ramp-up of the commercial manufacturing of VOWST.

On 5 August 2024, Seres, NHSc and Bacthera signed an agreement, under which the manufacturing agreement would be terminated against a closing payment. The sale, that was completed on 30 September 2024, concomitantly terminated the finance lease agreement (between Lonza and Bacthera). The former Bacthera asset is expected to be repurposed within Lonza's manufacturing network. Therefore the asset was transferred from finance lease receivable to property plant and equipment and subsequently impaired for a value of CHF 31 million (corresponding to the investment portion that was specific to Bacthera and has no future value to Lonza).

Regarding the shareholder loan, management assesses the likelihood as low that Bacthera will generate sufficient future cashflows and be in a position to repay it to Lonza. As a result, the loan was subject to an impairment of CHF 77 million in 2024. This adjustment is reported as part of the Group's financial results.

million CHF	2024	2023
Carrying amount of interests in joint ventures	0	0
Share of profit / (loss)	0	(12)

8.2
Associates

Lonza holds a 50% stake in BioAtrium Ltd (CH), as well as in another individually immaterial company.

BioAtrium Ltd
BioAtrium Ltd was founded in 2017 for the strategic partnership with Sanofi. This strategic partnership operates a large scale mammalian cell culture facility for monoclonal antibody production in Visp (CH).

Lonza accounts for its share in BioAtrium Ltd as investment in associates in accordance with IAS 28. According to the shareholder's agreement, Lonza considered its share of loss and recognized an adjustment to its investment value in BioAtrium Ltd by CHF 1 million.

The following table summarizes certain financial information of BioAtrium Ltd and Lonza's investment in the associate:

million CHF	2024	2023
Percentage of ownership	**50%**	**50%**
Current assets	77	64
Non-current assets	319	334
Current liabilities	74	38
Non-current liabilities (including non-current debt of CHF 275 million; 2023: CHF 291 million)	275	311
Net assets (100%)	**47**	**49**
Group's share of net assets (50%)	24	25
Carrying amount of interest in BioAtrium Ltd	**31**	**32**
Revenue	126	101
(Loss) / Profit and total comprehensive income (100%)	(1)	(1)
Group's share of (loss) / profit and total comprehensive income (50%)	**(1)**	**(1)**

Note 9
Inventories

million CHF	2024	2023
Inventories	1,967	1,787
Allowances for slow-moving and obsolete inventory	(240)	(202)
Total	**1,727**	**1,585**

million CHF		2024		2023
Raw materials	35%	599	36%	573
Work in progress	11%	197	12%	188
Finished goods	41%	710	37%	593
Other	13%	221	15%	231
Total	**100%**	**1,727**	**100%**	**1,585**

By Operating Segments

million CHF		2024		2023
Biologics	56%	967	48%	761
Small Molecules	19%	322	24%	376
Cell & Gene	11%	184	11%	181
Capsules & Health Ingredients	15%	260	18%	282
Corporate / Intercompany Profit Eliminations	-1%	(6)	-1%	(15)
Total	**100%**	**1,727**	**100%**	**1,585**

The cost of inventories recognized as expenses during the period and included in "Cost of goods sold" amounted to CHF 3,933 million (2023: CHF 4,019 million).

Allowances for slow-moving and obsolete inventory

million CHF	Raw materials	Work in progress and finished goods	Other	Total 2024	Total 2023
At 1 January	**81**	**89**	**32**	**202**	**174**
Increase	20	84	25	129	136
Reversal / Utilization of write-downs	(29)	(64)	(4)	(97)	(99)
Currency translation effects	3	2	1	6	(9)
At 31 December	**75**	**111**	**54**	**240**	**202**

Note 10
Trade Receivables

million CHF	2024	2023
Receivables from customers	1,354	1,168
Allowances for credit losses [1]	(71)	(30)
Total	**1,283**	**1,138**

[1] 2024 includes a CHF 16 million allowance for services rendered and invoiced, for which no revenue was realized due to one customer's financial distress. The balance was reclassified from deferred income to allowance for credit losses during the year. The balance in 2024 also includes a CHF 7 million loss allowance on a receivable related to a joint-venture (see note 8.1). The remaining variance for the year relates to few limited cases of ongoing disputes and/or customers (usually early stage companies) in financial distress.

The Group's credit risk is diversified due to the large number of entities comprising the Lonza customer base and the dispersion across many different industries and regions. Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. At 31 December 2024, there were no significant concentrations of credit risk. The maximum exposure to credit risk is equal to the carrying amounts.

Reconciliation of Changes in Allowance Accounts for Credit Losses

million CHF	2024	2023
Balance at the beginning of the year	**30**	**28**
Write-offs	(6)	(3)
Net increase/(decrease) in allowances for credit losses	46	6
Currency translation effects	1	(1)
Balance at the end of the year	**71**	**30**

In general, Lonza does not require collateral in respect of trade and other receivables, but uses credit insurance for country risk where appropriate.

Note 11
Other Receivables, Prepaid Expenses and Accrued Income

million CHF	Notes	2024	2023
Accrued income	2	144	110
Prepaid expenses		97	75
Collateral arrangements (Credit Support Annexes)	28.5	80	20
Capitalized contract costs	2	11	17
Loans and advances	8.1	13	13
Allowances for credit losses on loans and advances [1]	8.1	(13)	0
Lease receivables		4	5
Derivative financial instruments	28.5	99	124
Other tax receivables		93	71
Other receivables [2]		147	36
Total		**675**	**471**

[1] Fully relates to the loan between Lonza and Bacthera joint venture (see note 8.1).
[2] "Other receivables" includes receivables from sale of real estate (amounting to CHF 102 million, that was paid in 2025).

Note 12
Cash and Cash Equivalents and Short-Term Investments

Impairment on cash and cash equivalents is measured on a 12-month expected credit losses (`ECL`) basis with a reference to external credit ratings of the counterparties. Lonza considers that its cash and cash equivalents have low credit risk based on these external credit ratings.

Liquidity Management / Short-term Investments
In line with the Group's investment policy, Lonza parks its excess cash into short-term instruments, such as overnight deposits, bank term deposits, notice deposits and short-term money market funds.

At year-end 2024, Lonza maintained a total balance of CHF 1,111 million as total cash and cash equivalent (cash at banks and bank deposits with maturities less than 3 months). Furthermore, Lonza held short-term investments amounting to CHF 600 million, all of it was invested in bank deposits with maturity between three and six months (classified as financial assets at amortized costs).

million CHF	2024	2023
Cash	426	265
Time deposits	685	1,203
Total	**1,111**	**1,468**

Short-term Investments

million CHF	2024	2023
Investments at amortized costs	600	50
Investments at fair value through profit or loss	0	150
Total short-term investments	**600**	**200**

In 2024 and 2023, all short-term investments are made in CHF (see note 28.4).

Note 13
Provisions

million CHF	Environmental	Restructuring	Other	Total
At 1 January 2024	**398**	**31**	**22**	**451**
Increase	81	15	23	119
Used	(22)	(17)	(6)	(45)
Unwinding of discount	2	0	1	3
Reversed	0	(5)	(6)	(11)
Currency translation effects	0	3	3	6
At 31 December 2024	**459**	**27**	**37**	**523**
thereof current	41	26	22	89
thereof non-current	418	1	15	434

Environmental
The environmental provision comprises the estimated probable future expenses for environmental remediation and protection for existing as well as divested plants. The vast majority of the provision of CHF 459 million (2023: CHF 398 million) relates to the Visp site and is expected to be utilized within eight years.

Lonza maintains an old landfill close to its Visp (CH) site. This landfill was primarily in use from 1918 until 1978 and contains hazardous materials. Lonza will need to perform remediation measures in order to comply with environmental regulations.

Lonza and the environmental authorities of the canton of Valais aligned on the base principles of a remediation strategy during 2020. During the year 2021 Lonza submitted a risk assessment of the old landfill to the environmental authorities of the canton of Valais which identified the most critical area regarding the groundwater protection and related remediation measures. Lonza's detailed investigations had further progressed since 2021. As an initial measure Lonza plans an installation of an extended hydraulic barrier. This measure will support to minimize the risk of groundwater contamination as well as the improvement of the containment of the old landfill. The construction work for the hydraulic barrier is expected to commence in 2025, once all required approvals are obtained.

As of 31 December 2024 the provision reflects Lonza's estimate of remediation costs for this most critical area regarding groundwater protection. However, for remaining areas of the landfill, it is not possible as of 31 December 2024 to make an informed judgment on, or reasonably predict, potential additional required remediation measures. With the current available information, it is not possible for Management to estimate further potential liabilities other than the provision which was recognized. Lonza continues to closely monitor the development of the situation and will adjust the provision going forward accordingly.

Restructuring
The restructuring provision primarily reflects the expected employee termination costs related to ongoing restructuring programs (see note 3).

Other
Other provisions are partially related to the asset retirement obligations of Lonza's Singapore based operations, with the remaining portion attributed to customer settlements.

Note 14
Debt

Non-Current Debt [1]

million CHF	2024	2023
Straight bonds	3,967	1,917
Term loan	177	587
Other long-term debt	98	106
Total non-current debt	**4,242**	**2,610**

[1] Carrying amount of debt excluding accrued interests (see note 15).

Straight Bonds – Fixed Interest Rates

million CHF	2024	2023
CHF bonds		
0.7%, CHF 110 million, 2017/2024, due 12 July 2024, issued at 100.222%	0	110
0.35%, CHF 150 million, 2020/2026, due 22 September 2026, issued at 100.148%	150	150
2.10%, CHF 300 million, 2023/2029, due 12 September 2029, issued at 100.241%	300	300
2.10%, CHF 150 million, 2023/2029, due 12 September 2029, issued at 98.961%	148	147
2.25%, CHF 185 million, 2023/2028, due 16 May 2028, issued at 100.054%	185	185
2.6%, CHF 215 million, 2023/2028, due 16 May 2031, issued at 100.295%	215	215
EUR bonds		
1.625%, EUR 500 million, 2020/2027, due 21 April 2027, issued at 99.424%	468	462
3.875%, EUR 500 million, 2023/2033, due 25 May 2033, issued at 99.091%	465	458
3.875%, EUR 1,000 million, 2024/2036, due 24 April 2036, issued at 98.715%	924	0
3.25%, EUR 600 million, 2024/2030, due 4 September 2030, issued at 99.448%	559	0
3.5%, EUR 600 million, 2024/2034, due 4 September 2034, issued at 98.361%	553	0
Total including current portion	**3,967**	**2,027**
Less current portion of straight bonds	0	(110)
Total non-current straight bonds	**3,967**	**1,917**

Current Debt [1]

million CHF	2024	2023
Due to banks and other financial institutions (German Private Placement)	0	42
Term loan	450	0
Others	18	39
Straight bond due within one year		
– Straight bond (2017-2024)	0	110
Total current debt	**468**	**191**

[1] Carrying amount of debt excluding accrued interests (see note 15).

Debt: Movements in Carrying Value of Recognized Liabilities

million CHF	2024	2023
At 1 January	**2,801**	**2,232**
Repayment of straight bond	(110)	(475)
Issuance of straight bonds	2,071	1,328
Repayment of German Private Placements	(43)	(180)
(Decrease) / increase in other debt	(41)	20
Changes from financing cash flows	**1,877**	**693**
Amortization of financing costs and discounts	**5**	**4**
Net foreign currency transaction (gains) / losses	45	(67)
Currency translation effects	(18)	(61)
Changes in foreign exchanges rates	**27**	**(128)**
At 31 December	**4,710**	**2,801**

Breakdown of Total Debt by Currencies (pre-hedging effects)

	2024			2023		
million CHF	Average Interest Rate %	%		Average Interest Rate %	%	
CHF	1.90	21	994	1.27	41	1,144
EUR	2.61	63	2,969	2.34	33	920
USD	5.02	16	747	5.20	26	737
Total		**100**	**4,710**		**100**	**2,801**

Credit Rating
Lonza has been rated by Standard & Poor's (S&P) since 2019 with an investment grade rating of BBB+ and stable outlook. The rating has been confirmed by S&P since then and Lonza is committed to maintaining a strong investment-grade rating going forward.

Debt repayments
In 2024, Lonza repaid its scheduled debt maturities totaling CHF 153 million equivalent (thereof one Swiss bond with a nominal value of CHF 110 million and 43 million related to the German Private Placement).

In 2023, Lonza repaid its scheduled debt maturities totaling CHF 655 million equivalent (thereof CHF 180 million related to the German Private Placement and two Swiss bonds with a nominal value of CHF 300 million and CHF 175 million).

Eurobond
In April 2024 Lonza issued a EUR 1.0 billion straight bond with a maturity of 12 years and a coupon of 3.875%. Purpose of the bond issuance was to refinance existing debt and general corporate purposes. In August 2024, Lonza issued a 1.2 billion dual tranche straight bond with maturities of six and ten years and coupons of 3.25% and 3.5%, respectively. The proceeds of the bonds have been used for general corporate purposes, including the financing of acquisitions and refinancing of existing debt.

In May 2023 Lonza issued a EUR 500 million straight bond with a maturity of 10 years and a coupon of 3.875%. This bond marked Lonza's first drawdown under its newly established EMTN program.

CHF bonds
In 2023, Lonza issued three Swiss bonds throughout the financial year. In February, Lonza issued a CHF 300 million note with a maturity of 6.5 years (annual coupon of 2.100%), followed by an increase of the February note in May by CHF 150 million with a maturity of 6.5 years (annual coupon of 2.100%). In November, two bonds totaling CHF 400 million were issued with maturities of 4.5 and 7.5 years (annual coupons of 2.250% and 2.600%, respectively).

The net proceeds of the CHF bonds above were used for general corporate purposes and refinancing.

German Private Placement (Schuldschein)
Following the repayment of the scheduled debt maturities of EUR 187.5 million (CHF 180 million) in August 2023, Lonza maintained one fixed rate note of the dual-currency Schuldschein issued in August 2017. The remaining note was repaid in 2024 (USD 50 million).

Syndicated Loan Facilities
In 2019, Lonza signed a Syndicated Loan Facility with a consortium of banks containing Term Loans and a Revolving Credit Facility.

Term Loans
The Term Loan tranches of USD 500 million and USD 200 million carrying floating interest rates are repayable in 2025 and 2026 respectively.

Revolving Credit Facility (RCF)
The RCF provides Lonza with additional financial headroom of CHF 1 billion at floating interest rates. The 2019 facility was planned to expire in September 2026. Lonza successfully refinanced the facility in December 2024 with a new tenor of 5 years and two extension options. The maturity date is December 2029. The facility was not used during 2024 nor in 2023.

Other debt
Other current and non-current debt comprise industrial revenue bonds of USD 130 million (2023: USD 130 million) issued by governmental institutions in the United States.

Note 15
Other Non-Current and Current Liabilities

Other Non-Current Liabilities

million CHF	Notes	2024	2023
Deferred income	2	1,011	658
Lease liabilities		366	295
Contingent consideration	28.6	24	51
Derivative financial instruments	28.5	108	27
Grants and subsidies		15	1
Other liabilities		17	15
Total other non-current liabilities		**1,541**	**1,047**

Other Current Liabilities

million CHF	Notes	2024	2023
Deferred income	2	1,075	745
Accrued liabilities and other payables		637	622
Personnel related liabilities		334	292
Derivative financial instruments	28.5	125	132
Lease liabilities		44	36
Contingent consideration	28.6	56	0
Accrued interest payables on debt		65	23
Other liabilities		79	50
Total other current liabilities		**2,415**	**1,900**

Leases: movements in carrying value of recognised liabilities

million CHF	2024	2023
At 1 January	**331**	355
Repayment of lease liabilities	(41)	(58)
Changes from financing cash flows	**(41)**	**(58)**
Interest expense paid on lease liabilities	**12**	**12**
Net increase from new lease arrangements	87	43
Business combination [1]	7	0
Currency translation effects	14	(21)
Others non-cash items	**108**	**22**
At 31 December	**410**	**331**

[1] See note 4.

Note 16
Trade Payables

million CHF	2024	2023
Payable to third parties	471	468
Total	**471**	**468**

Payables to third parties principally comprise amounts outstanding for trade purchases and ongoing costs. The carrying amount of trade payables approximates their fair value.

Note 17
Material and Energy Costs

million CHF	2024	2023
Material costs	1,412	1,479
Energy costs [1]	152	188
Total	**1,564**	**1,667**

[1] Includes predominantly energy used in the production processes (as part of cost of goods sold) but also overhead energy costs (as part of administration and general overhead). In this amount, CHF 11 million for the year 2024 (2023: CHF 27 million) relates to energy procured on behalf of third parties, that was recharged as part of sales in Corporate.

Note 18
Personnel Expenses and Average Number of Employees

million CHF	Notes	2024	2023
Wages and salaries		1,742	1,672
Operating expenses defined benefit pension plans	23	70	57
Other social security contributions		356	334
Other personnel expenses		191	186
Total		**2,359**	**2,249**

The company employed the following average number of FTEs during the financial year 2024 and 2023:

	2024	2023
Average number of employees (Full-Time Equivalent)	18,343	17,752

Note 19
Other Operating Income and Expenses

19.1
Other Operating Income

million CHF	2024	2023
Gain from disposal of property, plant and equipment and other assets [1]	84	4
Government grants, Research and Development and other tax credits	11	6
Write back of provisions	2	1
Revenue from Transitional Service Agreements with entities that were disposed of	0	8
Sundry income	16	25
Total	**113**	**44**

[1] In 2024, includes a gain of CHF 84 million from the sale of real estate in Basel (CH).

19.2
Other Operating Expenses

million CHF	2024	2023
Increase in provisions [1]	(80)	(21)
Impairment on property, plant and equipment and other assets	(24)	0
Loss from disposal of property, plant and equipment and other assets	(4)	(5)
Sundry expense	(3)	(12)
Total	**(111)**	**(38)**

[1] Includes primarily the provision for environmental-related measures (2024: CHF 80 million, 2023: CHF 15 million).

Note 20
Net Financial Result

20.1
Financial Income

million CHF	Notes	2024	2023
Interest income		34	32
Finance income from lease receivables		1	6
Interest related to interest derivative instruments		5	8
Gains on investments measured at fair value through profit or loss		2	4
Total		**42**	**50**

20.2
Financial Expenses

million CHF	Notes	2024	2023
Interest expenses on debt and bonds		(127)	(77)
Interest expenses on lease liabilities	6.2	(12)	(12)
Amortization of debt fees and unwinding of discounts on provisions	13, 14	(7)	(8)
Unfavorable impact from fair value adjustment on contingent purchase price consideration [1]	28.6	(31)	(6)
Losses on investments measured at fair value through profit or loss		(7)	(6)
Net foreign exchange gains/(losses)		28	(110)
Net (losses) / gains on foreign exchange currency derivatives		(8)	104
Interest expenses on IAS 19 employee benefit liabilities		(1)	(1)
Impairment of loans to joint-ventures [2]		(77)	0
Other interest expenses		(1)	(3)
Other financial expenses		(8)	(8)
Total		**(251)**	**(127)**

[1] Increase in estimated earn-out liability related to the Synaffix acquisition (2024: CHF 29 million, 2023: CHF 6 million). The Purchase Price Accounting (PPA) for Synaffix was finalized as of HY2024. No material changes have been identified compared to the provisional PPA as of 31 December 2023.
[2] Impairment related to loans to Bacthera joint venture, see notes 7 and 8.1.

Note 21
Taxes

21.1
Income Taxes

Lonza Group Ltd is domiciled in Basel, Switzerland. The income tax rate in the Canton of Basel-Stadt is 13% (2023: 13%).

As the Group operates across the world, it is subject to income taxes in several different tax jurisdictions. Lonza applies the ordinary tax rate of its top holding company (Lonza Group Ltd) in the Canton of Basel-Stadt in Switzerland as the Group's tax rate.

The Group's effective tax rate for 2024 is 15.6% (2023: 17.1%).

Major Components of Tax Expenses

million CHF	2024	2023
Current taxes	(127)	(184)
Global minimum tax	(2)	0
Deferred tax expense relating to the origination and reversal of temporary differences	13	50
Deferred tax income resulting from tax rate changes	(1)	(1)
Total	**(117)**	**(135)**

Reconciliation of Tax Expenses

million CHF	2024	2023
Profit before income taxes	754	790
Tax at the group rate (2024: 13% / 2023: 13%)	98	103
Deviation from average group tax rate	18	(2)
Non-deductible expenses	10	16
Tax-free earnings	(32)	(37)
Deferred tax effect from tax rate changes	1	1
Changes in prior year estimates (including valuation allowances)	5	(4)
Withholding taxes	8	6
Effect of non-recognition of deferred tax assets	9	53
Other	0	(1)
Total	**117**	**135**
Current tax expenses (charged) / credited directly to equity	**0**	**16**

The components of deferred income tax balances are included in the following captions in the consolidated balance sheet:

Components of Deferred Income Tax Balances

	2024		2023	
million CHF	Assets	Liabilities	Assets	Liabilities
Current provisions	55	31	11	17
Non-current provisions / Employee benefit liabilities	130	10	113	25
Intangible assets	0	445	0	434
Inventories, net	83	27	68	28
Property, plant and equipment	15	284	15	221
Other assets	0	3	0	1
Tax loss / Interest carry-forwards and tax credits	77	0	43	0
Netting of deferred tax assets and deferred tax liabilities	(307)	(307)	(235)	(235)
Total	**53**	**493**	**15**	**491**

The development of deferred tax (expenses) / income can be explained as follows:

million CHF	2024	2023
Deferred tax assets	53	15
Deferred tax liabilities	(493)	(491)
Net deferred tax liability, at 31 December	**(440)**	**(476)**
Less deferred tax liabilities net, at 1 January	476	539
(Increase) / decrease in deferred tax liabilities, net	**36**	**63**
Currency translation effects	4	(27)
Acquisition of subsidiaries	(33)	18
Movements of deferred (tax assets) / liabilities recognized in other comprehensive income	5	(5)
(Expense) / income recognized in income statement	**12**	**49**

Unrecognized Tax Losses: Expiry

million CHF	2024	2023
Within 1 year	47	5
Between 2 to 5 years	59	72
After 5 years	139	0
Unlimited	8	121
Total	**253**	**198**

In addition to the unrecognized tax losses shown in the table above, the Group has unrecognized temporary differences in the amount of CHF 176 million (2023: CHF 190 million) and additional unrecognized tax losses for US state tax purposes in the amount of CHF 38 million at 31 December 2024 (2023: CHF 30 million). These losses expire in more than 5 years.

In assessing whether it is probable that future taxable profit will be available to utilize these tax loss carry-forwards, management considers whether such benefits are recoverable on the basis of the current situation of the company and the future economic benefits outlined in specific business plans for each relevant subsidiary.

Deferred tax liabilities have not been established for withholding and other taxes that would be payable on the remittance of earnings of foreign subsidiaries, where such amounts are currently regarded as permanently reinvested. The total unremitted earnings of the Group that would be subject to withholding tax or other taxes upon remittance, but which are regarded as permanently reinvested, were CHF 540 million at 31 December 2024 (2023: CHF 400 million).

21.2 Disclosure of Tax Effects on Each Component of Other Comprehensive Income

	2024			2023		
million CHF	Before-tax amount	Tax (expense) benefit	Net-of-tax amount	Before-tax amount	Tax (expense) benefit	Net-of-tax amount
Exchange differences on translating foreign operations	298	(10)	288	(498)	15	(483)
Cash flow hedges	(59)	0	(59)	(45)	6	(39)
Remeasurement of defined-benefit liability	(34)	5	(29)	(35)	5	(30)
Other comprehensive income	**205**	**(5)**	**200**	**(578)**	**26**	**(552)**

Note 22
Research and Development Costs

Research and Development (R&D) costs include all primary costs directly related to this function, as well as internal services and imputed depreciation. These costs are incurred for:

- Development of new products and services
- Improvement of existing products and services
- Development of new production processes
- Improvement of existing production processes
- Cost for patents
- Purchase price for product and process know-how to the extent not capitalized

The R&D costs amounted to CHF 234 million (2023: CHF 253 million) and represent the full range of R&D activity. However, the consolidated income statement discloses lower levels of Research and Development costs, as the remainder of such costs are absorbed in cost of goods sold for R&D products and services sold.

Note 23
Employee Benefit Liabilities

Defined-Benefit Pension Plans

The Group operates defined-benefit pension plans in various countries, with the major plans being in Switzerland and Great Britain (as described below). For pension accounting purposes, these plans are considered as defined-benefit plans.

Pension Plan in Switzerland

The Group's Swiss pension plan is governed by the Swiss Federal Law on Occupational Retirement, Survivors and Disability Pension Plans (BVG), and is funded through a legally separate trustee-administered pension fund (Pensionskasse der Lonza). The Board of Trustees is responsible for the investment of the assets, which cannot revert to the Company. The cash funding of these plans, which may from time to time involve special payments, is designed to ensure that present and future contributions should be sufficient to meet future liabilities.

The plan contains a cash balance benefit formula, accounted for as a defined-benefit plan. Employer and employee contributions are defined in the pension fund rules in terms of an age-related sliding scale of percentages of pay. Under Swiss law, the company guarantees the vested benefit amount as confirmed annually to members. Interest may be added to member balances at the discretion of the Board of Trustees. The risks linked to retirement benefits (disability and death) have been reinsured until 31 December 2025. The investment risk is not reinsured.

Retirement benefits are based on the accumulated retirement capital (made up of yearly contributions and the interest thereon), which can either be drawn as a life-long annuity or as a lump-sum payment or a combination of both. The Board of Trustees may adjust the annuity at its discretion subject to the plan's funded status including sufficient free funds as determined according to Swiss statutory valuation rules. Retirement benefits and related plan assets of plan participants with a retirement date on or before 31 December 2007 were transferred to an insurance company. The insurance company guarantees these retirement benefits and bears the investment, death and disability risks.

The Lonza base plan includes a salary cap of CHF 235'200. Salary components which exceed this threshold are insured in the supplementary plan, which is structured as an insurance solution with a 3rd party insurance provider. Plan participants can choose between a one-time lump-sum payment or an annuity pension at retirement age.

Pension Plan in Great Britain

The Group operates one major plan in the UK which is closed to new entrants and future accruals. The scheme is registered under UK legislation, is contracted out of the State Second Pension and is subject to the scheme funding requirements outlined in UK legislation. The plan is managed by a Corporate Trustee, which is legally separate from the sponsoring employer of the plan. The Trustee Directors are comprised of representatives appointed by both the employer and employees and include an independent professional Trustee Director. The Trustee Directors act in the interest of the relevant beneficiaries and oversee investment strategy and administration of the benefits and general regulatory compliance.

The UK High Court (Virgin Media Limited v NTL Pension Trustees II Limited) ruled that certain historical amendments for contracted out defined benefit schemes were invalid if they were not accompanied by the correct actuarial confirmation (section 37 certificates), potentially impacting on how companies estimate defined benefit obligations under IAS19. The Group and its UK pension scheme trustee have decided not to initiate an investigation into this matter at the current time. The Scheme's legal counsel has advised that, in the absence of any specific concerns or evidence suggesting non-compliance, and as the UK legal context on this matter is evolving, such an investigation may be unwarranted and a liability cannot be determined with certainty.

Risk exposure

Through its defined benefit pension plans, the Group is exposed to a number of risks, with the main ones being described below:

- **Investment risk:** The present value of the defined benefit plan liability is calculated using a discount rate determined by reference to high quality corporate bond yields; if the return on plan asset is below this rate, it will create a plan deficit. Currently the plans have a relatively balanced investment in equity securities, debt instruments and real estate. Due to the long-term nature of the plan liabilities, the trustees of the pension funds consider it appropriate that a reasonable portion of the plan assets should be invested in equity securities and in real estate to leverage the return generated by the fund.

- **Interest risk:** A decrease in the bond interest rate will increase the plan liabilities but this will be partially offset by an increase in the return on the plans debt investments.

- **Life expectancy:** The present value of the defined benefit plan liabilities is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan liabilities.

- **Inflation risk:** The present value of the defined benefit plan liabilities is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan liabilities.

The movement in the net defined benefit liability over the years 2024 and 2023 is as follows:

				2024				2023
million CHF	Defined benefit obligation	Fair value of plan assets	Impact of asset ceiling	Net defined benefit liability	Defined benefit obligation	Fair value of plan assets	Impact of asset ceiling	Net defined benefit liability
At 1 January	**2,119**	**(2,143)**	**65**	**41**	**1,904**	**(2,023)**	**146**	**27**
Included in profit or loss								
Current service cost	70	0		70	57	0		57
Losses / (gains) on settlements	(6)	6		0	0	0		0
Interest expense / (income)	37	(37)	1	1	48	(50)	3	1
Included in other comprehensive income								
Actuarial loss / (gain) arising from:								
– Demographic assumptions	0	0			(7)	0		
– Financial assumptions	139	0			116	0		
– Experience adjustment	24	0			13	0		
Return on plan assets excluding interest income	0	(63)			0	(3)		
Change in asset ceiling	0	0	(66)		0	0	(84)	
Remeasurements loss / (gain)	163	(63)	(66)	34	122	(3)	(84)	35
Effect of movements in exchange rates	7	(6)	0	1	(8)	7	0	(1)
Other								
Contributions paid:								
– Employers	0	(91)		(91)	0	(79)		(79)
– Plan participants	51	(51)		0	48	(48)		0
Benefits paid	(78)	78		0	(52)	52		0
Plan settlements	0	0	0	0	0	1	0	1
At 31 December	**2,363**	**(2,307)**	**0**	**56**	**2,119**	**(2,143)**	**65**	**41**
– Thereof present value of funded defined-benefit obligation	2,356				2,112			
– Thereof present value of unfunded defined-benefit obligation	7				7			

The defined-benefit pension plans are reported as follows in the consolidated balance sheet:

million CHF	2024	2023
Defined benefit pension plan asset	0	0
Defined benefit pension plan liability	(56)	(41)

The Group expects to pay CHF 81 million in contributions to defined-benefit pension plans in 2025.

The defined benefit obligation and plan assets are disaggregated by country as follows:

million CHF	2024 CH	2024 UK	2024 Rest of the world	2024 Total	2023 CH	2023 UK	2023 Rest of the world	2023 Total
Present value of defined-benefit obligation	2,197	99	67	2,363	1,942	109	68	2,119
Fair value of plan assets	(2,162)	(97)	(48)	(2,307)	(1,997)	(99)	(47)	(2,143)
Impact of asset ceiling	0	0	0	0	65	0	0	65
Total net defined-benefit liability	**35**	**2**	**19**	**56**	**10**	**10**	**21**	**41**

The significant actuarial assumptions at the reporting date (expressed as weighted averages) were as follows:

in %	2024 CH	2024 UK	2023 CH	2023 UK
Discount rate	1.02	5.55	1.50	4.55
Future salary increases	1.25	n.a.	1.25	n.a.
Future pension increases	n.a.	3.15	n.a.	3.05

Assumptions regarding future mortality are based on actuarial advice in accordance with published statistics and experience in each territory[1]. These assumptions translate into an average life expectancy in years for a pensioner retiring at age 65:

in years	2024 CH	2024 UK	2023 CH	2023 UK
Retiring at the end of the reporting period				
– Male	21.9	22.7	21.8	22.9
– Female	23.5	24.1	23.4	24.4
Retiring 20 years after the end of the reporting period				
– Male	23.6	23.9	23.5	24.2
– Female	25.1	25.5	25.0	25.8

[1] For the Pension Plan in Switzerland BVG 2020 mortality tables were applied.

The sensitivity of the defined-benefit obligation to changes in the relevant actuarial assumptions is:

effect in million CHF	Change in assumption	31.12.2024 Increase	31.12.2024 Decrease	31.12.2023 Increase	31.12.2023 Decrease
Discount rate	0.25%	(79)	85	(67)	70
Future salary increases	0.25%	12	(11)	8	(9)
Life expectancy	1 year	82	(83)	71	(75)

The above sensitivity analyses are based on a change in an assumption while keeping all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined-benefit obligation to significant actuarial assumptions the same method (present value of the defined-benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognized within the balance sheet.

The methods and types of assumptions used in preparing the sensitivity analyses did not change compared with the previous period.

At 31 December the weighted average duration of the defined-benefit obligation for the major plans as well as the Group in total is:

in years	2024	2023
Group	14.0	13.3
CH	14.0	13.1
UK	16.0	18.0

Plan assets comprise:

million CHF	2024 Quoted	2024 Unquoted	2024 Total	2024 %	2023 Quoted	2023 Unquoted	2023 Total	2023 %
Equity instruments	569	0	569	25	495	0	495	23
Debt instruments								
– Investment-grade (AAA to BBB)	613	0	613		790	0	790	
– Non-investment-grade (below BBB)	32	0	32		28	0	28	
	645	0	645	28	818	0	818	38
Real-estate	183	121	304	13	165	120	285	14
Cash and cash equivalents	208	0	208	9	66	0	66	3
Other	581	0	581	25	479	0	479	22
Total plan assets	**2,186**	**121**	**2,307**	**100**	**2,023**	**120**	**2,143**	**100**

Note 24
Share-Based Payments

Long-Term Incentive Plan (LTIP)

History and Participation

The LTIP is an equity-based plan introduced in 2006 for the Executive Committee and senior managers.

Objective

The LTIP is designed to align the interests of participants with those of Lonza's shareholders and serves as a retention tool. LTIP participants are eligible to receive Lonza shares at the end of the vesting period, provided that certain challenging performance conditions are met at the end of the three-year performance period.

Equity Awards

Under the LTIP, participants are awarded the right to receive a number of Lonza registered shares in the future. Depending on the job grade of the participant, the target equity award grant is between 25% and 150% of the annual base salary. The grant is awarded at target and the payout level ranges from 0% and 200% of target. The CEO and Executive Committee members have a target of 150% and 125% of base salary respectively with payout levels also ranging from 0% and 200% of target.

For any pro-ration treatment, as outlined in the relevant Plan Rules, the entire length of the three-year performance period is utilized. The LTIP plan design and target setting is determined at the beginning of the three-year performance period. For 2024 the plan design included minimum, target and stretch (maximum) goals.

The 2024 LTIP budget value for the Executive Committee was approved as submitted at the AGM 2024 and administered in accordance with this approval. Vesting is dependent on the achievement of the performance conditions and cannot exceed the 200% of target equity awards granted (the maximum level of award).

Restriction and Vesting

Participants only receive title and ownership of the shares after the completion of the relevant three-year vesting period and only if the performance metrics required for vesting are partially or fully met.

Vesting Performance Metrics

For the 2024 LTIP the performance metrics are CORE earnings per share (EPS), return on invested capital (ROIC) and relative total shareholder return (rTSR) with 33.33% weight for each measure. With the payout value directly tied to key financial and shareholder return metrics, the first two measures emphasize Lonza's financial performance, which influences Lonza's valuation and success, while the third measure benchmarks this performance against other companies. The overall value of the LTIP is ultimately driven by the share price at the time of vesting, further linking the LTIP to the interests of the shareholders.

Overview of Vesting Conditions for LTIP

The Remuneration Committee (RemCo) deems these long-term performance measures appropriate to align the interests of the Executive Committee with Lonza's financial performance and in turn the interests of our Shareholders. The respective performance targets at the threshold (50%), target (100%) and maximum (200%) payout levels were recommended by the RemCo and approved by the Board of Directors in January 2024. These financial performance targets for the 2026 year end are commercially sensitive at this time and will not be disclosed publicly until after the awards have vested. All three of the relevant KPIs are measured on the average 3-year performance.

CORE EPS Approved at AGM 2024 (LTIP 2024)

EPS (Earnings per share) is defined as CORE net income divided by the average number of outstanding shares and measures profitability and excludes financial income and expenses. The 2024 LTIP award threshold performance level remains consistent with prior years. The maximum performance level requires significantly better performance than target.

ROIC Approved at AGM 2024 (LTIP 2024)

ROIC (return on invested capital) is defined as adjusted net operating profit after tax divided by average invested capital. This measures the return the company generates on its investments for both organic, and inorganic expansion. The measure is a reflection of the effect of decisions taken by Executive Committee members and senior management over the course of the relevant LTIP performance period. The 2024 LTIP award threshold performance level remains consistent with prior years. The maximum performance level requires significantly better performance than target.

Relative Total Shareholder Return (rTSR) Approved at AGM 2024 (LTIP 2024)

Inclusion of a new metric to measure the value delivered to Lonza Shareholders. An external market measure of how Lonza's stock performance ranks against all members of the peer group. This measure aligns the interests of our executives with shareholders over a multi-year period. rTSR is measured against the SMI peer group and will be calculated by an independent third-party advisor, and subsequently approved by the Board and assured by an external auditor.

Treatment of LTIP in Change of Control Situations

Under the LTIP rules, if a Change of Control occurs, all unvested granted shares shall immediately vest and the granted price shall be the price at which the shares are sold in the transaction resulting in the Change of Control.

Actual Performance and Payout for the LTIP 2022

Performance under the LTIP 2022 exceeded the target performance levels for both CORE EPS and ROIC. This generated a 136% payout against target. See page 179 from Remuneration Report for full details on targets and target achievements.

Lonza Restricted Share Unit Plan (LRSP)

Participation and Objective

The LRSP is an equity-based plan introduced in 2020. It was created as a tool to primarily support retention cases. All employees at and above a grade 10 in the organization are eligible to be considered for an award. Executive Committee members may receive awards via the Executive Committee Appointments Policy only – see page 172 from the Remuneration Report for full details.

Equity Awards

Under the LRSP, participants are awarded the right to receive a number of Lonza registered shares in the future, subject to continued employment with Lonza. The equity award level depends on the grade of the participant or the strategic importance of the project that the participant is working on. A two to five year vesting period will apply depending on the requirements.

Restriction and Vesting

Participants will only receive title and ownership of the shares after a relevant vesting period has elapsed and subject to sustained performance and continued employment over time.

Lonza ShareMatch

Participation and Objective

ShareMatch is an employee share purchase plan introduced in 2022. It was created as a tool to support employees in eligible locations and at a grade 15 and below to use their bonus to purchase shares and become shareholders of the Company, aligning their interests with those of the Company's wider shareholders and participating in the future success of the Company.

Awards

Under the ShareMatch program, participants may voluntarily participate and purchase shares with a discount applied and subject to a blocking period. Purchased shares are eligible for voting rights and dividends which are also paid as shares. After the cessation of the blocking period and subject to continued employment over time, as a reward for participating in the plan the participant will receive one free share per purchased share.

Restriction and Vesting

The purchased shares will be held in a custody account for the participant during a three-year blocking period. After the blocking period has elapsed and subject to continued employment over time, the participant will receive one free share per purchased share and may freely transfer or dispose of the shares.

The fair value at grant date of the equity awards granted in 2024 for the LTIP was CHF 430.23 (2023: CHF 532.00). The fair value at grant date for the LRSP awards was between CHF 430.23 and 537.80 (2023: CHF 527.33 and CHF 569.40) depending on the grant date of the award. The fair value at allocation date under the ShareMatch plan was CHF 557.8 (2023: CHF 567.60). The costs were calculated using the market price at grant or allocation date, including probabilities as per conditions of vesting. The amounts for equity awards are expensed on a straight-line basis over the vesting period, based on estimates of equity awards that will eventually vest. The discount applied on the purchase of shares under the ShareMatch program was expensed immediately.

Details of Long-Term Incentive Plans

	Grant Date	Share Price [3] in CHF	Granted Equity Awards	Fair Value at Grant Date in CHF	Vesting date
LTIP 2021 [1]	29.01.2021	570.00	52,133	29,715,810	31.01.2024
LTIP 2022	31.01.2022	615.87	38,411	23,656,183	31.01.2025
LTIP 2023	31.01.2023	532.00	44,145	23,485,140	31.01.2026
LTIP 2024	31.01.2024	430.23	57,280	24,643,574	31.01.2027
LRSP 2021	various	various	4,523	2,974,916	various
LRSP 2022	various	various	11,643	6,905,071	various
LRSP 2023	various	various	11,013	5,839,984	various
LRSP 2024 [2]	various	various	39,047	19,111,262	various
Share Match 2022	06.04.2022	672.20	12,461.441	8,376,581	06.04.2025
Share Match 2023	06.04.2023	567.60	18,897.185	10,726,042	06.04.2026
Share Match 2024	08.04.2024	557.80	18,277.298	10,195,077	08.04.2027

1 The plan vested with zero pay-out.
2 In 2024, 13 new LRSP awards were issued, for a total of 39,047 shares and an aggregated fair value at grant date of CHF 19,111,262. Vesting period of those plans is between 1 and 3 years.
3 Share Price at grant date is determined in the Plan Rules. For LTIP and LRSP it is the average of the closing prices at the SIX Swiss Stock Exchange over the period of three trading days prior to the grant date. For ShareMatch it is equal to the closing market price at the SIX Swiss Stock Exchange on the day the matching shares are granted to the employees.

Vesting Conditions at Grant Date

	Market Price in CHF	Granted Equity Awards	Fair Value of Equity Awards in CHF	Expected EPS / RONOA / ROIC at Grant Date	Probability Minimum Targets	Volatility Employees	Total Probability	Total Cost at Grant Date in CHF
LTIP 2021 ROIC	570.00	25,932	570.00	100%	100%	10%	90%	13,303,116
LTIP 2021 CORE EPS	570.00	25,931	570.00	100%	100%	10%	90%	13,302,603
LTIP 2022 ROIC	615.87	19,206	615.87	100%	100%	10%	90%	10,645,559
LTIP 2022 CORE EPS	615.87	19,205	615.87	100%	100%	10%	90%	10,645,005
LTIP 2023 ROIC	532.00	22,073	532.00	100%	100%	10%	90%	10,568,552
LTIP 2023 CORE EPS	532.00	22,072	532.00	100%	100%	10%	90%	10,568,074
LTIP 2024 ROIC	430.23	19,094	430.23	100%	100%	10%	85%	6,982,590
LTIP 2024 CORE EPS	430.23	19,093	430.23	100%	100%	10%	85%	6,982,224
LTIP 2024 rTSR [1]	430.23	19,093	430.23	93%	93%	10%	85%	6,982,224

[1] Relative total shareholder return.

Development within 2024 of the LTIP

	Equity awards outstanding 01.01.2024	Equity awards granted during 2024	Equity awards forfeited during 2024	Vested equity awards during 2024	Equity awards outstanding 31.12.2024
LTIP 2021	0	0	0	0	0
LTIP 2022	29,629	0	(889)	0	28,740
LTIP 2023	38,723	0	(2,650)	0	36,073
LTIP 2024	0	57,280	(4,961)	0	52,319
Total equity awards	**68,352**	**57,280**	**(8,500)**	**0**	**117,132**

Development within 2023 of the LTIP

	Equity awards outstanding 01.01.2023	Equity awards granted during 2023	Equity awards forfeited during 2023	Vested equity awards during 2023	Equity awards outstanding 31.12.2023
LTIP 2020	50,071	0	(726)	(49,345)	0
LTIP 2021	36,466	0	(36,466)	0	0
LTIP 2022	34,649	0	(5,020)	0	29,629
LTIP 2023	0	44,145	(5,422)	0	38,723
Total equity awards	**121,186**	**44,145**	**(47,634)**	**(49,345)**	**68,352**

Performance metrics for LTIP 2021 are not met resulting in a payout of 0% and a complete forfeiture of the equity awards at 31 December 2023.

Development within 2024 of the LRSP

	Equity awards outstanding 01.01.2024	Equity awards granted during 2024	Equity awards forfeited during 2024	Vested equity awards during 2024	Equity awards outstanding 31.12.2024
LRSP during 2021	1,179	0	0	(678)	501
LRSP during 2022	10,151	0	(693)	(1,737)	7,721
LRSP during 2023	10,158	0	(640)	0	9,518
LRSP during 2024	0	48,653	(1,890)	0	46,763
Total equity awards	**21,488**	**48,653**	**(3,223)**	**(2,415)**	**64,503**

At 31 December 2024, 29 active LRSP awards do exist. During 2024, eight LRSP awards vested.

Development within 2023 of the LRSP

	Equity awards outstanding 01.01.2023	Equity awards granted during 2023	Equity awards forfeited during 2023	Vested equity awards during 2023	Equity awards outstanding 31.12.2023
LRSP during 2020	2,062	0	0	(2,062)	0
LRSP during 2021	4,342	0	(40)	(3,123)	1,179
LRSP during 2022	10,997	0	(846)	0	10,151
LRSP during 2023	0	11,013	(855)	0	10,158
Total equity awards	**17,401**	**11,013**	**(1,741)**	**(5,185)**	**21,488**

At 31 December 2023, 26 active LRSP awards do exist. During 2023, seven LRSP awards vested.

Development within 2024 of the ShareMatch

	Equity awards outstanding 01.01.2024	Equity awards granted during 2024	Equity awards forfeited during 2024	Vested equity awards during 2024	Equity awards outstanding 31.12.2024
ShareMatch 2022	11,122	0	(494)	(3)	10,625
ShareMatch 2023	18,168	0	(1,232)	0	16,936
ShareMatch 2024	18,277	0	(640)	0	17,637
Total equity awards	**47,567**	**0**	**(2,366)**	**(3)**	**45,198**

The vested equity awards during 2024 of (3) are related to deceased plan participants.

Development within 2023 of the ShareMatch

	Equity awards outstanding 01.01.2023	Equity awards granted during 2023	Equity awards forfeited during 2023	Vested equity awards during 2023	Equity awards outstanding 31.12.2023
ShareMatch 2022	11,920	0	(798)	0	11,122
ShareMatch 2023	0	18,897	(729)	0	18,168
Total equity awards	**11,920**	**18,897**	**(1,527)**	**0**	**29,290**

Compensation of the Board of Directors

Objective and Market Benchmarking

In accordance with their respective duties and responsibilities, compensation levels for the Board of Directors are set at the median of the benchmarking peer group. The benchmarking peer group consists of Swiss companies of various sectors that are comparable in type of business, complexity of operations, size and global presence to Lonza. The Board of Directors regularly review the compensation of its members, including the Chair, based on a proposal by the Remuneration Committee and on advice from an independent advisor, including relevant benchmarking information.

Structure and Level of Compensation

The Chair of the Board of Directors and its Members receive their compensation as 50% in Lonza Group shares and 50% in cash. This was paid in quarterly installments during the 2024 financial year.

The number of shares granted for Board of Directors' compensation is based on the average closing share price of the last five business days of each quarter. Share restrictions lapse after three years from the grant date. Shares are eligible for a dividend. This structure of Board of Directors' compensation is closely aligned with our Shareholders' interests. The members of the Board of Directors do not receive variable compensation. The members of the Board of Directors are reimbursed for travel and other related expenses associated with their responsibilities as members of the Board of Directors of Lonza.

The position and associated compensation of the Chair of the Board of Directors and its members was approved by shareholders at the 2024 Annual General Meeting (AGM).

Compensation Components
For the period from the AGM 2024 to the AGM 2025, the members of the Board of Directors receive fixed gross compensation for Board of Directors' membership and additional compensation for Committee Chair and committee members as described in the table below.

Compensation Board of Directors Annual General Meeting (AGM) 2024 to 2025 (excluding social security contributions)

In CHF (gross)	Base annual fee	Committee membership fee per committee	Committee Chair fee
Chair of the Board of Directors [1]	750,000	–	–
Member of the Board of Directors [2]	200,000	40,000	80,000
	The additional responsibilities of Vice-Chair and Lead Independent Director[3] do not attract any additional fees		
Form of payout	50% in Lonza Group shares and 50% in cash. This is paid in quarterly installments		

[1] The compensation of the Chair of the Board of Directors is inclusive of all committee work.
[2] In the case of multiple committee memberships, the committee fees are cumulated.
[3] The roles and responsibilities of such Lead Independent Director are in line with sect. 18 para. 2 of the Swiss Code of Best Practice for Corporate Governance, requiring adequate control mechanisms, and commensurate to such position.

Development of the Compensation for Board of Directors 2024

Grant date	Total Number of Shares	Share Price in CHF	Fair Values of Shares in CHF	Cash in CHF [1]	Total in CHF	Blocked Until
31.03.2024	614	533.04	327,287	328,750	656,037	31.03.2027
30.06.2024	671	486.84	326,670	328,750	655,420	30.06.2027
30.09.2024	628	536.16	336,708	338,750	675,458	30.09.2027
31.12.2024	641	533.08	341,704	343,750	685,454	31.12.2027
Total	**2,554**	**521.68**	**1,332,369**	**1,340,000**	**2,672,369**	

[1] Excluding social security and withholding tax.

An amount of CHF 2,672,369 was recognized as an expense in the year 2024.

Development of the Compensation for Board of Directors 2023

Grant date	Total Number of Shares	Share Price in CHF	Fair Values of Shares in CHF	Cash in CHF [1]	Total in CHF	Blocked Until
31.03.2023	605	539.68	326,506	328,750	655,256	31.03.2026
30.06.2023	624	524.60	327,350	328,750	656,100	30.06.2026
30.09.2023	766	415.30	318,120	328,750	646,870	30.09.2026
31.12.2023	931	426.86	397,407	328,750	726,157	31.12.2026
Total	**2,926**	**468.01**	**1,369,383**	**1,315,000**	**2,684,383**	

[1] Excluding social security and withholding tax.

An amount of CHF 2,684,383 was recognized as an expense in the year 2023.

Development of the Compensation for Board of Directors 2022

Grant date	Total Number of Shares	Share Price in CHF	Fair Values of Shares in CHF	Cash in CHF [1]	Total in CHF	Blocked Until
31.03.2022	448	665.40	298,099	300,000	598,099	31.03.2025
30.06.2022	639	510.16	325,992	328,750	654,742	30.06.2025
30.09.2022	705	462.44	326,020	328,750	654,770	30.09.2025
31.12.2022	715	455.16	325,439	328,750	654,189	31.12.2025
Total	**2,507**	**508.80**	**1,275,551**	**1,286,250**	**2,561,801**	

[1] Excluding social security and withholding tax.

An amount of CHF 2,561,801 was recognized as an expense in the year 2022.

Development of the Compensation for Board of Directors 2021

Grant date	Total Number of Shares	Share Price in CHF	Fair Values of Shares in CHF	Cash in CHF [1]	Total in CHF	Blocked Until
31.03.2021	551	539.44	297,231	300,000	597,231	31.03.2024
30.06.2021	449	662.24	297,346	299,940	597,286	30.06.2024
30.09.2021	420	711.24	298,721	300,000	598,721	30.09.2024
31.12.2021	392	759.24	297,622	300,000	597,622	31.12.2024
Total	**1,812**	**657.24**	**1,190,920**	**1,199,940**	**2,390,860**	

[1] Excluding social security and withholding tax.

The amount of CHF 2,390,860 was recognized as an expense in the year 2021.

Recognition in the Consolidated Financial Statements
All of the equity-settled share-based payments had an impact on the 2024 "Profit before income taxes" amounting to an expense of CHF 41 million (2023: CHF 21 million).

Note 25

Changes in Shares and Share Capital Movements

Effect in million CHF	31.12.2024	Change in year	31.12.2023	Change in year	31.12.2022
Total number of shares	**72,226,184**	**(2,242,568)**	**74,468,752**	**0**	**74,468,752**
Treasury shares					
Free shares	(1,589,637)	762,526	(2,352,163)	(2,165,037)	(187,126)
Total treasury shares	**(1,589,637)**	**762,526**	**(2,352,163)**	**(2,165,037)**	**(187,126)**
Total shares ranking for dividend at 31 December	**70,636,547**	**(1,480,042)**	**72,116,589**	**(2,165,037)**	**74,281,626**
Share capital movements					
Share Capital in CHF	**72,226,184**	**(2,242,568)**	**74,468,752**	**0**	**74,468,752**

On 19 June 2024, Lonza's Board of Directors approved to decrease the share capital by way of cancelation of the first tranche of shares repurchased until 31 December 2023 (totaling 2,242,568 shares). This transaction had no impact on the consolidated financial statements, the weighted-average number of shares outstanding and earnings per share.

The share capital on 31 December 2024 comprised 72,226,184 registered shares (2023: 74,468,752) with a par value of CHF 1 each, amounting to CHF 72,226,184 (2023: CHF 74,468,752).

Contingent Capital
The share capital of Lonza Group Ltd may be increased through the issuance of a maximum of 7,500,000 fully paid in registered shares with a par value CHF 1 each up to a maximum aggregate amount of CHF 7,500,000.

Authorized Capital
At the Annual General Meeting on 5 May 2023, the shareholders approved the Board of Directors' proposal to introduce a capital band with an upper limit of CHF 85,635,000 and a lower limit of CHF 67,050,000, authorizing the Board of Directors to increase and decrease the share capital one or several times within these limits until 5 May 2028. The details and conditions are set out in Articles 4^{ter} to 4^{quater} of the Company's Articles of Association.

At 31 December 2024, Lonza Group Ltd had a fully paid in registered capital of CHF 72,226,184.

Reserves in the amount of CHF 37,234,376 (2023: CHF 37,234,376) included in the financial statements of the parent company cannot be distributed.

Dividend
On 8 May 2024, at the Annual General Meeting, shareholders approved the distribution of a dividend of CHF 4.00 per share in respect of the 2023 financial year (financial year 2022: CHF 3.50). The dividend distribution totaled CHF 285 million (2023: CHF 260 million), equally recorded against the retained earnings (CHF 143 million) and the reserves from capital contribution of Lonza Group Ltd (CHF 142 million).

A dividend payment per share of CHF 4.00 is proposed by the Board of Directors to be made after the 31 December 2024 balance sheet date, subject to approval by the shareholders at the Annual General Meeting on 9 May 2025.

Share buyback
On 25 January 2023, Lonza announced a program to buyback 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 under the program at 31 December 2024 (excluding the share cancelation that happened on 19 June 2024) was 3,748,735 (2023: 2,242,568) for a total value of CHF 1,721.0 million (2023: CHF 995.4 million). The second and final tranche of share cancelations and share capital reduction is expected to occur in 2025 upon completion of the program.

Note 26

Earnings Per Share

	2024	2023
Weighted average number of outstanding shares (basic)		
Weighted average number of outstanding shares	71,175,084	73,630,469
Weighted average number of outstanding shares (diluted)		
Weighted average number of outstanding shares	71,175,084	73,630,469
– Adjustments for dilutive share units and shares	118,364	53,356
Weighted average number of shares for diluted earnings per share	71,293,448	73,683,825

million CHF	2024 Total	2023 Total
Profit for the period (equity holders of the parent)	636	654
Basic earnings per share in CHF	**8.93**	**8.88**
Diluted earnings per share in CHF	**8.92**	**8.88**
Dividend paid for the period [1]	285	260
Dividends per share for the period in CHF	**4.00**	**3.50**
Dividends declared after the balance sheet date	283	289
Dividends per share declared after the balance sheet date in CHF	**4.00**	**4.00**

[1] Excluding dividends of CHF 3 million (2023: CHF 3 million) paid to minority shareholders of a subsidiary.

Note 27

Related Parties

Identity of Related Parties

The Group has a related-party relationship with associates, joint ventures (see note 7, 8, and 32), pension and other post-retirement plans (see note 23) as well as with the Board of Directors and the members of the Executive Committee.

Transactions with Key Management Personnel Board of Directors

In 2024 payments to acting members of the Board of Directors of Lonza Group Ltd totaled CHF 2.76 million[1] (2023: CHF 2.75 million[1]), of which 48.3% (2023: 47.5%) was received in the form of shares. The Director fees are paid 50% in cash and 50% in shares; the value of the employer's social security contributions is added to the cash payments. The value of the share-based fees is determined based on the average closing share price of the last five business days of each quarter. Shares are restricted for a period of three years from each award date and are eligible for a dividend from date of award.

Members of the Board of Directors and their immediate relatives control in 2024 23,958 (2023: 27,187) or <0.1% (2023: <0.1%) of the voting shares of Lonza Group Ltd. None of the Directors owns shares in the Group's subsidiaries or associates.

Executive Committee Compensation

The acting members of the Executive Committee received, for their contributions and time served in 2024, CHF 10.72 million[1,2] (2023: CHF 9.36 million[1,2]) in cash and additional benefits. Share based compensation includes 13,855 LTIP shares and 5,911 LRSP (Lonza Restricted Share Unit Plan) shares granted (2023: 9,654 LTIP shares and 0 LRSP shares) and the value of share based Bonus payments, equivalent to a total value of CHF 0.69 million (2023: CHF 1.02 million). In 2024 termination benefits were paid out to a departing member of the Executive Committee according to the employment agreement and plan rules equal to CHF 1.29 million (CHF 1.07 million in cash and in shares equivalent to a value of CHF 0.22 million). In 2023 termination benefits were paid out to the departing and former members of the Executive Committee according to their employment agreements equal to CHF 0.85 million (CHF 0.72 million in cash and in shares equivalent to a value of CHF 0.13 million).

The compensation for the Board of Directors and the Executive Committee (termination benefits included) was as follows:

Million CHF	2024	2023
Short-term benefits [1]	9.59	8.52
Post-employment benefits and other benefits [2]	2.55	2.29
Share-based payments [3]	10.88	7.47
Other compensation [4]	1.29	0.85
Total	24.31	19.12

[1] Including short-term incentive payout in March of the following year.
[2] Including employer contribution for social security and pension funds.
[3] Share based Bonus and LTIP awards. Also, in line with the Executive Committee Appointments Policy, awards were made to Executive Committee members in 2024 under the Lonza Restricted Share Unit Plan (LRSP), to compensate for equity awards which were forfeited when leaving the previous employer. The awards were made in accordance with Article 23 (Supplementary Amount in the Event of Changes in the Executive Committee) of Lonza's Articles of Association. The awards will vest after one and two-year periods, subject to continued employment, sustained performance and clawback, under the Clawback Policy.
[4] Cash payment (including base salary, other benefits, bonus and social security) and shares (LTIP) received by departed members of the Executive Committee during 2024 and 2024 as well as a cash payment to an Executive Committee member in lieu of forfeited annual bonus at their previous employer.

Note 28
Financial Risk Management

28.1
Overall Risk Management Policy

Lonza is exposed in particular to credit and liquidity risk, as well as to market risks (e.g. movements in foreign currency exchange rates, interest rates and market prices) that affect its assets, liabilities, and forecasted transactions.

Lonza's overall risk management policy aims to limit these risks through operational and finance activities.

The Board of Directors has overall responsibility for the establishment and oversight of Lonza's risk management framework. Financial risk management is carried out by a central treasury department (Group Treasury). Group Treasury is responsible for implementing the policy, and identifies, evaluates and hedges financial risks in close cooperation with Lonza's business units. Group Treasury also has the sole responsibility for carrying out foreign exchange transactions and executing financial derivative transactions with third parties.

Lonza's risk management policies are established to identify and analyze the risks faced by Lonza, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and Lonza's activities. The Lonza Audit and Compliance Committee (ACC) oversees how management monitors compliance with Lonza's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by Lonza. The ACC is assisted in its oversight role by Internal Audit (Lonza Audit Services). Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the ACC.

28.2
Credit Risk

Credit risk is the risk of financial loss to Lonza if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and primarily arises from Lonza's cash and cash equivalent and receivables from customers.

Cash and cash equivalents
Cash and cash equivalents are held with banks and financial institutions, which are predominantly rated as investment grade in the A–AAA range, based on Moody's and Standard & Poor's ratings. The Group assumes that the credit risk on cash and cash equivalent is immaterial.

Accounts Receivables
Lonza's exposure to credit risk is influenced mainly by the individual characteristics of each customer. Risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. In monitoring customer credit risk, customers are grouped according to their credit characteristics, including geographic location, industry, and existence of previous financial difficulties.

Purchase limits are established for each customer, which are reviewed regularly. For customers domiciled in specific countries with high risk, Lonza has credit risk insurance covering the maximum exposure. The maximum credit risk is equal to the carrying amount of the respective assets. There are no commitments that could increase this exposure to more than the carrying amounts. In general, Lonza does not require collateral in respect of trade and other receivables, but uses credit insurance for country risk where appropriate.

Lonza has a history of low credit losses on accounts receivable. Credit losses that occurred in the past were primarily related to very few single customers. Furthermore, none of Lonza's businesses had a heightened exposure to credit losses in the past and based on Lonza's best estimate this is not expected to change in the foreseeable future.

Consequently, the allowances for credit losses (see note 10) represents primarily the credit risk of specific customers.

Aging of Trade Receivables [1]

million CHF	2024	2023
Not past due	1,162	1,065
Past due 1-30 days	80	43
Past due 31-120 days	49	34
Past due more than 120 days	63	26
Total	**1,354**	**1,168**

[1] Excluding allowances for credit losses (see note 10).

Financial Instruments and Cash Deposits
Financial Instruments and Cash Deposits Credit risk from balances with banks and financial institutions is managed by the Group's treasury department. Counterparty credit ratings are reviewed regularly. The carrying amount of financial assets represents the maximum credit exposure.

The maximum exposure to credit risk at the reporting date was as follows:

million CHF	Notes	2024	2023
Financial assets at amortized cost			
Trade receivables, net	10	1,283	1,138
Other receivables	11	162	54
Accrued income	2	144	110
Non-current and current lease receivables	7, 11	17	118
Non-current and current loans and advances	7, 11	140	211
Collateral arrangements (Credit Support Annexes)	11	80	20
Short-term investments at amortized costs	12	600	50
Cash and cash equivalents	12	1,111	1,468
Total financial assets at amortized cost		**3,537**	**3,169**
Financial assets at fair value			
Non-current and current derivative financial instruments	28.5	124	130
Short-term investments at fair value through profit or loss	12	0	150
Contingent consideration from sale of business	28.6	0	2
Total financial assets at fair value		**124**	**282**
Total financial assets		**3,661**	**3,451**

28.3
Liquidity Risk

Liquidity risk is the risk that Lonza will not be able to meet its financial obligations as they fall due. Lonza's approach to managing liquidity is to ensure that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to Lonza's reputation. Group Treasury maintains flexibility in funding also using bilateral and syndicated credit lines. Lonza has concluded the following lines of credit: Committed credit lines of CHF 1,000 million (CHF 0 million used as of 31 December 2024) and uncommitted credit lines of CHF 137.2 million (CHF 0 used as of 31 December 2024).

The table below analyses the Group's financial liabilities and derivative financial liabilities in relevant maturity groupings, based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows, including interest payments. Balances due within 12 months are equal to their carrying balances, as the impact of discounting is not significant.

Year ended
31 December 2024

million CHF	Carrying amount [1]	Contractual cash flows [2]	Between 0 and 6 months	Between 7 and 12 months	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 5 years	Over 5 years
Straight bond (2020-2026)	150	152	0	1	151	0	0	0
Straight bond (2023-2029)	300	330	0	6	6	6	312	0
Straight bond (2023-2029)	148	163	0	3	3	3	154	0
Straight bond (2023-2028)	185	201	4	0	4	4	189	0
Straight bond (2023-2031)	215	257	6	0	6	6	12	227
Euro bond (2020-2027)	468	492	8	0	8	476	0	0
Euro bond (2023-2033)	465	627	18	0	18	18	36	537
Euro bond (2024-2036)	924	1,355	36	0	36	36	72	1,175
Euro bond (2024-2030)	559	667	18	0	18	18	36	577
Euro bond (2024-2034)	553	940	32	0	32	32	65	779
Term loan	627	677	15	466	9	187	0	0
Other debt due to others	116	165	2	20	4	4	8	127
Total debt	**4,710**	**6,027**	**139**	**496**	**295**	**790**	**884**	**3,423**
Other non-current liabilities	383	672	0	0	80	57	103	432
– of which lease liabilities	366	655	0	0	63	57	103	432
Other current liabilities	760	781	749	32	0	0	0	0
– of which lease liabilities	44	65	33	32	0	0	0	0
Trade payables	471	471	471	0	0	0	0	0
Derivative financial instruments	233	233	61	41	23	0	0	108
Contingent consideration	80	85	56	0	9	0	17	3
Total financial liabilities	**6,637**	**8,269**	**1,476**	**569**	**407**	**847**	**1,004**	**3,965**

Year ended
31 December 2023

million CHF	Carrying amount [1]	Contractual cash flows [2]	Between 0 and 6 months	Between 7 and 12 months	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 5 years	Over 5 years
Straight bond (2017-2024)	110	111	0	111	0	0	0	0
Straight bond (2020-2026)	150	153	0	1	1	151	0	0
Straight bond (2023-2029)	300	336	0	6	6	6	12	306
Straight bond (2023-2029)	147	166	0	3	3	3	6	151
Straight bond (2023-2028)	185	205	4	0	4	4	193	0
Straight bond (2023-2031)	215	263	6	0	6	6	12	233
Euro bond (2020-2027)	462	494	8	0	8	8	470	0
Euro bond (2023-2033)	458	638	18	0	18	18	36	548
German Private Placement	42	43	0	43	0	0	0	0
Term loan	587	642	13	13	442	174	0	0
Other debt due to others	144	186	39	2	20	3	6	116
Total debt	**2,801**	**3,237**	**88**	**179**	**508**	**373**	**735**	**1,354**
Other non-current liabilities	310	435	0	0	61	46	89	239
– of which lease liabilities	295	420	0	0	46	46	89	239
Other current liabilities	708	720	696	24	0	0	0	0
– of which lease liabilities	36	48	24	24	0	0	0	0
Trade payables	468	468	468	0	0	0	0	0
Derivative financial instruments	159	159	86	46	0	0	0	27
Contingent consideration	51	51	0	0	29	8	8	6
Total financial liabilities	**4,497**	**5,070**	**1,338**	**249**	**598**	**427**	**832**	**1,626**

[1] Carrying amount of debt and financial liabilities excluding accrued interests.
[2] Including interest payments.

28.4 Market Risk

Market risk is the risk that changes in market prices will affect Lonza's income or the value of its holdings of financial instruments. Lonza is exposed to market risk from changes in currency exchange and interest rates. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on risk. Lonza has established a treasury policy of which the objective is to reduce the volatility relating to these exposures. Lonza enters into various derivative transactions based on Lonza's treasury policy that establishes guidelines in areas such as counterparty exposure and hedging practices. Counterparties to agreements are major international financial institutions with at least investment grade rating. Positions are monitored using techniques such as market value and sensitivity analyses. All such transactions are carried out within the guidelines set by the Audit and Compliance Committee.

Foreign Exchange Risk
The Group operates across the world and is exposed to movements in foreign currencies affecting the Group financial result and the value of Group equity. Foreign exchange risk arises because the amount of local currency paid or received for transactions denominated in foreign currencies may vary due to changes in exchange rates ("transaction exposures") and because the foreign currency denominated financial statements of the Group's foreign subsidiaries may vary upon consolidation into the Swiss-franc-denominated Group Financial Statements ("translation exposures"). Foreign exchange risks arise primarily on transactions that are denominated in USD, EUR and GBP.

In managing its exposure regarding the fluctuation in foreign currency exchange rates, Lonza has entered into a variety of currency swaps and forward contracts. These agreements generally include the exchange of one currency against another currency at a future date. Lonza adopts a policy of considering hedging for all the committed contractual exposure. The planned exposure is hedged within certain ranges. Hedge ratios are determined by the risk committee and depend on market expectation, risk bearing ability and risk appetite.

The table below shows the impact on post-tax profit if at 31 December a currency had strengthened (+) or weakened (–) versus the Swiss franc, with all other variables held constant as a result of the currency exposures outlined in the tables below:

		Post-tax profit			
million CHF	Sensitivity	2024		2023	
		+	–	+	–
USD	+ / – 10%	(4.5)	4.5	(7.7)	7.7
EUR	+ / – 10%	0.3	(0.3)	(7.5)	7.5
GBP	+ / – 10%	(1.1)	1.1	(2.2)	2.2

The summary quantitative data relating to the Group's exposure to currency risks as reported to the management of the Group is as follows:

Year ended
31 December 2024

million CHF	USD	GBP	EUR	SGD	Other	Total
Other non-current investments	41	0	8	0	0	49
Trade receivables, net	319	73	16	0	18	426
Collateral arrangements (Credit Support Annexes)	78	0	0	0	0	78
Other receivables and prepaid expenses	0	0	3	0	0	3
Cash and cash equivalents	54	12	18	2	19	105
Non-current and current debt	(616)	0	0	0	0	(616)
Other current and non-current liabilities	(29)	(1)	(66)	(5)	7	(94)
Trade payables	(173)	(36)	(54)	(16)	(28)	(307)
Net group internal loans	319	(73)	(2,491)	43	43	(2,159)
Gross balance sheet exposure	**(7)**	**(25)**	**(2,566)**	**24**	**59**	**(2,515)**
Currency-related instruments	(46)	11	2,569	(16)	(56)	2,462
Net exposure	**(53)**	**(14)**	**3**	**8**	**3**	**(53)**

Year ended
31 December 2023

million CHF	USD	GBP	EUR	SGD	Other	Total
Other non-current investments	37	0	5	0	0	42
Trade receivables, net	236	55	53	0	17	361
Collateral arrangements (Credit Support Annexes)	20	0	0	0	0	20
Other receivables and prepaid expenses	0	0	2	0	0	2
Cash and cash equivalents	71	15	21	2	20	129
Non-current and current debt	(656)	0	0	0	0	(656)
Other current and non-current liabilities	(29)	(1)	(4)	(2)	0	(36)
Trade payables	(241)	(40)	(79)	(28)	(37)	(425)
Net group internal loans	488	15	(389)	35	65	214
Gross balance sheet exposure	**(74)**	**44**	**(391)**	**7**	**65**	**(349)**
Currency-related instruments	(19)	(70)	300	(7)	(67)	137
Net exposure	**(93)**	**(26)**	**(91)**	**0**	**(2)**	**(212)**

The following exchange rates were applied during the year:

Balance Sheet Year-End Rates	2024	2023
Dollar	0.9029	0.8408
Euro	0.9402	0.9294
Pound sterling	1.1331	1.0700
Renminbi	0.1237	0.1182
Singapore dollar	0.6629	0.6368

Income Statement Year-Average Rates	2024	2023
Dollar	0.8806	0.8986
Euro	0.9526	0.9717
Pound sterling	1.1251	1.1170
Renminbi	0.1223	0.1270
Singapore dollar	0.6589	0.6692

Interest Rate

Risk arises from movements in interest rates which could affect the Group financial result or the value of Group equity. Changes in interest rates may cause variations in interest income and expense. In addition, they may affect the market value of certain financial assets, liabilities and hedging instruments. The primary objective of the Group's interest rate management is to protect the net interest result.

Lonza's policy is to manage interest cost using a mix of fixed and variable rate debt. Group policy is to maintain at least 50% of its borrowings in fixed-rate instruments. In order to manage this mix in a cost-efficient manner, Lonza enters into interest rate swaps and cross-currency interest rate swaps to exchange at specified intervals, the difference between fixed and variable interest amounts calculated by reference to a corresponding notional principal amount. Lonza adopts a policy of having one third of the debt on a short-term basis and two-thirds of the debt on a long-term basis. The mix between floating and fixed rates depends on the market view of Lonza.

Lonza's exposure to interest rate risk was as follows:

million CHF	2024	2023
Net Debt / (cash)[1]	2,859	922
Net Debt / (cash) at fixed interest rates[2]	(3,627)	(1,626)
Interest risk exposure	**(768)**	**(704)**

[1] Refer to section "Alternative Performance Measures" for details on the calculation methodology.
[2] Including effects from cross currency interest rate swaps.

In 2024, if the interest rates had increased / decreased by 1%, with all other variables held constant, post-tax profit would have been CHF 6.5 million higher / lower.

In 2023, if the interest rates had increased / decreased by 1%, with all other variables held constant, post-tax profit would have been CHF 5.8 million higher / lower.

28.5 Overview of Derivative Financial Instruments

The following table shows the contract or underlying principal amounts and fair values of derivative financial instruments by type of contract at 31 December 2024 and 2023. Contract or underlying principal amounts indicate the volume of business outstanding at the balance sheet date and do not represent amounts at risk. The fair values are determined by using the difference of the prices fixed in the outstanding derivative contracts from the actual market conditions which would have been applied at the year-end if we had to recover these trades.

Financial Instruments at Fair Value Through Profit or Loss

The derivatives in this category are effective economic hedges of external and intercompany monetary transactions – denominated in non-functional currencies of the different Lonza subsidiaries. Mark-to-market accounting treatment is applied as the changes in value of the derivatives are deemed to materially offset the FX revaluation of the transactions being hedged. There is no material mismatch present for these derivatives – as the terms of the derivatives materially match the terms of the exposures being hedged.

	Contract or underlying principal amount		Positive fair values		Negative fair values		Total net fair values	
million CHF	2024	2023	2024	2023	2024	2023	2024	2023
Currency-related instruments	2,540	3,479	25	74	(28)	(70)	(3)	4
Total financial instruments at fair value through profit or loss	**2,540**	**3,479**	**25**	**74**	**(28)**	**(70)**	**(3)**	**4**

Financial Instruments – Hedge accounting applied

The derivatives in this category present effective economic hedges of future cash flows primarily related to:

- Sales and costs that are denominated in non-functional currencies of the major operational subsidiaries of Lonza Group
- Coupon and principal settlements on external financing transactions undertaken by Lonza Group and its subsidiaries
- M&A transactions

Cash flow hedge accounting treatment is applied for all the derivatives – to reflect the timing mismatch between recognizing the gains / losses on the exposures being hedged and the gains / losses on the derivatives. There is no material ineffectiveness on the designated hedging relationships as the terms of the derivatives materially match the terms of the hedged items / exposures being hedged.

	Contract or underlying principal amount		Positive fair values		Negative fair values		Total net fair values	
million CHF	2024	2023	2024	2023	2024	2023	2024	2023
Currency-related instruments	4,006	2,965	74	49	(97)	(61)	(23)	(12)
Interest-related instruments	0	168	0	1	0	(1)	0	0
Cross currency interest rate swaps	1,389	250	25	6	(108)	(27)	(83)	(21)
Total financial instruments hedge accounting applied	**5,395**	**3,383**	**99**	**56**	**(205)**	**(89)**	**(106)**	**(33)**

Offsetting of Financial Assets and Financial Liabilities

The Group enters into derivative transactions under International Swaps and Derivatives Association (ISDA) master netting agreements with the respective counterparties in order to mitigate counterparty risk. Under such agreements the amounts owed by each counterparty on a single day in respect of all transactions outstanding in the same currency are aggregated into a single net amount that is payable by one party to the other. The ISDA agreements do not meet the criteria for offsetting in the balance sheet as the Group does not have a currently enforceable right to offset recognized amounts, because the right to offset is only enforceable on the occurrence of future events, such as a default or other credit events.

In addition, for certain financial instruments positions, Credit Support Annex (CSA) contracts are attached to the framework agreements, in which cash is exchanged as collateral (by the means of agreed regular reciprocal margin payments). Collaterals posted under a Credit Support Annex are recognized at their nominal value in the balance sheet (see note 11).

The following table sets out the carrying value of derivative financial instruments and the amounts that are subject to master netting agreements.

	Assets		Liabilities	
million CHF	2024	2023	2024	2023
Currency related instruments	99	123	(125)	(131)
Interest related instruments	0	1	0	(1)
Cross currency interest rate swaps	25	6	(108)	(27)
Carrying value of derivative financial instruments	**124**	**130**	**(233)**	**(159)**
Derivatives subject to master netting agreements	(121)	(99)	121	99
Collateral (received) / paid under CSA (Credit Support Annexes) agreements	0	0	80	20
Net amount	**3**	**31**	**(32)**	**(40)**

Positive fair values of derivatives are included as part of "Other receivables, prepaid expenses and accrued income". Negative fair values of derivatives are included as part of "Other current liabilities". Hedge accounting was applied to cash flow hedges on highly probable payments in foreign currencies.

28.6 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. This includes FX and interest rates provided by third party financial institutions as well as statements from investments funds.
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

				2024				2023
million CHF	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	150	0	0	150
Other non-current investments	0	67	0	67	0	69	0	69
Derivative financial instruments	0	124	0	124	0	130	0	130
Contingent consideration related to sale of businesses	0	0	0	0	0	0	2	2
Liabilities								
Derivative financial instruments	0	(233)	0	(233)	0	(159)	0	(159)
Contingent consideration related to acquisition of businesses	0	0	(80)	(80)	0	0	(51)	(51)
Net assets and liabilities measured at fair value	**0**	**(42)**	**(80)**	**(122)**	**150**	**40**	**(49)**	**141**

In 2024 and 2023 there were no transfers between Level 1 and Level 2 fair value measurements.

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

Contingent consideration arrangements related to sale of businesses

million CHF	2024	2023
At 1 January	**2**	**2**
Gains and losses included in the income statement	(2)	0
At 31 December	**0**	**2**

Contingent consideration arrangements related to acquisition of businesses

million CHF	2024	2023
At 1 January	**51**	**26**
Arising from business combinations	0	22
Unfavorable impact from fair value adjustment on contingent purchase price consideration	29	6
Currency translation effects	0	(3)
At 31 December	**80**	**51**

Lonza is party to certain contingent consideration arrangements arising from business combinations. The fair values are determined considering the expected payments. The expected payments are determined by considering the possible scenarios of regulatory approvals and forecast sales, which are the most significant unobservable inputs. The estimated fair value would increase if the forecast sales were higher or if the likelihood of obtaining regulatory approval was higher. At 31 December 2024, the total potential payments under contingent consideration arrangements could be up to EUR 60 million for the Synaffix acquisition and USD 62 million for Octane acquisition. The estimated payments amount to CHF 56 million (2023: CHF 27 million) for Synaffix and CHF 24 million (2023: CHF 24 million) for Octane at 31 December 2024.

28.7
Carrying Amounts and Fair Values of Financial Instruments by Category

The carrying values less impairment provision of trade receivables are assumed to approximate to their fair values due to the short- term nature of trade receivables. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward foreign exchange contracts is determined using quoted forward exchange rates at the balance sheet date. The table below shows the carrying amounts and fair values of financial instruments by category.

Year ended
31 December 2024

million CHF	Financial instruments mandatorily at fair value through profit or loss	Fair value – hedging instruments	Financial assets at amortized cost	Financial liabilities at amortized cost	Carrying amount [2]	Fair value [2]
Other non-current investments	67	0	0	0	67	67
Trade receivables, net	0	0	1,283	0	1,283	1,283
Other receivables	0	0	162	0	162	162
Accrued income	0	0	144	0	144	144
Non-current and current lease receivables	0	0	17	0	17	17
Non-current and current loans and advances	0	0	140	0	140	140
Collateral arrangements (Credit Support Annexes)	0	0	80	0	80	80
Short-term investments	0	0	600	0	600	600
Cash and cash equivalents	0	0	1,111	0	1,111	1,111
Derivative financial instruments	0	124	0	0	124	124
Total financial assets	**67**	**124**	**3,537**	**0**	**3,728**	**3,728**
Debt						
– Straight bonds [1]	0	0	0	3,967	3,967	4,101
– Other debt	0	0	0	743	743	743
Current liabilities	0	0	0	760	760	760
Non-current liabilities	0	0	0	383	383	383
Trade payables	0	0	0	471	471	471
Contingent consideration	80	0	0	0	80	80
Derivative financial instruments	0	233	0	0	233	233
Total financial liabilities	**80**	**233**	**0**	**6,324**	**6,637**	**6,771**

Year ended
31 December 2023

million CHF	Financial instruments mandatorily at fair value through profit or loss	Fair value – hedging instruments	Financial assets at amortized cost	Financial liabilities at amortized cost	Carrying amount [2]	Fair value [2]
Other non-current investments	69	0	0	0	69	69
Trade receivables, net	0	0	1,138	0	1,138	1,138
Non-current and current lease receivables	0	0	118	0	118	118
Other receivables	0	0	54	0	54	54
Accrued income	0	0	110	0	110	110
Non-current and current loans and advances	0	0	211	0	211	211
Collateral arrangements (Credit Support Annexes)	0	0	20	0	20	20
Short-term investments	150	0	50	0	200	200
Cash and cash equivalents	0	0	1,468	0	1,468	1,468
Contingent consideration from sale of business	2	0	0	0	2	2
Derivative financial instruments	0	130	0	0	130	130
Total financial assets	**221**	**130**	**3,169**	**0**	**3,520**	**3,520**
Debt						
– Straight bonds [1]	0	0	0	2,027	2,027	2,063
– Other debt	0	0	0	773	773	773
Current liabilities	0	0	0	708	708	708
Non-current liabilities	0	0	0	310	310	310
Trade payables	0	0	0	468	468	468
Contingent consideration	51	0	0	0	51	51
Derivative financial instruments	0	159	0	0	159	159
Total financial liabilities	**51**	**159**	**0**	**4,286**	**4,496**	**4,532**

[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.
[2] Carrying amount and fair value of debt exclude accrued interests.

28.8
Capital Management

The Board's policy is to maintain a strong capital base so as to retain investor, creditor and market confidence and to sustain the future development of the business. The Board of Directors monitors both the demographic spread of shareholders and the return on capital, which Lonza defines as total shareholders' equity, excluding non-controlling interest, and the level of dividends to ordinary shareholders.

The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowing and the advantages and security afforded by a sound capital position.

Generally, Lonza is committed to maintaining a strong investment-grade rating. Since 2019, it has held an investment-grade BBB+ rating with a stable outlook from Standard & Poor's (S&P), which has been consistently reaffirmed.

From time to time, Lonza purchases its own shares on the market; the timing of these purchases depends on market prices. Primarily, the shares are intended to be used for issuing shares under Lonza's share programs. Furthermore, on January 2023 Lonza initiated a program to buy back its own registered shares of up to CHF 2 billion. The program is expected to be completed in the first half of 2025 (see note 25). Neither Lonza Group Ltd nor any of its subsidiaries is subject to externally imposed capital requirements.

Note 29
Share Ownership of the Members of the Board of Directors and the Executive Committee

Board of Directors

Based on information available to Lonza, the members of the Board of Directors and parties closely associated with them[1] held, as of 31 December 2024: 23,958 (2023: 27,187)[1] registered shares of Lonza Group Ltd and controlled <0.1% (2023: <0.1%) of the share capital.

None of the members of the Board of Directors or Executive Committee owns shares in the Group's subsidiaries or associates.

Board of Directors[1]	Numbers of shares	
	2024	2023
Jean-Marc Huet[2]	366	n/a
Albert M. Baehny[3]	n/a	5,632
Marion Helmes	633	369
Angelica Kohlmann	1,987	1,643
Christoph Mäder	4,633	4,289
Roger Nitsch	633	369
Barbara Richmond	4,471	4,171
Jürgen Steinemann	9,460	9,196
Olivier Verscheure	1,775	1,518
Total	**23,958**	**27,187**

1 Board of Director members, spouse, children below 18, any legal entities that they own or otherwise control, or any legal or natural person who is acting as their fiduciary.
2 Jean-Marc Huet was appointed to the Board of Directors at the 2024 AGM.
3 Albert Baehny did not stand for re-election to the Board of Directors at the 2024 AGM.

Executive Committee

The members of the Executive Committee and parties closely associated with them held, as of 31 December 2024: 10,292 (2023: 7,263)[1] shares and controlled <0.1% (2023: <0.1%) of the share capital. The individual control rights are proportional to the holdings shown below.

None of the members of the Executive Committee owns shares in the Group's subsidiaries or associates.

Executive Committee[1,2]	Numbers of shares	
	2024	2023
Wolfgang Wienand[3]	0	n/a
Gordon Bates	2,404	2,404
Nicoleta Baumgaertner[4]	0	n/a
Philippe Deecke	3,400	2,327
Jean-Christophe Hyvert	2,152	2,100
Daniel Palmacci	359	58
Christian Seufert	889	238
Maria Soler Nunez	1,088	136
Total	**10,292**	**7,263**

1 Executive Committee member, spouse, children below 18, any legal entities that they own or otherwise control, or any legal or natural person who is acting as their fiduciary.
2 Three active Executive Committee members are developing their shareholding in line with the shareholding guidelines.
3 Wolfgang Wienand appointed to the Executive Committee on 1 July 2024.
4 Nicoleta Baumgaertner appointed to the Executive Committee on 1 November 2024.

Note 30
Enterprise Risk Management

Our Enterprise Risk Management (ERM) program is a critical element of our risk management and strategic planning activities, by providing a mechanism and appropriate governance for risk management. We have leveraged the methodology of our ERM processes to develop a holistic, Group-level risk management program. This enables us to identify the most significant risks to our organization that impact value to our stakeholders, including risks relating to macroeconomics and geopolitics, climate change, compliance and human rights, along with mitigation plans to minimize the probability and/or impact of such risks. The annual ERM process includes the following elements:

- **Risk Identification:** We identify risks using internal and external data analytics and resources. We have discussions with risk owners and incorporate anticipatory risks identified through climate, social and other data trends.
- **Trend analysis:** Our ERM team consolidates input, assesses the risks and maps probability and impact versus prior year.
- **Calibration and Mitigation Planning:** We conduct calibration workshops with senior leadership teams and ensure appropriate mitigation measures are in place. Mitigation measure owners report status of their measures periodically throughout the year.
- **Reporting to Executive Committee:** We report findings to the Executive Committee for evaluation and alignment with strategic planning.
- **Reporting to Board of Directors:** We report top risks and mitigation plans to the Audit and Compliance Committee and the Board of Directors to ensure appropriate oversight.

Through this process, Lonza has identified 14 high-level thematic risk categories, which are strategic, operational, and/or macroeconomic and geopolitical risks. An increased focus on Environmental, Social, and Governance (ESG) topics, including but not limited to climate change, human rights, geopolitical and macroeconomic shifts, are considered in the company's enterprise risk assessment. Each identified risk category is assessed according to its probability of occurrence and its negative impact on the Group over a three-year horizon, with a risk range from unlikely to highly probable; and any potential negative effect of a risk is assessed according to its impact on the annual Group's EBIT, the Group's reputation, and the Group's operations. Emerging risks with a potential for occurring beyond the three-year horizon are also considered.

Risks have been identified for each division and for corporate functions. The risks identified in 2024 were presented to the Executive Committee, the Audit and Compliance Committee and the Board of Directors at their meetings in September, October and December 2024, respectively. Financial risk management is disclosed in note 28.

Note 31
Events After Balance Sheet Date

The Consolidated Financial Statements of the Lonza Group for the financial year 2024 were approved for issue by the Board of Directors on 31 March 2025 and are subject to approval by the Annual General Meeting on 9 May 2025.

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

Note 32
Principal Subsidiaries and Joint Ventures

Selection criteria: CHF 10 million net sales 3rd Parties, CHF 10 million total assets 3rd parties or more than 30 FTEs.

Name	Town/Country	Currency[1]	Share Capital	Holding Direct	Holding Indirect
BacThera AG	Visp CH	CHF	11,000,000		50%
BioAtrium AG	Visp CH	CHF	87,700,000		50%
Capsugel Australia Pty Ltd	Sydney AUS	AUD	6,368,270		100%
Capsugel Belgium NV	Bornem BE	EUR	236,921,555 [2]	99.9% [2]	0.1% [2]
Capsugel Brasil Importação e Distribuição de Insumos Farmacêuticos e Alimentos Ltda.	Rio de Janeiro BR	BRL	60,909,897		100%
Capsugel Canada Corp.	Vancouver CA	CAD	n/a [3]		100%
Capsugel Italy Srl	Milan IT	EUR	10,000		100%
Capsugel de México, S. de R.L. de C.V.	Puebla ME	MXN	870,004,052		100%
Capsugel Distribucion, S. de R.L. de C.V.	Puebla ME	MXN	20,000,000		100%
Capsugel France SAS	Colmar FR	EUR	1,280,000		100%
Capsugel Healthcare Private Limited	Gurugram IN	INR	2,985,075,930		99.9% [2]
Komec N.V.	Wilrijk BE	EUR	62,000		100%
LLC Capsugel	Kuzminki (city of Moscow) RU	RUB	150,000		100%
Lonza AG	Visp CH	CHF	60,000,000	100%	
Lonza Bend Inc.	Portland US	USD	n/a [3]		100%
Lonza Biologics Inc	Wilmington US	USD	1,000		100%
Lonza Biologics Ltd.	Guangzhou CN	USD	87,200,000		100%
Lonza Biologics plc	Slough GB	GBP	14,500,000		100%
Lonza Biologics Porriño S.L.	Porriño ES	EUR	10,295,797 [2]		100%
Lonza Biologics Tuas Pte. Ltd.	Singapore SG	SGD USD	172,000,000 25,000,000		100%
Lonza Bioscience Singapore Pte Ltd	Singapore SG	USD	1		100%
Lonza Cologne GmbH	Cologne DE	EUR	1,502,000		100%
Lonza Costa Rica, S.A.	Heredia CR	CRC	10,000		100%
Lonza Finance International NV[4]	Bornem BE	EUR	43,061,500	100%	
Lonza Greenwood LLC	Wilmington US	USD	n/a [3]		100%
Lonza Guangzhou Pharmaceutical Ltd	Guangzhou CN	USD	133,578,892		100%
Lonza Houston Inc.	Wilmington US	USD	290		100%
Lonza Licences AG	Basel CH	CHF	100,000		100%
Lonza K.K.	Sagamihara JP	JPY	110,000,000		100%
Lonza Manufacturing LLC	Wilmington US	USD	n/a [3]		100%
Lonza Netherlands B.V.	Geleen NL	EUR	2,115,232		100%
Lonza Rockland, Inc.	Wilmington US	USD	100		100%
Lonza Sales AG	Basel CH	CHF	2,000,000	100%	
Lonza Shanghai International Trading Ltd.	Shanghai CN	USD	200,000		100%
Lonza Swiss Finanz AG[4]	Basel CH	CHF	100,000	100%	
Lonza Swiss Licences AG	Basel CH	CHF	100,000	100%	
Lonza Tampa LLC	Wilmington US	USD	n/a [3]		100%
Lonza (Thailand) Co., Ltd.	Bangkok TH	THB	170,000,000		100%
Lonza USA Inc.	Wilmington US	USD	5	100%	
Lonza Verviers SRL	Verviers BE	EUR	18,750		100%
Lonza Walkersville, Inc.	Wilmington US	USD	10		100%
Micro-Macinazione SA	Monteggio CH	CHF	1,000,000		100%
Octane Biotech, Inc.	Ontario CA	CAD	n/a [3]		80%
P.T. Capsugel Indonesia	Jakarta IN	IDR	711,835,150,525		100%
Suzhou Capsugel Limited	Suzhou CN	USD	44,700,000		75%
Synaffix B.V.	Oss NL	EUR	98,301	100%	100%

[1] Abbreviation of currencies in accordance with ISO standards.
[2] Rounded amount.
[3] No par value.
[4] This entity does not meet above mentioned thresholds. It was included due to its significance for group financing.

Note 33
Accounting Principles

33.1
Lonza Group

Lonza Group Ltd and its subsidiaries (hereafter «the Group» or «Lonza») operate under the name Lonza. Lonza Group Ltd is a limited liability company incorporated and domiciled in Switzerland. The Group is headquartered in Basel, Switzerland. Lonza is one of the world's leading and most-trusted suppliers to the pharmaceutical, biotech and nutrition markets.

By combining technological insight with world-class manufacturing, scientific expertise and process excellence, Lonza supports its customers with the delivery of new and innovative medicines that help treat a wide range of diseases.

33.2
Basis of Preparation

The consolidated financial statements for 2024 and 2023 are reported in Swiss francs (CHF), rounded to millions, and based on the annual accounts of Lonza Group Ltd (Company) and its subsidiaries at 31 December, which have been drawn up according to uniform Group accounting principles. The consolidated accounts are prepared in accordance with IFRS Accounting Standards, issued by the International Accounting Standards Board (IASB) and comply with Swiss law.

They are prepared on the historical cost basis, except for items that are required to be accounted for at fair value.

On 12 December 2024, Lonza shared an overview of its strategy and new organizational structure. The new organizational structure for the CDMO business (i.e. excluding Capsules & Health Ingredients) will evolve from three divisions, to a simplified One Lonza set-up with three integrated business platforms (Integrated Biologics, Advanced Synthesis and Specialized Modalities). This new structure will become operational on 1 April 2025. Lonza will evaluate the impact on its segment reporting in 2025 and will adjust disclosures for the Half-Year 2025 reporting accordingly.

At the same time, Lonza announced its intention to exit the Capsules & Health Ingredients (CHI) business at an appropriate time. As of 31 December 2024, the CHI division was not available for immediate sale in its present condition, and criteria for a highly probable sale had not yet been fully met as defined by IFRS 5. As a result, Lonza did not classify CHI as held-for-sale and discontinued operations for the year-end 2024.

33.3
Changes in Accounting Standards

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:

- Classification of liabilities as Current or Non-Current and Non-current Liabilities with Covenants – Amendments to IAS 1
- Lease Liability in a Sale and Leaseback – Amendments to IFRS 16
- Supplier finance arrangements – Amendments to IAS 7 and IFRS 7

33.4
Accounting Standards Issued, but Not Yet Effective

The following revised standards have been issued, but are not yet effective. They have not been applied early in these consolidated financial statements.

Standard/Interpretation	Effective date
Amendments to IAS 21 – Lack of Exchangeability	1 January 2025
Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7	1 January 2026
The amendments in annual improvements to IFRS Accounting Standards – Volume 11	1 January 2026
IFRS 18 Presentation and Disclosure in Financial Statements	1 January 2027
IFRS 19 Subsidiaries without Public Accountability	1 January 2027

The forthcoming IFRS 18 standard will replace IAS 1 Presentation of financial statements by introducing new requirements that will help to achieve comparability of the financial performance of similar entities and provide more relevant information and transparency to users. Even though IFRS 18 will not impact the recognition or measurement of items in the financial statements, its impacts on presentation and disclosure are expected to be pervasive, in particular those related to the statement of financial performance and providing management-defined performance measures within the financial statements. Management is currently assessing the detailed implications of applying the new standard on the group's consolidated financial statements.

The Group will apply the new standard from its mandatory effective date of 1 January 2027. Retrospective application is required, and so the comparative information for the financial year ending 31 December 2026 will be restated in accordance with IFRS 18.

Aside from IFRS 18, the Group still evaluates the amendments of the above standards but does not expect any material impacts on the consolidated financial statements.

33.5
Material Accounting Policies

Principles of Consolidation
The consolidated financial statements represent the accounts for the year ended 31 December of Lonza Group Ltd and its subsidiaries. Subsidiaries are those entities controlled, directly or indirectly, by Lonza Group Ltd. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Changes in ownership interests in subsidiaries are accounted for as equity transactions if they occur after control has already been obtained and if they do not result in a loss of control. The material subsidiaries included in the consolidated financial statements are shown in note 32.

The full consolidation method is used, whereby the assets, liabilities, income and expenses are incorporated in full, irrespective of the extent of any non-controlling interests. Payables, receivables, income and expenses between Lonza consolidated companies are eliminated. Intercompany profits included in year-end inventories of goods produced within Lonza are eliminated, as well as unrealized gains on transactions between subsidiaries. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

The Group's interests in equity-accounted investees comprise interests in associates and joint ventures, as disclosed in note 8. Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities. Associates and interests in joint ventures are accounted for in the consolidated financial statements using the equity method of accounting. They are recognized initially at cost, which includes transaction costs.

Subsequent to the initial recognition, the consolidated financial statements include the Group's share of the profit and loss and other comprehensive income of equity-accounted investees, until the date on which significant influence or joint control ceases. Dividends paid during the year reduce the carrying value of the investments.

Segment Reporting
For the purpose of segment reporting, the Group's Executive Committee (EC) is considered to be the Group's Chief Operating Decision Maker. The determination of the Group's operating segments is based on the organizational units for which financial information including dedicated performance measures are reported to the EC on a regular basis. The information provided is used as the basis of the segment revenue and profit disclosures reported in note 1.

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. Residual operating activities from certain global activities are reported as «Corporate.» These include the EC and global group functions for communications, human resources, finance (including treasury and tax), legal, environmental and safety services. Transfer prices between operating segments are set on an arm's-length basis.

Revenue Recognition
Revenue is measured based on the consideration specified in the contract with a customer and excludes amounts collected on behalf of third parties. Revenues are recognized when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service.

In the custom manufacturing business, customer agreements may foresee payments at or near inception of contracts, which typically relate to setup efforts (e.g. system preparation, facility modification) for new customer-dedicated production facilities. Such setup efforts typically do not represent separate performance obligations, as no good or service is transferred to the customer. The payments for these setup efforts comprise part of the expected transaction price and are deferred as contract liabilities (non-current deferred income) until performance obligations are satisfied. The custom manufacturing business also provides various services, including development services and manufacturing know-how sharing, that are recognized in the accounting period in which these services are rendered, respectively the know-how has been transferred. For most services revenue recognition over time is appropriate. This is primarily done with reference to output (i.e. analysis delivered) to measure the amount of revenue to be recognized. Revenue recognition over time is not applied for customer service contracts where the consideration depends on a defined outcome or result and its achievement cannot be estimated. In this case, revenues are only recognized at the point in time when the service has been completed and accepted by the customer.

Product sales are recognized when control of the products has been transferred, i.e. when the products are delivered to the customer, the customer has full discretion over the sales channel and pricing of the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

Royalty income earned through a license is recognized as the underlying sales are recorded by the licensee.

Research and Development
Research and Development costs are generally charged against income as incurred. Development costs are only capitalized when the related products meet the recognition criteria of an internally generated intangible asset, which mainly require the technical feasibility of completing the intangible asset, the probability of future economic benefits, the reliable measurement of costs and the ability and intention of the Group to use or sell the intangible asset. Fixed assets (buildings, machinery, plant, equipment) used for research purposes are valued similarly to other fixed assets. Such assets are capitalized and depreciated over their estimated useful lives.

Expenses for Research and Development include associated wages and salaries, material costs, depreciation on fixed assets, as well as overhead costs.

Other Operating Income and Other Operating Expenses
Other operating income and other operating expenses include items not assignable to other functions of the consolidated income statement. They mainly include gains and losses from the disposal of intangible assets, property, plant and equipment and other non-current assets, income and expenses from the release and recognition of provisions, income and expense related to restructuring.

Net Financial Result
Net financial result comprises interest payable on borrowings calculated using the effective interest method, the interest expenses on the net defined-benefit liability, the finance charge for finance leases, dividend income, foreign exchange gains and losses, gains and losses on hedging instruments that are recognized in the income statement and gains/losses on the sale of financial assets. Foreign exchange gains and losses have been presented on a net basis, as presenting the gross gains and losses would not provide meaningful information. Interest income/expense is recognized in the income statement as it accrues, taking into account the effective yield of the asset or liability or an applicable floating rate. Dividend income is recognized in the income statement on the date that the dividend is declared. Interest income and expense include the amortization of any discount or premium or other differences between the initial carrying amount of an interest-bearing instrument and its amount at maturity calculated on an effective interest rate basis.

Foreign Currencies
Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Swiss francs (CHF), which is the Group's presentation currency. For consolidation purposes the balance sheet of foreign consolidated companies is translated to CHF with the exchange rate on the balance sheet date. Income, expenses and cash flows of the foreign consolidated companies are translated into CHF using the monthly average exchange rates during the year (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions). Exchange rate differences arising from the different exchange rates applied in balance sheets and income statements are recognized in other comprehensive income. In the individual company's financial statements, transactions in foreign currencies are translated at the foreign exchange rate applicable at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the foreign exchange rate ruling at that date. All resulting foreign exchange gains and losses are recognized in the individual company's profit or loss statement, except when they arise on monetary items that form a part of the Group's net investment in a foreign entity. In such a case, the exchange gains and losses are recognized in other comprehensive income.

Hedge Accounting
The Group uses derivatives to manage its exposures to foreign currency and interest rate risks. The instruments used may include interest rate swaps, forward exchange contracts, FX swaps and options. The Group generally limits the use of hedge accounting to certain material transactions. At inception of designated hedging relationships, the Group documents the risk management objective and strategy for undertaking the hedge. The Group also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

Cash Flow Hedging
This is a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction and could affect profit or loss. The hedging instrument is recorded at fair value. The effective portion of the hedge is included in other comprehensive income and any ineffective portion is reported in other operating income/expenses (instruments to manage the foreign currency exposure related to sales or purchases) or financial income/expenses (foreign currency exposure related to debt repayment or interest exposure on the Group's debt). If the hedging relationship is the hedge of the foreign currency risk of a firm commitment or highly probable forecasted transaction that results in the recognition of a non-financial item, the cumulative changes in the fair value of the hedging instrument that have been recorded in other comprehensive income are included in the initial carrying value of the non-financial item at the date of recognition. For all other cash flow hedges, the cumulative changes in the fair value of the hedging instrument that have been recorded in other comprehensive income are included in cost of goods sold, other operational income/expenses or other financial income/ expense (based on the principles explained above) when the forecasted transaction affects net income.

Fair Value Hedging
This is a hedge of the exposure to changes in fair value of a recognized asset or liability, or an unrecognized firm commitment, or an identified portion of such an asset, liability or firm commitment, that is attributable to a particular risk and could affect profit or loss. The hedging instrument is recorded at fair value and the hedged item is recorded at its previous carrying value, adjusted for any changes in fair value that are attributable to the hedged risk. Changes in the fair values are reported in other operating income/expenses (instruments to manage the foreign currency exposure related to sales or purchases) or financial income/expenses (foreign currency exposure related to debt repayment or interest exposure on the Group's debt).

Capitalized Contract Costs
The Group recognizes contract assets mainly consisting of contract fulfilment costs that are incurred after a contract is obtained but before goods or services have been delivered to the customer. These costs arise from long-term contracts in the custom manufacturing business for customer specific production facility expansions or modifications on Lonza's premises. They typically include costs for commissioning, qualification and start-up, as well as for activities relating to process development and technology transfer.

Property, Plant and Equipment
Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The assets are depreciated on a component basis over their estimated useful lives, which vary from 10 to 50 years for buildings and structures, and 5 to 16 years for production facilities. Construction in Progress (CIP) is related to production facilities, buildings and machinery which are not yet completed. CIP is not depreciated until the assets are available for use. Land is not depreciated as it has an indefinite useful life. Fixed assets are depreciated using the straight-line method over their estimated useful lives. Subsequent expenditure incurred to replace a component of an item of property, plant and equipment that is accounted for separately, including major inspection and overhaul expenditure, is capitalized. Other subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the item of property, plant and equipment. Borrowing costs incurred with respect to qualifying assets are capitalized and included in the carrying value of the assets. All other expenditure is recognized in the income statement as an expense as incurred. The residual values and the useful life of items of property, plant and equipment are reviewed and adjusted, if appropriate, at each balance sheet date.

Right-of-use Assets
The Group assesses at contract inception whether a contract is, or contains, a lease. Lonza applies a single recognition and measurement approach for all leases and recognizes right-of-use assets (representing the right to use the underlying assets) and lease liabilities (to make lease payments), except for short-term leases (with a duration shorter than 12 months) and leases of low-value assets, where lease payments are recognized on a straight-line basis over the lease term.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, restoration costs and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets. If ownership of the leased asset transfers to Lonza at the end of the lease term or the cost of the right-of-use asset reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

Lease liabilities are initially measured at the present value of the lease payments, considering fixed payments (including in-substance fixed payments), variable lease payments that are based on an index or a rate, amounts expected to be payable by the lessee under residual value guarantees, the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option, less any lease incentives receivable.

Extension and termination options are included in a number of property and equipment leases across the Group. These terms are used to maximize operational flexibility in terms of managing contracts. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). This assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

In calculating the present value of lease payments, Lonza uses its incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. The incremental borrowing rate is derived from market information, the weighted average duration of the lease and the underlying specifics of the leased asset. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made.

In rare circumstances, Lonza could act as a lessor. In case of a sublease, Lonza would account for the head lease and the sublease as two separate contracts. The sublease will be classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

Intangible Assets
Purchased intangible assets with a finite useful life are stated at cost less accumulated amortization and accumulated impairment losses. Intangible assets acquired in a business combination are recognized at their fair value. Intangibles include software, licenses, patents, trademarks and similar rights granted by third parties, capitalized product development costs and capitalized computer software development costs. Costs associated with internally developed or maintained computer software programs are recognized as an expense as incurred. Costs that are directly associated with the production of identifiable and unique software products controlled by the Group, and that will probably generate future economic benefits exceeding costs beyond one year, are recognized as intangible assets. Those direct costs include the software development employee costs and an appropriate portion of relevant overheads. Intangible assets are amortized using the straight-line method over their estimated useful lives, which is the lower of the legal duration and the economic useful life. Useful lives vary from three to six years for software, five to 35 years for patents, trademarks and similar rights and four to 16 years for development costs. All intangible assets in Lonza have finite useful lives, except for the Capsugel trade name acquired in 2017 and the trademarks acquired in 2007 through the Cambrex business combination. The Group considers that these trademarks have an indefinite useful life as they are well established in the respective markets and have a history of strong performance. The Group intends and has the ability to maintain these trademarks for the foreseeable future.

Goodwill and Business Combinations
Business combinations are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value at the date of acquisition and includes the cash paid plus the fair value at the date of exchange of assets, liabilities incurred or assumed and equity instruments issued by the Group. The fair value of the consideration transferred also includes contingent consideration arrangements at fair value. Directly attributable acquisition-related costs are expensed in the period the costs are incurred and the services are received and reported within administration and general overhead expenses. At the date of acquisition, the Group recognizes the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquired business. The identifiable assets acquired and the liabilities assumed are initially recognized at fair value. Where the Group does not acquire 100% ownership of the acquired business, non-controlling interests are recorded as the proportion of the fair value of the acquired net assets attributable to the non-controlling interest. Goodwill is recorded as the surplus of the consideration transferred over the Group's interest in the fair value of the acquired net assets. Any goodwill and fair value adjustments are recorded as assets/liabilities of the acquired business in the functional currency of that business.

When the initial accounting for a business combination is incomplete at the end of a reporting period, provisional amounts are recognized. During the measurement period, the provisional amounts are retrospectively adjusted and additional assets and liabilities may be recognized to reflect new information obtained about the facts and circumstances that existed at the acquisition date which, had they been known, would have affected the measurement of the amounts recognized at that date. The measurement period does not exceed 12 months from the date of acquisition. Goodwill is not amortized but is tested annually for impairment. Changes in ownership interests in subsidiaries are accounted for as equity transactions if they occur after control has already been obtained and if they do not result in a loss of control. Goodwill may also arise upon investments in associates and joint ventures, being the surplus of the cost of investment over the Group's share of the fair value of the net identifiable assets. Such goodwill is recorded within investments in associates and joint ventures.

Inventories
Inventories are reported at the lower of cost (purchase price or production cost) or market value (net realizable value). In determining net realizable value, any costs of completion and selling costs are deducted from the realizable value. The cost of inventories is calculated using the weighted average method. Prorated production overheads are included in the valuation of inventories. Inventory allowances (write-downs) are made for inventories with a lower market value or which are obsolete or slow moving. Conversely, inventory allowances are reversed when the circumstances that previously caused inventories written down no longer exist or when there is clear evidence of an increase in net realizable value (e.g. because of changed economic circumstances). Unsalable inventory is fully written off. Costs include all expenditures related directly to specific projects and an allocation of fixed and variable overheads incurred in the Group's contract activities based on normal operating capacity.

Receivables
Receivables are carried at the original invoice amount less allowances for credit losses, rebates and similar allowances. A receivable represents a right to consideration that is unconditional and excludes contract assets. An allowance for credit losses is recorded for expected credit losses over the term of the receivables. These estimates are based on specific indicators, such as the ageing of customer balances and specific credit circumstances. Expenses for credit loss allowances are recognized within the cost of goods sold. Rebates and similar allowances are recorded on an accrual basis consistent with the recognition of the related sales, using estimates based on existing contractual obligations, historical trends and the Group's experience. Receivables are written off (either partly or in full) when there is no reasonable expectation of recovery.

For trade receivables, the Group applies the simplified approach prescribed by IFRS 9, which requires/permits the use of the lifetime expected loss provision from initial recognition of the receivables. The Group measures an allowance for credit losses equal to the credit losses expected over the lifetime of the trade receivables.

Financial Instruments
The Group has classified its financial assets in the following measurement categories, which are disclosed in note 28: amortized cost or fair value through profit or loss (including hedging instruments). At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Amortized Cost
Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost, less provision for impairment. Interest income from these financial assets is included in other financial income using the effective interest rate method. The Group derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risk and rewards of ownership of the financial asset are transferred. Any interest in such transferred financial assets that is created or retained by the Group is recognized as a separate asset or liability. Assets at amortized cost are mainly comprised of time deposits with an original maturity of more than 3 months, accounts receivable, cash and cash equivalents and loans and advances.

Equity Investments at Fair Value Through Profit or Loss
These are equity investments in quoted and non-quoted companies that are kept for strategic reasons and in investment vehicles that invest in the Group's target markets. These assets are subsequently measured at fair value. Dividends are recognized as financial income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized as financial income or financial expense in the income statement.

Fair Value Through Profit or Loss
These are primarily money market funds as well as contingent consideration assets (and liabilities) that are initially recorded at costs and subsequently carried at fair value with changes in fair value recorded as a financial income or a financial expense in the income statement.

Fair Value Through Profit and Loss – Hedging Instruments
Hedging Instruments These are derivative financial instruments that are used to manage the exposures to foreign currency and interest rates. These instruments are initially recorded and subsequently carried at fair value. Apart from those derivatives designated as qualifying cash flow hedging instruments, all changes in fair value are recorded as other operating income/expenses (instruments to manage the foreign currency exposure related to sales or purchases) or financial income/expenses (foreign currency exposure related to debt repayment or interest exposure on the Group's debt).

Debt Instruments
These are initially recorded at fair value (which is the proceeds received net of transaction costs). They are subsequently measured at amortized cost; any difference between the net proceeds and the redemption value is recognized in the income statement over the period of the debt instrument using the effective interest method.

Cash and Cash Equivalents
Cash and cash equivalents include cash in hand, in postal and bank accounts, as well as short-term deposits and highly liquid funds that have an original maturity of less than three months.

Impairment
Assets that are subject to amortization and depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Goodwill and intangible assets with indefinite useful lives are tested for impairment annually, and whenever there is an indication that the assets may be impaired. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

Calculation of recoverable amount – in assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Reversal of impairment – An impairment loss is reversed if the subsequent increase in the recoverable amount can be related objectively to an event occurring after the impairment loss was recognized. An impairment loss in respect of goodwill is not reversed. In respect of other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

Income Taxes
The Group has adopted International Tax Reform – Pillar Two Model Rules (Amendments to IAS 12) upon their release on 23 May 2024. The amendments provide a temporary mandatory exception from deferred tax accounting for the top-up tax, which is effective immediately, and require new disclosures about the Pillar Two exposure.

Deferred Taxes
Tax expense is calculated using the balance-sheet liability method. Additional deferred taxes are provided wherever temporary differences exist between the tax base of an asset or liability and its carrying amount in the consolidated accounts for the year.

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and, for deferred tax assets, operating loss and tax credit carry-forwards.

Deferred tax assets and liabilities are measured using enacted or substantially enacted tax rates in the respective jurisdictions in which Lonza operates that are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. In assessing the recoverability of deferred tax assets, management considers whether it is probable that some portion or all of the deferred tax assets will not be realized. For transactions and other events recognized in other comprehensive income or directly in equity, any related tax effect is recognized in other comprehensive income or in equity.

Liabilities for income taxes, mainly withholding taxes, which could arise on the remittance of retained earnings, principally relating to subsidiaries, are only recognized where it is probable that such earnings will be remitted in the foreseeable future.

The Group has adopted Deferred Tax related to Assets and Liabilities from a Single Transaction (Amendments to IAS 12) from 1 January 2024. There was no impact on the statement of financial position 2023 and no impact on the opening retained earnings as at 1 January 2023 as a result of the change. The impact for the Group is limited to the disclosure of the deferred tax assets and liabilities (see Note 21).

Employee Benefits
Employee-benefit liabilities as stated in the consolidated balance sheet include obligations from defined-benefit pension plans, other post-employment benefits (medical plans) as well as other long-term employee-related liabilities, such as long-term vacation accounts.

Defined-Benefit Plans (Pension Plans)
Most of Lonza's subsidiaries operate their own pension plans. Generally, they are funded by employee and employer contributions. In addition, the Group operates three medical plans in the United States. The Group's net obligation in respect of defined-benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets. The calculation of defined-benefit obligations is performed annually by a qualified external actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements. Remeasurements of the defined-benefit liability, which comprise actuarial gains and losses and the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income.

The Group determines the net interest expense on the net defined-benefit liabilities for the period by applying the discount rate used to measure the defined-benefit obligation at the beginning of the annual period to the net defined-benefit liability, taking into account any changes in the net defined-benefit liability during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined-benefit plans are recognized in profit or loss. While the net interest expense is disclosed within financial expenses, the other expenses related to defined-benefit plans are allocated to the different functions of the operating activities. When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that related to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Group recognizes gains and losses on the settlement of a defined-benefit plan when the settlement occurs.

Provisions
A provision is recognized in the balance sheet when (i) the Group has a legal or constructive obligation as a result of a past event, (ii) it is probable that an outflow of economic benefits will be required to settle the obligation, and (iii) a reliable estimate of the amount of the obligation can be made. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. A provision for restructuring is recognized when the Group has approved a detailed and formal restructuring plan, and the restructuring has either commenced or been announced publicly. Future operating costs are not provided for.

Provisions for environmental liabilities are made when there is a legal or constructive obligation for the Group that will result in an outflow of economic resources. Provisions are made for remedial work where there is an obligation to remedy environmental damage, as well as for containment work where required by environmental regulations.

Share Capital
Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Where any Group company purchases Lonza Group Ltd's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes), is deducted from equity attributable to the Group's equity holders until the shares are cancelled, reissued or disposed of.

Dividend
Dividend distribution to Lonza's shareholders is recognized as a liability in the Group's financial statements in the period in which the dividends are approved by the Lonza shareholders.

Share-Based Compensation
The Group operates various equity-settled, share-based compensation plans. The fair value of the employee services received in exchange for the grant of shares and other share-based compensations is recognized as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the shares granted. At each balance sheet date, the entity revises its estimates of the number of shares that are expected to become vested. It recognizes the impact of the revision of original estimates, if any, in the income statement, and a corresponding adjustment to equity over the remaining vesting period.

33.6
Significant Accounting Estimates and Judgments

Key Assumptions and Sources of Estimation Uncertainty

Use of Estimates
The preparation of the financial statements and related disclosures in conformity with International Financial Reporting Standards (IFRS) requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses. Actual results could differ from those estimates. Estimates are used in impairment tests, accounting for allowances for doubtful receivables, inventory obsolescence, depreciation, employee benefits, taxes, environmental provisions and contingencies. Estimates and assumptions are reviewed periodically, and the effects of revisions are reflected in the financial statements in the period they are determined to be necessary. The key assumptions about the future key sources of estimation uncertainty that entail a significant risk of causing a material adjustment to the carrying value of assets and liabilities within the next financial year are described below.

Impairment Test of Property, Plant and Equipment, Intangible Assets and Goodwill
The Group has carrying values with regard to property, plant and equipment (including Right-of-use assets) of CHF 8,532 million (2023: CHF 6,617 million), goodwill of CHF 3,370 million (2023: CHF 2,752 million) and intangible assets of CHF 2,002 million (2023: CHF 1,988 million) (see notes 5 and 6). The intangible assets include trademarks acquired through business combinations with a carrying value of CHF 231 million (2023: CHF 227 million), which have an indefinite useful life and are not systematically amortized. Goodwill and intangible assets with indefinite useful lives are reviewed annually for impairment. To assess if any impairment exists, estimates are made of the future cash flows expected to result from the use of the asset and its possible disposal. Actual outcomes could vary significantly from such estimates of discounted future cash flows. Factors such as changes in the planned use of buildings, machinery or equipment, or closure of facilities, the presence or absence of competition, technical obsolescence or lower-than-anticipated sales of products with capitalized rights could result in shortened useful lives or impairment. The impairment analysis as explained in note 5 is sensitive to the discount rate used for the discounted cash flow model, as well as the expected future cash-inflows and the growth rate used for calculation purposes. The key assumptions used to determine the recoverable amount for the different cash-generating units are further explained in note 5.2.

Pensions
Many of the Group's employees participate in post-employment plans. The calculations of the recognized assets and liabilities from such plans are based upon statistical and actuarial calculations. In particular, the present value of the defined-benefit obligation is influenced by assumptions on discount rates used to arrive at the present value of future pension liabilities and assumptions on future increases in salaries and benefits. Furthermore, the Group's independent external actuaries use statistically based assumptions, covering areas such as future withdrawals of participants from the plan and estimates of life expectancy. At 31 December 2024, the present value of the Group's defined-benefit obligation was CHF 2,363 million (2023: CHF 2,119 million). The plan assets at fair value amounted to CHF 2,307 million (2023: CHF 2,143 million), resulting, compared with the present value of the pension obligation, in a funded status deficit of CHF 56 million (2023: CHF 41 million) (note 23). The actuarial assumptions used may differ materially from actual results due to changes in market and economic conditions, higher or lower withdrawal rates or longer or shorter lifespans of participants and other changes in the factors being assessed. These differences could affect the fair value of assets or liabilities recognized in the balance sheet in future periods.

Environmental Provisions
Lonza is exposed to environmental liabilities and risks relating to its operations, principally in respect of provisions for remediation costs, which at 31 December 2024 amounted to CHF 459 million (2023: CHF 398 million), as disclosed in note 13. Provisions for non-recurring remediation costs are made when there is a legal or constructive obligation, and the cost can be reliably estimated. It is difficult to estimate any future action required by Lonza to correct the effects on the environment of prior disposal or release of chemical substances by Lonza or other parties, and the associated costs, pursuant to environmental laws and regulations. The material components of the environmental provisions consist of costs to clean and refurbish contaminated sites and to treat and contain contamination at sites. The Group's future remediation expenses are affected by several uncertainties that include, but are not limited to, the method and extent of remediation and the responsibility attributable to Lonza at the remediation sites, relative to that attributable to other parties. The Group permanently monitors the various sites identified as at risk for environmental exposures. Lonza believes that its provisions are adequate, based upon currently available information; however, given the inherent difficulties in estimating liabilities in this area, there is no guarantee that additional costs will not be incurred beyond the amounts provided. Due to the uncertainty of both the amount and timing of future expenses, the provisions provided for environmental remediation costs could be affected in future periods.

Income Taxes
At 31 December 2024, deferred tax assets of CHF 53 million (2023: CHF 15 million), current tax receivables of CHF 44 million (2023: CHF 40 million), deferred tax liabilities of CHF 493 million (2023: CHF 491 million) and current tax payables of CHF 136 million (2023: CHF 137 million) are included in the consolidated balance sheet. Significant estimates are required in determining the current and deferred assets and liabilities for income taxes. Certain of these estimates are based on interpretations of existing tax laws or regulations.

Lonza operates in numerous tax jurisdictions and, as a result, is regularly subject to audit by tax authorities. Lonza provides for income tax-related uncertainties whenever it is deemed more likely than not that a tax position may not be sustained on audit, including resolution of related appeals or litigation processes, if any. The provisions are recorded based on the technical merits of a filing position, considering the applicable tax regulations and are based on Lonza's evaluations of the facts and circumstances as of the end of each reporting period.

Management believes that the estimates are reasonable and that the recognized liabilities for income tax-related uncertainties are adequate. Various internal and external factors may have favorable or unfavorable effects on the actual amounts of estimated income tax assets and liabilities. These factors include, but are not limited to, changes in tax laws, regulations and/or rates, changing interpretations of existing tax laws or regulations and changes in overall levels of pre-tax earnings. Such changes that arise could affect the assets and liabilities recognized in the balance sheet in future periods.

To address concerns about uneven profit distribution and tax contributions of large multinational corporations, various agreements have been reached at global level to introduce a minimum tax rate of 15% at country level. In December 2021, the Organization for Economic Co-operation and Development (OECD) released a legislative framework, followed by further guidance, that is used by individual jurisdictions to amend their local tax laws. On 31 December 2024, some jurisdictions had enacted legislation which will enter into force in 2025. For Lonza, this mainly applies to the Income Inclusion Rule in Switzerland and the Qualifying Domestic Minimum Top-Up Tax in Singapore. While Lonza is not expecting any material impact from the Income Inclusion Rule in Switzerland, Management is closely monitoring the progress of the guidance and working on estimating the future impact in Singapore.

Critical Accounting Judgments in Applying the Group's Accounting Policies
In the process of applying the Group's accounting policies, management has made the following judgments that have the most significant effect on the amounts recognized in the financial statements (apart from those involving estimations, which are dealt with above).

Revenue Recognition
The Group has recognized revenues for sales of goods and services during the year to customers who have the right to rescind the sale if the goods or services do not meet the agreed quality. The Group believes that, based on past experience with similar transactions, the quality delivered will be accepted. Therefore, it is appropriate to recognize revenue on these transactions in the reporting period.

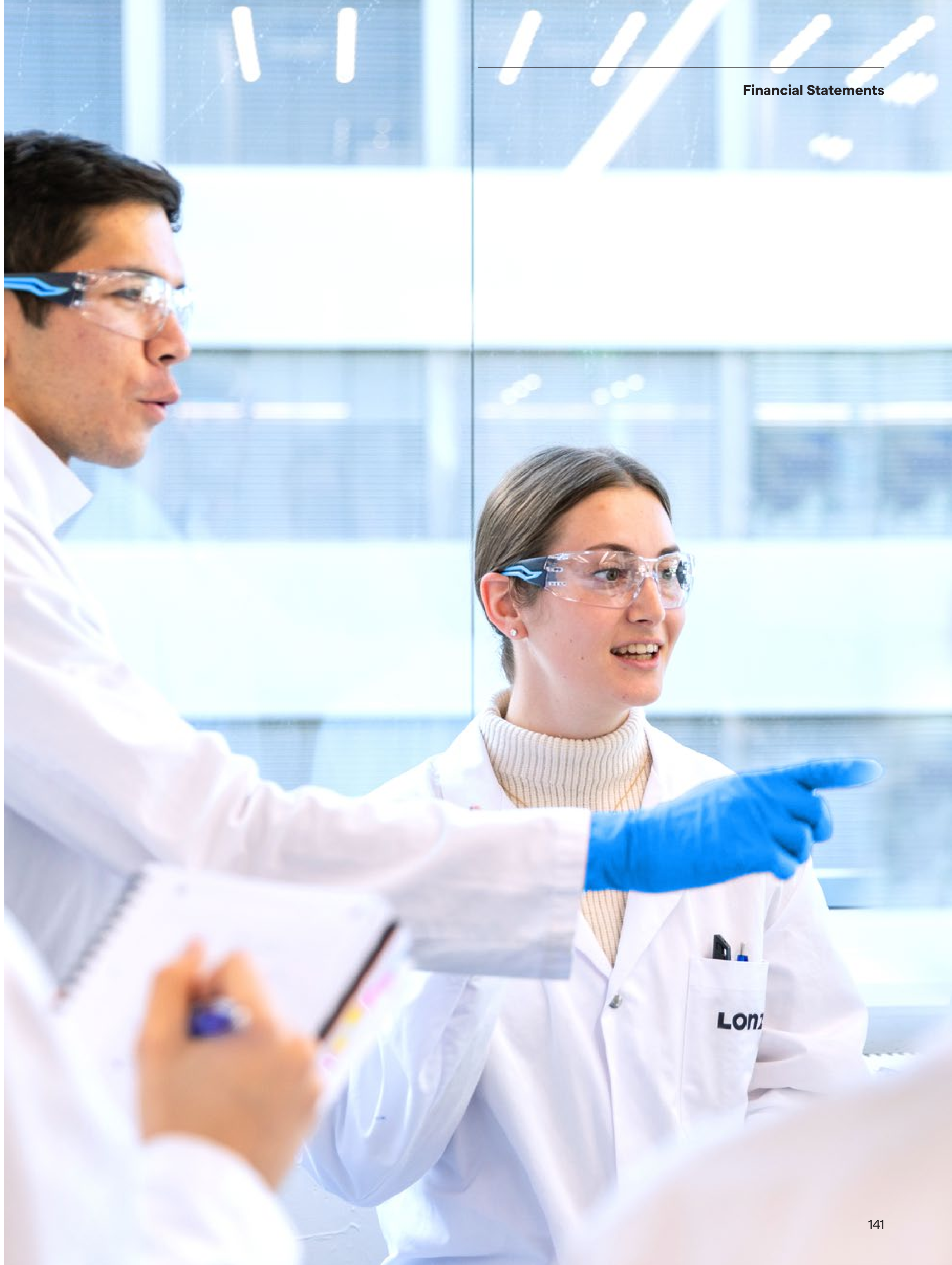
Revenues are recognized only when, according to management's judgment, performance obligations are satisfied, control over the assets have been transferred to the customer and no future performance obligation exists. For certain transactions, recognition of revenues is based on the performance of the conditions agreed in particular contracts, the verification of which requires evaluation and judgments by management.

The Group is required to determine the transaction price in respect of each of its contracts with customers. In making such judgment, the Group assesses the impact of any variable consideration in the contract, due to potential refunds, contractual price changes, batch success fees, estimated breakage, penalties, additional commission paid by distributors, profit sharing and the existence of any significant financing components. In determining the impact of variable consideration, the Group uses accumulated experience to estimate the impact of variable consideration.

The Group has various contractual agreements that contain several components promised to the customer. As these contracts may include multiple performance obligations, the transaction price must be allocated to the performance obligations on a relative stand-alone selling price basis. Management estimates the stand- alone selling price at contract inception based on observable prices of the type of product likely to be provided and the services rendered in similar circumstances to similar customers. Contractually agreed upfront or other one-time payments are allocated to the performance obligation to which they relate.

Intangible Assets
The Group considers the Capsugel trade name acquired through the business combination in 2017, as well as the trademarks acquired in 2007 through the Cambrex business combination, to have indefinite useful lives, as they are well established in the respective markets and have a history of strong performance.

The Group intends, and has the ability, to maintain these trademarks for the foreseeable future. The assumption of an indefinite useful life is reassessed whenever there is an indication that a trademark may have a definite useful life. In addition, intangible assets with indefinite useful lives are tested for impairment on an annual basis (see note 5).



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Report of the Statutory Auditor

To the General Meeting of
Lonza Group Ltd, Basel

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of Lonza Group Ltd (the Company) and its subsidiaries (the Group), which comprise the consolidated balance sheet as at 31 December 2024, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated cash flow statement and the consolidated statement of changes in equity for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements on pages 64 to 140 give a true and fair view of the consolidated financial position of the Group as at 31 December 2024 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards and comply with Swiss law.

Basis for Opinion

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

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

Key Audit Matters

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

Revenue Recognition – for Contract Manufacturing (Make-to-Order)

Key Audit Matter	How the scope of our audit responded to the key audit matter
The Group's recognition of make-to-order revenue is a significant area of focus due to its complexity and exposure to risks of misstatement. The Group is engaged in long-term contracts with customers involving custom manufacturing and service arrangements. These agreements often span multiple periods and include upfront fees, milestone payments, and various performance obligations. Management is required to identify distinct performance obligations within these agreements, allocate the transaction price appropriately, and determine the timing of revenue recognition. This involves significant judgment, particularly in contracts that require tailored solutions or where multiple services are delivered over time. Additionally, the Group management's incentives are tied to revenue-related targets, further increasing the risk of misstatement. There is a heightened risk that revenue may be recognized prematurely or inaccurately due to the potential for bias in management's estimates and judgments. Given the financial significance of the group's make-to-order revenue stream, this area is considered a key audit matter. For further information on revenue recognition, refer to the following: • Note 2: Revenues • Note 33.5: Material Accounting Policies • Note 33.6: Significant Accounting Estimates and Judgments	We performed a process walkthrough to gain an understanding of the controls in place. We tested design and implementation of the relevant controls. We assessed a sample of significant contracts, including new, amended and ongoing agreements, to evaluate the appropriateness of management's identification and separation of performance obligations. We performed an independent analysis of the allocation of transaction prices to the identified performance obligations and assessed the timing of revenue recognition, challenging management's assumptions, where necessary, on a sample basis. We selected revenue transactions recorded throughout the financial year, focusing on transactions recognized around the year-end. We assessed deferred revenue on a sample basis to ensure accurate cut-off and appropriate period recognition. We also performed specific procedures on a sample of revenue transactions occurring near year-end to assess the timing of revenue recognition and challenging management's assumptions, where necessary. We evaluated the accuracy and completeness of the Group's disclosures related to revenue recognition in the consolidated financial statements, ensuring compliance with relevant standards. Based on the procedures performed above, we obtained sufficient audit evidence to address the risk of material misstatement of fraud in revenue recognition for the make-to-order revenue.

Deloitte.

Lonza Group Ltd
Report on the audit of the consolidated financial statements
For the year ended
31/12/2024

Uncertain Income Tax Positions (UTP) and Related Tax Expenses

Key Audit Matter	How the scope of our audit responded to the key audit matter
The Group operates across multiple jurisdictions with diverse and complex tax regulations. As a result, it engages in cross-border transactions, financing arrangements, and transfer-pricing structures that are subject to scrutiny by local tax authorities. Specific areas of risk include the pricing of intercompany transactions, ownership of intellectual property, and cross-border supply chain arrangements. The Group's provisions for uncertain tax positions require management to make significant judgments and estimates. This includes assessing the likelihood of additional liabilities, penalties, and interest, based on existing tax regulations and historical outcomes of tax disputes. These provisions are inherently uncertain and complex due to variations in tax laws across jurisdictions and the evolving interpretations by tax authorities. Given the judgment involved and the financial significance of the Group's tax positions, this area is considered a key audit matter. For further information on uncertain income tax positions, refer to the following: • Note 21: Taxes • Note 33.5: Material Accounting Policies • Note 33.6: Significant Accounting Estimates and Judgments	We performed a process walkthrough to gain an understanding of the controls in place for income taxes and transfer pricing. We tested design and implementation of the relevant controls. We involved tax specialists from key jurisdictions and at Group Level (Switzerland) to analyse the Group's tax positions and evaluate provisions for uncertain tax liabilities. This included an assessment of the adequacy of provisions and the likelihood of potential exposures as of 31 December 2024. Local tax specialists reviewed correspondence with tax authorities to identify potential disputes or areas of judgement. We assessed the assumptions and methodologies used by management to estimate tax provisions. This included evaluating the likelihood of outcomes based on historical trends and recent developments in tax legislation. We critically reviewed management's judgments in relation to transfer-pricing risks, cross-border financing arrangements, and the potential for penalties. We also considered historical trends and case outcomes to assess the adequacy of recorded provisions. We evaluated the accuracy and completeness of the Group's disclosures relating to uncertain tax positions and related expenses in the financial statements, ensuring compliance with relevant standards and regulations. Based on the procedures performed above, we obtained sufficient audit evidence to address the risk of material misstatement related to the uncertain income tax positions and the related tax expenses.

Deloitte.

Lonza Group Ltd
Report on the audit of the consolidated financial statements
For the year ended
31/12/2024

Acquisition of the Vacaville Manufacturing Facility

Key Audit Matter	How the scope of our audit responded to the key audit matter
During the year, the Group acquired the Vacaville manufacturing plant, as disclosed in the consolidated financial statements. This acquisition involved significant financial considerations, and complexity in the recognition and valuation of assets, liabilities, goodwill, and the operational integration of the plant. The acquisition required management to exercise considerable judgment in several key areas, such as determining the purchase price allocation, valuing tangible and intangible assets, identifying contingent liabilities, and determining the plant's fair value. Given the scale of the transaction and the high level of judgment and complexity of the estimations involved, there is a risk that the financial reporting of the acquisition of the Vacaville manufacturing facility may not fully comply with applicable accounting standards. For further information on the acquisition, refer to the following: • Note 4.1: Acquisition of Large-scale Biologics site in Vacaville (US) • Note 33.5: Material Accounting Policies	We inspected the purchase agreement and related documentation to understand the terms and financial implications of the acquisition. Management's allocation of the purchase price to tangible and intangible assets, liabilities and goodwill was evaluated, with reference to third-party valuations, where applicable. We involved valuation specialists to assess the assumptions and methodologies used for fair value calculations, including discount rates, projected cash flows, and useful lives of acquired assets. The recognition of goodwill and intangible assets was reviewed, and we performed impairment testing by assessing future cash flow forecasts and assumptions used in the valuation models. We reviewed the integration of the manufacturing plant's operations into the Group's systems, ensuring financial adjustments were appropriate. We evaluated the accuracy and completeness of the Group's disclosures relating to the acquisition of the Vacaville manufacturing facility in the financial statements, ensuring compliance with relevant standards. Based on the procedures performed above, we obtained sufficient audit evidence to address the risk related to the purchase price allocation of the acquisition of the Vacaville manufacturing facility.

Other Matter

The consolidated financial statements of Lonza Group Ltd for the year ended 31 December 2023 were audited by another statutory auditor who expressed an unmodified opinion on those financial statements on 2 April 2024.

Other Information

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements, the stand-alone financial statements, the remuneration report and our auditor's reports thereon.

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

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

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

Board of Directors' Responsibilities for the Consolidated Financial Statements

The Board of Directors is responsible for the preparation of the consolidated financial statements, which give a true and fair view in accordance with IFRS Accounting Standards and the provisions of Swiss law, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Swiss law, ISA and SA-CH will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated financial statements is located on EXPERTsuisse's website at: https://www.expertsuisse.ch/en/audit-report. This description forms an integral part of our report.

Report on Other Legal and Regulatory Requirements

In accordance with Art. 728a para. 1 item 3 CO and PS-CH 890, we confirm that an internal control system exists, which has been designed for the preparation of the consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

Deloitte AG

Fabien Lussu Licensed Audit Expert Auditor in Charge	Jan Meyer Licensed Audit Expert

Zurich, 31 March 2025

Financial Statements of Lonza Group Ltd, Basel

Balance Sheet – Lonza Group Ltd

Assets [1]

million CHF	Notes	2024	2023
Current assets			
Cash and cash equivalents	2.3	881	1,231
Short term financial assets:			
– from third parties	2.3	779	345
– from subsidiaries and associates		1,810	647
Other short-term receivables:			
– from third parties		3	1
– from subsidiaries and associates		25	42
Prepaid expenses and accrued income:			
– from third parties		12	13
– from subsidiaries and associates		21	16
Total current assets		**3,531**	**2,295**
Non-current assets			
Long-term financial assets:			
– from third parties		25	6
– from subsidiaries and associates	2.2	3,892	4,748
Investments	2.1	6,011	4,881
Property, plant and equipment		0	0
Prepaid expenses and accrued income:			
– from third parties		4	4
Total non-current assets		**9,932**	**9,639**
Total assets		**13,463**	**11,934**

[1] At 31 December.

Liabilities and Shareholders' Equity [1]

million CHF	Notes	2024	2023
Current liabilities			
Trade accounts payables:			
– to third parties	2.4	16	20
– to subsidiaries and associates		7	8
Short-term interest-bearing liabilities:			
– to third parties	2.5	451	42
– to subsidiaries and associates		1,347	792
Short-term provisions:			
– to third parties		8	8
Short-term financial liabilities:			
– to third parties		125	132
– to subsidiaries and associates		201	411
Accrued expenses and deferred income:			
– to third parties	2.4	357	184
– to subsidiaries and associates		267	434
Total current liabilities		**2,453**	**1,488**
Non-current liabilities			
Long-term interest-bearing liabilities:			
– to third parties	2.5	180	588
– to subsidiaries and associates		4,005	1,956
Long-term provisions:			
– to third parties		2	34
Long-term financial liabilities:			
– to third parties		107	27
Total non-current liabilities		**4,294**	**2,605**
Total liabilities		**6,747**	**4,093**
Shareholders' equity			
Share capital	2.6	72	74
Legal capital reserves:			
– Reserves from capital contributions	2.7a	1,584	2,223
Legal retained earnings reserves:			
– General legal retained earnings in the narrower sense	2.6	37	37
Voluntary retained earnings:			
– Available earnings:	2.7b		
– Profit brought forward		6,565	6,230
– Dividend paid		(143)	(130)
– Share cancelation		(496)	0
– Profit / (Loss) for the year		(131)	465
Treasury shares	2.8		
– Against reserves from capital contributions		(362)	(497)
– Against voluntary retained earnings or for share plans		(410)	(561)
Total shareholders' equity		**6,716**	**7,841**
Total liabilities and shareholders' equity		**13,463**	**11,934**

[1] At 31 December.

Income Statement – Lonza Group Ltd

million CHF	Notes	2024	2023
Income			
Dividend income	2.9	0	474
Royalty income		33	35
Other financial income	2.10	223	237
Other operating income		4	49
Total income		**260**	**795**
Expenses			
Other financial expenses	2.11	232	245
Personnel expenses		49	51
Other operating expenses	2.12	31	32
Impairment losses on loans [1]		77	0
Depreciation on equipment		0	0
Direct taxes		2	2
Total expenses		**391**	**330**
(Loss) / Profit for the year		**(131)**	**465**

[1] Full impairment of loans to the Bacthera AG JV.

Notes to the Financial Statements – Lonza Group Ltd

Note 1
Principles

1.1 General Aspects

These financial statements were prepared according to the provisions of the Swiss Law on Accounting and Financial Reporting (32nd title of the Swiss Code of Obligations). Where not prescribed by law, the significant accounting and valuation principles applied are described in the following notes. The financial statements have been prepared on a going-concern basis and are presented in million CHF.

The presentation of the balance sheet has been revised for the year 2024 to provide clarity for the reader of the financial statement and prior year balances were adjusted accordingly for comparability reasons.

Gains and losses on foreign exchange and financial instruments have been presented on a net basis, as presenting them gross would not provide meaningful information to the users of the financial statements.

On 12 December 2024, Lonza announced its intention to exit the Capsules & Health Ingredients (CHI) division at an appropriate time. Any potential impact on the valuation of investments in direct subsidiaries cannot be quantified yet.

1.2 Financial Assets

Financial assets include short- and long-term loans to subsidiaries and associates, along with third party financial investments. Loans granted in foreign currencies are translated at the rate of the balance sheet date.

1.3 Treasury Shares

Treasury shares are recognized at acquisition cost, excluding transaction cost, and deducted from shareholders' equity at the time of acquisition. In case of a resale, the gain or loss is recognized through the shareholders' equity as increase or decrease of available earnings brought forward.

Upon cancellation of shares repurchased, such shares are derecognized with a corresponding decrease of the share capital for the nominal value of the cancelled shares and of reserves from capital contributions and voluntary retained earnings for any exceeding amount.

No dividend distributions are made on treasury shares.

1.4 Share-Based Payments

When treasury shares are used for share-based payment programs, the difference between the acquisition costs and any consideration paid by the employees at grant date is recognized as other financial expenses or income.

1.5 Short- / Long-Term Interest-Bearing Liabilities

Interest-bearing liabilities are recognized in the balance sheet at nominal value. Discounts and issue costs for bonds or syndicate loans are recognized as prepaid expenses and amortized over the principal's maturity period. Premiums are recognized as accrued expenses and amortized over the principal's maturity period.

1.6 Currency- and Interest-Related Instruments

Currency- and interest-related derivative financial instruments are valued at their fair value as at the balance sheet date. A valuation adjustment reserve has not been accounted for.

1.7 Translation of foreign currencies

Transactions during the year which are denominated in foreign currencies are translated at the exchange rate effective at the relevant transaction dates. Resulting exchange gains and losses are recognized in the income statement with the exception of unrealized gains which are deferred.

1.8 Presentation of a Cash Flow Statement and Additional Disclosures in the Notes

As Lonza Group Ltd has prepared its consolidated financial statements in accordance with a recognized accounting standard (International Financial Reporting Standards IFRS, as issued by the IASB), it has decided to forgo presentation of a cash flow statement, information on interest-bearing liabilities and audit fees in the note disclosures as would otherwise be required by Swiss law.

Note 2
Information on Balance Sheet and Income Statement Items

2.1 Investments

Lonza Group Ltd holds the following direct subsidiaries as of 31 December 2024. For indirect principal subsidiaries, please see the list in note 32 to the Group's consolidated financial statements.

		Share Capital in 1,000 [1]		Direct Holding in % [1]	
		31.12.2024	31.12.2023	31.12.2024	31.12.2023
Capsugel Belgium NV	Bornem, BE	EUR 236,922	EUR 236,922	99.9%	99.9%
Capsugel Middle East Sàrl	Beirut, LB	LPB 5,000	LPB 5,000	1.0%	1.0%
International School of Basel AG	Reinach, CH	CHF 20,900	CHF 20,900	1.5%	1.5%
Lonza AG	Visp, CH	CHF 60,000	CHF 60,000	100.0%	100.0%
Lonza Finance International NV	Bornem, BE	EUR 43,062	EUR 43,062	100.0%	100.0%
Lonza Group GmbH	Waldshut-Tiengen, DE	EUR 25	EUR 25	0.4%	0.4%
Lonza Holding Singapore Pte Ltd	Singapore, SG	USD 100,000	USD 100,000	100.0%	100.0%
Lonza (China) Investments Co. Ltd	Guangzhou, CN	USD 84,000	USD 84,000	100.0%	100.0%
Lonza Licences AG	Basel, CH	CHF 100	CHF 100	100.0%	100.0%
Lonza Sales AG	Basel, CH	CHF 2,000	CHF 2,000	100.0%	100.0%
Lonza Swiss Finanz AG	Basel, CH	CHF 100	CHF 100	100.0%	100.0%
Lonza Swiss Licences AG	Basel, CH	CHF 100	CHF 100	100.0%	100.0%
Lonza USA Inc.	Wilmington, US	USD [2]	USD [2]	100.0%	100.0%
Seed Fund Cycle-C3E (A), L.P.	Montreal, CA	CAD 1,000	CAD 1,000	100.0%	100.0%
Synaffix B.V.	Oss, NL	EUR 98	EUR 98	100.0%	100.0%

[1] Rounded amounts. Represents ownership as well as voting rights.
[2] Share Capital USD 5.00. Capital contribution of CHF 1.1 billion in 2024 to fund the Vacaville (US) acquisition.

2.2 Long-Term Financial Assets

Lonza Group Ltd issued subordination agreements totaling CHF 400 million (2023: CHF 385 million) on loans to subsidiaries and associates, including accrued interest.

2.3 Cash, Cash Equivalents and Short-Term Financial Assets

In-line with Lonza's investment policy, Lonza Group Ltd parked its excess cash into short-term plain vanilla instruments, such as overnight deposits, bank term deposits, notice deposits and short-term money market funds.

At year-end 2024, Lonza Group Ltd maintained a total balance of CHF 1,660 million (2023: CHF 1,576 million), thereof CHF 881 million (2023: CHF 1,231 million) was classified as cash & cash equivalents (cash at banks and bank deposits with maturities less than 3 months). Furthermore, the company held short-term investments amounting to CHF 779 million (2023: CHF 345 million), thereof bank deposits with maturity between three and six months totaling CHF 600 million (2023: CHF 50 million, and short-term money market funds CHF 150 million).

2.4 Trade Accounts Payables, Accrued Expenses

Trade accounts payables include liabilities to personnel welfare institutions of CHF 0.6 million at 31 December 2024 (2023: CHF 0.1 million).

2.5 Short-Term and Long-Term Interest-Bearing Liabilities

million CHF	2024	2023
German Private Placement, USD 50 mio	0	42
Term loan Facility B1, USD 500 mio	451	0
Total short-term interest-bearing liabilities	**451**	**42**

million CHF	2024	2023
Term loan Facility B2, USD 200 mio (2023: B1/B2, USD 700 mio)	180	588
Total long-term interest-bearing liabilities	**180**	**588**

Credit Rating
Lonza has been rated by Standard & Poor's (S&P) since 2019 with an investment grade rating of BBB+ and stable outlook. The rating has been confirmed by S&P since then and Lonza is committed to maintaining a strong investment-grade rating going forward.

Debt Repayments
In 2024, Lonza repaid its scheduled debt maturities totaling CHF 43 million (USD 50 million) related to the German Private Placement. Lonza Group Ltd did not issue any new bonds or other debt securities neither in 2024 nor in 2023.

German Private Placement (Schuldschein)
Following the repayment of the final scheduled debt maturity of USD 50 million (equivalent to CHF 43 million) in August 2024, Lonza Group Ltd does not hold any Schuldscheine anymore.

Syndicated Loan Facilities
In 2019, Lonza Group Ltd signed a Syndicated Loan Facility with a consortium of banks containing Term Loans and a Revolving Credit Facility (RCF).

The Term Loan tranches of USD 500 million and USD 200 million carrying floating interest rates are repayable 2025 and 2026 respectively.

The RCF provides Lonza additional financial headroom of CHF 1 billion at floating interest rates. The 2019 facility was planned to expire in September 2026. Lonza successfully refinanced the facility in December 2024 with a new tenor of five years and two extension options. The maturity date is in December 2029. The facility was not used during 2024 nor in 2023.

2.6 Share Capital and Authorized Capital

On 19 June 2024, Lonza Group Ltd's Board of Directors approved to decrease the share capital by way of cancelation of the first tranche of shares repurchased through the share buyback program until 31 December 2023 (totaling 2,242,568 shares). No increase or decrease of share capital was executed in the financial year 2023.

The share capital on 31 December 2024 comprised 72,226,184 registered shares (2023: 74,468,752) with a par value of CHF 1 each, amounting to CHF 72,226,184 (2023: CHF 74,468,752).

Contingent Capital
The share capital of Lonza Group Ltd may be increased through the issuance of a maximum of 7,500,000 fully paid in registered shares with a par value CHF 1 each up to a maximum aggregate amount of CHF 7,500,000.

Authorized Capital
At the Annual General Meeting on 5 May 2023, the shareholders approved the Board of Directors' proposal to introduce a capital band with an upper limit of CHF 85,635,000 and a lower limit of CHF 67,050,000, authorizing the Board of Directors to increase and decrease the share capital one or several times within these limits until 5 May 2028. The details and conditions are set out in Articles 4ter to 4^{quater} of the Company's Articles of Association.

The only transaction within this capital band that the Board of Directors executed was the capital reduction of 2,242,568 shares (CHF 2,242,568) on 19 June 2024 related to the share cancelation repurchased through the share buyback program as disclosed in the 1st paragraph of this note.

At 31 December 2024, Lonza Group Ltd had a fully paid in registered capital of CHF 72,226,184 (2023: CHF 74,468,752) and a contingent capital of CHF 7,500,000 (2023: CHF 7,500,000).

Reserves in the amount of CHF 37,234,376 (2023: CHF 37,234,376) included in the financial statements can partially not be distributed.

2.7a
Reserves from Capital Contributions

CHF	2024
Reserves from Capital Contributions at 1.1.2023	**2,352,462,436**
Dividend payout May 2023	(129,796,657)
Reserves from Capital Contributions at 31.12.2023	**2,222,665,779**
Dividend payout May 2024	(142,502,996)
Share cancelation June 2024	(496,095,158)
Reserves from Capital Contributions at 31.12.2024	**1,584,067,625**

The Swiss Federal Tax Administration has confirmed the capital reserves as of 31 December 2023, less the dividend payment in May 2024, in total CHF 2,080,162,783. The reduction in capital reserves due to the capital reduction in June 2024 in the amount of CHF 496,095,158 is still subject to confirmation by the Swiss Federal Tax Administration.

2.7b
Voluntary Retained Earnings

CHF	2024
Voluntary Retained Earnings at 1.1.2023	**6,230,424,202**
Dividend payout May 2023	(129,796,657)
Profit for the year 2023	464 , 587 , 354
Voluntary Retained Earnings at 31.12.2023	**6,565,214,899**
Dividend payout May 2024	(142,502,996)
Share cancelation June 2024	(496,095,158)
Loss for the year 2024	(130,933,402)
Voluntary Retained Earnings at 31.12.2024	**5,795,683,343**

2.8
Treasury Shares

Regular Treasury Shares

	Total Shares	Average Rate in CHF	Number of Transactions
Treasury shares at 1.1.2023, weighted average price	**187,126**	**583.04**	
Acquisitions 2023	47,000	530.11	4
Distribution to Board members	(2,710)	590.18	4
Distribution to Executive Committee members	(5,050)	583.10	3
Distribution to LTIP[1]/LRSP/ShareMatch share plan members	(97,872)	604.70	8
Sale of shares	(18,899)	583.27	1
Treasury shares at 31.12.2023, weighted average price	**109,595**	**583.04**	
Acquisitions 2024	0	0.00	0
Distribution to Board members	(2,844)	468.47	5
Distribution to Executive Committee members	(3,697)	524.39	4
Distribution to LRSP/ShareMatch share plan members	(1,306)	434.41	6
Sale of shares	(18,278)	546.60	1
Treasury shares at 31.12.2024, weighted average price	**83,470**	**583.04**	

[1] LTIP distribution includes Executive Committee members.

Treasury Shares – 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 repurchased shares are reported as treasury shares at the repurchase price, excluding transaction cost. The total number of shares repurchased at 31 December 2024 was 3,748,735 (excluding the share cancelation that happened on 19 June 2024) for a total value of CHF 1,719.3 million (2023: CHF 994.4 million).

The second and final tranche of share cancelations and share capital reduction is expected to occur in 2025 upon completion of the program.

	Total Shares	Average Rate in CHF	Number of Transaction Days
Treasury shares at 1.1.2024, weighted average price	**2,242,568**	**443.43**	
Acquisitions 2024	1,506,167		240
Cancelations 2024	(2,242,568)		1
Treasury shares at 31.12.2024, weighted average price	**1,506,167**	**481.27**	

2.9
Dividend Income

No dividends were received in 2024. Dividend income in 2023 includes distributions from Lonza Sales AG of CHF 429 million, and Lonza Swiss Licences AG of CHF 40.3 million.

2.10
Other Financial Income

million CHF	Notes	2024	2023
Interest on loans to subsidiaries and associates		193	200
Gain on share plans	1.4	1	7
Bank interest		27	28
Other		3	2
Total financial income		**223**	**237**

2.11
Other Financial Expenses

million CHF	Notes	2024	2023
Interest on deposits subsidiaries		117	54
Bank interest and fees		45	42
Amortization of discounts and issue costs		2	2
Loss on share plans	1.4	2	0
Net loss on financial instruments		49	8
Net exchange rate loss		18	138
Total other financial expenses		**232**	**245**

2.12
Other Operating Expenses

million CHF	2024	2023
Consulting expenses	22	23
Administrative expenses	8	9
Other operating expenses	1	0
Total other operating expenses	**31**	**32**

Note 3
Other Information

3.1 Full-time Equivalents

The average number of full-time employees for 2024 and 2023 exceeded 50 but were less than 250 people.

3.2 Contingent Liabilities, Guarantees and Pledges

At 31 December 2024, indemnity liabilities, guarantees and pledges in favor of third parties totaled CHF 4.3 billion (2023: CHF 2.4 billion). The company is a member of the Lonza Group value-added-tax group in Switzerland and is thereby jointly and severally liable to the federal tax authorities for value-added-tax debts for the legal entities that form part of the value-added-tax group. (Entities that form part of the value-added-tax group are all Swiss direct and indirect investments – refer to note 2.1).

For certain financial instrument positions, Credit Support Annex (CSA) contracts are attached to the framework agreements, in which cash is exchanged as collateral (by means of agreed regular reciprocal margin payments). The amount paid by Lonza Group Ltd under the CSA agreements at 31 December 2024 is CHF 80 million (2023: CHF 20 million).

The acquisition of Synaffix B.V. in 2023 includes a performance-based consideration payment of up to EUR 60 million. This contingent payment is based on the achievement of sales-related milestones. Lonza's estimate of the probability weighted contingent consideration of the full EUR 60 million (equivalent to CHF 56 million) is reflected as a liability at 31 December 2024 and is due in 2025.

3.3 Share Ownership of the Members of the Board of Directors and the Executive Committee

In accordance with Art. 959c para. 2 of the Swiss Code of Obligations: See Note 29 in the Group's consolidated financial statements, and the Remuneration Report.

3.4 Shares for Members of the Board and Granted Equity Awards for Employees

According to the share-based payments (see note 24 in the Group's consolidated financial statements), Lonza Group Ltd allocates treasury shares and equity awards as follows:

	2024		2023	
	Number of Shares/Granted Equity Awards	Value in CHF 1	Number of Shares/Granted Equity Awards	Value in CHF 1
Shares allocated to members of the Board of Directors	2,844	1,332,316	2,710	1,312,722
Granted equity awards allocated to members of the Executive Committee	19,882	9,042,661	8,763	4,731,690
Granted equity awards allocated to other employees	7,744	3,521,842	3,561	1,902,284
Total	**30,470**	**13,896,819**	**15,034**	**7,946,696**

In 2024, Lonza Group Ltd employed 9 members (2023: 7) of the Executive Committee. Some of the members were not in office for the entire year.

3.5 Significant Events after the Balance Sheet Date

There are no significant events after the balance sheet date which could impact the book value of the assets or liabilities.

Proposal of the Board of Directors

Concerning the Appropriation of Available Earnings and Reserves from Capital Contributions.

CHF	2024
Available earnings brought forward	6,422,711,903
Share cancelation	(496,095,158)
Loss for the year	(130,933,402)
Available earnings at the disposal of the Annual General Meeting	**5,795,683,343**
Payment of a dividend (out of available earnings brought forward) for 2024 of CHF 2.00 (2023: CHF 2.00) per share on the share capital eligible for dividend of CHF 70,636,547 [1] (2023: CHF 71,251,498)	(141,273,094)
Available earnings carry-forward	**5,654,410,249**

[1] At 31 Dec 2024. Actual payout is depending on the amount of share capital eligible for dividend on the record date of 14 May 2025. No dividend will be paid out on shares held by the company.

CHF	2024
Legal capital reserves qualified as reserves from capital contributions	1,584,067,625
Reserves from capital contributions	**1,584,067,625**
Payment of a dividend (out of reserves from capital contributions) for 2024 of CHF 2.00 (2023: CHF 2.00) per share on the share capital eligible for dividend of CHF 70,636,547 [1] (2023: CHF 71,251,498)	(141,273,094)
Available reserves from capital contributions carry-forward	**1,442,794,531**

[1] At 31 Dec 2024. Actual payout is depending on the amount of share capital eligible for dividend on the record date of 14 May 2025. No dividend will be paid out on shares held by the company.

CHF	2024
Proposed payment of a dividend out of available earnings	141,273,094
Proposed payment of a dividend out of reserves from capital contributions	141,273,094
Total proposed payment of a dividend	**282,546,188**

If the Annual General Meeting approves the above proposal for appropriation of available earnings and distribution of reserves from capital contribution, a dividend of total CHF 4.00 per share will be paid. 50% of such dividend will be paid out as repayment from reserves from capital contributions without deduction of Swiss withholding tax in accordance with Art. 5 para. 1^{bis} of the Federal Law on Withholding Tax. The other 50% of such dividend will be paid from available earnings. The last trading day with entitlement to receive the dividend is 12 May 2025. As from 13 May 2025 (ex-date), the shares will be traded ex-dividend. The dividend will be payable from 15 May 2025.

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Report of the Statutory Auditor

To the General Meeting of
Lonza Group Ltd, Basel

Report on the audit of the statutory Financial Statements

Opinion

We have audited the financial statements of Lonza Group Ltd (the Company), which comprise the balance sheet as at 31 December 2024, the income statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements, presented on pages 148 to 157, comply with Swiss law and the Company’s articles of incorporation.

Basis for Opinion

We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the “Auditor's Responsibilities for the Audit of the Financial Statements” section of our report. We are independent of the Company in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. We have determined that there are no key audit matters to communicate in our report.

Other Matter

The financial statements of Lonza Group Ltd for the year ended 31 December 2023 were audited by another statutory auditor who expressed an unmodified opinion on those financial statements on 2 April 2024.

Other Information

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements, the stand-alone financial statements, the renumeration report and our auditor’s reports thereon.

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

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

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

Board of Directors’ Responsibilities for the Financial Statements

The Board of Directors is responsible for the preparation of the financial statements in accordance with the provisions of Swiss law and the Company's articles of incorporation, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Swiss law and SA-CH will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on EXPERTsuisse’s website at: https://www.expertsuisse.ch/en/audit-report. This description forms an integral part of our report.

Report on Other Legal and Regulatory Requirements

In accordance with Art. 728a para. 1 item 3 CO and PS-CH 890, we confirm that an internal control system exists, which has been designed for the preparation of the financial statements according to the instructions of the Board of Directors.

Based on our audit in accordance with Art. 728a para. 1 item 2 CO, we confirm that the proposals of the Board of Directors comply with Swiss law and the Company’s articles of incorporation. We recommend that the financial statements submitted to you be approved.

Deloitte AG

Fabien Lussu Licensed Audit Expert Auditor in Charge	Jan Meyer Licensed Audit Expert

Zurich, 31 March 2025

Alternative Performance Measures

This Finance Report and other communications with investors and analysts include Alternative Performance Measures (APMs) that are not defined by IFRS (non-GAAP measures) but are used by the management to assess the financial and operational performance at a divisional and group level. These supplementary financial measures should not be viewed in isolation or as alternatives to Lonza's consolidated financial position and financial results, which are reported in accordance with IFRS. Instead, our APMs are intended to provide a complementary perspective on Lonza's performance by isolating distorting effects like exchange rate fluctuations or one-time items. They are also intended to provide additional key performance indicators to complement the performance dashboard. The APMs in use may not correspond to performance measures with similar names in other companies. Every APM shown in the financial report relates to the performance of the current or the previous reporting year.

The APMs are structured in operational Performance Measures as well as Liquidity and Capital Measures.

The operational Performance Measures consist of the definition of the CORE concept, the derivation of EBITDA (CORE and non-CORE) and the disclosure of profitability measures at constant exchange rates. The Liquidity and Capital Measures consist of Net Debt and ratios based on Net Debt and Return on Invested Capital, as well as Operational Free Cash Flow.

In 2024, Lonza made changes to the definition of its Performance Measures – CORE EPS, Free Cash Flow and Divisional CORE EBITDA. Financials for the year 2023 were restated accordingly.

These changes have been implemented to enhance external comparability to peer companies and do not have any impact on Lonza's results in accordance with IFRS.

The changes are as follows:

- **CORE EPS**

Amortization of intangible assets from acquisitions are excluded from the CORE profit and therefore CORE Earnings Per Share (EPS).

- **Free Cash Flow**

The non-cash items change in provisions and share plan costs included in EBITDA are added back for the Free Cash Flow calculation. In addition, the utilization of provisions is considered too.

- **Divisional CORE EBITDA**

Group-wide investments (e.g. Group IT infrastructure) are reported within Corporate, and related depreciation and amortization were allocated to the divisions. With the revised approach, the divisions will add back the depreciation and amortization previously included in the general cost allocation. This results in an improved Divisional CORE EBITDA with no impact at Group level.

The following table outlines which APMs are applied on divisional level and respectively on group level.

	Division	Group
Performance Measures		
Sales and sales growth at constant exchange rate	•	•
CORE EBITDA / CORE EBITDA margin	•	•
EBITDA		•
CORE EPS		•
Liquidity and Capital Measures		
Net Debt		•
Net Debt / CORE EBITDA ratio		•
Net Debt / Equity ratio		•
Return On Invested Capital (ROIC)		•
Operational Free Cash Flow (before and after acquisitions)		•

CORE Results

As exceptional items can differ significantly from year to year, Lonza excludes these exceptional effects from the reported IFRS results to determine the CORE results.

Disclosing CORE results of the Group's performance enhances the financial markets' understanding because the CORE results enable better year-on-year comparisons. Furthermore, the Group uses CORE results in addition to IFRS as important factors when internally assessing the Group's performance.

Below non-exhaustive list provides examples of exceptional items that may be considered as CORE adjustments[1]:

- Restructuring and reorganizations,
- Environmental-related measures or events (related to historical environmental issues only),
- Acquisition and divestitures,
- Business transformation initiatives,
- Impairments and reversal of related impairments (excluding impairments following contract termination, that are compensated by termination-related revenues),
- Litigations,
- Changes to pension plans

[1] In the context on the CORE definition, an "event" represents an individual business case that might involve income/expenses across several fiscal years.

In accordance with the CORE results, APMs such as CORE Earnings per share (CORE EPS) and CORE EBITDA are directly affected by the exclusion of CORE adjustments.

The reconciliation of the IFRS result to the CORE result for the Full-Year 2024 and 2023 is as follows:

million CHF	2024	2023 [2]
IFRS Profit	**637**	**655**
CORE adjustments		
Amortization of intangible assets from acquisitions	135	132
Environmental-related measures	80	15
Acquisitions and divestitures	163 [3]	(6)
Impairment	81 [4]	254 [5]
Reversal of impairment	(21) [4]	0
Restructuring [5]	40	50
Business transformation initiatives [6]	14	0
Gain from sale of real estate	(84)	0
Fair value adjustment expense on contingent consideration from acquisition of businesses	29	0
Impairment of loans to joint ventures	77 [7]	0
Tax effect [8]	(80)	(76)
CORE Profit	**1,071**	**1,024**
CORE Profit attributable to equity holders of the parent	**1,070**	**1,023**
CORE Earnings per share attributable to equity holders of the parent	**15.03**	**13.89**

[1] In the context on the CORE definition, an "event" represents an individual business case that might involve income/expenses across several fiscal years.
[2] In 2024, Lonza has made changes to the definition of several Performance Measures. As a result, comparative information for Full-Year 2023 have been restated accordingly.
[3] Costs related to the acquisition of the Vacaville site (see note 4 of the Lonza Annual Report 2024), and the subsequent network optimization measures as a result of this acquisition.
[4] Impairment primarily includes Bacthera related assets (CHF 31 million, refer to note 8 of the Lonza Annual Report 2024) and various production assets in the US and Indonesia. Reversal of impairment related to property, plant and equipment and intangibles in Singapore.
[5] Primarily related to Biologics restructuring programs initiated in 2023. Also refer to note 3 of the Lonza Annual Report 2024.
[6] Costs related to "One Lonza" Business Transformation, and Nexus (a global Business Process Transformation linked to a new ERP system for Lonza CDMO business based on SAP S/4 HANA).
[7] Refer to note 8 of the Lonza Annual Report 2024.
[8] Group tax rate of 15.6% for 2024 and 17.1% for 2023.

Earnings before interest, tax, depreciation and amortization (EBITDA)

In line with the CORE adjustments, Lonza assesses operational performance based on CORE EBITDA, which can be reconciled in two steps:

million CHF	2024	2023
Result from operating activities (EBIT)	**964**	**880**
Depreciation of property, plant and equipment	472	449
Amortization of intangible assets	175	172
Impairment and reversal of impairment on property, plant, equipment and intangibles [1]	84	439
Earnings before interest, taxes and depreciation (EBITDA)	**1,695**	**1,940**

million CHF	2024	2023
Earnings before interest, taxes and depreciation (EBITDA)	**1,695**	**1,940**
Environmental-related measures	80	15
Acquisitions and divestitures	163 [2]	(6)
Restructuring [1]	40	50
Business transformation initiatives [3]	14	0
Gain from sale of real estate	(84)	0
CORE EBITDA	**1,908**	**1,999**

[1] Primarily related to Biologics restructuring programs initiated in 2023. Also refer to note 5 of the Full-Year Report 2024.
[2] Costs related to the acquisition of the Vacaville site (see note 4 of the Full-Year report 2024), and the subsequent network optimization measures as a result of this acquisition.
[3] Costs related to "One Lonza" Business Transformation, and Nexus (a global Business Process Transformation linked to a new ERP system for Lonza CDMO business based on SAP S/4 HANA).

Growth at constant exchange rates (CER)

Financial results in constant currencies are adjusted to eliminate the impact of changes in exchange rates between the reported and reference period – typically the prior year. This adjustment allows management to focus on operational results, without any distorting effect from changes in foreign currency exchange rates from one period to another.

Constant currency is calculated by converting sales, CORE EBIT and CORE EBITDA of the current year at the exchange rate of the prior year. The resulting margins can therefore be compared with the reported profit margins of the prior year to understand fundamental business trends.

The tables below compare the 2024 financial results based on constant exchange rates (i.e. 2023 exchange rates) with the actual 2023 financial results.

Lonza Group

million CHF	2024	2023	Change in %
Sales	**6,574**	**6,717**	**(2.1)**
Elimination of effects from hedging instruments [1]	(6)	(65)	
Sales excluding hedging effects	**6,568**	**6,652**	
Retranslation at prior year rates	72		
Sales in constant currency	**6,640**		**(0.2)**
CORE EBITDA	**1,908**	**1,999** [2]	**(4.6)**
Elimination of effects from hedging instruments [1]	5	(12)	
CORE EBITDA excluding hedging effects	**1,913**	**1,987**	
Retranslation at prior year rates	26		
CORE EBITDA in constant currency	**1,939**		**(2.4)**
Margin in %	29.2		

Biologics

million CHF	2024	2023	Change in %
Sales	**3,676**	**3,719**	**(1.2)**
Retranslation at prior year rates	24		
Sales in constant currency	**3,700**		**(0.5)**
CORE EBITDA	**1,266**	**1,316** [2]	**(3.8)**
Retranslation at prior year rates	12		
CORE EBITDA in constant currency	**1,278**		**(2.9)**
Margin in %	34.5		

Small Molecules

million CHF	2024	2023	Change in %
Sales	**983**	**901**	**9.1**
Retranslation at prior year rates	2		
Sales in constant currency	**985**		**9.3**
CORE EBITDA	**351**	**291** [2]	**20.6**
Retranslation at prior year rates	1		
CORE EBITDA in constant currency	**352**		**21.0**
Margin in %	35.7		

[1] The hedging program is managed centrally by Corporate Treasury and therefore reported as part of Corporate.
[2] In 2024, Lonza has made changes to the definition of several Performance Measures . The revised approach resulted in an improved CORE EBITDA by division for 2023, with no impact at Group level.

Cell & Gene

million CHF	2024	2023	Change in %
Sales	**689**	**696**	**(1.0)**
Retranslation at prior year rates	15		
Sales in constant currency	**704**		**1.1**
CORE EBITDA	**108**	**68** [2]	**58.8**
Retranslation at prior year rates	7		
CORE EBITDA in constant currency	**115**		**69.1**
Margin in %	16.3		

Capsules and Health Ingredients

million CHF	2024	2023	Change in %
Sales	**1,054**	**1,161**	**(9.2)**
Retranslation at prior year rates	30		
Sales in constant currency	**1,084**		**(6.6)**
CORE EBITDA	**256**	**332** [2]	**(22.9)**
Retranslation at prior year rates	9		
CORE EBITDA in constant currency	**265**		**(20.2)**
Margin in %	24.4		

Corporate

million CHF	2024	2023
Sales	**172**	**240**
Elimination of effects from hedging instruments [1]	(6)	(65)
Sales excluding hedging effects	**166**	**175**
Retranslation at prior year rates	1	
Sales in constant currency	**167**	
CORE EBITDA	**(73)**	**(8)** [2]
Elimination of effects from hedging instruments [1]	5	(12)
CORE EBITDA excluding hedging effects	**(68)**	**(20)**
Retranslation at prior year rates	(3)	
CORE EBITDA in constant currency	**(71)**	

[1] The hedging program is managed centrally by Corporate Treasury and therefore reported as part of Corporate.
[2] In 2024, Lonza has made changes to the definition of several Performance Measures . The revised approach resulted in an improved CORE EBITDA by division for 2023, with no impact at Group level.

Net debt, net debt / CORE EBITDA ratio, Debt / Equity ratio
Net debt represents the net level of financial debt contracted by the Group with external parties (e.g. bonds, term loans, private placements) after considering cash and investments readily convertible into cash. It is composed of the current and non-current financial debt, derivatives hedging financial debt and liquid assets, less cash and cash equivalent and short-term investments. Based on the determined total debt and net debt, Lonza uses further performance measures to demonstrate the relation between debt and profitability, as well as the ratio between debt and equity, to illustrate the gearing of the Group.

Components of net debt / (net cash)

	31 December 2024	31 December 2023	Change
Non-current debt	4,242	2,610	1,632
Current debt	468	191	278
Total debt	**4,710**	**2,801**	**1,910**
Non-current loans and advances	(140)	(198)	58
Current loans and advances	0	(13)	13
Short-term investments	(600)	(200)	(400)
Cash and cash equivalents	(1,111)	(1,468)	357
Total cash and cash equivalents, short term investments and loans and advances	**(1,851)**	**(1,879)**	**28**
Net debt / (net cash)	**2,859**	**922**	**1,938**

	31 December 2024	31 December 2023
Net debt / CORE EBITDA ratio	1.5	0.5
Net Debt / Equity ratio	0.3	0.1

Return on Invested Capital
Lonza defines the ROIC as Net Operating Profit After Tax (NOPAT) divided by the average invested capital of the Group. ROIC is the most appropriate measure to assess the capital efficiency as it discloses how the Group deploys capital to generate profits.

In 2024 and 2023, the development of ROIC by component was as follows:

Components of net operating profit after taxes and return on invested capital (ROIC) for the twelve-months period ended 31 December

million CHF	2024	2023
Result from operating activities (EBIT)	**964**	**880**
Share of gain / (loss) of associates / joint ventures	(1)	(13)
CORE adjustments		
Environmental-related measures	80	15
Acquisitions and divestitures	163 [1]	(6)
Impairments	81 [2]	254 [3]
Reversal of Impairment	(21) [2]	0
Restructuring [3]	40	50
Business transformation initiatives [4]	14	0
Gains from sale of real estate	(84)	0
Net operating profit before taxes	**1,236**	**1,180**
Taxes [5]	(193)	(202)
Net operating profit after taxes (NOPAT)	**1,043**	**978**
Average invested capital	**12,434**	**11,243**
ROIC in %	**8.4**	**8.7**

[1] Costs related to the acquisition of the Vacaville site (see note 4 of the Lonza Annual Report 2024), and the subsequent network optimization measures as a result of this acquisition.
[2] Impairment primarily includes Bacthera related assets (CHF 31 million, refer to note 8 of the Lonza Annual Report 2024) and various production assets in the US and Indonesia. Reversal of impairment related to property, plant and equipment and intangibles in Singapore.
[3] Primarily related to Biologics restructuring programs initiated in 2023. Also refer to note 3 of the Lonza Annual Report 2024.
[4] Costs related to "One Lonza" Business Transformation, and Nexus (a global Business Process Transformation linked to a new ERP system for Lonza CDMO business based on SAP S/4 HANA).
[5] Group tax rate of 15.6% for 2024 and 17.1% for 2023.

The invested capital represents the average of the monthly balances of the following components:

Components of average invested capital for the twelve-months period ended 31 December

million CHF	2024	2023
Intangible assets	2,075	2,151
Property, plant and equipment	7,870	6,543
Goodwill	3,371	2,858
Inventories	1,859	1,896
Trade receivables	1,046	1,046
Other operating receivables	374	337
Other assets	304	233
Trade payables	(438)	(432)
Other operating liabilities	(3,456)	(2,782)
Net current and deferred tax liabilities	(571)	(607)
Average invested capital	**12,434**	**11,243**

Operational Free Cash Flow
Operational Free Cash Flow measures cash generated by the Group's business operations and represents the capability to pay dividends, repay providers of debt, or carry out acquisitions. Moreover, Lonza distinguishes the Operational Free Cash Flow before and after the effect of any acquisitions and disposals.

Lonza's definition of operational free cash flow does not consider adjustments for non-cash items, as these are usually not significant and year-over-year fluctuations are limited.

In 2024 and 2023, the development of operational free cash flow by component was as follows:

Components of operational free cash flow

million CHF	2024	2023 [1]
Earnings before interests, taxes and depreciation (EBITDA)	**1,695**	**1,940**
Change of operating net working capital [2]	(265)	(310)
Capital expenditures in tangible and intangible assets	(1,417)	(1,682)
Disposal of tangible and intangible assets	9	16
Change of other assets and liabilities	347	365
Change in provisions and utilization of provisions	63	24
Shared-based payment	41	21
Operational free cash flow (before acquisitions / divestitures)	**473**	**374**
Acquisitions of subsidiaries [3]	(1,075)	(93)
Operational free cash flow	**(602)**	**281**

[1] In 2024, Lonza revised the definitions of several Performance Measures (see page 2). As a result, comparative information for Full-Year 2023 have been restated accordingly.
[2] Includes non-cash amortization of current deferred income of CHF 221 million (2023: CHF 406 million), recognized in the income statement through EBITDA.
[3] In 2024, acquisition of Vacaville site (refer to the Lonza Annual Report 2024, note 4). In 2023, acquisition of Synaffix (refer to Annual Report 2023, note 4).

Remuneration

Letter from the Chair of the Remuneration Committee

Christoph Mäder
Chair of the Remuneration Committee

Dear Shareholders,

In my role as Chair of the Remuneration Committee (RemCo) and on behalf of its fellow members, I am pleased to introduce our Remuneration Report 2024, which was prepared in compliance with the Swiss Code of Obligations, the SIX Exchange Regulation, the Swiss Code of Best Practice and Lonza's Articles of Association. In this report, we outline the current compensation policies and the decisions made in relation to 2024 compensation for the Executive Committee and Board of Directors of Lonza Group Ltd (the Board). In an effort to further enhance and ensure robust succession planning, continuity and further strengthen governance, the RemCo and the Nomination and Governance Committee (NGC) were formed in mid-2024. Both were split from the previous Nomination and Compensation Committee (NCC).

We are grateful for the active engagement and time with our shareholders, the investor community and proxy advisors in 2024. It helps to ensure we continue our open and transparent dialogue. Our discussions during 2024 included for the first time dedicated engagements with external stakeholders in relation to our remuneration approach, governance and remuneration system evolution. In addition our discussions covered matters relating to changes to the Executive Committee, changes to the Board of Directors and Board Committee structure, peer group simplification as well as overall company developments.

2024 Performance Outcomes

Lonza presents solid 2024 performance outcomes which have benefitted the public, our shareholders and our employees. The RemCo measured the 2024 Lonza Bonus performance outcomes and payout levels against predetermined performance targets. The Group performance outcomes against all four performance measures (sales, CORE EBITDA, free cash flow and ESG) resulted in a Company performance factor of 107%. When combined with varying personal performance factors the proposed average total payout factor is 118% of target for Executive Committee members. See page 180 and 183 for more details.

The 2022 – 2024 Long-term Incentive Plan (LTIP) performance targets, and in turn payout levels, were measured against 2022 targets as adjusted for M&A impact and Alternative Performance Measures (APM) definition changes which were communicated in May 2024. Overall Group performance against CORE EPS and ROIC targets, measured at the end of the 2022 – 2024 performance period positively impacted the 2022 LTIP achievement level which vested at 136% of target. We explain in this report how our company performance impacts the compensation under the incentive plans for the Executive Committee.

2024 Committee Activities

The RemCo formed during 2024 focusing on the determination of the compensation for the members of the Executive Committee and Board of Directors. We include in the Remuneration Report a overview of the schedule and key activities of the Remuneration Committee.

The RemCo monitored and reviewed the relevance of the KPIs in the Lonza Bonus and LTIP plans. We concluded that the existing KPIs for the Lonza Bonus plan continue to be relevant, reflecting both top and bottom line performance as well as ESG goals. Overall, the ESG goals tie compensation to annual progress against mid-term environmental objectives to reduce GHG emissions, energy and water consumption, as well as expanding programs to improve our supply chain sustainability, female representation in management positions and our educational programs with measurable quantitative targets. Qualitative targets specifically are used to build the system for longer-term ESG initiatives, necessary to ensure continued success. As an example, continuing to develop our climate-risk assessment process supports our longer-term GHG reduction targets and also fulfills expectations from regulators.

In relation to the LTIP, as communicated in 2023, Total Shareholder Return (TSR) relative to other companies of the SMI index was included as a KPI for the 2024 plan. After reviewing and assessing industry, regional and international peer groups, the SMI was deemed to be the most appropriate comparator group with a Swiss market prevalent payout curve. With the addition of relative TSR as a KPI, the plan alignment with shareholder interests is strengthened.

The RemCo determined that ROIC continued to be a relevant long-term performance measure given Lonza's CapEx strategy. Similarly, CORE EPS remains relevant to the plan as a key metric for our investors. The three KPIs ROIC, CORE EPS and relative TSR will be equally weighted and will be measured over the three-year LTIP performance period.

As part of the recruitment and selection process for a new CEO, the RemCo also carefully reviewed relevant peer and market data to ensure a market competitive and attractive total compensation package. Given the profile, including a CDMO industry, as well as CEO experienced candidate, the Committee sought additional external expert insights in determining the final compensation package which recognizes the candidates profile, experience and track-record while also being aligned in total compensation with the market and relevant peers. This resulted in a new base salary while maintaining the existing CEO short- and long-term incentive levels. Subsequently this also led to a simplification and specification of the benchmarking peer group.

During 2024 we have enhanced our reporting to ensure continued compliance with the new Swiss Code of Obligations and to further strengthen the transparency of our remuneration disclosure. As referenced above, key updates in the 2024 report include outlining and providing a detailed outline of the annual schedule and focus areas of the Remuneration Committee.

Towards the end of 2024 and looking ahead to 2025, the RemCo has supported the EC and leadership changes associated with the introduction of the One Lonza strategy aligning the right leader to the right business. In addition, the RemCo began outlining key considerations to enable the full implementation and remuneration related support of the One Lonza strategy as well as the defined growth ambitions.

Changes to the Executive Committee and Board of Directors during 2024

Our Executive Committee members transitioned in 2024. Ulrike Käppler was appointed as CHRO with effect from 1 January 2024 and stepped down on 31 May 2024 (with notice until 30 May 2025). Albert Baehny, continued to act as CEO *ad interim* until 30 June 2024. Effective from 1 July 2024, the Board of Directors appointed Wolfgang Wienand as CEO of Lonza. Nicoleta Baumgärtner was appointed as CHRO effective 1 November 2024.

In respect of the Board of Directors, Albert Baehny decided not to stand for re-election at the Annual General Meeting (AGM) in May 2024. Jean-Marc Huët was elected as the new Chair of the Board of Directors of Lonza at the AGM 2024.

All compensation decisions relating to the appointments and departures were made in line with our Executive Compensation Appointment and Termination Policies outlined on page 174.

On behalf of the Remuneration Committee, I thank our shareholders for the continued dialogue during 2024. We respectfully ask for your endorsement of this Remuneration Report 2024 and approval of Executive Compensation that will be put forward to you at the 2025 Annual General Meeting.

Yours faithfully,
Christoph Mäder

Chair of the Remuneration Committee
Lead Independent Director

2024 At a Glance

Compensation Principles

Pay for Performance – our compensation programs are performance-based, linking employee reward with individual and company performance, both financial and non-financial. Non-financial targets focus on ESG goals to support UN Sustainable Development Goals.

Drive Sustainability – our compensation programs are linked to our sustainability strategy. Strategic decisions that drive competitive advantage are encouraged but excessive risk taking is discouraged to avoid jeopardizing the financial health, reputation or sustainability of the Company. We believe in equal pay for equal work. Our compensation programs are simple, transparent and communicated internally and externally.

Create Shareholder Value – our share-based compensation encourages long-term performance and alignment of interests of our management with those of our shareholders. Our Executives are required to hold a minimum level of shares to ensure they have a stake and interest in the long-term success of the company.

Drive Strategy – a strong focus on growth, sustainability and personal contribution means our incentive programs support our strategic priorities including service (right first time), scope (breadth of offerings), solutions (scientific, manufacturing, regulatory) and speed. Our competitive compensation programs are designed to attract and retain diverse talent who drive these strategic priorities.

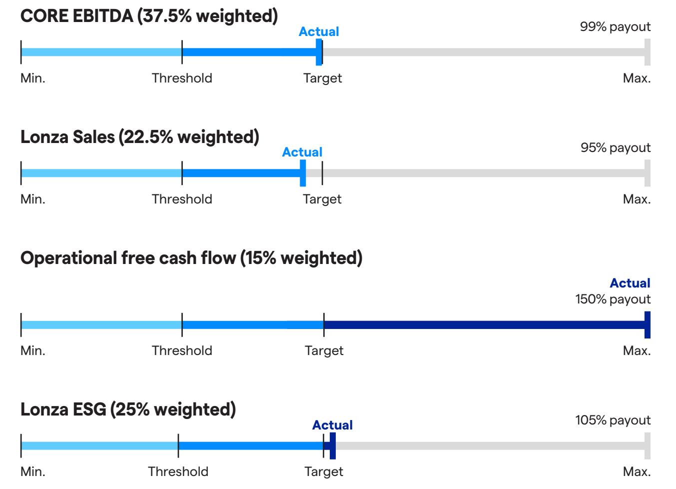
2024 Executive Committee Compensation Structure

	Fixed pay and benefits		Performance related variable pay		
	Base Salary	**Pension and Benefits**	**Lonza Bonus**	**Long-term Incentive Plan (LTIP)**	**Lonza Restricted Share Plan (LRSP)**
Purpose	Attract and retain Payment for role	Attract and retain Protection against risk and retirement savings	Reward for year-over-year performance	Retain Reward for long-term performance Align to shareholders	Attract and retain including employees in the wider organization Supports EC Appointment Policy
Form of payment	Cash	Pension contributions Benefits, allowances and insurances	100% cash; or 50% cash and 50% equity until shareholding guidelines are met	Performance shares subject to a three-year vesting period	Restricted shares subject to a two to five year vesting period
Drivers	Role and responsibilities Skills and experience Market value	Market practice Role	Performance against annual company financial and ESG objectives, individual goals, values and behaviors	Business performance over 3 years	Replacement award if on joining Lonza, certain compensation at their previous employer is forfeited Level is set lower than forgone awards
Performance measures			Sales CORE[1] EBITDA Free cash flow ESG KPIs Personal performance	CORE[1] Earnings per share (EPS) Return on invested capital (ROIC)	Sustained performance in role Continued employment

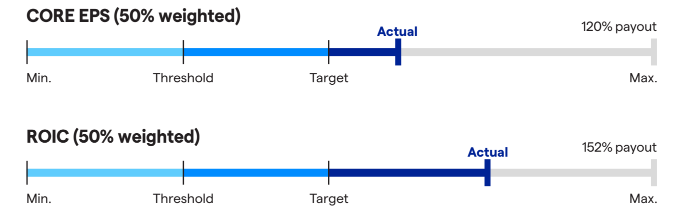
[1] CORE results for incentive plans are adjusted for divestitures, acquisitions, restructuring and extraordinary one-time events and as approved by the RemCo including rounding.

2024 Outcomes

2024 Annual Bonus

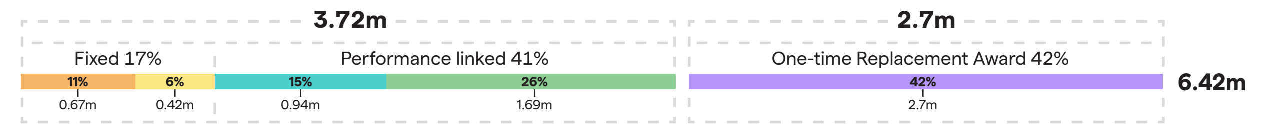


2022 – 2024 Long-term Incentive Plan

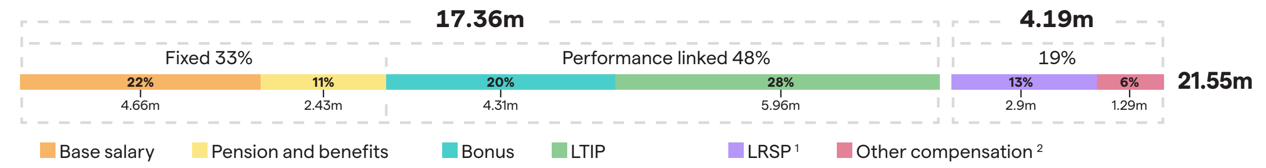


2024 Total Remuneration Paymix (CHF)

Highest Paid Member of the Executive Committee



All Executive Committee



[1] Lonza Restricted Share Unit Plan (LRSP) awards are separate from typical total compensation and are awarded at appointment and only in cases where a new Executive Committee member forgoes cash or equity at their previous employer and in line with Lonza's EC Appointment Policy.
[2] Cash payment (including base salary, other benefits, short-term incentive and social security) and shares (LTIP) received by departed members of the Executive Committee during 2024.

Board of Directors Compensation Policy

Compensation of Board of Directors from Annual General Meeting (AGM) 2024 to 2025 excluding employer social security contributions.

Gross	Base annual fee (CHF)	Committee membership fee per committee (CHF)	Committee Chair fee (CHF)
Chair of the Board of Directors[1]	750,000	–	–
Member of the Board of Directors[2]	200,000	40,000	80,000
	The additional responsibilities of Vice-Chair and Lead Independent Director[3] do not attract any additional fees		
Form of payout	50% in Lonza Group shares and 50% in cash and paid in quarterly installments		

[1] The compensation of the Chair of the Board of Directors is inclusive of all committee work.
[2] The compensation for a Committee Chair amounts to CHF 280,000 where chairing one committee. In the case of multiple committee memberships each attracts a separate fee.
[3] The roles and responsibilities of such Lead Independent Director are in line with sect. 18 para. 2 of the Swiss Code of Best Practice for Corporate Governance, requiring adequate control mechanisms, and commensurate to such position.

Compensation Governance

Responsibilities of Board of Directors

The Board of Directors has the following roles and responsibilities as outlined in the Organizational Rules and Articles of Association.

Rules in the Articles of Association

Lonza's Articles of Association contain rules regarding the approval of compensation by the Shareholders' Meeting (Article 22), the supplementary amount in the event of changes in the Executive Committee (Article 23), compensation of the members of the Board of Directors and the Executive Committee, including the principles applicable to performance-related compensation and the allocation of equity awards (Article 24), the agreements with members of the Board of Directors and the Executive Committee (Article 25) and loans to members of the Board of Directors and the Executive Committee (Article 27).

Responsibilities of the Remuneration Committee

The Remuneration Committee (RemCo) has the following roles and responsibilities as outlined in the Organizational Regulations and RemCo Charter. After each RemCo meeting the Board of Directors is informed of the topics discussed and decisions taken. RemCo meeting minutes are available to all members of the Board of Directors.

The RemCo continuously reviews the aspects of executive compensation and compliance with good governance standards and also in light of continuous growth and transformation of the Company.

	RemCo	Board of Directors	Annual General Meeting
Compensation strategy and design	Proposes	Approves	
Maximum aggregate compensation of the Board of Directors	Proposes	Reviews	Approves (binding vote)
Individual compensation of the members of the Board of Directors	Proposes	Approves (within the budget approved by the AGM)	
Maximum aggregate compensation for the Executive Committee	Proposes	Reviews	Approves (binding vote)
Individual compensation of the members of the Executive Committee	Proposes	Approves (within the budget approved by the AGM)	
Performance target setting and performance assessment for the purpose incentive plans	Proposes	Approves	
Remuneration Report	Proposes	Approves	Consultative vote

Annual Remuneration Committee Schedule

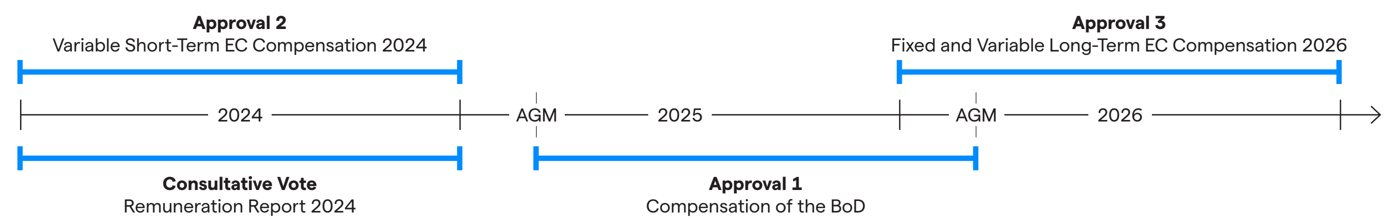
	Q1	Q2	Q3	Q4
Remuneration Governance				
Preparation of Remuneration Report	•			•
Approval of Remuneration Report	•			
Review of the minimum shareholdings of Board and Executive Committee	•			
Proposal of remuneration AGM motions to be submitted to shareholder vote		•		
AGM retrospective and review of feedback on policy and disclosures			•	
Approval of Remuneration Committee meeting schedule				•
Compensation of Board of Directors				
Determination of compensation for following compensation period (AGM to AGM)		•		
Benchmark of compensation of the Board of Directors (every 2 – 3 years)			•	
Compensation of the Executive Committee				
Performance Evaluation	•			
Determination of the annual bonus payout (prior year)	•			
Determination of long-term incentive vesting (end of prior 3-year period)	•			
Compensation review for current year	•			
Review compensation peer group			•	
Determination of plan design and performance targets for annual bonus and LTIP for next financial year			•	
Forecast of expected incentive payouts for current year (every 2 – 3 years)			•	•
Benchmarking Executive Committee compensation	•			•
Determination of Executive Committee compensation for the coming year	•			•

Shareholders' Meeting

The Shareholders' Meeting approves annually the compensation of the Board of Directors and the Executive Committee in accordance with Organizational Regulations of Lonza's Articles of Association. In relation to the Board of Directors, prospective approval is sought for the compensation of the Board of Directors from AGM to AGM.

Retrospective approval is sought for the aggregate amount of variable short-term compensation of the Executive Committee for the prior financial year. This maintains our commitment to pay for performance. In addition, a prospective approach is sought for the maximum aggregate amount of fixed compensation and variable long-term compensation (LTIP) for the upcoming financial year.

This Remuneration Report shall be submitted to a consultative vote by the shareholders at the AGM 2025. The voting mechanism that will be conducted at the AGM 2025 is described below.



External Advisors

Lonza engages with external advisors on an ad hoc basis as required. In 2024, the RemCo obtained external market and legal insights from PWC[1] and Obermatt[1] reflecting a total cost of approximately CHF 50,000. The CHRO and relevant HR specialists support the RemCo in preparing the RemCo meetings and materials. These individuals have an advisory function without voting rights.

Market Benchmarking

Lonza reviews the total compensation of the Executive Committee, wider employees and Board of Directors through regular benchmarking analysis versus market practice, to ensure that compensation levels remain competitive and support the retention and attraction of talents.

The total compensation (base salary, variable incentives, pension and other benefits) for Executive Committee members is benchmarked against a relevant peer group every two to three years or when fundamental company parameters alter (e.g. acquisition or divestment). Benchmarking was last performed in 2024.

The peer group is used for the purpose of compensation benchmarking. In 2024 the peer group was simplified to a single peer group focused on the European and Swiss pharmaceutical, life sciences and CDMO businesses of a similar size. This simplified peer group best represents the talent market in which Lonza competes.

Alcon AG	Reckitt Benckiser Group Plc
Bayer AG	Sandoz Group AG
Eurofins Scientific SE	Sartorius AG
Grifols SA	Smith & Nephew Plc
GSK Plc	Sonova Holding AG
ICON plc	Straumann Holding AG
Ipsen SA	Teva Pharmaceutical Industries Limited
Merck KGaA	UCB SA
Novartis AG	

[1] PWC have further consulting arrangements with Lonza Human Resources. Obermatt has no other consulting arrangements.

Executive Committee Appointments Policy

Compensation Element	Policy
Levels and Structure	• Total compensation and components for an incoming Executive Committee member will be directly aligned with the Executive Committee compensation structure (page 170)
Base Salary	• The RemCo will set base pay levels in a reasonable range around market level considering scope of role responsibilities, experience, skills and internal relativities • If the scope of an Executive Committee member's role changes significantly the RemCo may make adjustments in line with benchmark and defined budget • The RemCo will review Executive Committee base salary as part of the merit based annual salary review, with increases based on strong performance and proven contributions in role over a sustained period
Incentives	• Incoming Executive Committee members are eligible for incentive target levels in line with their role (see page 177)
Pension and benefits	• Incoming Executive Committee members are eligible for pension and benefits in line with the wider workforce in the country in which they are employed
Replacement Awards	• The RemCo will consider making replacement awards at the commencement of the employment relationship using equity (LRSP) or in exceptions, cash. Such awards compensate forfeited awards at the previous employer, as a result of accepting the Lonza appointment (see page 181) • Details of any such buyout award for Executive Committee members will be disclosed at the time of grant, in the relevant Remuneration Report • In line with mandatory Swiss law, Lonza does not give any "golden handshakes" or sign-on awards

Executive Committee Termination Policy

The employment agreements of the Executive Committee members are in line with the below provisions.

Termination type	Treatment of compensation
Death, disability and retirement Termination by the Company Without Cause	• Payment of base salary and benefits over the 12-month notice period, except in the case of retirement. In the case of death, this is paid out to the next of kin • Pro-rata annual bonus payment relating to year of termination, measured up to the termination date (payout subject to shareholder vote at the relevant Annual General Meeting) • Unvested LTIP awards will be pro-rated, based on number of months employed (including the notice period) during the 36-month performance period (this applies to all outstanding LTIP awards) and will vest on the ordinary vesting date for each plan • Unvested LRSP awards will be pro-rated, based on number of months employed (including the notice period) during the relevant vesting period and will vest on the ordinary vesting date for each plan • No new LTIP awards will be made where the grant date is in the notice period
Resignation by the Executive	• Payment of base salary and benefits over the 12-month notice period • No entitlement to annual bonus award with respect to the plan year in which the termination date occurs, except if both of the following apply: I. Termination is after 31 December of the plan year; and II. Executive was not released from their obligation to work during the plan year • All unvested LTIP / LRSP awards will lapse
Termination by the Company for Cause	• Payment of base salary and benefits over the 12-month notice period • No entitlement to annual bonus award relating to plan year in which employment is terminated • All unvested LTIP / LRSP awards will lapse
Change of Control[1]	• Payment of base salary and benefits up to point of transaction if moving to new entity following transaction or up to the end of the notice period, if terminated by the Company without cause • Within 18 months following a change of control, an annual bonus payment will be made on a pro-rata basis reflecting the period up to the end of the notice period. The payment will also be based on actual (to the extent that it may be determined) or presumed achievement and, if to the extent that the executive is released from an obligation to work, target achievement (100%) will be assumed • Unvested LTIP / LRSP awards shall vest immediately and the granted price shall be the price at which the shares are sold in the transaction resulting in the Change of Control
Non-Compete	• For a period of six months (for Executive Committee members) and 12 months (for the Chief Executive Officer) following the end of the notice period individuals will not be partially or fully employed by any entity that materially competes with the Company • In case of a breach of the non-competition clause, the executive shall pay damages to the Company • Compensation for the period of non-competition, will be a monthly consideration equal to the executive's last monthly base salary minus any new income earnt in the relevant month • In line with the revised Code of Obligations (art. 735c para 2) compensation will not exceed the average compensation paid to the EC Member in the three previous financial years and will only be paid when commercially justifiable • The Company may elect to fully or partially release the departing Executive Committee member from the non-competition obligation no later than six months prior to the end of the notice period

[1] If employment is terminated by the Company without cause or an Executive Committee member terminates the employment due to good reason, as outlined in employment agreement.

Clawback and Malus

The Lonza Clawback and Malus Policy applies to Executive Committee members and covers all new, future and outstanding variable compensation including Lonza Bonus, LTIP and LRSP awards. In instances of gross misconduct, material breach of duties, violation of code of conduct, material misstatement of and error in calculation of performance (company or personal), the Clawback and Malus policy allows Lonza to recover any relevant compensation from Executive Committee members and / or to forfeit or reduce in whole, or in part, any future awards or payments. The clawback and malus period applies until the third anniversary of the vesting date.

Shareholding Guidelines

Executive Committee members and other senior managers must meet minimum shareholding requirements to strengthen their alignment with our shareholders' interests. The minimum shareholding levels must be achieved within a specified five-year period which begins on the date of commencing the relevant role. Progress towards achieving the guideline levels is measured in January of each calendar year.

CEO	300% of base salary
Other Executive Committee members	200% of base salary
Other senior managers	Annual LTIP grant value

The RemCo periodically reviews the minimum shareholding requirements. No changes were made to the guidelines during 2024.

Executive Committee Performance Management Annual Process

Executive Committee members are subject to a performance management process, broadly aligned with the process for the wider organization. The RemCo works to set robust targets to drive sustainable results.

Both personal goals and group wide goals (financial and ESG) are set after iterative reviews and are ultimately approved by the Board of Directors. At year-end, a performance assessment takes place. Each Executive Committee member conducts a self-assessment of their performance, considering the deliverables of their role, including divisional financial targets and company-wide ESG targets, achievement of annual personal goals, and values and behaviors.

A discussion is held between each Executive Committee Member and the CEO who recommends a performance rating for RemCo endorsement. The Executive Committee members are not present during RemCo meetings when their own performance and compensation is discussed.

The Chair of the Board of Directors assesses the performance of the CEO, including: a review of company targets set at the beginning of the year (financial and ESG), personal goals and values and behaviors, in order to determine a performance rating approved by the RemCo. The CEO is not present during the section of the RemCo meeting when their own performance and compensation is discussed.

1. Target Setting

- Company (financial and ESG) targets proposed to the Board with inputs from relevant functions. Robust iterative review process ensures targets are stretching to drive competitive advantage, whilst discouraging excessive risk taking
- Personal goals proposed by each EC Member, including values and behaviors
- CEO sets personal goals with the Chair of the Board. Other EC members set goals with CEO

2. Year-end Performance Assessment

Company Performance
- Outcomes for financial and ESG targets are calculated against each weighted metric considering constant exchange rates and result in a company performance factor

Personal Performance
- EC members conduct self-assessment
- CEO performance assessed by Chair of the Board to determine a performance rating considering a review of company targets set at beginning of the year (financial and ESG), personal goals, and values and behaviors
- EC Member performance is assessed by CEO to determine a performance rating considering deliverables of their role including; Divisional financial targets and company-wide ESG targets, achievement of annual personal goals and, values and behaviors
- The personal performance assessment may result in a rating of Outstanding Performance (exceptional contributions and performance over and above expectation and exemplifying Lonza's values and behaviors), Successful Performance (strong performance in line with expectation and having delivered defined goals), or Developing Performance (performing generally in line with expectations yet may not have fully delivered defined goals or had effective business impact)
- CEO and EC ratings calibrated by the NGC and endorsed by RemCo resulting in a formulaic non-discretionary personal performance factor as outlined on page 177

3. Determining CEO and EC Compensation

- Annual bonus outcomes are formulaic (using the company and personal performance factors) and are put to the AGM
- Long-term incentive outcomes are formulaic based on outcomes of the relevant financial metrics
- Base salary is reviewed by RemCo in line with performance, market benchmarks, internal relativities, experience and scope of role, and is put to the AGM

Compensation of the Executive Committee 2024

Base Salary

Objective and overview	• Paid as a fixed cash amount • Basis for total compensation (incentives target amounts set in percentage of base salary) • Reviewed annually, taking into consideration the scope and responsibilities of the position, market benchmark and base salary increase made across the Company, as well as the personal performance of the individual • May be adjusted in case of change in scope of role
2024 implementation	• Base salary for those appointed to the Executive Committee during 2024 was set taking in consideration the experience of individual and relevant market levels • Base salary for specific Executive Committee members was adjusted during 2024 in line with the objectives above

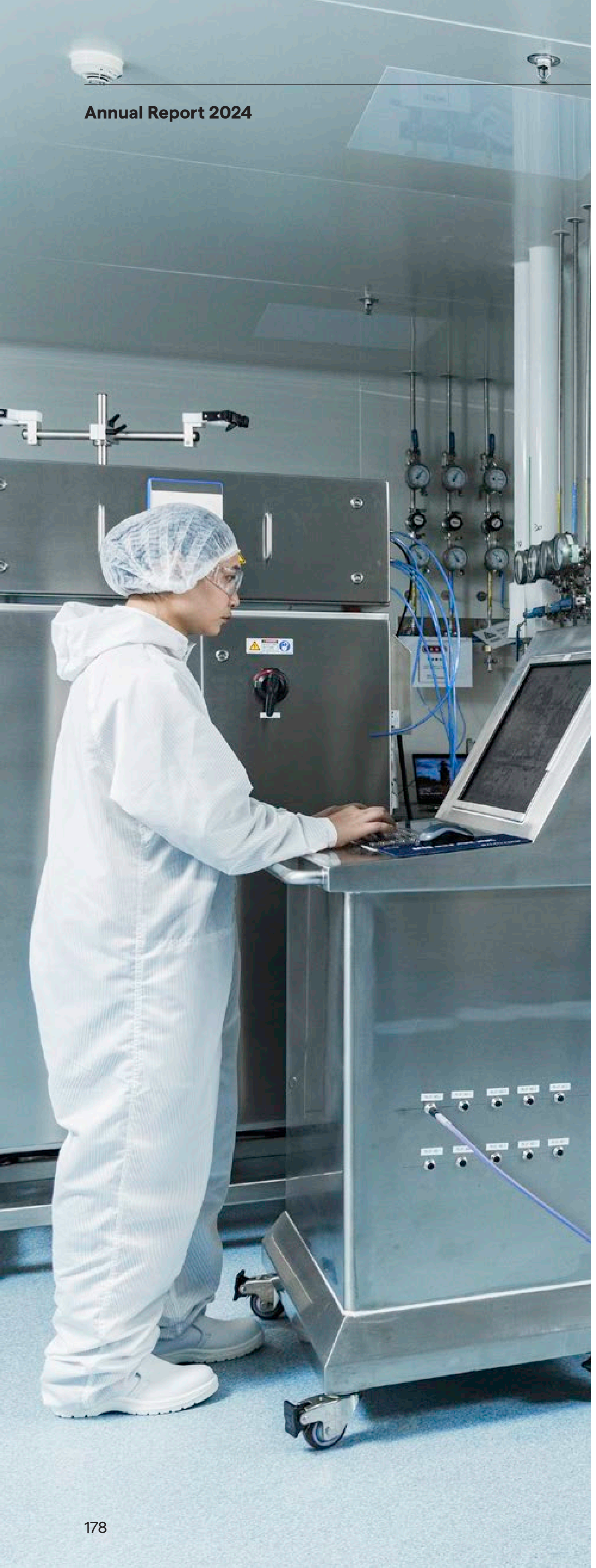
Benefits

Objective and overview	• Complement the total compensation offering on a country or market specific basis • Includes retirement benefits and risk benefits such as life, health insurance and medical allowance, as well as perquisites such as transportation allowance and expense allowance
2024 implementation	• Administered in line with country benefit policies • Provided to Executive Committee members on the same terms as the wider workforce in the country in which they are employed

Lonza Bonus

Objective	A reward for year-over-year performance, providing potential for an annual bonus payment based on Group and personal performance			
Overview and pay out method	Bonus performance conditions are defined for each financial year ahead of the relevant annual bonus cycle based on the company's short-term objectives, and include a mix of financial, ESG and individual goals			
	Annual bonus target amount ×	**Company performance factor** Sales CORE[1] EBITDA Free Cash Flow ESG KPIs ×	**Personal performance factor** Personal factor based on personal performance rating considering delivery of: role deliverables; annual goals; values and behaviors, results in a formulaic non-discretionary pay out percentage =	**Bonus award** Bonus award is paid 100% in cash or, 50% cash and 50% shares if shareholding guidelines have not been met
Levels	**CEO** 100% of base salary at-target **Other Executive Committee members** 75% of base salary at-target	0 – 150% of target	• Unsatisfactory 0 – 40% • Developing Performer 80% • Successful Performer 100% • Outstanding Performer 130%	Realized bonus award ranges from 0 – 195% of target
2024 company performance conditions	The 2024 annual bonus was based on Company performance and personal performance measures with financial and ESG target performance results derived from the audited 2024 results. These financial KPIs measures were selected to reflect company performance holistically considering topline revenue generation as well as bottom line operational efficiencies, cost and expense management. They are coupled with ESG goals which are outlined in the following section			
Definition	**Sales** Measures revenue generated	**CORE[1] EBITDA** Measures Group operating performance and profitability	**Free Cash Flow** Measures the company's ability to generate cash	**ESG** Measures the company's contribution to seven UN Sustainable Development Goals
Weighting	**22.5%**	**37.5%**	**15.0%**	**25.0%**

[1] CORE results for incentive plans are adjusted for divestitures, acquisitions, restructuring and extraordinary one-time events and as approved by the RemCo including rounding.



Environmental, Social and Governance (ESG)

Lonza has prioritized seven of the United Nations Sustainable Development Goals as the most relevant to our commitment to supporting our customers to bring medicines and therapies to patients, investing in the development of our people and reducing the environmental impact of our operations and supply chain. This commitment is anchored in our annual bonus for the Executive Committee and the wider employee population, with the equally weighted targets set out below. The Executive Committee have a collective responsibility for the achievement of the ESG goals and its members sponsor the goals to ensure a dedicated focus.

2024 Pay Out Factor

ESG

2024 Achievement (% of target)

Sustainable Development Goal	Objective Description	2024 Achievements	Threshold	Target	Maximum	2024 Payout
3. Good Health and Wellbeing	Lonza contributes to the wellbeing of the world and global society, measured by the satisfaction of our customers who bring medicines and therapies to patients	Customer satisfaction for our products and services offerings increased 3 points year over year				59%
	Annual progress on our ESG roadmap	We improved our ESG risk management, governance and reporting by continuing to enhance our site-level climate risk assessment process and financial quantification and our materiality assessment				100%
13. Climate Action	Annual progress in reducing Scope 1 and 2 emissions with the long-term goal of cutting our GHG emissions by 42% by 2030 vs 2021	While absolute emissions decreased slightly year over year, we developed roadmaps to reduce Scope 1 and 2 emissions in the mid – long term. Our emissions intensity (tons of CO_2/m CHF) remained consistent year over year.[2] We continued our work to implement virtual power purchase agreements (VPPAs) for new wind and solar developments, onsite capacity, renewable energy certificates and other market instruments				100%
	Enhancement of roadmap and commitment to reduce Scope 1 and 2 emissions	Priority sites further developed plans identifying projects to reduce emissions in mid to long term, and projects are included in the financial planning				100%
9. Industry, Innovation and Infrastructure	Lonza further reduces the environmental impact of our operations through innovation for efficiency in growth projects and investment	We implemented Sustainable Design Standards for all relevant capital expansion and refurbishment projects worldwide and their estimated carbon footprint. These standards incorporate the best solutions in terms of reducing energy consumption, GHG emissions, water consumption and waste production into our assets for the most common utilities				150%
12. Responsible Consumption and Production	Lonza improves ESG along its supply chain	We continued our progress on performing sustainability evaluations for our suppliers, covering more than 80% by spend				150%
	Enhancement of roadmap and commitment to reduce Scope 3 emissions	We work towards our Scope 3 science-based supplier engagement target, by engaging more than 500 suppliers to improve their decarbonization maturity				150%
5. Gender Equality	Annual progress towards our global ambition of ensuring equal employment	Through our equal employment opportunity efforts, we increased the percentage of females in management positions by more than 1% year over year globally[1]				100%
6. Clean Water and Sanitation	Annual progress towards reducing industrial water intensity by 50% by 2030 vs. 2021	We reduced industrial water intensity (m^3/m CHF) by more than 1% year over year with an absolute water consumption decrease of 5%				100%
	Enhancement of roadmap and commitment to reduce water consumption	Many industrial water reduction projects are under way, already delivering actual water savings year on year				100%
4. Quality Education	Lonza supports the learning and development of its employees, measured by their satisfaction of such opportunities and programs	Our focus on education continued throughout the year with the launch of the Learn@Lonza Learning Experience Platform and roll-out of the Employee Development Journey (EDJ) initiative. Employee satisfaction related to learning and development remained stable year over year				50%
Total ESG Factor						**105%**

[1] This target is the global (where permitted by local law) performance indicator of our efforts to remove any gender-related obstacles in the workplace, ensuring each person is assessed fairly based on merit.

Overall Company Performance

2024 Group performance targets and outcomes

	Weighting	Target	Maximum	Actual	2024 Payout (% of target)
CORE[1] EBITDA	37.5%	1,887	1,987	1,886	99%
Lonza Sales	22.5%	6,552	6,852	6,524	95%
Free Cash Flow	15.0%	-22	78	543	150%
Lonza ESG	25.0%			105%	105%
Total Company Performance Factor	**100%**	**–**	**–**	**–**	**107%**

[1] CORE results for incentive plans are adjusted for divestitures, acquisitions, restructuring and extraordinary one-time events and as approved by the RemCo including rounding.

The 2024 annual bonus will be paid to eligible Executive Committee members in May 2025 subject to shareholder approval at the 2025 Annual General Meeting.

CEO Personal Performance

In addition to company financial and ESG targets, the CEO also has personal objectives. The overall holistic personal performance factor is determined by considering performance against goals, as well as overall contributions and demonstration of Lonza values and behaviors.

Goal 1
Personal "what" goal focused on completing a review of the business portfolio, establishing a unified corporate strategy and business model with relevant updates to investors.

Goal 2
Personal "how" goal focused on creating a positive, inclusive, performance-oriented company culture and establish transparent communication with the Board.

Overall holistic assessment
Since appointment, the CEO has driven transformative change with exceptional focus, speed and success, defining the One Lonza strategy based around four key initiatives: focusing on the CDMO business; reshaping the operating model; elevating execution in manufacturing and engineering and expanding through an impartial approach to buy and build. In addition, the CEO was able to very successfully align EC Members and leadership team with the right business, positioning Lonza for future growth, as communicated to and recognized by key external stakeholders. In addition, 2024 financial goals as well as ESG targets have been delivered. As a result, the Chair of the Board, as approved by the RemCo, determined a personal performance rating of Outstanding performance fairly reflects 2024 performance. This results in a formulaic and non-discretionary output of a 130% personal performance factor.

Personal Performance Factor	**130%**
CEO Overall Pay-out Factor	**139.1%**

Long-term Incentive Plan (LTIP)

Objective and overview

- Part of variable compensation, the LTIP aligns the interests of participants with those of Lonza's shareholders. It also contributes towards the offering of a competitive total reward package
- Executive Committee members are awarded the conditional right to receive a number of Lonza shares in the future, provided that performance conditions are achieved over a three-year performance period
- The LTIP plan design and performance targets are determined at the beginning of each three-year performance period

Levels

- **CEO:** 150% of base salary at target
- **Other Executive Committee members:** 125% of base salary at target
- Minimum payout is 0% of target levels
- Maximum payout is up to 200% of target levels

Payout ranges

Payout ranges from 0% to 200% of target opportunity levels

Performance	Payout (% of target)
Minimum	0%
Threshold	50%
Target	100%
Maximum	200%

Performance Conditions

From 2024 KPIs are CORE[1] EPS, ROIC and rTSR each weighted at one-third. These KPI's align the interests of the Executive Committee with Lonza's long-term performance and thus the interests of our shareholders

2022 LTIP award – performance and payout

The 2022 LTIP award was granted in 2022 with the KPIs relevant at that time

	2022–2024 LTIP performance				
	Weighting	Target	Maximum	Actual[1]	2024 Payout (% of target)
CORE EPS (earnings per share)	50%	13.0	18.2	14.3	120%
ROIC (return on invested capital)	50%	7.7%	10.8%	9.4%	152%
Total	–	–	–	–	136%

This resulted in a payout of 136% of target LTIP levels for Executive Committee members with this award

2023 LTIP award

The 2023 LTIP award was granted in 2023 and will vest in early 2026 following a three year performance period. Full details were provided in the Remuneration Report 2023

2024 LTIP award – grant

Overview
The 2024 LTIP budget value for the Executive Committee was approved by the Board of Directors and submitted to the AGM 2024. Following shareholder approval at this meeting, the awards were subsequently administered. Similar to previous years, the 2024 LTIP awards include minimum, threshold, target and stretch goals, as outlined above.

Performance measures 2024 and target setting
The respective performance targets at the threshold (50%), target (100%) and maximum (200%) payout levels were recommended by the RemCo and approved by the Board of Directors in January 2024. They are commercially sensitive at this time and will not be disclosed publicly until after the awards have vested. All three of the relevant KPIs are measured on the average 3-year performance.

CORE[1] EPS
EPS (Earnings per share) is defined as CORE net income divided by the average number of outstanding shares and measures profitability and excludes financial income and expenses. The 2024 LTIP award threshold performance level remains consistent with prior years. The maximum performance level requires significantly better performance than target.

ROIC
ROIC (return on invested capital) is defined as adjusted net operating profit after tax divided by average invested capital. This measures the return the company generates on its investments for both organic, and inorganic expansion. The measure is a reflection of the effect of decisions taken by Executive Committee members and senior management over the course of the relevant LTIP performance period. The 2024 LTIP award threshold performance level remains consistent with prior years. The maximum performance level requires significantly better performance than target.

rTSR
rTSR (relative total shareholder return) ranks Lonza's performance against all members of the peer group. This measure aligns the interests of our executives with shareholders over a multi-year period. The target (100%) payout level is achieved with a median ranking relative to the peer group. rTSR is measured against the SMI peer group and will be calculated by an independent third-party advisor, and subsequently approved by the Board and assured by an external auditor.

[1] CORE results for incentive plans are adjusted for divestitures, acquisitions, restructuring and extraordinary one-time events and as approved by the RemCo including rounding.

Lonza Restricted Share Plan (LRSP)

Objective, overview and performance measures	• A replacement award instrument for Executive Committee members awarded solely at the commencement of the employment relationship if certain compensation is forfeited at their previous employer as a result of joining Lonza. It is used as a vehicle to support the Executive Committee Appointment Policy and replicates existing vesting schedule at previous employer • Two to five-year time-based vesting period, depending on the structure of the forgone compensation • Replacement awards subject to continued employment and sustained performance in role
Levels	• Levels set less than forgone awards, considering, but not limited to, previous employer variables such as historical company performance, volatility and the equity instrument
Payout method	• 100% equity following a two to five-year time-based vesting period
2024 Implementation	• Wolfgang Wienand received an award of CHF 2.7m vesting in two tranches over 12 and 24 months from the date of appointment on 1 July 2024 • Ulrike Käppler received an award of CHF 0.2m vesting over 24 months to 30 April 2026

The LTIP and LRSP plans outlined above are the only share-based programs provided.

Highest Compensation Paid to a Member of the Executive Committee

The table below shows the breakdown of compensation for Wolfgang Wienand, CEO, as the highest-paid Executive Committee member in 2024 as compared to the highest-paid Executive Committee member in 2023, Pierre Alan Ruffieux (which reflected compensation received as an active member of the Executive Committee and compensation received in relation to the contractual notice period).

The higher total remuneration in 2024 is driven by higher full time equivalent base compensation (CHF 1.35m in 2024 as compared to CHF 0.90m in 2023) which in turn is reflected in the incentive programs. The higher base pay is reflective of the determined desire of the Board of Directors to appoint a CEO with significant experience, skills and competencies in the relevant industry in which Lonza operates, as well as seeking a candidate with proven capabilities in a CEO function within a listed company.

Based on careful analysis, which was also supported by external expert insights to assess in detail the market, the new base salary sought to be attractive for the expected candidate profiles. In addition the base salary was positioned around market median and allows for the total compensation levels to ensure competitive positioning depending on actual performance achievements. This package applied the existing short-and long-term incentive level of the existing compensation framework.

The actual bonus is payout based on outstanding individual performance driven by exceptional impact to integrate into, stabilize and set up the organization for future success. Combined with solid company performance in 2024 this has contributed to the Lonza Bonus payout outlined in the table below. More details of the personal performance can be found on page 180. In addition 2024 reflects the one-time replacement award for compensation forfeited at the prior employer when accepting the role at Lonza as outlined in the LRSP table above.

The fixed and variable long-term compensation budgets are based on shareholders' approval during the 2024 Annual General Meeting.

Million CHF (gross)	2024	2023
Fixed pay		
Base salary	0.67	0.90
Pension and benefits [1]	0.42	0.36
Variable pay		
Lonza Bonus (cash) [2]	0.47	1.01
Lonza Bonus (shares) [2]	0.47	0.00
LTIP (grant value) [3]	1.69	1.35
Other pay		
LRSP (grant value)	2.70	0.00
Other compensation	0.00	0.00
Total	**6.42**	**3.62**

[1] The disclosed amounts on this line represent the full costs of employer contributions for social security and pension fund for 2024 and 2023. For 2024 the employer pension contributions were CHF 0.06m (2023: CHF 0.11m).
[2] For those Executive Committee Members who are yet to reach the minimum shareholding, the 2024 Lonza Bonus will be paid out 50% in cash and 50% in shares (individual exceptions reserved subject to RemCo approval).
[3] The fair value in 2024 and 2023 was calculated using base salary and market value at grant date (31 January 2024 and 31 January 2023).

Aggregate Compensation of the Executive Committee

The table below shows the aggregated breakdown of all compensation provided to Executive Committee members[1] in 2024 and 2023.

Million CHF (gross)	2024	2023
Fixed pay		
Base salary [2]	4.66	4.38
Pension and benefits [3]	2.43	2.15
Variable pay		
Lonza Bonus (cash) [4,5]	3.62	2.82
Lonza Bonus (shares) [5]	0.69	1.02
LTIP (grant value) [6]	5.96	5.14
Other pay		
LRSP (grant value) [7]	2.90	0.00
Other compensation [8]	1.29	0.85
Total	**21.55**	**16.36**

[1] 8.3 members in 2024 and 8.3 members in 2023. Pierre-Alain Ruffieux stepped down from the Executive Committee on 30 September 2023 with notice period to 30 June 2024. Albert Baehny was appointed as CEO *ad interim* from 1 October 2023 to 31 July 2024. Ulrike Käppler was appointed on 1 January 2024 and stepped down on 31 May 2024 (with notice period to 31 May 2025), Her departure was treated in accordance with contractual obligations and applicable plan rules. Wolfgang Wienand was appointed on 1 July 2024. Nicoleta Baumgärtner was appointed on 1 November 2024.
[2] Base salary levels paid for the periods when individuals were members of the Executive Committee during 2024 and 2023. 2023 and 2024 include pro-rated payment to Albert Baehny to the equivalent of CHF 500,000 per annum for the added responsibility of the CEO *ad interim* role 1 October 2023 – 8 May 2024, and a pro-rata payment to the equivalent of CHF 1.35m for the period 9 May – 31 July 2024.
[3] Social security, pension fund and other benefits. The disclosed amount represent the full costs of employer contributions for social security and pension fund amounts for 2024 and 2023. For 2024 the employer pension contributions were CHF 0.86m (2023: CHF 0.85m). The table includes the fair value of the other benefits as well.
[4] The Company performance factor for 2024 was 107% (2023: 112.4%) and the rounded average personal factor for the Executive Committee Members was 108% (with personal performance ratings in the range of, Successful and Outstanding performance) (2023: 101%). Payouts will be made with the first possible payroll after shareholders' approval at the AGM 2025.
[5] Three active Executive Committee members as at 31 December 2024, are developing their shareholding in line with the shareholding guidelines and will receive the 2024 Lonza Bonus 50% in cash and 50% in shares (individual exceptions reserved subject to RemCo approval).
[6] The fair value in 2024 and 2023 was calculated using base salary and market value at grant date (31 January 2024 and 31 January 2023).
[7] In line with the Executive Committee Appointment Policy (see page 174), replacement awards at the commencement of the employment relationship were made in 2024 to Executive Committee members (U Käppler and W Wienand) under the Lonza Restricted Share Unit Plan (LRSP) compensated for equity awards which were forfeited when leaving the previous employer. These awards were made in accordance with Article 23 (Supplementary Amount in the Event of Changes in the Executive Committee) of Lonza's Articles of Association. The fair value at grant was calculated using the three trading day average closing share price prior to the grant date. The awards will vest after one (CHF 1.4m relating to W Wienand) and two (CHF 1.3m related to W Wienand and CHF 0.2m related to U Käppler) year periods, subject to continued employment, sustained performance and clawback and malus, under the Clawback and Malus Policy. See page 175 for full details on the award.
[8] Cash payment (including base salary, other benefits, short–term incentive and social security) and shares (LTIP) received by departed members of the Executive Committee during 2024 and 2023 in line with contractual obligations and in line with applicable plan rules.

The aggregated base salary levels increased by 7% in 2024 (as compared to a 9% increase in 2023). Base salaries were adjusted for two Executive Committee members in line with market value, scope of role and experience. The increase is also a result of the *ad interim* base salary payment to the CEO *ad interim* and having two CHRO's with overlapping service and notice periods. There were 8.3 active Executive Committee members in 2024 which compared to the 8.3 active Executive Committee members in 2023, reflecting the portion of time held by Executive Committee members during each year.

The proposed payments under the Lonza Bonus for 2024 are reflective of the 2024 Group financial and ESG target performance, as outlined on page 179 – 180 of this report. The Company performance factor of 107% combined with varying personal factors resulted in a proposed average total payout of 118% of target for Executive Committee members. Although the number of eligible Executive Committee members decreased slightly in 2024 (8.4 as compared to 8.6 in 2023), the aggregated bonus payments increased compared to 2023 as a result of the higher overall performance factor (including personal and company performance). The CEO *ad interim* was not eligible to participate in the Lonza Bonus plan whilst also holding the mandate as Chair of the Board of Directors. The CEO *ad interim* participated in the Lonza Bonus plan from 9 May – 31 July 2024.

The aggregated 2024 LTIP grant value increased compared to 2023. There was no change to policy levels during 2024. A lower number of the Executive Committee members were eligible to receive awards (8.2 in 2024 as compared to 8.6 in 2023), the increase arises from the impact of higher base salaries. The CEO *ad interim* was not eligible to participate in the LTIP plan.

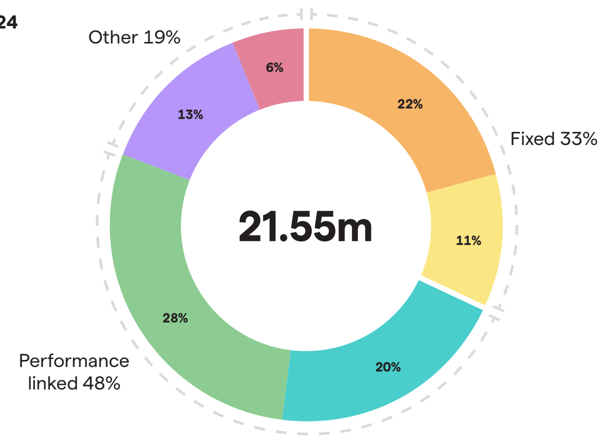
Lonza Bonus of CHF 5.07m for active and departed Executive Committee Members (inclusive of social security) will be subject to shareholders' approval at the AGM 2025. Fixed compensation of CHF 7.69 exceeds the CHF 6.71m approved for 2024 fixed compensation at the AGM 2023. Ulrike Käppler and Wolfgang Wienand's appointments were not known at the time of the AGM 2023 and hence their compensation was authorized under Article 23 of the Articles of Association. The LTIP grants in the amount of CHF 6.19m are within the amount of CHF 12.1m approved at the AGM 2023.

No loans or credits were outstanding as of 31 December 2024. During 2024, no payments (or waiver of claims) other than those disclosed in this report were made to current or departed Executive Committee members, nor to persons closely linked to them.

No member of the Executive Committee benefits materially from any contract between a Lonza company and a third party.

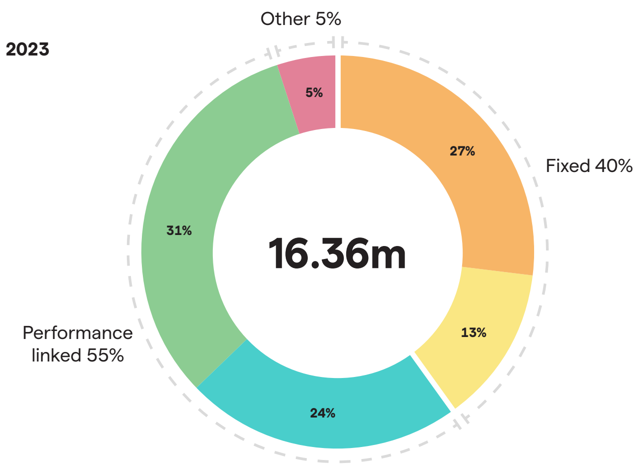
2024 Fixed Versus Variable Pay Mix

2024



Base salary (4.66m)
Pension and Benefits (2.43m)
Bonus (4.31m)
LTIP (5.96m)
LRSP (2.9m)[1]
Other Compensation (1.29m)[2]

2023



Base salary (4.38m)
Pension and Benefits (2.15m)
Bonus (3.84m)
LTIP (5.14m)
Other Compensation (0.85m)[2]

[1] Lonza Restricted Share Unit Plan (LRSP) awards are separate from typical total compensation and are awarded only in cases where a new Executive Committee member forgoes cash or equity at their previous employer.
[2] Cash payment (including base salary, other benefits, short-term incentive and social security) and shares (LTIP) received by departed members of the Executive Committee during 2024 and 2023.

Appointments to the Executive Committee in 2024

Albert Baehny acted as CEO *ad interim* from 1 October 2023 whilst also holding the mandate as Chair of the Board of Directors. The RemCo determined that for that period he receive the equivalent of CHF 500,000 per annum for this added responsibility which will be delivered as monthly cash payments. This is in addition to the CHF 750,000 fee received as Chair of the Board of Directors to 8 May 2024. For the period 9 May 2024 to 31 July 2024 Mr Baehny received the pro-rated equivalent of CHF 1.35m per annum and participated in the Lonza Bonus plan. All relevant compensation for this *ad interim* appointment is included in the Aggregate Compensation of the Executive Committee table on page 183. Details of Mr Baehny's Board fee are outlined on page 186. Ulrike Käppler was appointed as CHRO with effect from 1 January 2024. Wolfgang Wienand was appointed as CEO effective 1 July 2024 and on 1 November 2024 Nicoleta Baumgärtner was appointed as the new CHRO.

Payment to Departed Executive Committee Members in 2024

Ulrike Käppler stepped down as CHRO on 31 May 2024 with notice period to 31 May 2025.

Albert Baehny stepped down as CEO *ad interim* on 31 July 2024.

Their departures continue to be treated in accordance with contractual obligations and in line with applicable plan rules, including the Executive Committee Termination Policy.

No other payments (or waiver of claims) were made to former Executive Committee members in 2024.

Compensation Compared to the Lonza Workforce

Executive Committee members received in average an increase of 3.6% in an annual salary review process for existing members. In comparison, eligible employees in the wider Lonza workforce in Switzerland received an average base salary increase of 2.0% as part of the annual salary review in April 2024. As the Executive Committee is primarily Swiss based, comparison is made to Swiss based employees. Any workforce representation wider than this would not enable a fair comparison due to varying inflation, currency exchange and market levels across the world.

Compensation of the Board of Directors 2024

Policy

Objective and Market Benchmarking

The Board of Directors reviews the compensation of its members in general on a biennial basis, including the Chair, based on a proposal by RemCo, including relevant benchmarking information. In 2024 there was no review and no change to the Chair or committee fees. The present benchmarking peer group consists of Swiss companies of various sectors that are comparable in type of business, complexity of operations, size (market capitalization) and global presence to Lonza. The peer group comprises ABB Ltd, Richemont SA, Givaudan SA, Kühne + Nagel AG, Sika AG, Alcon AG, Schindler AG, LaFarge SA, Straumann Holding AG, Swisscom AG, Sonova Holding AG, Geberit AG and SGS SA.

Structure and Level of Compensation

The Chair of the Board of Directors and its members receive their compensation 50% in cash and 50% in restricted shares (blocking period of three years). Compensation is paid in arrears, in quarterly installments. The number of shares granted for Board of Directors' compensation is based on the average closing share price of the last five business days of each quarter. Share restrictions lapse after three years from the grant date. Shares are eligible for a dividend. With this structure the Board of Directors' compensation is closely aligned with our shareholders' interests. The members of the Board of Directors do not receive variable compensation. The members of the Board of Directors are reimbursed for travel and other related expenses associated with their responsibilities as members of the Board of Directors of Lonza.

Compensation Components

For the period from the AGM 2024 to the AGM 2025, the members of the Board of Directors receive fixed gross compensation for Board of Directors' membership and additional compensation for Committee Chair and committee members as described in the table below. The compensation of the Chair of the Board of Directors includes compensation as Chair of the Nomination and Governance Committee of the Board of Directors. The additional responsibilities of Vice-Chair and Lead Independent Director do not attract any additional fees.

In 2024 a personal pension plan was introduced for the Board Members. No company contributions are made to the plan, only voluntary personal contributions by eligible members of the Board of Directors.

Compensation of Board of Directors from Annual General Meeting (AGM) 2024 to 2025 (excluding social security contributions)

Gross	Base annual fee (CHF)	Committee membership fee per committee (CHF)	Committee Chair fee (CHF)
Chair of the Board of Directors[1]	750,000	–	–
Member of the Board of Directors[2]	200,000	40,000	80,000
	The additional responsibilities of Vice-Chair and Lead Independent Director[3] do not attract any additional fees		
Form of payout	50% in Lonza Group shares and 50% in cash and paid in quarterly installments		

[1] The compensation of the Chair of the Board of Directors is inclusive of all committee work.
[2] In the case of multiple committee memberships, the committee fees are cumulated.
[3] The roles and responsibilities of the Lead Independent Director are in line with sect. 18 para. 2 of the Swiss Code of Best Practice for Corporate Governance, requiring adequate control mechanisms, and commensurate to such position.

Implementation

No loans or credits were outstanding as of 31 December 2024. During 2024, no payments (or waiver of claims) other than those disclosed in this report were made to current or departed Board of Directors members, nor to persons closely linked to them.

No member of the Board of Directors benefits materially from any contract between a Lonza company and a third party.

The Board of Directors compensation approved by shareholders reflects the July to June period (12 months) following each AGM. As such, any year-on-year change for this period impacts the financial years within which this period falls. The compensation disclosed in the Remuneration Report includes the respective calendar year (January to December). However, shareholders approve the compensation for the period AGM to AGM.

At the AGM 2024, shareholders approved an aggregate maximum compensation amount of CHF 2.9m for the Board of Directors for the period from the AGM 2024 to the AGM 2025. This compensation period is not completed yet.

At the AGM 2023, shareholders approved an aggregate maximum compensation amount of CHF 2.9m for the Board of Directors for the period from the AGM 2023 to the AGM 2024. The compensation effectively paid for this period was CHF 2.9m and is therefore within the approved limits. Compensation levels for the AGM 2025 to 2026 period are proposed in the 2025 AGM invitation.

Board of Directors Compensation [1]

		2024					2023				
CHF	Board Functions as at 31/12/2024	Net cash payment	Number of shares	Value of shares [2]	Social security and taxes [3]	Total	Net cash payment	Number of shares	Value of shares [2]	Social security and taxes [3]	Total
Jean-Marc Huët [4]	C	82,663	541	280,054	185,025	547,742	n/a	n/a	n/a	n/a	n/a
Albert M. Baehny [5]	n/a	84,853	175	93,282	17,794	195,929	339,312	836	373,682	71,375	784,369
Marion Helmes	M	69,500	244	127,440	58,833	255,773	64,952	267	119,329	55,048	239,329
Angelica Kohlmann	M	145,088	306	159,556	29,825	334,469	142,941	356	159,205	32,624	334,770
Christoph Mäder	LID	143,901	306	159,556	31,382	334,839	142,941	356	159,205	32,624	334,770
Roger Nitsch	M	114,502	244	127,439	26,304	268,245	106,836	267	119,329	24,835	251,000
Barbara Richmond	M	69,010	266	138,714	108,764	316,488	69,050	310	138,521	108,724	316,295
Jürgen Steinemann	VC	69,500	244	127,439	58,834	255,773	64,952	267	119,329	55,047	239,328
Olivier Verscheure	M	106,991	228	118,889	24,660	250,540	106,836	267	119,329	24,834	250,999
Total		**886,008**	**2,554**	**1,332,369**	**541,421**	**2,759,798**	**1,037,820**	**2,926**	**1,307,929**	**405,111**	**2,750,860**

C: Chair
VC: Vice Chair
LID: Lead Independent Director
M: Member

1 Total compensation amounts refer to gross payments, including social security and withholding tax, except where stated otherwise.
2 The fair values were calculated using the average closing share price of the last five business days of each quarter, see Note 24 in the Financial Report.
3 The social security amounts disclosed in this column represent the full costs of the employer and employee social security contributions and withholding tax.
4 This compensation is inclusive of all committee work and the net cash payment reflects also the voluntary personal contributions to a Board of Directors pension plan. There is no company contribution to the pension plan.
5 This compensation is inclusive of all committee work.

Share Ownership of the Members of the Board of Directors and the Executive Committee

Board of Directors

Based on information available to Lonza, the members of the Board of Directors and parties closely associated with them held, as of 31 December 2024: 23,958 (2023: 27,187)[1] registered shares of Lonza Group Ltd and controlled <0.1% (2023: <0.1%) of the share capital.

Executive Committee

The members of the Executive Committee and parties closely associated with them held, as of 31 December 2024: 10,292 (2023: 7,263)[1] shares and controlled <0.1% (2023: <0.1%) of the share capital. The individual control rights are proportional to the holdings shown below. In addition they hold unvested equity rights as outlined in the table below. These will vest only in line with the LTIP and LRSP plan parameters (see page 181).

None of the members of the Board of Directors or Executive Committee owns shares in the Group's subsidiaries or associated companies.

Board of Directors [1]

	Numbers of shares	
	2024	2023
Jean-Marc Huët [2]	366	n/a
Albert M. Baehny [3]	n/a	5,632
Marion Helmes	633	369
Angelica Kohlmann	1,987	1,643
Christoph Mäder	4,633	4,289
Roger Nitsch	633	369
Barbara Richmond	4,471	4,171
Jürgen Steinemann	9,460	9,196
Olivier Verscheure	1,775	1,518
Total	**23,958**	**27,187**

1 Board of Director members, spouse, children below 18, any legal entities that they own or otherwise control, or any legal or natural person who is acting as their fiduciary.
2 Jean-Marc Huët was appointed to the Board of Directors at the AGM 2024.
3 Albert Baehny did not stand for re-election to the Board of Directors at the AGM 2024.

Executive Committee [1,2]

	Shareholding	Unvested equity rights (LTIP / LRSP)	Total 31 December 2024	Total December 2023
Wolfgang Wienand [3]	0	9,449	9,449	n/a
Gordon Bates	2,404	2,601	5,005	4,770
Nicoleta Baumgärtner [4]	0	1,535	1,535	n/a
Philippe Deecke	3,400	4,006	7,406	6,251
Jean-Christophe Hyvert	2,152	4,195	6,347	5,589
Daniel Palmacci	359	3,227	3,586	1,890
Christian Seufert	889	3,588	4,477	2,982
Maria Soler Nunez	1,088	3,562	4,650	2,987
Ulrike Käppler [5]	n/a	n/a	n/a	n/a
Total			**42,455**	**24,469**

1 Executive Committee member, spouse, children below 18, any legal entities that they own or otherwise control, or any legal or natural person who is acting as their fiduciary.
2 Three active Executive Committee members are developing their shareholding in line with the shareholding guidelines.
3 Wolfgang Wienand appointed to the Executive Committee on 1 July 2024.
4 Nicoleta Baumgärtner appointed to the Executive Committee on 1 November 2024.
5 Ulrike Käppler appointed to the Executive Committee on 1 January 2024 and stepped down on 31 May 2024.

Mandates of the Members of the Board of Directors and the Executive Committee as at 31 December 2024

Board of Directors

	Company Name	Function
Jean-Marc Huët	• Heineken N.V (since 2014) • Vermaat (since 2019) • Picnic (2020 – 2024)	• Chair of the Board of Directors • Chair of the Board of Directors • Member of the Board of Directors
Marion Helmes	• Heineken N.V. (since 2018) • Siemens Healthineers AG (since 2018)	• Member of the Board of Directors, Chair of the Audit Committee • Member of the Board of Directors, Chair of the Audit Committee
Angelica Kohlmann	• Bloom Diagnostics AG (since 2014) • IE University and Business School, Madrid (since 2017) • Kohlmann & Co AG (since 2013) • Peter Drucker Society Europe / Global Peter Drucker Forum (since 2009)	• Chair of the Board of Directors • Member International Advisory Board • Chair of the Board of Directors • Chair of the Advisory Board
Christoph Mäder	• Schindler Holding Ltd (since 2024) • Baloise Holding AG (since 2019) • Swiss National Bank (since 2021) • Economiesuisse (since 2020) • Assivalor AG (since 2019) • Accenture Switzerland (since 2019) • Becker, Gurini, Partner law firm (since 2019) • Schweizer Jugend forscht (since 2018) • Vereinigung Schweizerischer Unternehmen in Deutschland (since 2016) • Loeba GmbH (since 2014) • Lonza Group AG (2020 – 2024)	• Member of the Board of Directors • Member of the Board of Directors • Member of the Bank Council • President • Member of the Board of Directors • Member of the Advisory Board • Partner • Member of the Council • Member of the Advisory Board • Member of the Advisory Board • Vice-Chair of the Board of Directors
Roger Nitsch	• Neurimmune Group (since 2006) • PUREOS Bioventures (since 2017) • NOVAGO Therapeutics AG (since 2015) • INTEGRA Biosciences Holding AG (since 2002) • University of Zurich (1998 – 2024)	• CEO and President of the Board of Directors • Member of the Advisory Board • Member of the Board of Directors • Member of the Board of Directors • Professor
Barbara Richmond	• Redrow plc (August 2024 until retirement in August 2025) • Redrow plc (2010 – 2024) • Barry Callebaut AG (since 2024)	• Integration and Synergies Director • Group Finance Director • Member of the Board of Directors
Jürgen Steinemann	• Metro AG (2015 – 2025) • Big Dutchman AG (2024 – 2025) • Big Dutchman AG (2023 – 2024) • JBS Holding GmbH (since 2017) • Barentz International B.V. (since 2020) • Bankiva B.V. (since 2017)	• Chair of the Supervisory Board • Chair *ad interim* of the Supervisory Board • Deputy Chair of the Supervisory Board • Managing Director • Chair of the Supervisory Board • Member of the Supervisory Board
Olivier Verscheure	• Foundation Council, SWITCH (since 2019) • HEC Lausanne and EPFL (since 2018) • ETH Strategic Initiative on Personalized Health and Related Technologies (since 2017) • Swiss Data Science Center (since 2016)	• Member of the Council • Co-Director, of Executive Education program in Data Science and Management • Member of the Scientific Advisory Board • Co-Founder and Executive Director

Executive Committee

	Company / Organization Name	Function
Wolfgang Wienand	• Mettler-Toledo International Inc (since 2023)	• Non-executive Director of the Board
Gordon Bates	• No external mandates	
Nicoleta Baumgärtner	• No external mandates	
Philippe Deecke	• Assura (since 2023)	• Member of the Board of Directors
Jean-Christoph Hyvert	• No external mandates	
Daniel Palmacci	• LOWENCO (since 2022)	• Member of the Board of Directors
Christian Seufert	• No external mandates	
Maria Soler Nunez	• No external mandates	

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To the General Meeting of
Lonza Group Ltd, Basel

Report on the audit of the remuneration report according to Art. 734a-734f CO

Opinion

We have audited the remuneration report of Lonza Group Ltd (the Company) for the year ended 31 December 2024. The audit was limited to the information pursuant to Art. 734a-734f of the Swiss Code of Obligations (CO) in the tables in the sections “Highest Compensation Paid to a Member of the Executive Committee” (page 182), “Aggregate Compensation of the Executive Committee” (page 183), “Compensation of the Board of Directors 2024” (pages 185 and 186), “Share Ownership of the Members of the Board of Directors and the Executive Committee” (page 187), and “Mandates of the Members of the Board of Directors and the Executive Committee as at 31 December 2024” (page 188), of the remuneration report.

In our opinion, the information pursuant to Art. 734a-734f CO in the remuneration report complies with Swiss law and the Company’s articles of incorporation.

Basis for Opinion

We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the “Auditor’s Responsibilities for the Audit of the remuneration report” section of our report. We are independent of the Company in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Other Matter

The remuneration report of Lonza Group Ltd for the year ended 31 December 2023 was audited by another auditor who expressed an unmodified opinion on this report on 2 April 2024.

Other Information

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report but does not include the tables in the sections “Highest Compensation Paid to a Member of the Executive Committee”, “Aggregate Compensation of the Executive Committee”, “Compensation of the Board of Directors 2024”, “Share Ownership of the Members of the Board of Directors and the Executive Committee”, and “Mandates of the Members of the Board of Directors and the Executive Committee as at 31 December 2024” in the remuneration report, the consolidated financial statements, the stand-alone financial statements and our auditor’s reports thereon.

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

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

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

Board of Directors' Responsibilities for the remuneration report

The Board of Directors is responsible for the preparation of a remuneration report in accordance with the provisions of Swiss law and the Company's articles of incorporation, and for such internal control as the Board of Directors determines is necessary to enable the preparation of a remuneration report that is free from material misstatement, whether due to fraud or error. The Board of Directors is also responsible for designing the remuneration system and defining individual remuneration packages.

Auditor’s Responsibilities for the Audit of the remuneration report

Our objectives are to obtain reasonable assurance about whether the information pursuant to Art. 734a-734f CO is free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Swiss law and SA-CH will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this remuneration report.

As part of an audit in accordance with Swiss law and SA-CH, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the remuneration report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.

We communicate with the Board of Directors and its relevant committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors and its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

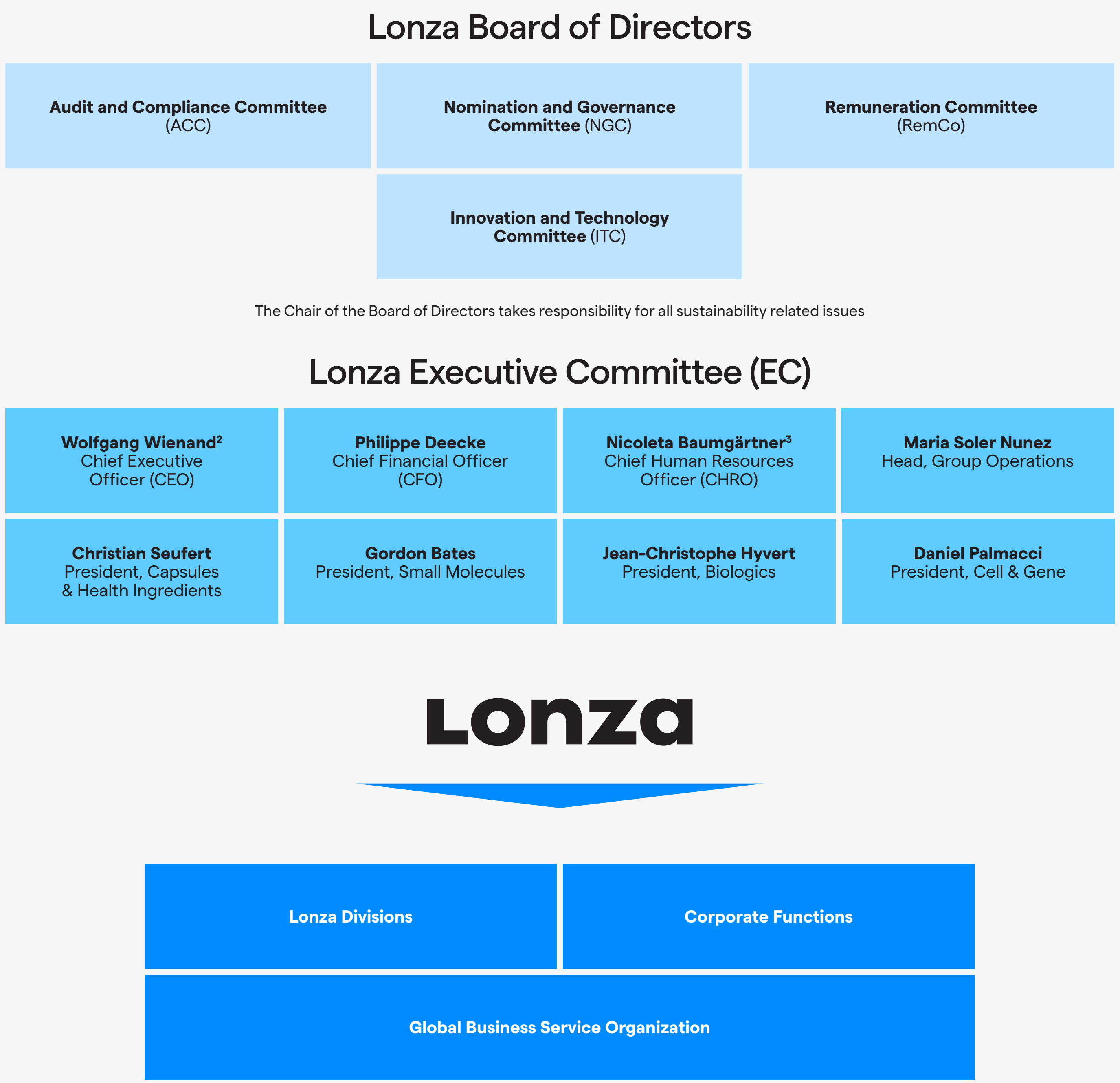
Deloitte AG

Fabien Lussu	Jan Meyer
Licensed Audit Expert	Licensed Audit Expert
Auditor in Charge	

Zurich, 31 March 2025

Corporate Governance

Group Structure and Shareholders[1]



[1] As of 31 December 2024.
[2] Albert M. Baehny was Chief Executive Officer (CEO) *ad interim* until June 2024. Wolfgang Wienand started in July 2024.
[3] Ulrike Kaeppler was Chief Human Resources Officer (CHRO) until May 2024. Nicoleta Baumgärtner started in November 2024.

Operational Group Structure

Divisions
In 2024, Lonza's activities were organized in the following four divisions:

- Biologics
- Small Molecules
- Cell & Gene
- Capsules & Health Ingredients

Corporate Functions (non-exhaustive)
Corporate Functions include Human Resources (HR), Finance & Controlling, Tax, Treasury, Corporate Development, Procurement, Quality, Environment, Health and Safety (EHS), ESG & Sustainability, Corporate Communications, Investor Relations, Legal, Ethics & Compliance, Intellectual Property (IP), Engineering, IT, Audit Services, Insurance, Supply Chain and Real Estate Management.

Global Business Services Organization
Our Global Business Services Organization (GBSO) supports our divisions and corporate functions with transactional services in finance and HR. The GBSO focuses on the standardization and automation of processes to drive productivity and higher quality services. Service delivery through the GBSO is centralized in Manchester (UK) to support EMEA markets and in San José (CR) for the Americas and through in-country teams in APAC.

Holding Company and Listed Companies
Lonza Group Ltd (or "Lonza"), with a registered office in Basel (CH), is the ultimate parent company of the Lonza Group (or the "Group"). With the exception of Lonza Group Ltd, no equity securities of a company controlled by Lonza Group Ltd are listed. Please refer to the Shares and Participation Certificates section, page 197, for information on the listed shares and the stock exchanges on which Lonza Group Ltd is listed and the market capitalization.

Principal Subsidiaries and Joint Ventures
The principal subsidiaries and joint ventures of the Lonza Group are shown in note 32, Principal Subsidiaries and Joint Ventures, page 130.

Significant Shareholders

According to disclosure notifications filed with Lonza Group Ltd, the following shareholders held more than 3% of Lonza share capital as of 31 December 2024:

BlackRock, Inc., New York, NY (USA): 9.85%;
UBS Fund Management (Switzerland) AG: 6.246%.

The current significant shareholders as well as further disclosure notifications registered in 2024 can be found at the SIX Swiss Exchange disclosure platform.

Cross-Shareholdings

Lonza Group Ltd has not entered into any cross-shareholdings.

Capital Structure

Share Capital

As of 31 December 2024, the share capital of Lonza Group Ltd amounted to CHF 72,226,184, fully paid-in and divided into 72,226,184 registered shares, with a par value of CHF 1 each.

Shareholder Structure

	31.12.2024		31.12.2023	
	Shareholders in %	Shares in %	Shareholders in %	Shares in %
Switzerland	87.75	21.45	88.47	21.20
UK	0.92	7.26	0.89	6.42
USA	2.73	2.42	2.59	2.08
Others	8.60	7.41	8.05	9.06
Shares in transit		59.25		58.09
Treasury shares without voting rights		0.12		0.15
Share Buyback		2.09		3.01
Total	**100**	**100**	**100**	**100**
Total number of shares		72,226,184		74,468,752

Share Register

	31.12.2024	31.12.2023
Registered shareholders	53,784	51,720
Registered shares with voting rights	24,431,971	26,233,571
Share distribution:		
1 – 100	43,020	40,450
101 – 1,000	9,511	9,942
1,001 – 10,000	1,016	1,076
10,001 – 100,000	202	214
100,001 – 1,000,000	31	34
Over 1,000,000	4	4
Total registered shareholders	**53,784**	**51,720**

Capital Band and Conditional Capital

Capital Band
At the Annual General Meeting held on 5 May 2023, the following capital band was introduced: the Board of Directors shall be authorized until 5 May 2028 to conduct one or more increases and/or reductions of the share capital within the upper limit of CHF 85,635,000, corresponding to 85,635,000 fully paid-up registered shares with a par value of CHF 1 each, and the lower limit of CHF 67,050,000, corresponding to 67,050,000 fully paid-up registered shares with a par value of CHF 1 each. The additional terms and conditions of the capital band are set out in Article 4ter of the Articles of Association of Lonza Group Ltd ("Lonza's Articles of Association").

Conditional Capital
Lonza's share capital may be increased through the issuance of a maximum of 7,500,000 fully paid-in registered shares with a par value of CHF 1 each up to a maximum aggregate amount of CHF 7,500,000. This conditional capital was created at the Annual General Meeting on 25 April 2017. The additional terms and conditions of the conditional capital (including the group of beneficiaries who have the right to subscribe for this additional capital) are set out in Article 4bis of Lonza's Articles of Association.

According to Article 4^{quater} of Lonza's Articles of Association, the capital increases by way of using the capital band and the conditional capital may increase Lonza's share capital "on a non-pre-emptive basis" only by up to 10% of the share capital entered in the Register of Commerce, at the time of the respective resolution, but, in any case, by a maximum of 7,500,000 registered shares, fully paid up, each with a par value of CHF 1, from 5 May 2023 to 5 May 2028. Additional terms and conditions relating to this limit are set out in Article 4^{quater} of Lonza's Articles of Association.

Changes in Capital

	2024	2023	2022	2021
Share capital in CHF	72,226,184	74,468,752	74,468,752	74,468,752
Registered shares	72,226,184	74,468,752	74,468,752	74,468,752
Par value in CHF / share	1	1	1	1

On 7 May 2024, the Board of Directors of Lonza Group Ltd resolved to reduce the share capital within the capital band by cancelling 2,242,568 registered shares with a par value of CHF 1 each, repurchased under the share buyback program.

Shares and Participation Certificates

Lonza's registered shares, with a par value of CHF 1 each, are listed on the SIX Swiss Exchange (SIX), with a secondary listing on the SGX Singapore Exchange (SGX). In Switzerland, they have been included in the Swiss Market Index (SMI) since 3 May 2017.

Lonza has not issued any participation certificates ("Partizipationscheine", non-voting shares).

Stock Exchange Listing / Trading:
SIX Swiss Exchange
SGX Singapore Exchange

Common Stock Symbols:
Bloomberg LONN SW
Reuters LONN.S
Six Swiss Exchange LONN
SGX Singapore Exchange O6Z

Security Number:
Valor 001384101
ISIN CH0013841017

On 31 December 2024, Lonza had a market capitalization of CHF 38,699 million (2023: CHF 26,340 million).

Profit-Sharing Certificates

Lonza has not issued any non-voting equity security ("Genussscheine", profit-sharing certificates).

Limitations on Transferability and Nominee Registrations

Purchasers of registered shares who declare that they have acquired those shares in their own name and for their own account will be entered without limitation in the share register as registered shareholders with voting rights. Persons who do not declare to have acquired the respective shares in their own name and for their own account are considered "nominees". They will be entered with voting rights in the share register up to a maximum of 2% of the share capital, unless the actually entitled persons are revealed. The details are set out in Article 6 of Lonza's Articles of Association. This restriction is not meant to serve as takeover defense. It may only be removed by a resolution of the Shareholders' Meeting with a quorum in accordance with Swiss law.

Convertible Bonds

Neither Lonza Group Ltd nor any of its subsidiaries has outstanding convertible bonds.

Options

As of 31 December 2024, no options or warrants to acquire shares issued by or on behalf of Lonza Group Ltd were outstanding.

Board of Directors

The Board of Directors (or the “Board”) comprises the following eight members as of 31 December 2024.

Name	Nationality	Year of birth	Year of initial appointment	Expiration of current term in office	Independence
Jean-Marc Huët	Dutch	1969	2024	2025	Independent
Marion Helmes	German	1965	2022	2025	Independent
Angelica Kohlmann	German/Brazilian	1960	2018	2025	Independent
Christoph Mäder	Swiss	1959	2016	2025	Independent
Roger Nitsch	Swiss/German	1961	2022	2025	Independent
Barbara Richmond	British	1960	2014	2025	Independent
Jürgen Steinemann	German	1958	2014	2025	Independent
Olivier Verscheure	Belgian	1972	2018	2025	Independent

The following core competency matrix highlights the primary area of core competence for each Board member and nominee, rather than capturing the full range of their skills. Jean-Marc Huët and David Meline have core competencies in two areas.

Skills/ experience	Jean-Marc Huët	Jürgen Steinemann	Roger Nitsch	Christoph Mäder	Angelica Kohlmann	Marion Helmes	Barbara Richmond	Olivier Verscheure	Juan Andres[1]	Eric Drapé[1]	David Meline[1]
Public Company Chair / CEO Experience	x	x									
Financial Acumen	x					x	x				x
Sustainability and Governance				x							
Business Services / IT											x
Scientific Expertise			x		x			x			
Pharma / Manufacturing Experience									x	x	

After serving as a Board member for seven years and as Chair for six years at Lonza, Albert M. Baehny did not stand for re-election at the Annual General Meeting held on 8 May 2024 (the "2024 AGM"). Consequently, his mandate as Board member and Chair terminated at completion of the 2024 AGM. At the same meeting, Jean-Marc Huët was elected as a new Board member and Chair of Lonza.

The Board will propose the election of Juan Andres, Eric Drapé and David Meline as new Board members at the upcoming Annual General Meeting to be held in 2025 (the “2025 AGM”). Juan Andres, Eric Drapé and David Meline would join the Board of Directors as independent members.

After seven years as a Board member at Lonza, Olivier Verscheure decided not to stand for re-election at the 2025 AGM.

The composition of the Board of Directors meets the gender representation threshold set out in Article 734f of the Swiss Code of Obligations.

[1] Subject to election at the 2025 AGM.

Limitation of Number of Mandates

According to Article 26 of Lonza’s Articles of Association, no member of the Board of Directors may hold more than:

- Eight additional mandates in listed and non-listed companies, out of which not more than four mandates may be in listed companies;
- Five mandates at the request of Lonza Group Ltd or companies controlled by it, for a legal entity not affiliated with the Group (including in pension funds or joint ventures); and
- Ten mandates in associations, trusts and employee welfare foundations, educational institutions and similar organizations (in all cases only to the extent they are an undertaking with an economic purpose).

The Chair of the Board of Directors may not hold more than eight additional mandates in listed and non-listed companies, out of which no more than three may be in listed companies.

Mandates shall mean any membership of the board of directors, the executive committee, the advisory board or any comparable function under foreign law, of an undertaking with an economic purpose. Mandates in different legal entities that are under joint control or the same beneficial ownership (including family asset management structures) are deemed one mandate. Mandates in companies that are controlled by Lonza Group Ltd or that control Lonza Group Ltd are not subject to the limitation set forth above.

All Board members comply with the provisions regarding their mandates. This is verified by Lonza on a regular basis.

Elections and Terms of Office

Each member of the Board of Directors is individually elected at the Shareholders’ Meeting for a term of office of one year until the end of the next Annual General Meeting. Board members may not serve more than twelve complete terms of office on the Board. If deemed in the best interest of Lonza Group Ltd, the Board of Directors can extend this limit. The Chair of the Board of Directors is elected at the Shareholders’ Meeting. The Vice-Chair is appointed by the Board of Directors. The members of the Remuneration Committee are elected at the Shareholders’ Meeting on an annual basis. The members of the other Board Committees are appointed by the Board of Directors. The Chairs of the Board Committees are nominated by the Board of Directors.

Internal Organizational Structure

The Board of Directors consists of the Chair, the Vice-Chair and the other Board members. The Board of Directors strives to select the committee members based on their professional background and experience. In accordance with Lonza’s Articles of Association, there must be at least five Board members. The members of the Board of Directors sat on the following committees in 2024:

Name	Audit and Compliance Committee	Nomination and Governance Committee[1]	Remuneration Committee[2]	Innovation and Technology Committee
Jean-Marc Huët[3]		Chair		Member
Marion Helmes	Member	Member		
Angelica Kohlmann			Member	Chair
Christoph Mäder	Member		Chair	
Roger Nitsch		Member		Member
Barbara Richmond	Chair			
Jürgen Steinemann		Member	Member	
Olivier Verscheure				Member

[1] The Nomination and Governance Committee replaced the Nomination and Compensation Committee as from 1 August 2024 with respect to governance and succession planning matters.
[2] The Remuneration Committee replaced the Nomination and Compensation Committee as from 1 August 2024 with respect to compensation matters.
[3] Elected as Board member and Chair at the 2024 AGM. Albert M. Baehny was a member of the Innovation and Technology Committee until the 2024 AGM.

Audit and Compliance Committee
The Audit and Compliance Committee (ACC) meets and consults regularly with the Executive Committee, Lonza Audit Services and the independent external auditors. In doing so, they review the scope and results of their work and their performance, according to the Audit and Compliance Committee Charter. Among other responsibilities, the Audit and Compliance Committee reviews: (i) the external auditors' independence; (ii) the systems of internal control and financial reporting; (iii) the risk management system, including enterprise risk such as cyber and IT security; (iv) compliance with laws, regulations and policies; (v) Lonza's financial statements and results (including releases) and (vi) the reporting and assurance process for ESG. The Lonza Audit Services are overseen by the Audit and Compliance Committee and have a direct reporting line to the Chair of the Audit and Compliance Committee. The Audit and Compliance Committee is fully empowered to decide the tasks assigned to it and regularly informs the full Board of Directors on all matters discussed and decided in its meetings. All Audit and Compliance Committee members are independent.

Nomination and Governance Committee
The Nomination and Governance Committee (NGC) is responsible for overseeing Lonza's governance, including, but not limited to, the company's culture, values, organization, people and leadership. Key responsibilities of this Committee include managing succession plans for the Board of Directors, Board Committees and Executive Committee, as well as assessing the Board composition and functioning. Additionally, the Committee evaluates and proposes potential members for the Board of Directors and the Executive Committee and oversees the Executive Committee's training and talent development programs. With regard to the tasks assigned to it, the Nomination and Governance Committee regularly informs the Board of Directors on all matters discussed and decided in its meetings, in accordance with the Nomination and Governance Committee Charter. All Nomination and Governance Committee members are independent.

Remuneration Committee
The Remuneration Committee (RemCo) is entrusted with the review and recommendation of compensation policies and approving compensation plans. This includes approving the terms of employment for Executive Committee members. The Committee also confirms the objectives for the Chief Executive Officer (CEO) and the Executive Committee and their performance against these targets. With regard to the tasks assigned to it, the Remuneration Committee regularly informs the Board of Directors on all matters discussed and decided in its meetings, in accordance with the Remuneration Committee Charter. All Remuneration Committee members are independent.

Innovation and Technology Committee
The Innovation and Technology Committee (ITC) monitors potential technology breakthroughs, including ESG developments and artificial intelligence, supports management in driving innovation projects and provides and facilitates contacts, e.g. with academia and research institutions. With regard to the tasks assigned to it, the Innovation and Technology Committee regularly informs the Board of Directors on all matters discussed and decided in its meetings, in accordance with the Innovation and Technology Committee Charter. All Innovation and Technology Committee members are independent.

Number of Meetings, Duration and Attendance

Name	Board of Directors	Audit and Compliance Committee	Nomination and Governance Committee[1]	Remuneration Committee[2]	Innovation and Technology Committee
Number of meetings	12	8	2	7	5
Average duration (hours)	2:47	2:18	1:00	2:00	2:45
Overall attendance	94.79%	100%	100%	95.24%	100%

The Regulations Governing Internal Organization and Board Committees set out in detail the powers and responsibilities of the Board of Directors, its Committees and the Executive Committee. The Board Committees provide support to the Board of Directors in their respective areas of responsibility. The Board of Directors meets with all members of the Executive Committee at each ordinary Board meeting for business updates and to take decisions. The Chief Executive Officer (CEO) is a permanent guest of the Innovation and Technology Committee and is regularly invited to the meetings of the Nomination and Governance Committee. The Chief Financial Officer (CFO) attends all meetings of the Audit and Compliance Committee. The Chief Human Resources Officer (CHRO) is regularly invited to the meetings of the Remuneration Committee. The Executive Committee members are not present during the Remuneration Committee meetings when their own performance and compensation are discussed.

[1] Indication as from 1 August 2024.
[2] Indication regarding both the Nomination and Compensation Committee (until 31 July 2024) and the Remuneration Committee (as from 1 August 2024).

Attendance

Name	Board of Directors	Audit and Compliance Committee	Nomination and Governance Committee[1]	Remuneration Committee[2]	Innovation and Technology Committee
Meeting Total	**12**	**8**	**2**	**7**	**5**
Albert M. Baehny[3]	7				2
Marion Helmes	12	8	2		
Jean-Marc Huët[4]	5		2		3
Angelica Kohlmann	12			7	5
Christoph Mäder	12	8		7	
Roger Nitsch	12		2		5
Barbara Richmond	11	8			
Jürgen Steinemann[5]	8		2	7	
Olivier Verscheure	12				5

Areas of Responsibility
In accordance with the law and Lonza's Articles of Association, the Board of Directors is the supreme governance body of Lonza Group Ltd. The Board of Directors is responsible for the tasks assigned to it according to (i) Article 18 of Lonza's Articles of Association and (ii) the Regulations Governing Internal Organization and Board Committees (Article 2.8). The Board defines the strategic direction of Lonza and is responsible for the ultimate management of Lonza. It also supervises the persons entrusted with the group management and is responsible for issuing the necessary instructions, especially with regard to compliance with the law, the Articles of Association and the regulations and directives. In compliance with the law and the Articles of Association, the Board of Directors has – with the exception of non-delegable and inalienable duties – delegated the management of the company to the Executive Committee. The Board of Directors commits itself to maintaining the highest standards of integrity and transparency in its governance of Lonza. On an annual basis, the Board undertakes a self-assessment process. The aim is to achieve continuous improvement in the functioning of the Board.

Governance and oversight of sustainability and environmental, social and governance (ESG) topics is with the Board of Directors, headed by the Chair of the Board, with specific aspects to be covered by the Board Committees. While the Board acts as sponsor and overall owner of the program, the implementation is the responsibility of the Executive Committee. The Board and its Committees review and endorse Lonza's sustainability efforts and reporting. Sustainability includes ESG topics of importance relating to Lonza's business and stakeholders. The Sustainability and Risk Committee (SRC), led by the Lonza Group General Counsel and Company Secretary, manages identified material topics (as shown in the double materiality assessment (DMA) matrix in the Sustainability Report 2024) and is responsible for sustainability reporting. The Head of Global Sustainability and the Head of Global Environment, Health and Safety (EHS) and their teams are responsible for proposing the corporate sustainability strategy and implementing and overseeing the Safety and Sustainability Policy. The Global Sustainability and EHS teams report to Lonza's Group General Counsel and Company Secretary.

Information and Control Instruments
The Board of Directors receives sufficient information from the Executive Committee to perform its supervisory duty and to make the decisions that are reserved for the Board of Directors through several means discussed below.

Board Information
The Regulations Governing Internal Organization and Board Committees require the Chief Executive Officer (CEO) to inform the Executive Committee about business activities of the Group and, together with the Chair, inform the Board of Directors on the business activities of the Group and keep the Board of Directors constantly informed on all important business transactions and issues. During Board meetings, each member of the Board may request information from the other members of the Board, as well as from the members of the Executive Committee present on all affairs of Lonza and the Group. Outside of Board meetings, each member of the Board may request from the members of the Executive Committee information concerning the course of business of Lonza and the Group.

[1] Indication as from 1 August 2024.
[2] Indication with respect to the Nomination and Compensation Committee (until 31 July 2024) and the Remuneration Committee (as from 1 August 2024).
[3] Albert M. Baehny was a member and Chair of the Board of Directors until the 2024 AGM. He attended all meetings which were held prior to his departure.
[4] Jean-Marc Huët has been elected member and Chair of the Board of Directors at the 2024 AGM. He attended all meetings which were held after his election.
[5] Jürgen Steinemann had to excuse himself for three extraordinary Board calls that were scheduled at short notice.

Regular Reports to the Board
In addition to the documents required to pass resolutions, the Board of Directors receives the following reports:
- Reports on the sales and earnings performance of the Group structured by divisions;
- Reports on the cash flows, debt and debt-equity ratio, plus other relevant key figures for the Group on a quarterly basis;
- Qualitative assessments of the divisions on a quarterly basis;
- Reports of the external audit for the full-year results and procedures performed on the half-year results (through the Audit and Compliance Committee);
- In cases involving extraordinary events of considerable commercial relevance, the Board of Directors receives direct, immediate information;
- Risk assessment reports submitted at least once per year; they are designed to provide the Board with a consistent, Group-wide perspective of key risks;
- Ethics & Compliance update, including information on hotline reports.

Internal Audit
The Board of Directors, through the Audit and Compliance Committee, is assisted by Lonza Audit Services. The team of internal auditors provides the Audit and Compliance Committee and the Executive Committee with independent, risk-based and objective assurance on the Group's financial, operational and information technology activities. The mandate of Lonza Audit Services includes evaluating the adequacy and effectiveness of the organization's system of internal control as well as the compliance with company policies, procedures, and external regulations.

The annual audit plan is validated by the Executive Committee and approved by the Audit and Compliance Committee. The results and remediation status of the audit engagements are reported to the Audit and Compliance Committee. Accordingly, in 2024, seven internal audit reports and an additional seven follow-up audit reports were delivered to the Audit and Compliance Committee.

Internal Control System
Lonza has implemented a financial control framework, in accordance with the requirements of the Swiss law, comprising relevant policies, procedures and controls. It provides the Executive Committee and the Board of Directors with a reasonable degree of assurance that business processes are performed efficiently and effectively, in compliance with policies and laws, assets are safeguarded and financial statements are reliable.

Compliance Instruments
In addition to the above-mentioned control instruments, Lonza has implemented various other measures to improve compliance within the Group. The implementation of these measures is supervised by the Audit and Compliance Committee. One of these measures is the issuance of a Code of Conduct that expresses Lonza's core principles and values in regard to professional business behavior and provides assistance in recognizing, understanding and complying with the laws and ethical standards that govern Lonza's business activities. The Code of Conduct is available to all employees and information about it has been widely circulated within the Group. Lonza employees have to pass yearly online training courses, dealing with topics such as those addressed by the Code of Conduct, in particular Anti-Corruption, Conflicts of Interest, Fair Dealing, Reporting and Non-Retaliation, Workplace Harassment and Human Rights. In addition to these measures, Lonza offers a "whistleblower" hotline (known as the "Lonza Ethics Hotline"), which is operated by an external company. Internal investigations and any corresponding remediation measures are handled internally by Ethics & Compliance. Cases disclosed through the "whistleblower" hotline are ultimately reported to the Audit and Compliance Committee. Lonza periodically reviews and updates its policies to address changes in laws and regulations and to further strengthen its compliance programs.

Risk Assessment
The Board of Directors carries out risk assessments on an annual basis at a minimum. The objective of the risk assessments is to make the principal risks to which Lonza is exposed more transparent and to improve risk mitigation. In its risk assessment for 2024, the Board of Directors identified inter alia strategic, operational, and/or macroeconomic and geopolitical risks for which corresponding risk mitigation measures have been adopted.

CVs Board of Directors

Members of the Board of Directors as of 31 December 2024

Jean-Marc Huët

Nationality: Dutch
Year of birth: 1969

Chair of the Board of Directors of Lonza Group Ltd (since May 2024); Independent member of the Board of Directors of Lonza Group Ltd (since May 2024).

Jean-Marc Huët was elected as Chair of the Board of Directors at the 2024 AGM. Jean-Marc brings a strong international leadership track record, with current Chair roles at Heineken and Vermaat, among other senior responsibilities. He has extensive international strategic leadership experience in the consumer, pharma and nutrition industries, having previously served as Chief Financial Officer of Unilever, Bristol-Myers Squibb and Royal Numico.

Jean-Marc Huët holds an MBA from INSEAD, Fontainbleau (FR).

Current Activities and Functions
Jean-Marc Huët is the Chair of the Nomination and Governance Committee, which is responsible for overseeing governance, talent development, and succession planning for the Board and Executive Committee.

He is also a member of the Innovation and Technology Committee, which is responsible for reviewing innovation and technology initiatives at Lonza, including ESG developments.

Public Company Boards
- Chair, Heineken (since 2014)

Further Appointments
- Chair, Vermaat (since 2019)

Former Activities and Functions
- Member of the Board of Picnic (2020 – 2024)
- Member of the Board of Canada Goose (2017 – 2023)
- Member of the Board of SHV (2015 – 2019)
- Member of the Board of Formula One (2012 – 2017)
- Member of the Board of Mead Johnson Nutrition (2009)
- Executive Director and Chief Financial Officer, Unilever (2010 – 2015)
- Executive Vice President and Chief Financial Officer, Bristol-Myers Squibb (2008 – 2009)
- Member of Executive Board and Chief Financial Officer, Royal Numico (2003 – 2007)
- Executive Director, Investment Banking, Goldman Sachs International (1993 – 2003)
- Commercial Manager, Clement Trading (1991 – 1993)

Jürgen Steinemann

Nationality: German
Year of birth: 1958

Vice-Chair of the Board of Directors of Lonza Group Ltd (since August 2024); Independent member of the Board of Directors of Lonza Group Ltd (since April 2014).

Jürgen Steinemann holds a degree in Economics and Business Management from the European Business School in Wiesbaden (DE), London (UK) and Paris (FR).

Current Activities and Functions
Jürgen Steinemann is a member of the Remuneration Committee, which is responsible for reviewing and recommending compensation policies and plans, agreeing employment terms and evaluating the performance of the Executive Committee and the Chief Executive Officer.

He is also a member of the Nomination and Governance Committee, which is responsible for overseeing governance, talent development, and succession planning for the Board and Executive Committee.

Public Company Boards
- Chair of the Supervisory Board of Metro AG (2015 – 2025)

Further Appointments
- Managing Director of JBS Holding GmbH (since 2017)
- Chair of the Supervisory Board of Barentz International B.V. (since 2020)
- Member of the Supervisory Board of Bankiva B.V. (since 2017)
- Chair *ad interim* of the Supervisory Board of Big Dutchman AG (2024 – 2025)

Former Activities and Functions
- Deputy Chair of the Supervisory Board of Big Dutchman AG (2023 – 2024)
- Member of the Supervisory Board of Big Dutchman AG (2015 – 2023)
- Member of the Advisory Board of Tower Brook Capital Partners LP (2017 – 2022)
- Member of the Advisory Board of EQT (2019 – 2023)
- Member of the Board of Directors of Barry Callebaut AG (2015 – 2020)
- Chief Executive Officer of Barry Callebaut (2009 – 2015)
- Member of the Executive Board and Chief Operating Officer of Nutreco (2001 – 2009)
- Chief Executive Officer of Loders Croklaan (1999 – 2001)
- Various senior positions in business-to-business marketing and sales with the former Eridania Béghin-Say Group, ultimately in the «Corporate Plan et Stratégie» unit at the head office in Paris (1990 – 1998)
- Member of the Board of NGO African Parks Germany (2019 – 2023)

Christoph Mäder

Nationality: Swiss
Year of birth: 1959

Lead Independent Director of the Board of Directors of Lonza Group Ltd (since November 2019); Independent member of the Board of Directors of Lonza Group Ltd (since April 2016).

Christoph Mäder holds a Master's degree in law from the University of Basel, Switzerland, and is admitted to the Swiss Bar.

Current Activities and Functions
Christoph Mäder is the Chair of the Remuneration Committee, which is responsible for reviewing and recommending compensation policies and plans, agreeing employment terms and evaluating the performance of the Executive Committee and the Chief Executive Officer.

He is also a member of the Audit and Compliance Committee, which is in charge of overseeing the systems of internal control and financial reporting, and compliance with laws and regulations, including the reporting and assurance process for ESG.

Public Company Boards
- Member of the Board of Directors Schindler Holding Ltd (since 2024)
- Member of the Board of Directors Baloise Holding Ltd (since 2019)

Further Appointments
- Member of the Bank Council, Swiss National Bank (since 2021)
- President of Economiesuisse (since 2020)
- Member of the Board of Directors Assivalor AG (since 2019)
- Member of the Advisory Board of Accenture Switzerland (since 2019)
- Partner at the law firm Becker | Gurini | Partner (since 2019)
- Member of the Council of Schweizer Jugend forscht (since 2018)
- Member of the Advisory Board of Vereinigung Schweizerischer Unternehmen in Deutschland (since 2016)
- Member of the Advisory Board of Loeba GmbH (since 2014)

Former Activities and Functions
- Vice-Chair of the Board of Directors of Lonza Group Ltd (2020 – 2024)
- Member of the Board of EMS Chemie Holding AG (2018 – 2023)
- Member of the Group Executive Committee of Syngenta (2000 – 2018)
- Member of the Board Committee of economiesuisse (2008 – 2019)
- Member of the Executive Board of the Business and Industry Advisory Committee (BIAC) for the Organization for Economic Co-operation and Development (OECD) (2012 – 2016)
- Member of the Board of science industries (2006 – 2018)
- Member of the Board of the Basel Chamber of Commerce (2002 – 2018)
- Head of Legal & Public Affairs for Novartis Crop Protection AG (1999 – 2000)
- Senior Corporate Counsel for Novartis International AG (1992 – 1998)

Marion Helmes

Nationality: German
Year of birth: 1965

Independent member of the Board of Directors of Lonza Group Ltd (since May 2022).

Marion Helmes has extensive financial expertise as well as global operational experience from a career that includes Chief Financial Officer positions at Celesio, Q-Cells and with ThyssenKrupp's Elevator and Stainless divisions. She currently holds Board Memberships with Siemens Healthineers AG and Heineken N.V.

Marion has a degree in Business Administration from Freie Universität Berlin and a PhD from the University of St. Gallen.

Current Activities and Functions
Marion Helmes is a member of the Audit and Compliance Committee, which is responsible for overseeing the systems of internal control and financial reporting, and compliance with laws and regulations, including the reporting and assurance process for ESG.

She is also a member of the Nomination and Governance Committee, which is responsible for overseeing governance, talent development, and succession planning for the Board and Executive Committee.

Public Company Boards
- Member of the Board of Directors, Chair of the Audit Committee of Heineken N.V. (since 2018)
- Member of the Board of Directors, Chair of the Audit Committee of Siemens Healthineers AG (since 2018)

Former Activities and Functions
- Vice Chair of the Board of Directors of ProSiebenSat.1 Media SE (2014 – 2023)
- Member of the Board of Directors of British American Tobacco plc (2016 – 2022)
- Member of the Board of Directors of Uniper SE (2017 – 2020)
- Member of the Board of Directors of Bilfinger SE (2016 – 2018)
- Member of the Board of Directors of NXP Semiconductors N.V. (2013 – 2018)
- Chief Financial Officer, Celesio AG. From 2013, Speaker of the Management Board (2012 – 2014)
- Member of the Board of Directors of Fugro N.V. (2009 – 2014)
- Chief Financial Officer, Q-Cells SE (2010 – 2011)
- Chief Financial Officer, ThyssenKrupp Elevator AG (2006 – 2010)
- Chief Financial Officer, ThyssenKrupp Stainless AG (2005 – 2006)
- Various positions in Mergers & Acquisitions, Corporate Development and Controlling, ThyssenKrupp AG (1997 – 2005)
- Project Manager, St. Gallen Consulting Group (1996 – 1997)
- Manager Restructuring, Privatisation, Treuhandanstalt (1991 – 1994)

Angelica Kohlmann

Nationality: German, Brazilian
Year of birth: 1960

Independent member of the Board of Directors of Lonza Group Ltd (since May 2018).

Angelica Kohlmann holds a MD and doctorate in medicine from Hamburg University (DE).

Current Activities and Functions
Angelica Kohlmann is the Chair of the Innovation and Technology Committee, which is responsible for reviewing innovation and technology initiatives at Lonza, including ESG developments.

She is also a member of the Remuneration Committee, which is responsible for reviewing and recommending compensation policies and plans, agreeing employment terms and evaluating the performance of the Executive Committee and the Chief Executive Officer.

- Chair Board of Directors, Bloom Diagnostics AG (since 2018)
- Member International Advisory Board IE University and Business School, Madrid (since 2017)
- Chair Board of Directors, Kohlmann & Co AG (since 2013)
- International investor in biotech and tech, based in Switzerland (since 2014)
- Chair of the Advisory Board Peter Drucker Society Europe / Global Peter Drucker Forum (since 2009)

Former Activities and Functions
- Board Observer Teralytics AG (2017 – 2023)
- Member Advisory Board UBS Unique (2017 – 2018)
- Director Trinnacle Fund Ltd (2016 – 2017)
- Member Board of Directors Teralytics AG (2013 – 2016)
- Founder & CEO Ifitech GmbH (2010 – 2017)
- International investor in biotech and tech, based in Germany (2000 – 2013)
- International consultant for strategy, management, investments and restructuring (1992 – 1999)
- Head global restructuring Behringwerke AG (1990 – 1992)
- Member Board Staff Hoechst AG, Germany (1988 – 1990)
- International Marketing Group Leader at Behringwerke AG (1986 – 1988)
- MD Anderson Cancer Center, Houston and Memorial Sloan Kettering Cancer Center, New York, USA – various cancer research functions

Roger Nitsch

Nationality: Swiss, German
Year of birth: 1961

Independent member of the Board of Directors of Lonza Group Ltd (since May 2022).

Roger Nitsch serves as CEO and President of Neurimmune, which he founded in 2006 with two business partners. A neuroscientist with a background in medicine, Roger is recognized as an opinion leader in neurodegenerative diseases with over 30 years of experience in Alzheimer's disease research and drug development. A Potamkin Prize winner and Member of the German Academy of Sciences, Roger served as a founding director of the Institute for Regenerative Medicine (IREM), University of Zurich.

Roger Nitsch holds an MD degree from the University of Heidelberg and earned his post-doctoral qualification at the Massachusetts Institute of Technology and Harvard Medical School.

Current Activities and Functions
Roger Nitsch is a member of the Innovation and Technology Committee, which is responsible for reviewing innovation and technology initiatives at Lonza, including ESG developments.

He is also a member of the Nomination and Governance Committee, which is responsible for overseeing governance, talent development, and succession planning for the Board and Executive Committee.

- CEO and President of the Board of Directors of Neurimmune Group (since 2006)
- Member of the Advisory Board of PUREOS Bioventures (since 2017)
- Member of the Board of Directors of NOVAGO Therapeutics AG (since 2015)
- Member of the Board of Directors of INTEGRA Biosciences Holding AG (since 2002)

Former Activities and Functions
- Professor at the University of Zurich (1998 – 2024)
- Director and co-founder of the Institute for Regenerative Medicine University of Zurich (2016 – 2020)
- Overseas Visiting Professor of Health Science Aino University, Osaka, Japan (2016 – 2018)
- Member of the Advisory Board Max-Planck-Institute for Psychiatry, Munich (2009 – 2012)
- Member and Chair of the Scientific Advisory Board Institute for Advanced Studies (2006 – 2012)
- Chair, Board of Trustees, Center for Clinical Research University Hospital Zurich (2002 – 2014)
- Vice Dean Research, Medical Faculty at the University of Zurich (2002 – 2008)
- Coordinator of the European Union DIADEM and APOPIS Research Consortia (1999 – 2006)
- Director at the Psychiatric University Hospital Zurich (1998 – 2005)
- Member of the Board of Directors and co-founder EVOTEC Neurosciences (1995 – 1998)
- Post-Doc, M.I.T. and Harvard Medical School (1990 – 1995)
- Post-Doc, University of Heidelberg (1987 – 1990)
- Research Fellow, Max-Planck Institute for Medical Research, Heidelberg (1983 – 1987)

Barbara Richmond

Nationality: British
Year of birth: 1960

Independent member of the Board of Directors of Lonza Group Ltd (since April 2014).

Barbara Richmond holds a first-class degree in management science from the University of Manchester Institute of Science and Technology in England. Barbara Richmond has substantial knowledge as a financial expert, demonstrated by her roles as CFO for various companies. She is a Fellow of the Institute of Chartered Accountants in England and Wales.

Current Activities and Functions
Barbara Richmond is the Chair of the Audit and Compliance Committee, which is responsible for overseeing the systems of internal control and financial reporting, and compliance with laws and regulations, including the reporting and assurance process for ESG. From August 2024 until retirement in August 2025, Barbara acts as Integration and Synergies Director Redrow.

Public Company Boards
- Member of the Board of Directors of Barry Callebaut AG (since 2024)

Former Activities and Functions
- Group Finance Director of Redrow plc (2010 – 2024)
- Group CFO of Inchcape plc (2006 – 2009)
- Non-Executive Director and Audit Committee Chair of Scarborough Building Society until its merger with The Skipton Building Society (2005 – 2009)
- Non-Executive Director, Senior Independent Director and Audit Committee Chair of Carclo Group plc (2000 – 2006)
- Group CFO of Croda International plc (1997 – 2006) with dual role as Group CFO and President of Active Ingredients and Industrial Chemicals from 2002 – 2006
- Group CFO of Whessoe plc in 1993 (1993 – 1997)
- Various financial roles in Alstom Group SA (1987 – 1992)
- Auditor and management consultant for Arthur Andersen (1981 – 1984)

Olivier Verscheure

Nationality: Belgian
Year of birth: 1972

Independent member of the Board of Directors of Lonza Group Ltd (since May 2018).

Olivier Verscheure is a Professor of Computer Science at EPFL (ETH Lausanne) and the co-founder and Executive Director of the Swiss Data Science Center, a national hub for applied Artificial Intelligence (AI) and Data Science, jointly hosted at EPFL in Lausanne and ETH Zurich since 2016. Olivier also co-leads an executive training program in Data Science and Management with HEC Lausanne, blending his expertise in academia and industry. Before joining EPFL, he held various research and leadership positions at IBM in the United States and Ireland.

Olivier holds a PhD in Computer Science from EPFL (July 1999).

Current Activities and Functions
Olivier Verscheure is a member of the Innovation and Technology Committee, which is responsible for reviewing innovation and technology initiatives at Lonza, including ESG developments.

- Member of the Foundation Council, SWITCH (since 2019)
- Co-Director of the Executive Education program in Data Science and Management, HEC Lausanne and EPFL (since 2018)
- Member of the Scientific Advisory Board, ETH Strategic Initiative on Personalized Health and Related Technologies (since 2017)
- Co-Founder and Executive Director of the Swiss Data Science Center (since 2016)

Former Activities and Functions
- Research Program Director at IBM Research, Ireland (2010 – 2016)
- Senior Research Manager at the IBM T.J. Watson Research Center, New York (2004 – 2010)
- Senior member of the research staff at the IBM T.J. Watson Research Center, New York (1999 – 2004)

Former Member of the Board of Directors in 2024[1]

Albert M. Baehny

Nationality: Swiss
Year of birth: 1952

Chief Executive Officer (CEO) *ad interim* (from October 2023 until June 2024), Chair of the Board of Directors of Lonza Group Ltd (from 2018 until May 2024), Independent member of the Board of Directors of Lonza Group Ltd (from 2017 until May 2024).

Albert M. Baehny holds a degree in biology from the University of Fribourg (CH).

Current Activities and Functions
- Member of the Board of Directors of Investis Group Holding SA (since 2016)
- Chair of the Board of Directors of Geberit AG (since 2011)

Former Activities and Functions
- CEO *ad interim* of Lonza Group Ltd (2019 – 2020)
- CEO of Geberit Group (2005 – 2014)
- Head of Group Division Marketing and Sales Europe for Geberit Group (2003 – 2004)
- Senior Vice-President at Wacker Chemie AG (2001 – 2002)
- Various Marketing, Sales, Strategic Planning and Global Management Positions with:
  - Vantico (2000 – 2001)
  - Ciba-Geigy / Ciba Specialty Chemicals (1994 – 2000)
  - Dow Chemicals Europe (1981 – 1993)
  - Serono-Hypolab (1979 – 1981)

[1] Information tracked until the end of the mandate with Lonza Group Ltd.

Executive Committee

The Board of Directors appoints the members of the Executive Committee. Lonza's Executive Committee performs the duties assigned to it by the Board of Directors under the terms of the Regulations Governing Internal Organization and Board Committees. It is responsible for managing Lonza worldwide and for implementing policies and strategies as defined by the Board of Directors. The Executive Committee supports and coordinates the activities of the divisions, the corporate functions and the global business service organization. The Executive Committee is also responsible for leadership development.

Members of the Executive Committee

Name	Nationality	Year of Birth	Function
Albert M. Baehny	Swiss	1952	Chief Executive Officer *ad interim* (until June 2024)
Wolfgang Wienand	German	1972	Chief Executive Officer (since July 2024)
Philippe Deecke	Swiss / German / French	1972	Chief Financial Officer
Maria Soler Nunez	Spanish	1969	Head, Group Operations
Ulrike Kaeppler	German	1967	Chief Human Resources Officer (until May 2024)
Nicoleta Baumgärtner	Romanian / US / Canadian / Swiss	1971	Chief Human Resources Officer (since November 2024)
Christian Seufert	German	1975	President, Capsules & Health Ingredients
Gordon Bates	British	1965	President, Small Molecules
Jean-Christophe Hyvert	Swiss / French	1972	President, Biologics
Daniel Palmacci	German / Italian / US	1969	President, Cell & Gene

Limitation of Number of Mandates

According to Article 26 of Lonza's Articles of Association, no member of the Executive Committee may hold more than:

- one additional mandate in a listed company;
- two additional mandates in non-listed companies; and
- ten mandates in associations, trusts and employee welfare foundations, educational institutions and similar organizations (in all cases only to the extent they are an undertaking with an economic purpose).

Mandates shall mean any membership of the board of directors, the executive committee, the advisory board or any comparable function under foreign law, of an undertaking with an economic purpose. Mandates in different legal entities that are under joint control or same beneficial ownership (including family asset management structures) are deemed one mandate. Mandates in companies that are controlled by Lonza or that control Lonza are not subject to the limitation set forth above. No member of the Executive Committee may hold more than five mandates at the request of Lonza or companies controlled by it, for a legal entity not affiliated with the group (including pension funds or joint ventures).

Management Contracts

Lonza Group Ltd has not entered into management contracts with companies or natural persons not belonging to the Group.

CVs Executive Committee

Members of the Executive Committee as of 31 December 2024

Wolfgang Wienand

Nationality: German
Year of birth: 1972

Chief Executive Officer (CEO) and Member of the Executive Committee (since July 2024).

Wolfgang holds a PhD in Organic and Bioorganic Chemistry from the University of Cologne (DE), as well as an Executive Master of Science in Finance from HEC Paris (FR).

Current Activities
- Non-Executive Director of the Board, Mettler-Toledo International Inc. (since 2023)

Former Activities and Functions
- Chief Executive Officer, Siegfried Holding AG (2019 – 2024)
- Chief Scientific and Strategy Officer, and Member of the EC, Siegfried Holding AG (2017 – 2018)
- Chief Strategy Officer and Member of the EC, Siegfried Holding AG (2011 – 2017)
- Chief Scientific Officer and Member of the EC, Siegfried Holding AG (2010 – 2012)
- Vice President, Strategy and Business Development, Evonik Industries AG (2008 – 2010)
- Director, Process Research Biocatalysis and Homogenous Catalysis, Evonik Industries AG (2006 – 2008)
- Director, Strategy & Market Intelligence, Evonik Industries AG (2005 – 2006)
- Project Leader, Evonik Industries AG (formerly Degussa AG) (2002 – 2004)

Philippe Deecke

Nationality: Swiss, German, French
Year of birth: 1972

Chief Financial Officer (CFO) and Member of the Executive Committee (since December 2021).

Philippe holds a Master's Degree in Industrial Management and Manufacturing and a Bachelor's Degree in Computer Science from the Swiss Federal Institute of Technology (ETH), Zürich (CH), as well as an MBA from Cornell University's Johnson School (US).

Current Activities
- Member of the Board of Directors, Assura (since May 2023)

Former Activities and Functions
- CFO, Novartis Oncology (2021)
- CFO, Sandoz, division of Novartis (2017 – 2021)
- CFO, Alcon EMEA, division of Novartis (2015 – 2017)
- Head Group Business planning and Analysis, Novartis International AG (2012 – 2015)
- CFO, Chief Financial and Administration Officer, Novartis Schweiz AG (2010 – 2012)
- Project Director, Novartis International AG (2008 – 2010)
- Head Finance, Novartis Pharmaceutical Inc. (US) (2006 – 2008)
- Assistant to CEO, Novartis International AG (2005 – 2006)
- Associate Principal, McKinsey (1998 – 2005)

Maria Soler Nunez

Nationality: Spanish
Year of birth: 1969

Head, Group Operations and Member of the Executive Committee (since August 2022).

Maria Soler Nunez holds a PhD in Pharmacy in the area of Genetics and Molecular Biology from the Universidad Complutense de Madrid (ES).

Former Activities and Functions
- Chief Quality Officer, Novartis (2020 – 2022)
- Head Global Manufacturing Functions, Novartis (2018 – 2020)
- Head Packaging and Manufacturing, Science & Technology, Novartis (2018)
- Head Manufacturing, Science & Technology, Novartis (2016 – 2017)
- Various regional and global leadership positions in Manufacturing and Quality at Novartis and Lilly (1997 – 2016)

Nicoleta Baumgärtner

Nationality: Romanian, Canadian, US and Swiss
Year of birth: 1971

Chief Human Resources Officer (CHRO) and Member of the Executive Committee (since November 2024).

Nicoleta holds a Master's degree in Economics from the Academy of Economic Studies in Bucharest (RO).

Former Activities and Functions
- Global Head of HR, Biologics division, Lonza Group Ltd (2024)
- Global Head of HR, Capsules & Health Ingredients division, Lonza Group Ltd (2021 – 2024)
- Global Head Rewards, Novartis Pharmaceuticals (2018 – 2021)
- Head HR, Global Supply Chain, Global Strategy & OpEx, Novartis (2016 – 2018)
- Head HR, Global Functions, Pharma TechOps, Novartis (2015 – 2016)
- Head Compensation & Benefits, Pharma Technical Operations, Novartis (2014 – 2015)
- Performance Management and Compensation Leader, Roche (2006 – 2014)
- Various Compensation and Sales Effectiveness roles at AMD, Wells Fargo, Phillip Morris, and Kodak (1998 – 2006)

Christian Seufert

Nationality: German
Year of birth: 1975

President, Capsules & Health Ingredients Division (since July 2022) and Member of the Executive Committee (since July 2022).

Christian Seufert holds a Master's degree in Business Administration and Economics from the University of Hohenheim (DE).

Former Activities and Functions
- Senior Vice President Pharma Solutions/Nutrition & Health Americas, BASF (2018 – 2022)
- Vice President, Global Segment Management Aroma Ingredients, BASF (2015 – 2018)
- Vice President, Regional Business Management Home Care, Industrial and Institutional Cleaning, Europe & EAWA, BASF (2012 – 2014)
- Vice President/Director, Regional Business Management Formulation Technologies, North America, BASF (2009-2012)
- Various regional and global leadership positions in Strategy, Sales and Marketing at BASF (2002 – 2009)

Gordon Bates

Nationality: British
Year of birth: 1965

President, Small Molecules Division (since January 2021) and Member of the Executive Committee (since April 2021).

Gordon Bates holds a Master's degree in Engineering Business Management from the University of Warwick (UK).

Former Activities and Functions
- President, Lonza Chemical Division (2018 – 2020)
- Senior Vice President, Business Unit Head, Lonza Chemical and Microbial Manufacturing (2015 – 2017)
- Global Head of Sales, Lonza Pharma Custom Manufacturing (2013 – 2015)
- Head of Operations and Site Manager, Lonza Slough (UK) (2007 – 2013)
- Global Head of Lonza Operational Excellence (2003 – 2007)

Jean-Christophe Hyvert

Nationality: Swiss, French
Year of birth: 1972

President, Biologics (since January 2021) and Member of the Executive Committee (since April 2021).

Jean-Christophe Hyvert holds a Master's degree in Physics from INSA, Rennes (FR) and an MBA from the Northwestern University (US).

Former Activities and Functions
- President, Lonza Cell & Gene Division (2021 – 2022)
- Chief Commercial Officer, Lonza Pharma Biotech & Nutrition Segment (2019 – 2020)
- Vice President, Finance, Lonza Pharma & Biotech Segment (2017 – 2019)
- Finance Director ECEMEA, Baxter International (2016 – 2017)
- Senior Director EMEA Business Development, Baxter International (2015 – 2016)
- Finance Director, Baxter International (2013 – 2014)
- Various leadership positions in Finance and Corporate Development at Newell Rubbermaid, Lehman Brothers and Legris (covering M&A and Supply Chain) (1995 – 2013)

Daniel Palmacci

Nationality: German, Italian, US
Year of birth: 1969

President, Cell & Gene (since November 2022) and Member of the Executive Committee (since November 2022).

Daniel Palmacci holds a Master's Degree in Chemistry and Process Engineering with High Honors from the Technical University Berlin (DE).

Current Activities
- Member of the Board of Directors, LOWENCO (since September 2022)

Former Activities and Functions
- Senior Vice President, Global Head Technical Operations, MorphoSys (2020 – 2022)
- Global Head Vaccines & Biologics Strategic Facility Creation, Merck Sharp & Dohme (2019 – 2020)
- Global Head Drug Substance Biopharma Manufacturing / CEO Sandoz GmbH, Novartis (2018 – 2019)
- Site Head, Drug Product Schaftenau, Novartis (2017 – 2018)
- Global Head External Supplier Operations, Biopharma, Sandoz – Novartis (2015 – 2017)
- Global Head Technical Operations, Biopharma, Sandoz – Novartis (2015)
- Global Product Leader & Global Head Manufacturing, Science & Technology (MS&T), Sandoz – Novartis (2013 – 2015)
- Head of Manufacturing, Bayer Healthcare (2008 – 2013)
- Director of Operations – Plant Manager, Bayer Healthcare (2006 – 2008)
- Various Project Manager and QA Manager roles at Berlex LCC, Schering AG, Schering do Brazil, ingea depotec and GTZ (1994 – 2006)

Former Members of the Executive Committee in 2024[1]

Albert M. Baehny

Please see CV in Board of Directors section (page 208).

Ulrike Kaeppler

Nationality: German
Year of birth: 1965

Chief Human Resources Officer, Lonza Group Ltd (from January 2024 until May 2024).

Ulrike holds a graduate degree in Business Administration from Staatliche Berufsakademie Stuttgart.

Former Activities and Functions
- Senior Vice President, Various HR Leadership Positions, Smith + Nephew (2015 – 2023)
- Member of the Board/Chair Compensation Nomination Committee, REHAU (2017 – 2020)
- Vice President, Various HR Leadership Positions, Smith + Nephew (2009 – 2014)
- HR Director, SC Johnson (1993 – 2009)

[1] Information tracked until the end of employment with Lonza Group Ltd.

Compensation, Shareholdings and Loans

Details of Board and Executive Committee compensation are contained in the Remuneration Report, respectively on pages 185 and 176.

Shareholders' Participation Rights

Voting Rights Restrictions and Representation

Only persons with valid entries in the share register are recognized as shareholders or usufructuaries. A shareholder may only be represented at the Shareholders' Meeting by the independent proxy, a legal representative or, by means of written proxy, by a representative of their choice. Persons who do not declare to have acquired the respective shares in their own name and for their own account are considered "nominees". They will be entered with voting rights in the share register up to a maximum of 2% of the share capital, unless the actually entitled persons are revealed. The details are set out in Article 6 of Lonza's Articles of Association. This restriction is not meant to serve as takeover defense. It may only be removed by a resolution of the Shareholders' Meeting with a quorum in accordance with Swiss law. Each share has the right to one vote and is entitled to dividends. The shares held by Lonza or Group entities are not entitled to vote and bear no dividends. Lonza may use an electronic voting system for all the resolutions to be taken at a Shareholders' Meeting. Lonza's Articles of Association do not contain any other rules on the electronic participation in the Shareholders' Meeting, nor specific rules on the issue of instructions to the independent proxy.

Statutory Quora

Except as otherwise stipulated by law, an absolute majority of the votes represented at a Shareholders' Meeting is required for resolutions and elections. For certain important matters such as a change of the company purpose and domicile, the dissolution of the company, and certain matters relating to capital changes, Article 704 of the Swiss Code of Obligations requires at least two-thirds of the voting rights represented and an absolute majority of the nominal value of shares represented.

Convocation of Shareholders' Meetings

Ordinary Shareholders' Meetings are called in accordance with the law and Lonza's Articles of Association. Extraordinary Shareholders' Meetings must be called upon resolution of a Shareholders' Meeting or if demanded by one or more shareholders representing at least 5% of the share capital. Lonza sends the invitation to shareholders at least 20 days before the Shareholders' Meeting and publishes it on its website as well as in the Swiss Official Gazette of Commerce.

Agenda

One or more shareholders representing at least 0.134% of the share capital or the voting rights may request an item to be included in the agenda of a Shareholders' Meeting. The request to include an item must be submitted in writing at least 40 days before the meeting, stating the item to be included and the motions.

Entry in the Share Register

Purchasers of Lonza shares may submit a request to be entered, without limitation, as shareholders with voting rights in the share register, provided they expressly declare that they have acquired the shares in their own name and for their own account. Special rules exist for persons who do not expressly declare in the entry application that they hold the shares for their own account (nominees) – see Limitations on Transferability and Nominee Registrations section, page 197. There are no special rules in Lonza's Articles of Association concerning a deadline for entry in the share register. For the 2025 AGM, the share register will be closed on Thursday, 24 April 2025 at 5:00 pm CEST.

Changes of Control and Defense Measures

Duty to Make an Offer

According to the Swiss Federal Act on Financial Market Infrastructures and Market Conduct in Securities and Derivatives Trading (Financial Market Infrastructure Act, FinMIA), an investor who acquires more than 33 1/3% of all voting rights (directly, indirectly or in concert with third parties), whether exercisable or not, is required to submit a takeover offer for all shares outstanding. No special opting-out or opting-up dispositions are contained in Lonza's Articles of Association.

Clauses on Change of Control

The employment agreements of the Executive Committee members contain certain clauses on change of control, which are outlined in the Compensation of the Executive Committee section of the Remuneration Report. In addition, Lonza's Long-Term Incentive Plan (LTIP) provides that unvested awards or blocked shares unconditionally vest upon change of control (see Compensation of the Executive Committee section of the Remuneration Report, page 176).

Auditors

Duration of the Mandate and Term of Office of the Lead Auditor

The external statutory auditor is elected at the Annual General Meeting for a period of one financial year.

Deloitte AG, Pfingstweidstrasse 11, 8005 Zurich (CH), was elected as external statutory auditor of Lonza Group Ltd at the AGM held on 5 May 2023 for the financial year 2024 and as statutory auditor of Group companies for the same financial year. At the 2024 AGM, Deloitte AG has been re-elected as external statutory auditor for the financial year 2025.

Fabien Lussu from Deloitte AG has been nominated as lead auditor for the financial year 2024, his first year in this role. Lonza's Audit and Compliance Committee ensures that the lead auditor is rotated at least every seven years.

Auditing Fees and Additional Fees

The fees for professional services incurred respectively with Deloitte AG (for the year under audit ended 31 December 2024) and KPMG AG (for the year under audit ended 31 December 2023) are as follows:

Million CHF	2024	2023
Audit services	3.801	4.397
Audit-related services		
– Assurance – transaction related		
– Assurance – other	0.964	0.983
– Non-statutory audits		
Tax services	0.274	0.318
Other services	0.295	0.027
Total	**5.334**	**5.725**

Audit services are provided as required by law and include the audit of the consolidated financial statements of Lonza Group Ltd as well as the required statutory audits of Lonza Group entities. Audit-related services include other assurance and accounting services provided by the independent auditors but which may not exclusively be provided by the statutory auditors. These services go beyond the legal requirements and may include, inter alia, other attestation services, comfort letters, audits in connection with non-recurring transactions, consents and consultations, as well as audit services related to the performance of carve-out financial statements. Tax services represent tax compliance, assistance with historical tax matters, and other related services.

Supervisory and Control Instruments vis-à-vis the Auditors

The Audit and Compliance Committee is responsible for evaluating the performance and independence of the external auditors on behalf of the Board of Directors. This evaluation occurs at least once a year. The criteria applied for the assessment include professional competence, sufficiency of resources, the ability to provide effective and practical recommendations and coordination of the external auditors with the Audit and Compliance Committee and senior management. In the reporting year, Deloitte AG attended four Audit and Compliance Committee meetings. In those meetings, the external auditors presented the 2024 audit strategy and their 2024 results. The Comprehensive Auditor's Report to the Board of Directors prepared by Deloitte AG summarizes the reports presented to the Audit and Compliance Committee throughout the year. Within the scope of the approved and budgeted amount, the Chief Financial Officer can delegate non-audit-related mandates to the external auditors, subject to all applicable auditor independence regulations. The Board of Directors has determined the rotation interval for the lead auditor in charge to be at least every seven years, as defined by the Swiss Code of Obligations.

The Audit and Compliance Committee reviews Lonza's financial reporting process on behalf of the Board of Directors. Lonza's management is responsible for preparing the financial statements and the reporting process, including the system of internal controls. The Audit and Compliance Committee is also responsible for overseeing the conduct of the activities by Lonza's management and the external auditors.

The external auditor, Deloitte AG, is responsible for expressing an opinion on the accounting records and the financial statements prepared in accordance with Swiss law and Lonza's Articles of Association. Deloitte AG is also responsible for expressing an opinion on the consolidated financial statements (balance sheet, income statement, statement of comprehensive income, cash flow statement, statement of changes in equity and notes) prepared in accordance with the International Financial Reporting Standards (IFRS), which is issued by the International Accounting Standards Board (IASB), and with Swiss law. Deloitte AG also audited the Remuneration Report 2024 with respect to the information required by the Swiss Code of Obligations.

Information Policy and Key Reporting Dates

Lonza pursues a proactive and professional communication policy. Lonza publishes price-sensitive information in accordance with the obligation to disclose price-sensitive facts as required by the SIX Swiss Exchange. Ad hoc notices are made available on Lonza's news site and submitted to SIX Swiss Exchange. Additionally, Lonza's website provides a news and subscription service that allows interested parties to receive, via e-mail distribution, free and timely notification of price-sensitive facts.

Corporate Communications reports directly to the Chief Executive Officer. Investor Relations reports to the Chief Financial Officer. On basic matters of general corporate policy, Corporate Communications and Investor Relations receive their directives from the Executive Committee.

Lonza makes the Annual Report, the Sustainability Report, the Half-Year Results and Full-Year Results available to all interested parties as a PDF download.

The invitation to the Annual General Meeting is published on Lonza's website and in the Swiss Official Gazette of Commerce. It is also sent by mail to the shareholders entered in the share register. Lonza's website is regularly updated and provides relevant information such as share-price development, news releases and presentations.

In 2024, Lonza hosted financial results presentations via webcast and conference call, along with an Investor Update meeting in Basel and via conference call. In addition, Lonza manages an annual program of investor meetings, attending investor conferences and hosting roadshows in key financial hubs. Shareholders, potential investors and financial analysts are also welcomed at our headquarters at Münchensteinerstrasse 38, 4002 Basel (CH) or can contact Investor Relations via telephone (+41 61 316 2985) or email (investor.relations@lonza.com).

Anticipated Key Reporting Dates
The list of all corporate events of special interest is subject to change during the year as dates are adjusted and added. Updated information is found on the Investor Relations page of our website or on page 19 of the Annual Report.

Black-out Periods and Trading Bans

Lonza Group Ltd has two regular black-out periods which start on (i) 9 June and (ii) 10 December every year and at the end on the day after the public announcement of the company's Half-Year and Full-Year Results, respectively. During these black-out periods, members of the Board of Directors and Executive Committee as well as several employees (which are deemed to potentially have access to sensitive information during these periods) are not allowed to trade Lonza securities.

In addition, Lonza may issue a special trading ban outside of the regular black-out periods for persons which potentially have access to sensitive information (such as in the case of working on specific projects or matters which may lead to ad hoc announcements). These special trading bans are upheld for as long as the potentially sensitive information has not been made public. The persons in scope are informed of the start and the end of a special trading ban and are not allowed to trade Lonza securities during this period.

In 2024, no exceptions to the rules regarding regular black-out periods and special trading bans were granted.

Legal Disclaimer

Forward-Looking Statements

This Annual Report includes statements that are, or may be deemed to be "forward-looking statements". Forward-looking statements are qualified in their entirety as there are certain factors that could cause results to differ materially from those anticipated. Forward-looking statements are not statements of historical fact and may be identified by forward-looking terminology, including the words "outlook," "guidance," "believes," "plans," "anticipates," "expects," "estimates", "may", "will", "should", or in each case, their negative or other variations, or comparable terminology, or by discussions of strategy, plans, objectives, goals, future events or intentions. Investors are cautioned that all forward-looking statements involve risks and uncertainty because they relate to future events and circumstances.

Forward-looking statements are not guarantees of future performance and the financial position and results of operations of the Group, and the development of the markets and the industries in which members of the Group operate, may differ materially from those described in, or suggested by, the forward-looking statements contained in this Annual Report. 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 its product, service or technology offerings; pricing strategies of competitors; interruption or delays in manufacturing; 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, increased tariffs, trade restrictions, and changing trade policies, inflation and consumer confidence, on a global, regional or national basis.

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No Offer and No Solicitation

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Legal and Regulatory Disclosure

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.

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