

AGM Speeches from the **Chairman** of the Board of Directors and the **CEO**

Speech of the Chairman of the Board of Directors

Page 2

Speech of the Chief Executive Officer

Page 4



Albert M. Baehny

Chairman of the Board of Directors

Chairman's Speech

A warm welcome to you all and thanks for joining the 2022 Lonza Group Annual General Meeting (AGM). Like last year, the AGM will be conducted without the presence of shareholders. We are pleased to see that restrictions on travel and gatherings have lifted in many markets, but at this time, we remain focused on maintaining all possible protective measures to control any further spread of the COVID-19 pandemic.

Looking back over the last year, 2021 was characterized by transformation and growth across the Lonza global network. Completing the divestment of our former Specialty Ingredients business has provided an opportunity for us to consolidate our focus and identity as a dedicated healthcare partner. The divestment to the Bain Capital and Cinven consortium was completed on 1 July 2021, for an enterprise value of CHF 4.2 billion. I would like to thank the members of the Lonza divestment team for their tireless work in completing this complex divestment in an expedited timeframe. I would also like to wish our former colleagues every future success in the new company.

With the divestment completed, we are able to refine our focus on the healthcare industry. As part of this consolidation, we undertook a structural redesign in 2020, enabling Lonza to operate as four clear divisions since the beginning of 2021. Our divisions include: Biologics, Small Molecules, Cell & Gene, and Capsules & Health Ingredients. Since this structural redesign has been completed, we have turned our attention to delivering sustainable value creation through a combined focus on long-term growth and corporate responsibility. Let us take a moment to consider each of these areas in turn.

First, let's look at our work to deliver long-term business growth to capture market opportunities. Using the cash flow generated from operations as well as the proceeds from the divestment, in 2021 we announced a series of strategic growth investments including a CHF 200 million investment in a new Small Molecules facility in Visp (CH) and an investment of CHF 850 million to expand mammalian capacity in Biologics. We also made investments in our Cell & Gene and Capsules businesses. These will ensure that we can continue to expand our capacity and offerings in these critical areas of our portfolio.

When considering new growth investments, the Board works closely with management to identify opportunities that will generate an attractive return on invested capital in areas of high market growth and sustained customer demand. This combination of factors will ensure that improved margins can be delivered by the Group in the long term.

We are committed to ensuring that Lonza Group is able to capture market opportunities. By maintaining our ambitious approach to new growth investments, we will ensure that we are able to anticipate customer needs and capture future demand. Given our current focus on growth investments, we are proposing an unchanged dividend for shareholders of CHF 3.00 per share, in line with last year.

As well as delivering growth to support our long-term success, it is critical that our business demonstrates a world-class approach to corporate responsibility. We have worked diligently in 2021 to ensure that responsibility is embedded across our global network. Commencing in 2022, environmental, social and governance (ESG) metrics will be incorporated into our compensation policy for both management and employees. This is a significant commitment that is designed to ensure that our whole employee community understands the importance of responsible business and works actively to support our ambitious ESG agenda.

We have also worked to create a clear, comprehensive and systematic framework around our ESG activities. Using the UN Sustainable Development Goals, we have defined seven key ESG priorities. These include: good health and well-being; quality education; gender equality; clean water and sanitation; industry, innovation and infrastructure; responsible consumption and production; and climate action. Each of these goals provides a long-term objective that resonates with our company vision for sustainability, based on the role we fulfil for our customers and the industry in which we operate.

While ensuring that we maintain good corporate citizenship, we also remain aware of our responsibility to support a robust and representative approach to governance within the business. There is a high proportion of female representation on the Board and we are committed to ensuring that this continues in the future.

Turning from our business in 2021 to today, we continue to observe the pandemic with humility and do not speculate on future events. As a Board, our role is to set the company strategy, while ensuring we remain resilient to challenges and ready to capture opportunities. Within this framework, we have built a strong foundation, enabling the company to pursue its role as a dedicated partner to the healthcare industry. As such, we are strongly placed to deliver on our purpose to enable a healthier world, and pursue our vision to bring any therapy to life.

I would like to close by recognizing our management and employee community for their work over the course of 2021. Our business relies on the talent and dedication of its people, and our success is a testament to their tireless efforts. On behalf of the Board of Directors, I thank them for their work in 2021, and I look forward to working with them all in 2022.



Pierre-Alain Ruffieux

Chief Executive Officer

CEO's Speech

A warm welcome to the 2022 Lonza Group Annual General Meeting (AGM). As Albert noted, we have again decided to host the AGM without the presence of shareholders. We are pleased to see pandemic restrictions lift in many markets, but we remain committed to ensuring the safety of our shareholders, colleagues and business partners. This forms part of our wider commitment to controlling the impact of the pandemic.

Looking back on the past year, we remained agile and responsive to capture opportunities in a business landscape that has continued to evolve with COVID-19. Since the divestment of our former Specialty Ingredients business, we have worked with focus and determination to reposition our business as a dedicated partner to the healthcare industry. We have also continued to drive our accelerated growth agenda in a dynamic operating context. Looking at our business across the year, it is fair to say that 2021 was characterized by a combination of strong performance and continuing resilience.

We are pleased to confirm another successful year in numbers. We reported sales of CHF 5.4 billion, growing 20% AER (20% CER) and CHF 1.7 billion CORE EBITDA, resulting in a margin of 30.8%. This strong momentum at Group level was driven by sales growth ahead of market across all divisions.

As well as delivering our numbers, we have also continued to focus on our long-term success by progressing with our growth investment strategy. For the Full-Year 2021, our total capital expenditure (CAPEX) reached CHF 1.3 billion (24% of sales), and it is expected to increase to around 30% in 2022. We have made strategic investments in areas of sustained customer demand, which allow us to consolidate our global reach and deliver end-to-end solutions across modalities. During the year, we confirmed an investment of CHF 200 million to construct a new manufacturing facility in Visp (CH), to accommodate future Small Molecules expansions. We also committed a further CHF 850 million to building two new large-scale mammalian facilities in Visp and Portsmouth (US) over the next two years. Our sustained approach to organic investment will ensure we are able to deliver for our customers and capitalize on long-term market growth.

Our organic growth investments are supported by a considered and selective approach to bolt-on acquisitions. In November 2021, we added an exosomes manufacturing facility in Lexington (US) from Codiak Biosciences, and the Exosomics Service Unit in Siena (IT) to our network. These sites extended our Cell & Gene Technologies business with offerings in exosome assay and process development, analytics and manufacturing services. Inevitably, these selected highlights only provide a snapshot of expansion activities, and many other plans are in development or on the horizon.

Across our operations, we are now working to ensure sustainable value creation across our business. We are already focused on driving continuous improvement by eliminating waste and maintaining high levels of quality. This will help to ensure that we can deliver with speed and efficiency for our customers while improving our own business performance.

As well as delivering operational improvements, we have also continued to monitor our operating context. The global business landscape remained uncertain and changeable as the pandemic continued to evolve through 2021. Many of our markets experienced “hard lockdowns” through the first half. During this time, our office workers maintained their home working routines, while our laboratory and manufacturing employees continued to attend our facilities to fulfil our role as a supplier of essential goods and services. Through the commitment and relentless efforts of our teams around the world, along with some increase in inventories, we managed the global supply disruptions with minor impact for our customers and our growth projects. While we anticipate that delivery and distribution issues will continue in 2022, we expect to continue to manage the impact, as long as conditions remain comparable with the last two years.

Alongside our focus on maintaining business continuity, we have also continued to make active contributions to controlling the pandemic. Based on the success of the collaboration with Moderna in 2020, we agreed on further expansions to our mRNA manufacturing facilities in 2021. We also continued to work with other customers on COVID-related projects, including AstraZeneca, Capricor and Humanigen.

Our work as an essential supplier of goods and services through the pandemic would not have been possible without our employees. Our people are the beating heart of our business, and their contributions have been even more critical as we have managed through the pandemic and continued to operationalize new facilities. To support our accelerated growth over the last year, we have hired a total of 4,500 new joiners. After accounting for replacement hires, this means that we have grown our community of FTEs by more than 2,000. While working to ensure that we can provide competitive offers to these new candidates, we also understand that retaining existing talent is a crucial component of our business success. Attraction and retention are both critical areas to ensure Lonza can deliver sustainable business growth.

For current colleagues, we have reviewed and updated our approach to reward and recognition over the course of the last year. In our updated bonus structure, we have placed greater emphasis on rewarding individual performance. We have also placed a focus on sustainability by aligning the bonus evaluation of company performance with our environmental, social and governance (ESG) commitments. The new bonus system will be launched in 2022, alongside a new share purchase scheme for colleagues in selected markets. This will enable eligible people to purchase shares at a discounted rate, and benefit from a share match plan after three years, so that they can truly share in the company’s future.

Alongside our continuing commitment to our people, we also remain focused on driving further progress with our ambitious sustainability agenda. Our CO₂ emissions were reduced by 35% with the divestment of our former Specialty Ingredients business. As we embark on a new era of business, we have also taken the opportunity to

address legacy issues arising from our past activities. In 2021, we installed a catalyzer to manage nitrous oxide emissions at our niacin facility in Visp (CH) before divesting the facility with the Specialty Ingredients segment. In the same locality, we completed remediation works on the most affected residential plots containing mercury, and we will commence work on agricultural land parcels in 2022. Finally in 2021, we continued working with the cantonal authorities to find an agreement on a lasting solution to the groundwater pollution issues caused by the legacy Gamsenried (CH) landfill. We have made a provision of CHF 285 million, which we expect to cover the majority of total remediation costs. The first phase of work will take around ten years to complete and will commence in 2023 or 2024.

We recognize sustainability is a critical component of our long-term strategy and forms an ethical imperative for our business. In this context, we were pleased to have been recognized as one of the World's Most Ethical Companies 2021 by the Ethisphere® Institute. This recognition is based on a comprehensive review of our company's governance, leadership and reputation, environmental and societal impact, ethics and compliance program and overall commitment to an ethical company culture.

Looking to 2022, our 2022 Outlook anticipates low to mid-teens CER sales growth, driven by sustained strong momentum across our businesses. We expect this to translate into an improved CORE EBITDA margin on the path to reach the Mid-Term Guidance. We also reconfirm our 2024 Mid-Term Guidance of low teens CER sales growth until 2024, and we guide for a CORE EBITDA margin of around 33% to 35%.

As I close, I would like to extend my thanks to all our colleagues, customers, shareholders and business partners. More than ever in 2021, our business success has been a collaborative and collective endeavor in which we have all participated. Looking towards 2022, I am eager and excited to continue our work on driving progress towards our purpose of enabling a healthier world.