



Financial Statements

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Consolidated Balance Sheet

Assets¹

million CHF	Notes ²	2025	2024
Non-current assets			
Property, plant and equipment	6	8,304	8,532
Intangible assets	5	328	2,002
Goodwill	5	1,960	3,370
Employee benefit assets	23	108	0
Other non-current assets	7	278	336
Deferred tax assets	21	95	53
Total non-current assets		11,073	14,293
Current assets			
Inventories	9	1,680	1,727
Trade receivables	10	1,062	1,283
Current tax receivables		44	44
Other receivables, prepaid expenses and accrued income, incl. derivatives	11	678	675
Short-term investments	12	0	600
Cash and cash equivalents	12	719	1,111
Assets held for sale ³	4	2,651	0
Total current assets		6,834	5,440
Total assets		17,907	19,733

¹ At 31 December.

² See the accompanying notes to the consolidated financial statements.

³ Assets held for sale related to the Capsules and Health Ingredients business and other immaterial businesses (see note 4.2).

Equity and liabilities¹

million CHF	Notes ²	2025	2024
Equity			
Share capital	25	70	72
Share premium		1,171	1,813
Treasury shares		(220)	(773)
Retained earnings and reserves		6,892	8,216
Total equity attributable to equity holders of the parent		7,913	9,328
Non-controlling interests		53	60
Total equity		7,966	9,388
Liabilities			
Non-current provisions	13	449	434
Employee benefit liabilities	23	5	56
Other non-current liabilities	15	1,682	1,541
Non-current debt	14	3,876	4,242
Deferred tax liabilities	21	304	493
Total non-current liabilities		6,316	6,766
Current provisions	13	79	89
Other current liabilities	15	2,034	2,415
Trade payables	16	514	471
Current debt	14	309	468
Current tax payables	21	153	136
Liabilities held for sale ³	4	536	0
Total current liabilities		3,625	3,579
Total liabilities		9,941	10,345
Total equity and liabilities		17,907	19,733

¹ At 31 December.

² See the accompanying notes to the consolidated financial statements.

³ Liabilities held for sale related to the Capsules and Health Ingredients business and other immaterial businesses (see note 4.2).

Consolidated Income Statement¹

million CHF	Notes ²	2025	2024 (restated) ³
Sales	2, 3	6,531	5,480
Cost of goods sold ⁴		(4,222)	(3,687)
Gross profit		2,309	1,793
Marketing and distribution		(190)	(186)
Research and development	22	(112)	(102)
Administration and general overheads ⁵		(726)	(599)
Other operating income	19	24	106
Other operating expenses	19	(66)	(104)
Result from operating activities (EBIT)		1,239	908
Financial income	20	67	64
Financial expenses	20	(207)	(263)
Net financial result		(140)	(199)
Share of profit / (loss) of associates / joint ventures	8	2	(1)
Profit before income taxes		1,101	708
Income taxes	21	(192)	(106)
Profit from continuing operations		909	602
Profit / (Loss) from discontinued operations, net of tax	4	(1,184)	35
Profit / (Loss) for the period		(275)	637
Attributable to:			
Equity holders of the parent		(275)	636
Non-controlling interest		0	1
Profit / (Loss) for the period		(275)	637
Earnings per share for profit from continuing operations attributable to equity holders of the parent:			
Basic earnings per share – EPS basic	26	13.04	8.51
Diluted earnings per share – EPS diluted	26	13.00	8.49
Earnings per share for profit / (loss) attributable to equity holders of the parent:			
Basic earnings per share – EPS basic	26	(3.93)	8.93
Diluted earnings per share – EPS diluted	26	(3.92)	8.92

¹ For the year ended 31 December.

² See the accompanying notes to the consolidated financial statements.

³ Restated to reflect the classification of the Capsule and Health Ingredients business as discontinued operations (see notes 1 and 4 of the Group's consolidated financial statements).

⁴ Includes net impairments of CHF 39 million (2024: CHF 59 million) and restructuring income of CHF 6 million (2024: CHF 11 million cost), as well as acquisition related expenses (2025: CHF 7 million, 2024: CHF 143 million).

⁵ Includes the amortization of acquisition related intangible assets (2025: CHF 47 million, 2024: CHF 34 million). Additionally, includes impairments of CHF 46 million (2024: CHF 16 million), acquisition related expenses (2025: CHF 5 million, 2024: CHF 23 million) and business transformation initiative expenses (2025: 53 CHF million, 2024: CHF 14 million).

Consolidated Statement of Comprehensive Income¹

million CHF	Notes ²	2025	2024
Profit / (Loss) for the period		(275)	637
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
Remeasurements of net defined benefit liability	23	139	(34)
Income tax on items that will not be reclassified to profit or loss	21	(22)	117
		5	(29)
Items that are or may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations		(555)	298
Cash flow hedges – effective portion of changes in fair value		89	(105)
Cash flow hedges – reclassified to property, plant and equipment		6	8
Cash flow hedges – reclassified to goodwill		0	35
Cash flow hedges – reclassified to profit or loss		(35)	32
Cash flow hedges – costs of hedging		(46)	(29)
Income tax on items that are or may be reclassified to profit or loss	21	10	(531)
		(10)	229
Other comprehensive income for the period, net of tax		(414)	200
Total other comprehensive income for the period		(689)	837
Total comprehensive income attributable to:			
Equity holders of the parent		(684)	834
Non-controlling interests		(5)	3
Total comprehensive income for the period		(689)	837

¹ For the year ended 31 December.

² See the accompanying notes to the consolidated financial statements.

Consolidated Cash Flow Statement¹

million CHF	Notes ²	2025	2024
Profit / (Loss) for the period		(275)	637
Adjustments for non-cash items:			
– Income taxes	21	196	117
– Net financial result		150	209
– Share of loss / (profit) of associates / joint ventures	8	(2)	1
– Depreciation of property, plant and equipment (incl. depreciation of right-of-use assets)	6	620	472
– Amortization of intangibles	5	193	175
– Impairment losses on property, plant, equipment (incl. right-of-use assets) and intangibles	5, 6	98	89
– Reversal of impairment	6	(13)	(21)
– Write-off of capitalized contract assets		0	145
– Goodwill impairment	4.1	1,229	16
– Increase / (decrease) in provisions	13	66	108
– Increase / (decrease) in employee benefit liability		9	(4)
– (Gain) / loss on disposal of property, plant and equipment		7	(80)
– Non-cash items related to businesses combinations		(3)	8
– One-time positive financial impact from lease terminations of sites closures		(14)	0
– Amortization of other liabilities / assets		(478)	(204)
– Share-based payments	24	57	41
Income taxes paid		(136)	(136)
Interest paid		(164)	(99)
Total before change in net working capital		1,540	1,474
Decrease / (increase) in inventories		(298)	0
Decrease / (increase) in trade receivables		(33)	(108)
Increase / (decrease) in trade payables		118	3
(Increase) / decrease other net working capital		(76)	46
Use of provisions	13	(55)	(45)
Increase / (decrease) in other payables, net		(40)	(96)
Net cash provided by / (used for) operating activities		1,156	1,274
Purchase of property, plant and equipment	6	(1,321)	(1,381)
Purchase of intangible assets	5	(52)	(36)
Proceeds from sale of tangible and intangible assets		106	5
Acquisitions of subsidiaries, net of cash acquired	4.3, 28.6	(56)	(1,075)
Purchase of unconsolidated investments		(3)	(4)
Lease payments received		3	3
Decrease / (increase) in capitalized contract assets	3	(5)	(55)
Net proceeds from disposals and purchases of other assets		(2)	(1)
Net proceeds from disposals and purchases of short-term investments	12	600	(400)
Net proceeds from issuance and repayments of loans		(1)	(7)
Interest received		13	33
Dividends received		0	2
Net cash provided by / (used for) investing activities		(718)	(2,916)

million CHF	Notes ²	2025	2024
Repayment of straight bonds	14	0	(110)
Repayment of bank loan	15	(398)	0
Repayment of German Private Placements	14	0	(43)
Issuance of straight bonds	14	0	2,071
Increase / (decrease) in other debt	14	(15)	(41)
Repayment of lease liabilities		(41)	(41)
Increase in other non-current liabilities		487	452
Purchase of treasury shares ³	25	(518)	(726)
Sale of treasury shares		11	9
Dividends paid ⁴	26	(282)	(288)
Net cash provided by / (used for) financing activities		(756)	1,283
Effect of currency translation on cash		(8)	2
Net increase / (decrease) in cash and cash equivalents		(326)	(357)
Cash and cash equivalents at 1 January		1,111	1,468
Cash and cash equivalents at 31 December		785	1,111
Cash and cash equivalents classified as held for sale	4	(66)	0
Cash and cash equivalents at 31 December (as reported)		719	1,111

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 2 million (2024: 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							Non-controlling interests	Total equity
		Share capital	Share premium	Retained earnings	Hedging reserve	Translation reserve	Treasury shares	Total		
At 1 January 2024		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		(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
Profit / (Loss) for the period		0	0	(275)	0	0	0	(275)	0	(275)
- Remeasurement of defined benefit liability		0	0	117	0	0	0	117	0	117
- Exchange differences on translating foreign operations		0	0	0	0	(540)	0	(540)	(5)	(545)
- Cash flow hedges		0	0	0	14	0	0	14	0	14
Other comprehensive income, net of tax		0	0	117	14	(540)	0	(409)	(5)	(414)
Total comprehensive income for the period		0	0	(158)	14	(540)	0	(684)	(5)	(689)
Dividends	26	0	(140)	(140)	0	0	0	(280)	(2)	(282)
Recognition of share-based payments	24	0	0	56	0	0	0	56	0	56
Movements in treasury shares		0	0	(54)	0	0	(453)	(507)	0	(507)
Capital reduction	25	(2)	(502)	(502)	0	0	1,006	0	0	0
At 31 December 2025		70	1,171	8,693	(68)	(1,733)	(220)	7,913	53	7,966

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.



Notes to the Consolidated Financial Statements

Note 1

Basis of Preparation of Consolidated Financial Statements

1.1

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 largest contract development and manufacturing organizations (CDMOs) dedicated to serving pharma and biotech companies in the healthcare industry.

Lonza supports its customers in bringing life-saving and life-enhancing treatments to patients worldwide with a combination of cutting-edge science, smart technology and lean manufacturing.

1.2

Basis of Preparation

The consolidated financial statements for 2025 and 2024 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.

In preparing the financial statements, management has considered the potential impacts of climate-related risks, geopolitical developments, and changes in trade conditions, including tariffs, across all relevant areas of the business (including operating segments) and financial reporting processes. These matters were assessed as part of management's ongoing risk evaluation procedures (refer to note 30) and were considered in the preparation and presentation of the financial statements, and no material impact was identified.

On 12 December 2024, Lonza communicated its new strategy and 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 was operational from Q2 2025, and was reflected in the disclosures for the Half-Year 2025 reporting accordingly.

Following Lonza's announcement on 12 December 2024 to exit the Capsules & Health Ingredients (CHI) business, the divestment process was initiated in 2025. As part of the CHI divestiture project Lonza took the decision to:

- transfer a small site previously reported within Advanced Synthesis to CHI; and
- retain minor CHI business activities, being reported within Corporate.

CHI meets the definition of Discontinued Operations according to IFRS 5 as of 31 December 2025. Discontinued Operations in both 2025 and 2024 include CHI, together with certain costs directly attributable to it, and the carve-out / divestiture process. The comparative 2024 information in the consolidated income statement and the notes have been restated accordingly.

In addition, assets and liabilities of CHI together with other minor businesses designated for divestiture are presented as held for sale as of 31 December 2025 (no restatement of prior year information).

Unless otherwise stated, the information presented in these financial statements for "Lonza" reflect Lonza's continuing CDMO business.

Note 2

Operating Segments

2.1

General Information

On 12 December 2024, Lonza published its new simplified and streamlined operating model which became effective on 1 April 2025. The simplified One Lonza organization comprises three newly-formed CDMO Business Platforms: Integrated Biologics, Advanced Synthesis and Specialized Modalities.

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

Integrated Biologics

Integrated Biologics leverages its experience in drug approvals to accelerate and de-risk the path to market with best-in-class, end-to-end offerings – from clinical development to drug substance and drug product manufacturing. Integrated Biologics consists of two Technology Platforms: Mammalian and Drug Product.

Advanced Synthesis

Advanced Synthesis applies more than 125 years' expertise in classic and complex chemistry to the manufacturing of antibody-drug conjugates (ADCs) and other bioconjugates, small molecules and highly potent active pharmaceutical ingredients (APIs). Advanced Synthesis consists of two Technology Platforms: Small Molecules and Bioconjugates, combining leading hybrid chemistry and biology solutions.

Specialized Modalities

The Specialized Modalities Business Platform operates at the forefront of emerging and established technologies – spanning Cell & Gene, Microbial, Bioscience and mRNA – to help pioneer its customers' breakthrough medicines.

Corporate

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

Following the classification of CHI as Discontinued Operations, the business is no longer reported as a separate operating segment.

2.2

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 three 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 results,

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 2025

million CHF	Integrated Biologics	Advanced Synthesis	Specialized Modalities	Total operating segments	Corporate / Eliminations	Lonza Continuing Business
Sales third-party	3,649	1,611	1,034	6,294	237	6,531
Inter-segment sales ¹	5	6	66	77	(77)	0
Total sales	3,654	1,617	1,100	6,371	160	6,531
CORE EBITDA²	1,287	674	176	2,137	(73)	2,064
– Percentage return on sales in %	35.3	41.8	17.0	34.0	n.a.	31.6
Included in CORE EBITDA:						
Research and development ³	(111)	(13)	(41)	(165)	(4)	(169)
Depreciation and amortization	(331)	(153)	(134)	(618)	(28)	(646)
Impairment, net of reversal of impairment ⁴	(14)	(19)	(59)	(92)	7	(85)
Restructuring income / (expenses)	(4)	0	(2)	(6)	0	(6)
Environmental expenses, net of reversal	0	0	0	0	(42)	(42)
Other segment information:						
Additions to property, plant and equipment	451	305	358	1,114	163	1,277

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 in Corporate of CHF 9 million and in Integrated Biologics of CHF 2 million.

Year ended

31 December 2024 (restated)¹

million CHF	Integrated Biologics	Advanced Synthesis	Specialized Modalities	Total operating segments	Corporate / Eliminations	Lonza Continuing Business
Sales third-party	2,883	1,323	1,099	5,305	175	5,480
Inter-segment sales ²	10	3	56	69	(69)	0
Total sales	2,893	1,326	1,155	5,374	106	5,480
CORE EBITDA³	1,045	484	192	1,721	(68)	1,653
– Percentage return on sales in %	36.2	36.6	17.5	32.4	n.a.	30.2
Included in CORE EBITDA:						
Research and development ⁴	(99)	(32)	(82)	(213)	(5)	(218)
Depreciation and amortization	(216)	(105)	(120)	(441)	(32)	(473)
Impairment, net of reversal of impairment ⁵	(7)	(17)	(16)	(40)	(31)	(71)
Restructuring income / (expenses)	(194)	0	(2)	(196)	0	(196)
Capitalized contract costs write-off	(145)	0	0	(145)	0	(145)
Environmental expenses, net of reversal	0	0	0	0	(80)	(80)
Other segment information:						
Additions to property, plant and equipment	604	274	253	1,131	162	1,293
Additions to property, plant and equipment from acquisitions	706	0	0	706	0	706
Additions to intangible assets	3	0	9	12	16	28

¹ Restated to reflect the classification of the Capsules & Health Ingredients business as discontinued operations (see note 4).² Intersegment sales were based on prevailing market prices.³ Refer to section "Alternative Performance Measures" for details on the calculation methodology.⁴ Refer to note 22.⁵ Includes reversal of impairment in Specialized Modalities of CHF 21 million related to Singapore.

The reconciliation of the CORE EBITDA to the IFRS result for the twelve months ended 31 December in 2025 and 2024 is as follows:

million CHF	2025	2024 ¹ (restated)
Profit before income taxes	1,101	708
Net financial result	(140)	(199)
Share of profit / (loss) from associates and joint ventures	2	(1)
Result from operating activities (EBIT)²	1,239	908
Environmental-related measures	(42)	(80)
Acquisitions and divestitures	(5)	(163) ²
Restructuring	6	(28)
Business transformation initiatives ³	(53)	(14)
Gain from sale of real estate	0	84
Depreciation and amortization of property, plant and equipment and intangibles	(646)	(474)
Impairment, net of reversal of property, plant and equipment (incl. right-of-use assets) and intangibles	(85)	(70)
CORE EBITDA	2,064	1,653

¹ Restated to reflect the classification of the Capsules & Health Ingredients business as discontinued operations (see note 4).² Costs related to the acquisition of the Vacaville site 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).**2.3****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.

2.4 Geographical Information

Year ended
31 December 2025

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	470	33	2	1,092	0	1,127
Czech Republic	4	0	0	0	0	0
Denmark	235	0	0	0	0	0
France	42	0	0	8	1	9
Germany	241	17	6	54	0	77
Ireland	398	0	0	0	0	0
Italy	29	1	0	1	0	2
Netherlands	233	133	65	82	2	282
Spain	15	120	1	0	0	121
Sweden	120	0	0	0	0	0
Switzerland	963	5,372	121	271	258	6,022
United Kingdom	212	178	2	7	0	187
Rest of Europe	32	0	0	0	0	0
Europe	2,994	5,854	197	1,515	261	7,827
Canada	41	0	0	18	0	18
Mexico	2	0	0	0	1	1
United States	2,525	2,176	104	426	16	2,722
Rest of North and Central America	0	3	0	0	0	3
North and Central America	2,568	2,179	104	444	17	2,744
Brazil	5	0	0	0	0	0
Puerto Rico	97	0	0	0	0	0
Rest of Latin America	0	0	0	0	0	0
Latin America	102	0	0	0	0	0
China	77	62	1	0	0	63
India	15	1	0	1	0	2
Indonesia	0	0	0	0	0	0
Japan	564	0	0	0	0	0
Singapore	99	206	26	0	0	232
South Korea	96	0	0	0	0	0
Thailand	1	0	0	0	0	0
Rest of Asia	8	2	0	0	0	2
Asia	860	271	27	1	0	299
Australia & New Zealand	4	0	0	0	0	0
Other countries	3	0	0	0	0	0
Total Lonza	6,531	8,304	328	1,960	278	10,870

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 2024¹

million CHF	Revenue from external customers (sales) ²	Property, plant and equipment	Intangible assets	Goodwill	Other non-current assets	Total non-current assets ³
Belgium	447	34	0	1,101	0	1,135
Czech Republic	4	0	0	0	0	0
Denmark	282	0	0	0	0	0
France	73	0	0	8	0	8
Germany	231	18	8	55	0	81
Ireland	420	0	0	0	0	0
Italy	34	1	0	1	0	2
Netherlands	161	134	68	82	3	287
Spain	7	114	1	0	0	115
Sweden	108	0	0	0	0	0
Switzerland	706	4,911	167	271	252	5,601
United Kingdom	221	201	2	7	0	210
Rest of Europe	38	0	0	0	0	0
Europe	2,732	5,413	246	1,525	255	7,439
Canada	68	8	58	20	0	86
Mexico	2	0	0	0	0	0
United States	1,923	2,214	124	480	47	2,865
Rest of North and Central America	0	3	0	0	0	3
North and Central America	1,993	2,225	182	500	47	2,954
Brazil	11	0	0	0	0	0
Puerto Rico	67	0	0	0	0	0
Rest of Latin America	0	0	0	0	0	0
Latin America	78	0	0	0	0	0
China	71	65	2	0	0	67
India	13	1	0	1	0	2
Indonesia	1	0	0	0	0	0
Japan	432	0	0	0	0	0
Singapore	31	247	34	0	0	281
South Korea	115	0	0	0	0	0
Thailand	2	0	0	0	0	0
Rest of Asia	8	3	0	0	0	3
Asia	673	316	36	1	0	353
Australia & New Zealand	4	0	0	1	0	1
Other countries	0	0	0	0	0	0
Total Lonza	5,480	7,954	464	2,027	302	10,747
Assets related to CHI discontinued operations		578	1,538	1,343	34	3,493
Total Group		8,532	2,002	3,370	336	14,240

¹ Restated to reflect the classification of the Capsules & Health Ingredients business as discontinued operations (see note 4).

² Sales from external customers (sales) allocated to geographical areas by destination according to the location of the customer.

³ Total non-current assets excludes deferred tax assets.

2.5 Information About Major Customers

In 2025, Lonza's largest customer accounted for 11.7% of total group sales (within the Advanced Synthesis and Integrated Biologics operating segments). The second-largest customer accounted for 10.8% of sales (within all three operating segments). The third to fifth largest customers accounted for 7.6%, 5.3%, and 4.9% of total group sales (continuing business), respectively. No other customer accounted for 3.9% or more of Lonza's total sales.

In 2024, Lonza's largest customer accounted for 9.7% and the second to fifth largest customers for 9.3%, 5.9%, 3.9%, and 3.6% in relation to total Group sales, respectively. No other customer accounted for 2.9% or more of Lonza's total sales (continuing business).

Note 3 Revenues

3.1 Disaggregation of Third-Party Revenues

Lonza derives its revenue primarily from supply agreements with pharmaceutical and biotech 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 2.1, each segment focuses on different technologies and markets.

The table below shows information for the Group's three 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	2025	2024
Integrated Biologics	3,649	2,883
Advanced Synthesis	1,611	1,323
Specialized Modalities	1,034	1,099
Corporate	237	175
Lonza Continuing Business	6,531	5,480

3.2 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	2025	2024
Trade receivables	10	1,062	1,283
Total trade receivables		1,062	1,283

million CHF	Notes	2025	2024
Accrued income	11	277	144
Capitalized contract costs ¹	7, 11	46	55
Total contract assets		323	199

¹ Thereof non-current CHF 36 million (2024: CHF 44 million) and current CHF 10 million (2024: CHF 11 million).

million CHF	Notes	2025	2024
Non-current deferred income	15	1,181	1,011
Current deferred income	15	1,039	1,075
Total contract liabilities		2,220	2,086

Movement in Capitalized Costs to Fulfill a Contract

million CHF	2025	2024
At 1 January	55	154
Asset recognized from costs incurred to fulfill a contract during the period	4	55
Amortization recognized as cost of providing services during the period	(11)	(11)
Capitalized contract costs write-off ¹	0	(145)
Currency translation effects	(2)	2
At 31 December	46	55

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

Movement in Contract Liabilities

million CHF	2025	2024
At 1 January	2,086	1,403
Revenue recognized that was included in the contract liability balance at the beginning of the period	(1,076)	(758)
Increases due to cash received, excluding amounts recognized as revenue during the period	1,237	1,067
Reclassification to assets held for sale	(7)	0
Acquisition of subsidiaries	0	360
Currency translation effects	(20)	14
At 31 December	2,220	2,086

Note 4 Business Combinations and Divestiture of Businesses

4.1 Capsules & Health Ingredients (CHI) Discontinued Operations

On 12 December 2024, Lonza announced its strategic intent to exit the CHI business as part of its transformation into a pure-play CDMO under the "One Lonza" strategy. The CHI business, comprising hard capsules, specialty dosage forms, and nutritional

ingredients, has historically operated alongside, but separately from Lonza's core CDMO activities. The exit is expected to enhance operational alignment, capital allocation, and long-term value creation across Lonza's core Business Platforms.

On 6 March 2026, Lonza announced that it has entered into a definitive agreement to divest its CHI business to Lone Star Funds for an enterprise value of CHF 2.3 billion.

Lonza will realize upfront cash proceeds of CHF 1.7 billion and retain a 40% stake in the business, with additional preferential participation in its future exit.

In the consolidated income statement CHI related results from operations were disclosed as discontinued operations. In both financial years, 2025 and 2024 (restated), Discontinued Operations include the CHI business together with certain corporate costs directly attributable to CHI together with carve-out / divestiture related costs, as well as the goodwill impairment charge in 2025.

Intragroup transactions between Lonza's continuing business and Discontinued Operations have been attributed in a way that reflects how these transactions are expected to continue in the future. As intercompany loans and debts are expected to be settled prior to or at the closing of the transaction, effects from

these transactions within financial result were eliminated. On the contrary, certain limited supply and service agreements are expected to continue after the closing of the transaction and therefore were not eliminated. As a consequence of separating the businesses into distinct legal entities, sales from the Lonza continuing business to Discontinued Operations amounted to CHF 30 million while sales from Discontinued Operations to the Lonza continuing business amounted to CHF 1 million.

The CHI net assets have been valued based on their fair value less cost to sell, following the signed agreement with Lone Star Funds, resulting in an impairment of goodwill of CHF 1.2 billion in 2025. This is reported within discontinued operations.

The results from the CHI business, which are presented as discontinued operations, are as follows:

Income Statement¹

million CHF	2025	2024 (restated)
Sales	1,092	1,094
Expenses ²	(2,272)	(1,048)
Profit / (loss) before income taxes	(1,180)	46
Income taxes	(4)	(11)
Profit / (loss), net of taxes	(1,184)	35
Attributable to:		
Equity holders of the parent	(1,188)	30
Non-controlling interest	4	5
Profit / (loss) for the period	(1,184)	35
Basic earnings per share (in CHF)	(16.97)	0.42
Diluted earnings per share (in CHF)	(16.91)	0.42

¹ For the year ended 31 December.

² Expenses in 2025 include the impairment of goodwill of CHF 1,229 million.

The primary components of the cash flow from discontinued operations are presented below, for the twelve months ended 31 December 2025 and twelve months ended 31 December 2024:

million CHF	2025	2024 (restated) ¹
Net cash used for/(provided by) operating activities	224	225
Net cash used for/(provided by) investing activities	(108)	(94)
Net cash used for/(provided by) financing activities	(7)	(8)
Net cash flows for the year	109	123

¹ Restated to reflect the classification of the Capsules & Health Ingredients business as discontinued operations (see note 4).

4.2

Assets and Liabilities held for sale

In the statement of financial position, assets and liabilities related to the CHI business were reclassified to assets and liabilities of a disposal group held for sale as of 31 December 2025. Following the announcement of divestiture, the carrying amount of assets was deemed in excess of the fair value less costs to sell, and an impairment of 1.2 billion was recorded as a result, as described in note 4.1.

Also in early 2026, Lonza announced the divestiture of the Personalized Medicines business (Cocoon®), the MODA® software platform and the small molecules micronization site in Monteggio (CH), via sales processes.

In accordance with IFRS 5, assets and liabilities related to these smaller businesses were reclassified as held for sale in the consolidated balance sheet as from 31 December 2025. To the extent the carrying amounts of the disposal groups were in excess of the fair values less costs to sell, impairments were recorded amounting to CHF 68 million.

As the three minor divestitures do not represent major lines of business for the Group, their results are presented within continuing operations.

At 31 December 2025 the assets and liabilities held for sale relating to CHI and the other minor businesses were as follows:

million CHF	CHI	Other ¹	Total
Goodwill	82	0	82
Intangible assets	1,379	11	1,390
Property, plant and equipment	569	4	573
Deferred tax assets	9	0	9
Non-current loans and advances	1	0	1
Other non-current assets	29	0	29
Inventories	224	1	225
Trade receivables	213	6	219
Other receivables	56	1	57
Cash and cash equivalents	64	2	66
Assets of disposal groups classified as held for sale	2,626	25	2,651
Non-current provisions	1	0	1
Employee benefit liability	15	2	17
Other non-current liabilities	28	3	31
Deferred tax liabilities	287	0	287
Trade Payables	65	2	67
Other current liabilities	115	10	125
Current tax payables	8	0	8
Liabilities of disposal groups classified as held for sale	519	17	536
Net assets of disposal groups classified as held for sale	2,107	8	2,115

¹ The other minor businesses refer to the divestments of the Personalized Medicines business (Cocoon®), the MODA® software platform and the small molecules micronization site in Monteggio (CH).

4.3

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

Effective 1 October 2024, Lonza Group acquired a 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 four years manufacturing services agreement.

The valuation of the acquired assets and liabilities were performed by an independent valuation expert. This provisional valuation has been finalized in 2025 without any adjustments to the provisional values reported as of 31 December 2024.

The acquired site is reported within the Integrated Biologics segment.

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 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 21 million as of 31 December 2025 (2024: CHF 25 million) are not systematically amortized. The Capsugel trademark with a carrying amount of CHF 204 million at 31 December 2025, has been reclassified as held for sale.

Development costs as of 31 December 2025 predominantly include technologies acquired with acquisitions. Development costs relating to the acquisition of Capsugel and other minor businesses, amounting to CHF 451 million, have been reclassified to assets held for sale, refer to note 4.

million CHF	Goodwill	Capsugel trade name and Cambrex trademarks	Patents, trademarks, client relationship	Computer software	Technologies / Development cost	Total
At 1 January 2024						
Costs	2,752	227	1,416	270	1,276	5,941
Accumulated depreciation and impairment		0	(415)	(215)	(571)	(1,201)
Net book value	2,752	227	1,001	55	705	4,740
Year ended 31 December 2024						
Additions	0	0	1	27	8	36
Acquisition of subsidiaries ¹	565	0	105	0	0	670
Transfers / reclassifications	0	0	0	0	0	0
Amortization	0	0	(59)	(28)	(88)	(175)
Impairment losses	(16)	0	(4)	0	0	(20)
Currency translation effects	69	4	36	2	10	121
At 31 December 2024	3,370	231	1,080	56	635	5,372
Year ended 31 December 2025						
Additions	0	0	3	40	9	52
Disposals	0	0	0	0	0	0
Transfers / reclassifications	0	0	1	0	(1)	0
Amortization	0	0	(74)	(33)	(86)	(193)
Impairment losses ²	(1,229)	0	(6)	0	(46)	(1,281)
Currency translation effects	(99)	(6)	(73)	1	(13)	(190)
Reclassification to assets held for sale ³	(82)	(204)	(723)	(12)	(451)	(1,472)
At 31 December 2025	1,960	21	208	52	47	2,288
Costs	1,974	21	427	311	190	2,923
Accumulated depreciation and impairment	(14)	0	(219)	(259)	(143)	(635)
Net book value	1,960	21	208	52	47	2,288

¹ Related to the acquisition of Vacaville. Refer to note 4.3.

² The impairments relate to the remeasurement of assets held for sale, refer to note 4.2.

³ Refer to note 4.

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

Lonza has identified CGUs as follows and used them for allocating goodwill and intangible assets with indefinite useful lives:

Integrated Biologics

The technologies (mammalian and drug product) applied within the Integrated Biologics platform are the CGUs identified. They form a group of CGUs which are subject to impairment testing.

Advanced Synthesis

In providing customized API development and manufacturing services, the Advanced Synthesis platform applies different chemical technologies representing one separate CGU. This CGU is subject to impairment testing of goodwill.

Specialized Modalities

The Specialized Modalities platform applies various technologies (bioscience solutions, cell therapy, viral therapeutics etc.) which are the CGUs identified. They form a group of CGUs which are subject to impairment testing.

Capsules & Health Ingredients

The business of Lonza's Discontinued Operations is the CGU identified and subject to impairment testing of goodwill.

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

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

million CHF	2025	2024
Capsules & Health Ingredients	0	1,323
Advanced Synthesis	1,067	1,034
Integrated Biologics	579	675
Specialized Modalities	314	338
Total carrying amounts of goodwill as at 31 December	1,960	3,370
Capsules & Health Ingredients	82	0
Goodwill transferred to asset held for sale	82	0

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

million CHF	2025	2024
Capsules & Health Ingredients	0	206
Specialized Modalities	21	25
Total carrying amounts of intangible assets with indefinite useful life as at 31 December	21	231
Capsules & Health Ingredients	204	0
Intangible assets with indefinite useful life transferred to asset held for sale	204	0

The recoverable amount of the CGUs is based on the value-in-use calculation. The supporting cash flow projections for 2026 to 2029 are based on the Lonza business strategy review.

The cash flow projections beyond the five-year period, of the most significant CGUs 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 discount rates are determined using a weighted average cost of capital approach, adjusted to reflect specific risks for each CGU. The inputs used in determining the discount rates are primarily based on externally observable market data, including published market risk premiums, analyst data, and benchmark capital market information. Management compares the resulting discount rates with those observed for comparable companies to assess reasonableness.

The cash flow projections for the Integrated Biologics CGU beyond the four-year period are based on a 2.0% growth rate. A pre-tax discount rate of 5.9% has been used in discounting the projected cash flows.

The Advanced Synthesis platform consists of two CGUs, Small Molecules and Bioconjugates. The cash flow projections beyond the four-year period are based on a 2.0% growth rate. A pre-tax discount rate of 5.6% has been used in discounting the projected cash flows.

The Specialized Modalities platform consists of two CGUs Bioscience / Cell & Gene Technologies. The cash flow projections beyond the four-year period are extrapolated using a 2.0% growth rate. A pre-tax discount rate of 5.9% has been used in discounting the projected cash flows.

A sensitivity analysis for the CGUs and groups of CGUs 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 CGUs (or group of CGUs).

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

million CHF	2025	2024
Property, plant and equipment	8,046	8,249
Right-of-use assets	258	283
Total	8,304	8,532

6.1 Property, Plant and Equipment

million CHF	Land	Buildings and structures	Production facilities	Construction in progress	Total
At 1 January 2024					
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 ¹	0	(2)	(4)	(10)	(16)
Acquisition of subsidiaries	47	439	208	12	706
Transfers / reclassifications	42	275	551	(868)	0
Reclassification from other asset categories ²	0	0	0	153	153
Depreciation charge	0	(86)	(343)	0	(429)
Impairment losses ³	(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
Year ended 31 December 2025					
Additions	0	0	5	1,316	1,321
Disposals	0	(1)	(9)	0	(10)
Transfers / reclassifications	6	1,012	1,378	(2,399)	(3)
Depreciation charge	0	(134)	(445)	0	(579)
Impairment losses ³	0	(14)	(32)	0	(46)
Reversal of impairment losses	0	2	11	0	13
Currency translation effects	(15)	(134)	(149)	(59)	(357)
Reclassification to assets held for sale ⁴	(30)	(143)	(286)	(83)	(542)
At 31 December 2025	131	2,549	3,090	2,276	8,046
Costs	132	3,807	6,085	2,276	12,300
Accumulated depreciation and impairment	(1)	(1,258)	(2,995)	0	(4,254)
Net book value	131	2,549	3,090	2,276	8,046

¹ Disposal in construction in progress related to transfer to lease receivables.

² 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.

³ Impairments in 2025 primarily related to production facilities in Visp and remeasurement of assets held for sale (refer to note 4.2). Impairments in 2024 primarily related to Bacthera and decommissioning of certain production facilities.

⁴ Refer to note 4.

Future commitments for capital expenditure in property, plant and equipment amounted to CHF 678 million at year-end 2025 (2024: CHF 943 million), mainly related to capital expenditures at sites in Visp (CH) and Portsmouth (US). No assets were pledged for security of own liabilities in 2025 nor 2024.

6.2 Right-of-use Assets

million CHF	Land	Buildings and structures	Others	Total
Year ended 31 December 2025				
Net carrying amount 31 December	59	191	7	258
Additions	29	37	1	67
Depreciation charge	0	(35)	(5)	(40)
Reclassification to asset held for sale ¹	0	(30)	(1)	(31)
Year ended 31 December 2024				
Net carrying amount 31 December	33	238	12	283
Additions	0	37	1	38
Depreciation charge	(1)	(40)	(2)	(43)
Impairment losses	0	(10)	0	(10)

¹ Refer to note 4.

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	2025	2024 (restated)
Expenses related to short-term leases and low value assets ¹	(10)	(7)
Expenses related to variable lease payments not included in lease liabilities ¹	(3)	(9)
Other rent expenses (including incidental expenses) ¹	(12)	(8)
Total lease expenses not part of right-of-use assets	(25)	(24)
Depreciation of right-of-use assets ¹	(40)	(43)
Impairment of right-of-use assets ²	0	(10)
Interest expense on lease liabilities ³	(13)	(11)

¹ Included in cost of goods sold and administrative expenses.

² Included in other operating expenses.

³ Included in net 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 2025 amounted to CHF 61 million (2024: CHF 65 million).

Note 7 Other Non-Current Assets

Non-current loans and advances at 31 December 2025 includes a CHF 140 million loan to BioAtrium AG (2024: CHF 140 million). This associated company represents a strategic partnership between Sanofi and Lonza (see note 8.2).

million CHF	Notes	2025	2024
Loans and advances ¹	8	205	205
Allowances for credit losses on loans and advances ²	8.1	(64)	(64)
Investments in associates / joint ventures	8.2	33	31
Other unconsolidated investments		18	67
Capitalized contract costs	2	36	44
Lease receivables		5	13
Derivative financial instruments	28.5	33	25
Contingent consideration related to sale of business	28.6	3	0
Other receivables		9	15
Total		278	336

¹ Relates to the loan between Lonza and the Bioatrium joint venture. The loan is unsecured, with no repayment period specified.

² Fully relates to the loan between Lonza and the Bacthera joint venture (see note 8.1).

Note 8 Investments in Associates and Joint Ventures

In 2025 and 2024, 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	2025	2024
Balance sheet value		
Interests in joint ventures	0	0
Interests in associates	33	31
Total	33	31
Net income statement effect		
Share of profit / (loss) of joint ventures	0	0
Share of profit / (loss) of associates	2	(1)
Total	2	(1)

8.1 Joint Ventures

million CHF	2025	2024
Carrying amount of interests in joint ventures	0	0
Share of profit / (loss)	0	0

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 partnership.

Lonza accounts for its 50% share in Bacthera AG as a joint venture in accordance with IFRS 11. The two shareholders decided to initiate the liquidation process with expected completion late in 2026.

As a consequence, Lonza continued to maintain its investment value in Bacthera AG at CHF 0 million. In addition, Lonza has financed the joint venture with a shareholder loan (CHF 77 million) which was fully impaired in 2024.

Based on management's current assessment, Bacthera is not expected to generate adequate future cash flows to support repayment of the shareholder loan. At 31 December 2025, the loan has been reported unchanged to prior year with a carrying value of CHF 0 million.

8.2 Associates

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 holds a 50% stake in BioAtrium Ltd (CH).

Lonza accounts for its share in BioAtrium Ltd as investment in associates in accordance with IAS 28. Lonza considered its share of gain and recognized an adjustment to its investment value in BioAtrium Ltd by CHF 2 million in 2025.

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

million CHF	2025	2024
Percentage of ownership	50%	50%
Current assets	131	77
Non-current assets	307	319
Current liabilities	91	74
Non-current liabilities (including non-current debt of CHF 279 million; 2024: CHF 275 million)	296	275
Net assets (100%)	51	47
Group's share of net assets (50%)	26	24
Carrying amount of interest in BioAtrium Ltd	33	31
Revenue	153	126
Profit / (Loss) and total comprehensive income (100%)	4	(1)
Group's share of profit / (loss) and total comprehensive income (50%)	2	(1)

Note 9 Inventories

million CHF	2025	2024
Inventories	1,918	1,967
Allowances for slow-moving and obsolete inventory	(238)	(240)
Total	1,680	1,727

million CHF	2025		2024	
Raw materials	34%	572	35%	599
Work in progress	14%	240	11%	197
Finished goods	44%	731	41%	710
Other materials	8%	137	13%	221
Total	100%	1,680	100%	1,727

By Operating Segments¹

million CHF	2025		2024	
Integrated Biologics	54%	915	46%	794
Advanced Synthesis	29%	482	23%	403
Specialized Modalities	18%	294	16%	269
Capsules & Health Ingredients ²	0%	0	15%	260
Corporate / Intercompany Profit Eliminations	-1%	(11)	0%	1
Total	100%	1,680	100%	1,727

¹ The simplified One Lonza organization comprises three newly-formed CDMO Business Platforms: Integrated Biologics, Advanced Synthesis and Specialized Modalities (refer to note 1). Prior year comparative financials 2024 have been updated accordingly.

² Capsules & Health Ingredients inventories are classified as held for sale as of 31 December 2025.

The cost of inventories recognized as expenses during the period and included in "Cost of goods sold" amounted to CHF 3,846 million (2024 (restated): CHF 3,141 million).

Allowances for slow-moving and obsolete inventory

million CHF	Raw materials	Work in progress and finished goods	Other	Total 2025	Total 2024
At 1 January	75	111	54	240	202
Increase	6	92	19	117	129
Reversal / Utilization of write-downs	(24)	(50)	(17)	(91)	(97)
Currency translation effects	(3)	(5)	(3)	(11)	6
Transfer to assets held for sale	(3)	(7)	(7)	(17)	0
At 31 December	51	141	46	238	240



Note 10

Trade Receivables

million CHF	2025	2024
Receivables from customers	1,120	1,354
Allowances for credit losses	(58)	(71)
Total	1,062	1,283

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 2025, there were no significant concentrations of credit risk. The maximum exposure to credit risk is equal to the carrying amounts (refer to note 28.2).

Reconciliation of Changes in Allowance Accounts for Credit Losses

million CHF	2025	2024
Balance at the beginning of the year	71	30
Write-offs	(2)	(6)
Net increase/(decrease) in allowances for credit losses	(1)	46 ¹
Currency translation effects	(2)	1
Reclassification to assets held for sale	(8)	0
Balance at the end of the year	58	71

¹ The net increase 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. It also includes a CHF 7 million loss allowance on a receivable related to a joint venture (see note 8.1). The remaining net increase for the year relates to a few limited cases of ongoing disputes and/or customers (usually early stage companies) in financial distress.

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	2025	2024
Accrued income	3	277	144
Prepaid expenses		97	97
Collateral arrangements (Credit Support Annexes)	28.5	77	80
Capitalized contract costs	3	10	11
Loans and advances	8.1	13	13
Allowances for credit losses on loans and advances	8.1	(13)	(13)
Lease receivables		2	4
Derivative financial instruments	28.5	57	99
Other tax receivables		67	93
Other receivables		91	147
Total		678	675

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 plain vanilla instruments, such as overnight deposits, bank term deposits, notice deposits and short-term money market funds.

As of 31 December 2025, Lonza maintained a total balance of CHF 719 million as total cash and cash equivalent (cash at banks and bank deposits with maturities less than 3 months). Lonza sold its short-term bank deposits (maturity between three and six months) previously reported as short-term investments.

million CHF	2025	2024
Cash	238	426
Time deposits	481	685
Total cash and cash equivalents	719	1,111

Short-term Investments

million CHF	2025	2024
Investments at amortized costs	0	600
Total short-term investments	0	600

All short-term investments reported in 2024 were made in CHF (see note 28.4).

Note 13 Provisions

million CHF	Environmental	Restructuring	Other	Total
At 1 January 2025	459	27	37	523
Increase	43	5	20	68
Used	(16)	(23)	(16)	(55)
Unwinding of discount	1	0	0	1
Reversed	0	0	(2)	(2)
Transfer to liabilities held for sale	0	(1)	(1)	(2)
Currency translation effects	0	(2)	(3)	(5)
At 31 December 2025	487	6	35	528
- thereof current	48	6	25	79
- thereof non-current	439	0	10	449

Environmental

The environmental provision comprises the estimated probable future expenses for environmental remediation and protection for existing plants. The vast majority of the provision of CHF 487 million (2024: CHF 459 million) relates to the Visp site and is expected to be utilized within sixteen years.

Lonza maintains an old landfill close to its Visp (CH) site. This landfill was 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. End of 2025 Lonza obtained all required authority approvals for the construction work of the hydraulic barrier. The construction work will commence in the second half of 2026 with expected completion in 2029.

As of 31 December 2025 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 2025 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.

Other

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

Note 14 Debt

Non-Current Debt ¹

million CHF	2025	2024
Straight bonds	3,792	3,967
Term loan	0	177
Other long-term debt	84	98
Total non-current debt	3,876	4,242

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

Straight Bonds – Fixed Interest Rates

million CHF	2025	2024
CHF bonds		
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	148
2.25%, CHF 185 million, 2023/2028, due 16 May 2028, issued at 100.054%	185	185
2.6%, CHF 215 million, 2023/2031, 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%	464	468
3.875%, EUR 500 million, 2023/2033, due 25 May 2033, issued at 99.091%	460	465
3.875%, EUR 1,000 million, 2024/2036, due 24 April 2036, issued at 98.715%	917	924
3.25%, EUR 600 million, 2024/2030, due 4 September 2030, issued at 99.448%	555	559
3.5%, EUR 600 million, 2024/2034, due 4 September 2034, issued at 98.361%	548	553
Total including current portion	3,942	3,967
Less current portion of straight bonds	(150)	0
Total non-current straight bonds	3,792	3,967

Current Debt ¹

million CHF	2025	2024
Term loan	159	450
Others	0	18
Straight bond due within one year		
– Straight bond (2020-2026)	150	0
Total current debt	309	468

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

Debt: Movements in Carrying Value of Recognized Liabilities

million CHF	2025	2024
At 1 January	4,710	2,801
Repayment of straight bond	0	(110)
Issuance of straight bonds	0	2,071
Issuance / (repayment) of term loan	(398)	0
Repayment of German Private Placements	0	(43)
(Decrease) / increase in other debt	(15)	(41)
Changes from financing cash flows	(413)	1,877
Amortization of financing costs and discounts	6	5
Net foreign currency transaction (gains) / losses	(76)	45
Currency translation effects	(42)	(18)
Changes in foreign exchanges rates	(118)	27
At 31 December	4,185	4,710

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

million CHF	2025		2024			
	Average Interest Rate %	%	Average Interest Rate %	%		
CHF	1.97	24	995	1.90	21	994
EUR	3.34	70	2,944	2.61	63	2,969
USD	4.65	6	246	5.02	16	747
Total		100	4,185		100	4,710

Credit Rating

Since 2019, Lonza has been rated by Standard & Poor's (S&P) with an investment grade rating of BBB+ and a stable outlook. The rating has been reaffirmed by S&P each year since its initial assignment. Lonza remains committed to maintaining a strong investment grade credit profile going forward.

Debt repayments

During the financial year 2025, Lonza repaid scheduled debt maturities totalling USD 520 million (CHF equivalent 413 million). This comprised the repayment of a USD 500 million Term Loan and a USD 20 million US Revenue Bond, both of which matured in September 2025.

In 2024, Lonza repaid scheduled debt maturities totaling CHF 153 million equivalent, consisting of a Swiss bond with a nominal value of CHF 110 million and CHF 43 million related to the German Private Placement.

Bonds

Lonza did not issue any public bonds in 2025 but renewed its Euro Medium Term Note (EMTN) program in April 2025.

In 2024, Lonza issued a EUR 1.0 billion straight bond with a 12-year maturity and a coupon of 3.875%. The proceeds were used to refinance existing debt and for general corporate purposes. Lonza also issued an additional EUR 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 were used for general corporate purposes, including financing acquisitions and refinancing existing debt.

Syndicated Loan Facilities

Lonza maintains Syndicated Loan Facilities provided by a consortium of banks, comprising both Term Loans and a Revolving Credit Facility (RCF).

Term Loans

The remaining term loan tranche of USD 200 million carries floating interest rates and is repayable in 2026.

Revolving Credit Facility (RCF)

The Revolving Credit Facility provides Lonza with additional liquidity headroom of CHF 1 billion at floating interest rates. The maturity date is December 2030. The facility remained undrawn in both 2025 and 2024.

In September 2025, Lonza secured with a small number of relationships banks an additional short-term RCF of up to CHF 500 million with a tenor of 15+6 months, ensuring continued liquidity headroom following the maturity of the USD Term Loan. The facility remained undrawn in 2025.

Other debt

In 2024 Lonza repaid the remaining Schuldschein note (USD 50 million) issued in August 2017. Following the repayment in 2024 Lonza has no Schuldschein outstanding.

Other current and non-current debt comprise industrial revenue bonds of USD 110 million (2024: 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	2025	2024
Deferred income	3	1,181	1,011
Lease liabilities		321	366
Contingent consideration	28.6	0	24
Derivative financial instruments	28.5	139	108
Grants and subsidies		25	15
Other liabilities		16	17
Total other non-current liabilities		1,682	1,541

Other Current Liabilities

million CHF	Notes	2025	2024
Deferred income	3	1,039	1,075
Accrued liabilities and other payables		471	637
Personnel related liabilities		311	334
Derivative financial instruments	28.5	52	125
Lease liabilities		34	44
Contingent consideration	28.6	0	56
Accrued interest payables on debt		63	65
Other liabilities		64	79
Total other current liabilities		2,034	2,415

Leases: movements in carrying value of recognised liabilities

million CHF	2025	2024
At 1 January	410	331
Repayment of lease liabilities	(55)	(41)
Changes from financing cash flows	(55)	(41)
Interest expense paid on lease liabilities	14	12
Net increase from new lease arrangements	42	87
Acquisition of subsidiaries ¹	0	7
Currency translation effects	(20)	14
Reclassification to assets held for sale ²	(36)	0
Others non-cash items	(14)	108
At 31 December	355	410

¹ Refer to note 4.3.

² Refer to note 4.2.

Note 16 Trade Payables

million CHF	2025	2024
Payables to third parties	514	471
Total	514	471

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	2025	2024 (restated)
Material costs	1,240	1,000
Energy costs ¹	136	125
Total	1,376	1,125

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 31 million for the year 2025 (2024: CHF 11 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	2025	2024 (restated)
Wages and salaries		1,703	1,544
Operating expenses defined benefit pension plans		88	66
Other social security contributions		341	302
Other personnel expenses		186	178
Total		2,318	2,090

The company employed the following average number of FTEs (Continuing Business) during the financial year 2025 and 2024:

	2025	2024 (restated)
Average number of employees (Full-Time Equivalent)	16,866	15,734

Note 19 Other Operating Income and Expenses

19.1 Other Operating Income

million CHF	2025	2024 (restated)
Gain from disposal of property, plant and equipment and other assets ¹	1	84
Government grants, Research and Development and other tax credits	16	11
Sundry income	7	11
Total	24	106

¹ 2024 includes primarily the gain from the sale of real estate in Basel (CH).

19.2 Other Operating Expenses

million CHF	2025	2024 (restated)
Increase in provisions ¹	(43)	(80)
Impairment on property, plant and equipment and other assets	(9)	(7)
Loss from disposal of property, plant and equipment and other assets	(7)	(4)
Sundry expense	(7)	(13)
Total	(66)	(104)

¹ Includes primarily the provision for environmental-related measures (2025: CHF 43 million, 2024: CHF 80 million).

Note 20

Net Financial Result

20.1

Financial Income

million CHF	Notes	2025	2024 (restated)
Interest income		12	33
Finance income from lease receivables		1	2
Net foreign exchange gains/(losses), including impact from currency-related financial derivative instruments		0	23
Interest related to interest derivative instruments		30	5
Gains on investments measured at fair value through profit or loss		1	1
Favorable impact from fair value adjustment on contingent purchase price consideration ¹	28.6	23	0
Total		67	64

¹ Decrease in estimated earn-out liability related to the Octane acquisition.

20.2

Financial Expenses

million CHF	Notes	2025	2024 (restated)
Interest expenses on debt and bonds		(148)	(127)
Interest expenses on lease liabilities	6.2	(13)	(12)
Amortization of debt fees and unwinding of discounts on provisions	13, 14	(6)	(7)
Unfavorable impact from fair value adjustment on contingent purchase price consideration ¹	28.6	0	(31)
Losses on investments measured at fair value through profit or loss		(17)	(2)
Net foreign exchange gains/(losses), including impact from currency-related financial derivative instruments		(16)	0
Interest expenses on IAS 19 employee benefit liabilities		(1)	(1)
Impairment of loans to joint ventures ²		0	(77)
Other interest expenses		(1)	0
Other financial expenses		(5)	(6)
Total		(207)	(263)

¹ In 2024, increase in estimated earn-out liability related to the Synaffix acquisition which was finally settled in 2025.

² Impairment related to loans to Bacthera joint venture in 2024.

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% (2024: 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 2025 is 17.4% (2024: 15.6%).

Major Components of Tax Expenses

million CHF	2025	2024 (restated)
Current taxes	(116)	(101)
Global minimum tax	(6)	(2)
Deferred tax expense relating to the origination and reversal of temporary differences	(55)	(10)
Deferred tax income resulting from tax rate changes	(15)	7
Total	(192)	(106)

Reconciliation of Tax Expenses

million CHF	2025	2024 (restated)
Profit before income taxes	1,101	708
Tax at the group rate (2025: 13%/2024: 13%)	143	92
Deviation from average group tax rate	25	12
Non-deductible expenses	15	7
Tax-free earnings	(31)	(21)
Deferred tax effect from tax rate changes	15	(7)
Changes in prior year estimates (including valuation allowances)	(1)	5
Withholding taxes	6	7
Effect of non-recognition of deferred tax assets	20	11
Other	0	0
Total	192	106
Current tax expenses (charged) / credited directly to equity	1	0

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

Components of Deferred Income Tax Balances

million CHF	2025		2024	
	Assets	Liabilities	Assets	Liabilities
Current provisions	29	14	55	31
Non-current provisions / Employee benefit liabilities	77	32	130	10
Intangible assets	0	62	0	445
Inventories, net	79	33	83	27
Property, plant and equipment	9	321	15	284
Other assets	4	0	0	3
Tax loss / Interest carry-forwards and tax credits	55	0	77	0
Netting of deferred tax assets and deferred tax liabilities	(158)	(158)	(307)	(307)
Total	95	304	53	493

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

million CHF	2025	2024
Deferred tax assets	95	53
Deferred tax liabilities	(304)	(493)
Net deferred tax liability, at 31 December	(209)	(440)
Less deferred tax liabilities net, at 1 January	440	476
(Increase) / decrease in deferred tax liabilities, net	231	36
Currency translation effects	(8)	4
Acquisition of subsidiaries	0	(33)
Movements of deferred (tax assets) / liabilities recognized in other comprehensive income	12	5
Deferred tax expense related to discontinued operations	(27)	0
Reclassification to assets / liabilities held for sale	(278)	0
(Expense) / income recognized in income statement	(70)	12

Unrecognized Tax Losses: Expiry

million CHF	2025	2024
Within 1 year	10	47
Between 2 to 5 years	192	59
After 5 years	256	139
Unlimited	8	8
Total	466	253

In addition to the unrecognized tax losses shown in the table above, the Group has unrecognized temporary differences in the amount of CHF 8 million (2024: CHF 176 million), unrecognized tax credits in the amount of CHF 5 million (2024: CHF 0 million) as well as additional unrecognized tax losses for US state tax purposes in the amount of CHF 75 million at 31 December 2025 (2024: CHF 38 million). CHF 33 million of these losses expire in more than five years (2024: CHF 30 million) and CHF 42 million are unlimited (2024: CHF 8 million).

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 347 million at 31 December 2025 (2024: CHF 540 million).

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

million CHF	2025			2024		
	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	(555)	10	(545)	298	(10)	288
Cash flow hedges	14	0	14	(59)	0	(59)
Remeasurement of defined benefit liability	139	(22)	117	(34)	5	(29)
Other comprehensive income	(402)	(12)	(414)	205	(5)	200

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 169 million (2024 restated: CHF 218 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 the UK (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 2028. 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 the UK

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.

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 2025 and 2024 is as follows:

million CHF	2025				2024			
	Defined benefit obligation	Fair value of plan assets	Impact of asset ceiling	Net defined benefit (asset)/liability	Defined benefit obligation	Fair value of plan assets	Impact of asset ceiling	Net defined benefit (asset)/liability
At 1 January	2,363	(2,307)	0	56	2,119	(2,143)	65	41
Included in profit or loss								
Current service cost	91	0	0	91	70	0		70
Losses / (gains) on settlements	0	0	0	0	(6)	6		0
Interest expense / (income)	30	(29)	0	1	37	(37)	1	1
Included in other comprehensive income								
Actuarial loss / (gain) arising from:								
– Demographic assumptions	5	0	0		0	0		
– Financial assumptions	(92)	0	0		139	0		
– Experience adjustment	48	0	0		24	0		
Return on plan assets excluding interest income	0	(182)	0		0	(63)		
Change in asset ceiling	0	0	82		0	0	(66)	
Remeasurements loss / (gain)	(39)	(182)	82	(139)	163	(63)	(66)	34
Effect of movements in exchange rates	(6)	7	0	1	7	(6)	0	1
Other								
Contributions paid:								
– Employers		(96)	0	(96)	0	(91)		(91)
– Plan participants	56	(56)	0	0	51	(51)		0
Benefits paid	(61)	61	0	0	(78)	78		0
Reclassification to liabilities held for sale	(77)	60	0	(17)	0	0		0
Others	2	(2)	0	0	0	0	0	0
At 31 December	2,359	(2,544)	82	(103)	2,363	(2,307)	0	56
– Thereof present value of funded defined benefit obligation	2,352				2,356			
– Thereof present value of unfunded defined benefit obligation	7				7			

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

million CHF	2025	2024
Defined benefit pension plan asset	108	0
Defined benefit pension plan liability	(5)	(56)

The Group expects to pay CHF 83 million in contributions to defined benefit pension plans in 2026.

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

million CHF	2025				2024			
	CH	UK	Rest of the world	Total	CH	UK	Rest of the world	Total
Present value of defined benefit obligation	2,255	91	13	2,359	2,197	99	67	2,363
Fair value of plan assets	(2,439)	(96)	(9)	(2,544)	(2,162)	(97)	(48)	(2,307)
Impact of asset ceiling	82	0	0	82	0	0	0	0
Total net defined benefit (asset)/liability	(102)	(5)	4	(103)	35	2	19	56

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

in %	2025		2024	
	CH	UK	CH	UK
Discount rate	1.30	5.65	1.02	5.55
Future salary increases	1.25	n.a.	1.25	n.a.
Future pension increases	n.a.	2.95	n.a.	3.15

Assumptions regarding future mortality are based on actuarial advice in accordance with published statistics and experience in each territory¹. These assumptions translate into an average life expectancy in years for a pensioner retiring at age 65:

in years	2025		2024	
	CH	UK	CH	UK
Retiring at the end of the reporting period				
– Male	21.9	22.7	21.9	22.7
– Female	23.6	24.2	23.5	24.1
Retiring 20 years after the end of the reporting period				
– Male	23.6	24.0	23.5	23.9
– Female	25.1	25.6	25.0	25.5

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	31.12.2025		31.12.2024	
		Increase	Decrease	Increase	Decrease
Discount rate	0.25%	(77)	81	(79)	85
Future salary increases	0.25%	11	(11)	12	(11)
Life expectancy	1 year	77	(80)	82	(83)

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	2025	2024
Group	13.5	14.0
CH	13.5	14.0
UK	15.0	16.0

Plan assets comprise:

million CHF	2025				2024			
	Quoted	Unquoted	Total	%	Quoted	Unquoted	Total	%
Equity instruments	655	0	655	26	569	0	569	25
Debt instruments								
– Investment-grade (AAA to BBB)	686	0	686		613	0	613	
– Non-investment-grade (below BBB)	36	0	36		32	0	32	
	722	0	722	28	645	0	645	28
Real-estate	240	143	383	15	183	121	304	14
Cash and cash equivalents	204	0	204	8	208	0	208	9
Other	580	0	580	23	581	0	581	25
Total plan assets	2,401	143	2,544	100	2,186	121	2,307	101

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% / 100% of base salary respectively with payout levels also ranging from 0% and 200% of target.

For any pro-rata 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 2025 the plan design included minimum, target and stretch (maximum) goals.

The 2025 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 2025 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 2025. These long-term financial performance targets 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 (LTIP 2025)

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 2025 LTIP award threshold performance level remains consistent with prior years. The maximum performance level requires significantly better performance than target.

ROIC (LTIP 2025)

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 2025 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) (LTIP 2025)

The inclusion of a new metric in 2024 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 2023

Performance under the LTIP 2023 exceeded the target performance levels for both CORE EPS and ROIC. This generated a 120% payout against target. See page 189 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 181 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 continued employment over the vesting period.

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.

Equity 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.

Fair Values

The fair value at grant date of the equity awards granted in 2025 for the LTIP was CHF 563.23 (2024: CHF 430.23). The fair value at grant date for the LRSP awards was between CHF 549.20 and 563.23 (2024: CHF 430.23 and CHF 537.80) depending on the grant date of the award. The fair value at allocation date under the ShareMatch plan was CHF 484.50 (2024: CHF 557.80).

The costs were calculated using the market price at grant (for LTIP and LRSP) or allocation date (for ShareMatch), 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 ¹ in CHF	Granted Equity Awards	Fair Value at Grant Date ² in CHF	Vesting date
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	24,069,035	31.01.2027
LTIP 2025	31.01.2025	563.23	48,621	26,335,160	31.01.2028
LRSP 2022	various	various	11,643	6,905,071	various
LRSP 2023	various	various	11,013	5,839,984	various
LRSP 2024	various	various	48,653	23,710,259	various
LRSP 2025 ³	various	various	35,418	19,923,956	various
ShareMatch 2022	06.04.2022	672.20	12,461.441	8,376,581	06.04.2025
ShareMatch 2023	06.04.2023	567.60	18,897.185	10,726,042	06.04.2026
ShareMatch 2024	08.04.2024	557.80	18,277.298	10,195,077	08.04.2027
ShareMatch 2025	07.04.2025	484.50	23,983.339	11,619,928	07.04.2028

¹ 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. For the LTIP and LRSP 2025 the Share Price at Grant was the 1-month average share price prior to Grant Date.

² Including the rTSR component for LTIP as of 2024.

³ In 2025, 8 new LRSP awards were issued. Vesting period of those plans are in line with the Plan Rules.

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 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%	6,493,468
LTIP 2025 ROIC	563.23	16,207	563.23	100%	100%	10%	85%	7,759,028
LTIP 2025 CORE EPS	563.23	16,207	563.23	100%	100%	10%	85%	7,759,028
LTIP 2025 rTSR ¹	563.23	16,207	563.23	88.5%	88.5%	10%	85%	6,866,740

¹ Relative total shareholder return.

Development within 2025 of the LTIP (at target)

	Equity awards outstanding 01.01.2025	Equity awards granted during 2025	Equity awards forfeited during 2025	Vested equity awards during 2025	Equity awards outstanding 31.12.2025
LTIP 2022	28,740	0	0	(28,469)	271
LTIP 2023	36,073	0	(1,707)	(176)	34,190
LTIP 2024	52,319	0	(3,590)	(123)	48,606
LTIP 2025	0	48,621	(3,908)	(19)	44,694
Total equity awards	117,132	48,621	(9,205)	(28,787)	127,761

The vested equity awards other than LTIP 2022 are related to deceased plan participants.

Development within 2024 of the LTIP (at target)

	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 ¹	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

¹ The plan vested with zero payout.

Development within 2025 of the LRSP

	Equity awards outstanding 01.01.2025	Equity awards granted during 2025	Equity awards forfeited during 2025	Vested equity awards during 2025	Equity awards outstanding 31.12.2025
LRSP during 2022	7,721	0	(29)	(7,448)	244
LRSP during 2023	9,518	0	(471)	(627)	8,420
LRSP during 2024	46,763	0	(1,219)	(23,569)	21,975
LRSP during 2025	0	35,418	(2,809)	0	32,609
Total equity awards	64,002	35,418	(4,528)	(31,644)	63,248

At 31 December 2025, 22 active LRSP awards do exist. During 2025, 14 LRSP awards vested.

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, 8 LRSP awards vested.

Development within 2025 of ShareMatch

	Equity awards outstanding 01.01.2025	Equity awards granted during 2025	Equity awards forfeited during 2025	Vested equity awards during 2025	Equity awards outstanding 31.12.2025
ShareMatch 2022	10,625	0	(37)	(10,588)	0
ShareMatch 2023	16,936	0	(686)	0	16,250
ShareMatch 2024	17,637	0	(701)	0	16,936
ShareMatch 2025	0	23,983	(679)	0	23,304
Total equity awards	45,198	23,983	(2,102)	(10,588)	56,491

Development within 2024 of 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	0	18,277	(640)	0	17,637
Total equity awards	29,290	18,277	(2,366)	(3)	45,198

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

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 Chairperson, 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 Chairperson 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 2025 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 Chairman of the Board of Directors and its members was approved by shareholders at the 2025 Annual General Meeting (AGM).

Compensation Components

For the period from the AGM 2025 to the AGM 2026, 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 Directors¹	950,000	–	–
Vice-Chair of the Board of Directors	250,000	40,000	–
Member of the Board of Directors²	225,000	40,000	80,000

The additional responsibilities of Lead Independent Director³ do not attract any additional fees

Form of payout	50% in Lonza Group shares (blocked for 3 years) and 50% in cash and paid in quarterly installments
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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 305,000 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.

Development of Compensation for Board of Directors 2025

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
01.01.2025	641	533.08	341,704	343,750	685,454	31.12.2027
01.04.2025	637	557.57	355,175	343,750	698,925	31.03.2028
01.07.2025	835	566.12	472,710	475,000	947,710	30.06.2028
01.10.2025	901	522.36	470,646	475,000	945,646	30.09.2028
Total	3,014	544.41	1,640,236	1,637,500	3,277,736	

¹ Excluding social security and withholding tax.

An amount of CHF 3,277,736 was recognized as an expense in the year 2025.

Development of 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
01.01.2024	931	351.34	327,098	328,750	655,848	31.12.2026
01.04.2024	614	533.04	327,287	328,750	656,037	31.03.2027
01.07.2024	671	486.84	326,670	328,750	655,420	30.06.2027
01.10.2024	628	536.16	336,708	338,750	675,458	30.09.2027
Total	2,844	463.35	1,317,762	1,325,000	2,642,762	

¹ Excluding social security and withholding tax.

An amount of CHF 2,642,762 was recognized as an expense in the year 2024.

Recognition in the Consolidated Financial Statements

All of the equity-settled share-based payments had an impact on the 2025 "Profit before income taxes" amounting to an expense of CHF 57 million (2024: CHF 41 million).

**Note 25
Changes in Shares and Share Capital Movements**

Effect in million CHF	31.12.2025	Change in year	31.12.2024	Change in year	31.12.2023
Total number of shares	70,229,021	(1,997,163)	72,226,184	(2,242,568)	74,468,752
Treasury shares					
Free shares	(384,792)	1,204,845	(1,589,637)	762,526	(2,352,163)
Total treasury shares	(384,792)	1,204,845	(1,589,637)	762,526	(2,352,163)
Total shares ranking for dividend at 31 December	69,844,229	(792,318)	70,636,547	(1,480,042)	72,116,589
Share capital movements					
Share Capital in CHF	70,229,021	(1,997,163)	72,226,184	(2,242,568)	74,468,752

On 8 May 2025, Lonza's Board of Directors approved to decrease the share capital by way of cancelation of the second and final tranche of shares repurchased until 31 March 2025 (totaling 1,997,163 shares), which was ultimately executed on 20 June 2025. The decrease of share capital for the first tranche of shares repurchased until 31 December 2023 (totaling 2,242,568 shares), was approved by Lonza's Board of Directors on 19 June 2024. This transaction had a reclassification impact on the statement of changes in equity, but no other impact on the consolidated financial statements, the weighted-average number of shares outstanding, and earnings per share.

The share capital on 31 December 2025 comprised 70,229,021 registered shares (2024: 72,226,184) with a par value of CHF 1 each, amounting to CHF 70,229,021 (2024: CHF 72,226,184).

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 2025, Lonza Group Ltd had a fully paid-in registered capital of CHF 70,229,021.

Reserves in the amount of CHF 37,234,376 (2024: CHF 37,234,376) included in the financial statements of the parent company cannot be distributed.

Dividend

On 9 May 2025, at the Annual General Meeting, shareholders approved the distribution of a dividend of CHF 4.00 per share in respect of the 2024 financial year (financial year 2023: CHF 4.00). The dividend distribution totaled CHF 280 million (2024: CHF 285 million), equally recorded against the retained earnings (CHF 140 million) and the reserves from capital contribution of Lonza Group Ltd (CHF 140 million).

A dividend payment per share of CHF 5.00 is proposed by the Board of Directors to be made after the 31 December 2025 balance sheet date, subject to approval by the shareholders at the Annual General Meeting on 8 May 2026.

Share buyback

On 25 January 2023, Lonza announced a program to buyback own registered shares of up to CHF 2 billion over a maximum period of two years for the purpose of subsequent capital reductions. The buyback program started on 3 April 2023. The total number of shares repurchased at the completion of the program at 31 March 2025 was 4,239,731 for a total value of CHF 2 billion. Between 1 January 2025 and 31 March 2025, Lonza purchased 490,996 shares for a value of CHF 281 million.

Note 26

Earnings Per Share

	2025	2024
Weighted average number of outstanding shares (basic)		
Weighted average number of outstanding shares	70,022,180	71,175,084
Weighted average number of outstanding shares (diluted)		
Weighted average number of outstanding shares	70,022,180	71,175,084
– Adjustments for dilutive share units and shares	212,712	118,364
Weighted average number of shares for diluted earnings per share	70,234,892	71,293,448

million CHF	2025			2024		
	Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total
Profit / (Loss) for the period (equity holders of the parent)	913	(1,188)	(275)	606	30	636
Basic earnings per share in CHF	13.04	(16.97)	(3.93)	8.51	0.42	8.93
Diluted earnings per share in CHF	13.00	(16.91)	(3.92)	8.49	0.42	8.92
Dividend paid for the period ¹			280			285
Dividends per share for the period in CHF			4.00			4.00
Dividends declared after the balance sheet date			349			283
Dividends per share declared after the balance sheet date in CHF			5.00			4.00

¹ Excluding dividends of CHF 2 million (2024: 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 2025 payments to acting members of the Board of Directors of Lonza Group Ltd totaled CHF 3.4 million¹ (2024: CHF 2.76 million¹), of which 48.3% (2024: 48.3%) 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 2025 25,561 (2024: 23,958) or <0.1% (2024: <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 2025, CHF 12.58 million^{1,2} (2024: CHF 10.72 million^{1,2}) in cash and additional benefits. Share based compensation includes 13,485 LTIP shares and 1,748 LRSP (Lonza Restricted Share Unit Plan) shares granted (2024: 13,855 LTIP shares and 5,911 LRSP shares) and the value of share based Bonus payments, equivalent to a total value of CHF 0.14 million (2024: CHF 0.69 million). In 2025 termination benefits were paid out to a departing member of the Executive Committee according to the employment agreement and plan rules equal to CHF 0.44 million (CHF 0.44 million in cash and CHF 0 in shares equivalent). In 2024 termination benefits were paid out to the departing member of the Executive Committee according to the employment agreements equal to CHF 1.29 million (CHF 1.07 million in cash and in shares equivalent to a value of CHF 0.22 million).

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

Million CHF	2025	2024
Short-term benefits ¹	12.25	9.59
Post-employment benefits and other benefits ²	2.09	2.55
Share-based payments ³	10.34	10.88
Other compensation ⁴	0.73	1.29
Total	25.41	24.31

¹ Including short-term incentive payout in May 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 2025 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 in yearly tranches over a 2-years vesting period, 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 2025.

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 Platforms. 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 equivalents 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

Year ended 31 December 2025

million CHF	Expected credit loss rate	Gross carrying amount	Allowance for credit losses
Current	0.1%	851	(1)
Past due 1 to 60 days	2.9%	171	(5)
Past due 61 to 180 days	19.0%	21	(4)
Past due 181 to 365 days	50.0%	4	(2)
Past due more than 365 days	63.0%	73	(46)
Total		1,120	(58)

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

Year ended 31 December 2024

million CHF	Expected credit loss rate	Gross carrying amount	Allowance for credit losses
Current	0.2%	1,130	(2)
Past due 1 to 60 days	6.7%	104	(7)
Past due 61 to 180 days	40.6%	32	(13)
Past due 181 to 365 days	26.3%	19	(5)
Past due more than 365 days	63.8%	69	(44)
Total		1,354	(71)

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

There is no other significant concentration of counterparty credit risk due to the Group's large number of customers and their wide geographical spread. Risk limits and exposures are continuously monitored by country and by the nature of counterparties.

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	2025	2024
Financial assets at amortized cost			
Trade receivables, net	10	1,062	1,283
Other receivables	11	100	162
Accrued income	3	277	144
Non-current and current lease receivables	7, 11	7	17
Non-current and current loans and advances	7, 11	140	140
Collateral arrangements (Credit Support Annexes)	11	77	80
Short-term investments at amortized costs	12	0	600
Cash and cash equivalents	12	719	1,111
Total financial assets at amortized cost		2,382	3,537
Financial assets at fair value			
Non-current and current derivative financial instruments	28.5	90	124
Short-term investments at fair value through profit or loss	12	0	0
Contingent consideration from sale of business	28.6	1	0
Total financial assets at fair value		91	124
Total financial assets		2,473	3,661

**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 1,500 million (CHF 0 million used as of 31 December 2025) and uncommitted credit lines of CHF 133 million (CHF 0 used as of 31 December 2025).

The following table 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 2025

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	151	0	151	0	0	0	0
Straight bond (2023-2029)	300	324	0	6	6	6	306	0
Straight bond (2023-2029)	148	162	0	3	3	3	153	0
Straight bond (2023-2028)	185	197	4	0	4	189	0	0
Straight bond (2023-2031)	215	251	6	0	6	6	12	221
Euro bond (2020-2027)	464	476	8	0	468	0	0	0
Euro bond (2023-2033)	460	599	18	0	18	18	36	509
Euro bond (2024-2036)	917	1,303	36	0	36	36	72	1,123
Euro bond (2024-2030)	555	643	0	18	18	18	589	0
Euro bond (2024-2034)	548	730	0	20	20	20	39	631
Term loan	159	163	3	160	0	0	0	0
Other debt due to others	84	120	2	2	3	3	57	53
Total debt	4,185	5,119	77	360	582	299	1,264	2,537
Other non-current liabilities	337	530	0	0	57	38	68	367
– of which lease liabilities	321	514	0	0	41	38	68	367
Other current liabilities	569	582	559	23	0	0	0	0
– of which lease liabilities	34	47	24	23	0	0	0	0
Trade payables	514	514	514	0	0	0	0	0
Derivative financial instruments	191	190	56	8	5	0	0	121
Contingent consideration	0	0	0	0	0	0	0	0
Total financial liabilities	5,796	6,935	1,206	391	644	337	1,332	3,025

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	668	18	0	18	18	36	578
Euro bond (2024-2034)	553	940	32	0	32	32	65	779
Term loan	627	677	15	466	196	0	0	0
Other debt due to others	116	165	2	20	4	4	8	127
Total debt	4,710	6,027	139	496	482	603	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	594	660	1,004	3,966

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 and SGD.

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:

million CHF	Sensitivity	Post-tax profit			
		2025		2024	
		+	-	+	-
USD	+ / - 10%	(3.6)	3.6	(4.5)	4.5
EUR	+ / - 10%	(0.6)	0.6	0.3	(0.3)
GBP	+ / - 10%	(2.2)	2.2	(1.1)	1.1
SGD	+ / - 10%	(0.7)	0.7	0.7	(0.7)

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 2025

million CHF	USD	GBP	EUR	SGD	Other	Total
Other non-current investments	8	0	9	0	0	17
Trade receivables, net	453	66	55	0	18	592
Collateral arrangements (Credit Support Annexes)	79	0	0	0	0	79
Other receivables and prepaid expenses	0	0	1	0	0	1
Cash and cash equivalents	54	15	20	1	10	100
Non-current and current debt	(161)	0	0	0	0	(161)
Other current and non-current liabilities	(4)	(1)	(18)	(17)	8	(33)
Trade payables	(231)	(43)	(76)	(33)	(16)	(399)
Net group internal loans	490	(92)	(3,019)	72	(9)	(2,557)
Gross balance sheet exposure	687	(56)	(3,028)	23	11	(2,363)
Currency-related instruments	(730)	28	3,021	(31)	(12)	2,277
Net exposure	(43)	(27)	(7)	(8)	(1)	(86)

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)

The following exchange rates were applied during the year:

Balance Sheet Year-End Rates	2025	2024
Dollar	0.7937	0.9029
Euro	0.9309	0.9402
Pound sterling	1.0657	1.1331
Renminbi	0.1136	0.1237
Singapore dollar	0.6170	0.6629

Income Statement Year-Average Rates	2025	2024
Dollar	0.8307	0.8806
Euro	0.9369	0.9526
Pound sterling	1.0939	1.1251
Renminbi	0.1155	0.1223
Singapore dollar	0.6353	0.6589

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	2025	2024
Net Debt / (cash) ¹	3,258	2,859
Net Debt / (cash) at fixed interest rates ²	(3,600)	(3,627)
Interest risk exposure	(342)	(768)

¹ Refer to section "Alternative Performance Measures" for details on the calculation methodology.

² Including effects from cross currency interest rate swaps.

In 2025, if the interest rates had increased / decreased by 1%, with all other variables held constant, post-tax profit would have been CHF 2.8 million higher / lower.

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 both years, there is no impact on equity arising from the interest rate sensitivity analysis, as all hedging instruments and related financial instruments bear fixed interest rates.

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 2025 and 2024. 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.

million CHF	Contract or underlying principal amount		Positive fair values		Negative fair values		Total net fair values	
	2025	2024	2025	2024	2025	2024	2025	2024
Currency-related instruments	6,181	2,540	13	25	(19)	(28)	(6)	(3)
Total financial instruments at fair value through profit or loss	6,181	2,540	13	25	(19)	(28)	(6)	(3)

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; and
- M&A transactions (during 2024 only).

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.

million CHF	Contract or underlying principal amount		Positive fair values		Negative fair values		Total net fair values	
	2025	2024	2025	2024	2025	2024	2025	2024
Currency-related instruments	6,828	4,006	44	74	(33)	(97)	11	(23)
Cross currency interest rate swaps	1,953	1,389	33	25	(139)	(108)	(106)	(83)
Total financial instruments hedge accounting applied	8,781	5,395	77	99	(172)	(205)	(95)	(106)

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.

million CHF	Assets		Liabilities	
	2025	2024	2025	2024
Currency related instruments	57	99	(52)	(125)
Interest related instruments	0	0	0	0
Cross currency interest rate swaps	33	25	(139)	(108)
Carrying value of derivative financial instruments	90	124	(191)	(233)
Derivatives subject to master netting agreements	(84)	(121)	84	121
Collateral (received) / paid under CSA (Credit Support Annexes) agreements	0	0	77	80
Net amount	6	3	(30)	(32)

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. This includes observable market prices of the debt instruments for straight bonds issued.
- 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).

million CHF	2025				2024			
	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	0	0	0	0
Other non-current investments	0	18	0	18	0	67	0	67
Derivative financial instruments	0	90	0	90	0	124	0	124
Contingent consideration related to sale of businesses	0	0	1	1	0	0	0	0
Liabilities								
Derivative financial instruments	0	(191)	0	(191)	0	(233)	0	(233)
Contingent consideration related to acquisition of businesses	0	0	0	0	0	0	(80)	(80)
Net assets and liabilities measured at fair value	0	(83)	1	(82)	0	(42)	(80)	(122)

In 2025 and 2024 there were no transfers between Level 1 and Level 2 or Level 3 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	2025	2024
At 1 January	0	2
Gains and losses included in the income statement	1	(2)
At 31 December	1	0

Contingent consideration arrangements related to acquisition of businesses

million CHF	2025	2024
At 1 January	80	51
Considerations paid	(56)	0
Impact from fair value adjustment on contingent purchase price consideration	(22)	29
Currency translation effects	(2)	0
At 31 December	0	80

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. As of 31 December 2025, the total potential payments associated with contingent consideration arrangements amount to USD 62 million for Octane. The earn-out payment related to the Synaffix acquisition totaled CHF 56 million and was fully settled during 2025. In respect of the Octane earn-out, Lonza has revised its estimated liability to CHF 0 as of 31 December 2025.

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.

The carrying values of other financial assets shown in the table below are also considered to approximate their fair values, based on the nature of these assets.

Year ended
31 December 2025

million CHF	Fair value hierarchy ¹	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	Level 2	18	0	0	0	18	18
Trade receivables, net	Level 2	0	0	1,062	0	1,062	1,062
Other receivables	Level 2	0	0	100	0	100	100
Accrued income	Level 2	0	0	277	0	277	277
Non-current and current lease receivables	Level 2	0	0	7	0	7	7
Non-current and current loans and advances, net	Level 2	0	0	140	0	140	140
Collateral arrangements (Credit Support Annexes)	Level 2	0	0	77	0	77	77
Short-term investments	Level 2	0	0	0	0	0	0
Cash and cash equivalents	Level 2	0	0	719	0	719	719
Contingent consideration from sale of business	Level 3	1	0	0	0	1	1
Derivative financial instruments	Level 2	0	90	0	0	90	90
Total financial assets		19	90	2,382	0	2,491	2,491
Debt							
– Straight bonds	Level 1	0	0	0	3,942	3,942	4,017
– Other debt	Level 2	0	0	0	243	243	243
Current liabilities	Level 2	0	0	0	569	569	569
Non-current liabilities	Level 2	0	0	0	337	337	337
Trade payables	Level 2	0	0	0	514	514	514
Contingent consideration	Level 3	0	0	0	0	0	0
Derivative financial instruments	Level 2	0	191	0	0	191	191
Total financial liabilities		0	191	0	5,605	5,796	5,871

Year ended
31 December 2024

million CHF	Fair value hierarchy ¹	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	Level 2	67	0	0	0	67	67
Trade receivables, net	Level 2	0	0	1,283	0	1,283	1,283
Other receivables	Level 2	0	0	162	0	162	162
Accrued income	Level 2	0	0	144	0	144	144
Non-current and current lease receivables	Level 2	0	0	17	0	17	17
Non-current and current loans and advances, net	Level 2	0	0	140	0	140	140
Collateral arrangements (Credit Support Annexes)	Level 2	0	0	80	0	80	80
Short-term investments	Level 2	0	0	600	0	600	600
Cash and cash equivalents	Level 2	0	0	1,111	0	1,111	1,111
Contingent consideration from sale of business	Level 3	0	0	0	0	0	0
Derivative financial instruments	Level 2	0	124	0	0	124	124
Total financial assets		67	124	3,537	0	3,728	3,728
Debt							
– Straight bonds	Level 1	0	0	0	3,967	3,967	4,101
– Other debt	Level 2	0	0	0	743	743	743
Current liabilities	Level 2	0	0	0	760	760	760
Non-current liabilities	Level 2	0	0	0	383	383	383
Trade payables	Level 2	0	0	0	471	471	471
Contingent consideration	Level 3	80	0	0	0	80	80
Derivative financial instruments	Level 2	0	233	0	0	233	233
Total financial liabilities		80	233	0	6,324	6,637	6,771

¹ According to note 28.6 the hierarchy levels have been applied to determine the fair value of financial assets and liabilities.

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, in 2023 Lonza initiated a program to buy back its own registered shares of up to CHF 2 billion. The program was successfully completed in accordance with the planned timeline in March 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 them¹ held, as of 31 December 2025: 25,561 (2024: 23,958)¹ registered shares of Lonza Group Ltd and controlled <0.1% (2024: <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	
	2025	2024
Jean-Marc Huët	1,144	366
Jürgen Steinemann	10,087	9,460
Christoph Mäder	4,937	4,633
Juan Andres ²	139	n/a
Eric Drapé ²	139	n/a
Marion Helmes	899	633
Angelica Kohlmann	2,291	1,987
David Meline ²	289	n/a
Roger Nitsch	899	633
Barbara Richmond	4,737	4,473
Olivier Verscheure	n/a	1,775
Total	25,561	23,958

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 Juan Andres, Eric Drapé and David Meline were appointed to the Board of Directors at the AGM 2025.

Executive Committee

The members of the Executive Committee and parties closely associated with them held, as of 31 December 2025: 37,613 (2024: 10,292)¹ shares and controlled <0.1% (2024: <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 ¹²	Numbers of shares	
	2025	2024
Wolfgang Wienand ³	11,706	n/a
Philippe Deecke	4,835	3,400
Maria Soler Nunez	2,427	1,088
Nicoleta Baumgärtner ⁴	212	n/a
Andreas Bohrer ⁵	8,876	n/a
Jason Berndt ⁵	n/a	n/a
Gordon Bates	2,939	2,404
Christian Seufert	1,842	889
Daniel Palmacci	1,266	359
Jean-Christophe Hyvert	3,510	2,152
Total	37,613	10,292

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 Two 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 Andreas Bohrer and Jason Berndt appointed to the Executive Committee on 1 July 2025 and 1 October 2025 respectively.

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 subject matter experts 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. 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 2025 were presented to the Executive Committee, the Audit and Compliance Committee and the Board of Directors at their meetings in September, October and December 2025, 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 2025 were approved for issue by the Board of Directors on 30 March 2026 and are subject to approval by the Annual General Meeting on 8 May 2026.

On 6 March 2026, Lonza announced that it has entered into a definitive agreement to divest its Capsules & Health Ingredients (CHI) business to Lone Star Funds for an enterprise value of CHF 2.3 billion. In addition, the Group recently announced three smaller divestments relating to the Personalized Medicines business (Cocoon®), the MODA® software platform, and the small molecules micronization site in Monteggio (CH). See note 4 for further details.

The Company intends to initiate a share buyback program for CHF 500 million spanning 12 months, following the receipt of the proceeds from Lone Star Funds.

As of the date of issuance of these Financial Statements, no other 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
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		100%
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 ²		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	6,285,075,930		99.9% ¹
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 ²		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 ¹		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	Bornem BE	EUR	43,061,500		100%
Lonza Greenwood LLC	Wilmington US	USD	n/a ²		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 ²		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	Basel CH	CHF	100,000		100%
Lonza Swiss Licences AG	Basel CH	CHF	100,000		100%
Lonza Tampa LLC	Wilmington US	USD	n/a ²		100%
Lonza (Thailand) Co., Ltd.	Bangkok TH	THB	Class A: 170,000,000 / Class B: 42,500,000		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 ²		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%

¹ Rounded amount.

² No par value.

Note 33 Accounting Principles

33.1 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:

- Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates titled Lack of Exchangeability.

33.2 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 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 9/IFRS 7: Contracts Referencing Nature-dependent Electricity	1 January 2026
IAS 21: Translation to a Hyperinflationary Presentation Currency	1 January 2027
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 evaluating the reporting changes required to apply the new standard on the group's consolidated financial statements, and continues to assess the impact on the performance measures to be presented.

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.

33.3 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 platforms 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 2.

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. Customers simultaneously receive and consume the benefits from the rendered services or from the know-how transferred. For most services (across all operating segments), revenue is recognized over time as the services are rendered. This is primarily done with reference to the percentage of total output per contract (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, gains/losses on the sale of financial assets, and gains and losses on the revaluation of contingent consideration. 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 is stated at cost less accumulated depreciation and 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 29 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, which has been reclassified to assets held for sale in 2025, 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. Other materials at Lonza are mainly related to packaging materials and merchandise.

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 costs 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 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 – 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.

Assets Held for Sale and Discontinued Operations

Disposal groups comprising assets and liabilities are classified as held-for-sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Such disposal groups are measured at the lower of their carrying amount and fair value less cost to sell. Any impairment loss on a disposal group is allocated first to goodwill and then to the remaining assets and liabilities on a pro rata bases, except that no loss is allocated to financial assets or deferred tax assets, which continue to be recognized in accordance with the Group's other accounting policies. Impairment losses on initial classification as held-for-sale and subsequent gains and losses on remeasurement are recognized in profit or loss. Once classified as held-for-sale, intangible assets and property, plant and equipment are no longer amortized or depreciated. A discontinued operation is a component of the Group that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations or is part of a single coordinated plan to dispose of such a line of business or area of operations. Classification as a discontinued operations occurs at the earlier of disposal or when the operation meets the criteria to be classified as held-for-sale.

The income statement activity of the discontinued operations is presented separately in the consolidated income statement. The comparative consolidated income statement and is restated to show the discontinued operations separately from continuing operations. Balance sheet and cash flow information related to discontinued operations are disclosed separately in the notes.

Income Taxes

Deferred 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 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.

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 distributions to Lonza's shareholders are 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 Group 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.

33.4 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 credit losses, 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.

Revenue recognition – Allocation of transaction price

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.

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 8,304 million (2024: CHF 8,352 million), goodwill of CHF 1,960 million (2024: CHF 3,370 million) and intangible assets of CHF 328 million (2024: CHF 2,002 million) (see notes 5 and 6). The intangible assets include trademarks acquired through business combinations with a carrying value of CHF 21 million (2024: CHF 231 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 2025, the present value of the Group's defined benefit obligation was CHF 2,359 million (2024: CHF 2,363 million). The plan assets at fair value amounted to CHF 2,544 million (2024: CHF 2,307 million), resulting, compared with the present value of the pension obligation, in a funded status surplus of CHF 103 million (2024: CHF 56 million deficit) (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 2025 amounted to CHF 487 million (2024: CHF 459 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 2025, deferred tax assets of CHF 95 million (2024: CHF 53 million), current tax receivables of CHF 44 million (2024: CHF 44 million), deferred tax liabilities of CHF 304 million (2024: CHF 493 million) and current tax payables of CHF 153 million (2024: CHF 136 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.

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.

Intangible Assets

The Group considers the Capsugel trade name acquired through the business combination in 2017, and reclassified as held for sale at 31 December 2025, to have an indefinite useful life.

The Cambrex trademarks are also considered to have indefinite useful lives, as they are well established in their 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 2025, 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 2025 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 and the requirements of the Swiss audit profession that are relevant to audits of the financial statements of public interest entities, 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), as applicable to audits of financial statements of public interest entities. We have also 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.



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

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 also a heightened risk that revenue may be recognised 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 is considered a key audit matter.

For further information on revenue recognition, refer to the following:

- Note 3: Revenues
- Note 33.3: Material Accounting Policies
- Note 33.4: Significant Accounting Estimates and Judgements

How the scope of our audit responded to the key audit matter

We performed a process walkthrough to gain an understanding of the controls in place. We tested design and implementation of the relevant key 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 recognised around the year-end.

We assessed deferred revenue on a sample basis to ensure accurate cut-off and appropriate period recognition.

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, we obtained sufficient appropriate audit evidence to address the risks of material misstatement in revenue recognition for the make-to-order revenue.



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Uncertain Income Tax Positions (UTP) and Related Tax Expenses

Key audit matter

The Group operates across multiple jurisdictions with diverse and complex tax regulations. 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 33.3: Material Accounting Policies
- Note 33.4: Significant Accounting Estimates and Judgments

How the scope of our audit responded to the key audit matter

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 key controls.

We involved tax specialists from selected jurisdictions and at Group Level 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 2025.

We 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, we obtained sufficient appropriate audit evidence to address the risk of material misstatement related to the uncertain income tax positions and the related tax expenses.



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Assets held for sale and Discontinued operations

Key audit matter

As part of its portfolio transformation to focus on the CDMO business, the Group signed an agreement on 6 March 2026 to divest its Capsules & Health Ingredients (CHI) business to a private equity buyer for an enterprise value of CHF 2.3 billion. The transaction is expected to close in H2 2026. The Group will receive upfront cash proceeds of CHF 1.7 billion (USD 2.2 billion) and retain a 40% stake in CHI, with an additional preferential participation in a future exit.

Given the judgment involved around the estimation of fair value less cost to sell and the financial significance of the transaction, this area is considered a key audit matter.

For further information on assets held for sale and discontinued operations, refer to the following:

- Note 4: Business Combinations and Divestiture of Businesses
- Note 5: Intangible Assets and Goodwill
- Note 33.3: Material Accounting Policies

How the scope of our audit responded to the key audit matter

We assessed management's assumptions with regards to the classification and measurement of the disposal group and whether the split between continuing and discontinued operations complies with IFRS.

We inspected relevant documents to understand the terms and their financial reporting implications including: the share purchase agreement (SPA), the interim equity letter, the equity rollover term sheet, the executed disclosure letter, and the equity commitment letter.

We audited the inputs of management's calculation of the fair value less costs to sell of the transaction and reconciled them with the SPA and related documents. We have involved valuation specialists in the review of valuation parameters.

We recalculated the resulting adjustment to the carrying amount of the CHI net assets as the excess of the carrying amount over the fair value less costs to sell.

We evaluated the composition of costs to sell and evaluated whether they were appropriately recognised.

We evaluated the appropriateness of the disclosures relating to the transaction and ensured they were in compliance with the requirements of IFRS.

Based on the procedures performed, we obtained sufficient appropriate audit evidence to address the risk of material misstatement related to assets held for sale and discontinued operations.

Deloitte.

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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.

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Lonza Group Ltd
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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, 30 March 2026

Financial Statements of Lonza Group Ltd, Basel

Balance Sheet – Lonza Group Ltd

Assets ¹

million CHF	Notes	2025	2024
Current assets			
Cash and cash equivalents	2.3	599	881
Short-term financial assets:			
– from third parties	2.3	134	779
– from subsidiaries and associates		896	1,810
Other short-term receivables:			
– from third parties		2	3
– from subsidiaries and associates		102	25
Prepaid expenses and accrued income:			
– from third parties		15	12
– from subsidiaries and associates		16	21
Total current assets		1,764	3,531
Non-current assets			
Long-term financial assets:			
– from third parties		34	25
– from subsidiaries and associates	2.2	4,485	3,892
Investments	2.1, 2.13	4,377	6,011
Property, plant and equipment		0	0
Prepaid expenses and accrued income:			
– from third parties		3	4
Total non-current assets		8,899	9,932
Total assets ²		10,663	13,463

¹ At 31 December.

² Exact amounts: 2025 CHF 10,663,388,887; 2024 CHF 13,463,395,048.

Liabilities and Shareholders' Equity ¹

million CHF	Notes	2025	2024
Current liabilities			
Trade accounts payables:			
– to third parties	2.4	9	16
– to subsidiaries and associates		4	7
Short-term interest-bearing liabilities:			
– to third parties	2.5	159	451
– to subsidiaries and associates		1,294	1,347
Short-term financial liabilities:			
– to third parties		52	125
– to subsidiaries and associates		211	201
Short-term provisions:			
– to third parties		7	8
Accrued expenses and deferred income:			
– to third parties	2.4	159	232
– to subsidiaries and associates		65	66
Total current liabilities		1,960	2,453
Non-current liabilities			
Long-term interest-bearing liabilities:			
– to third parties	2.5	0	180
– to subsidiaries and associates		3,825	4,005
Long-term financial liabilities:			
– to third parties		75	107
Long-term provisions:			
– to third parties		1	2
Total non-current liabilities		3,901	4,294
Total liabilities		5,861	6,747
Shareholders' equity			
Share capital	2.6	70	72
Legal capital reserves:			
– Reserves from capital contributions	2.7a	942	1,584
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		5,796	6,565
– Dividend paid		(140)	(143)
– Share cancelation		(502)	(496)
– (Loss) for the year		(1,181)	(131)
Treasury shares ³	2.8		
– Against reserves from capital contributions		0	(362)
– Against voluntary retained earnings or for share plans		(220)	(410)
Total shareholders' equity		4,802	6,716
Total liabilities and shareholders' equity ²		10,663	13,463

¹ At 31 December.

² Exact amounts: 2025 CHF 10,663,388,887; 2024 CHF 13,463,395,048.

³ Exact amounts: 2025 CHF 220,173,391; 2024 CHF 773,539,423.

Income Statement – Lonza Group Ltd

million CHF	Notes	2025	2024
Income			
Dividend income	2.9	514	0
Royalty income		39	33
Other financial income	2.10	219	223
Other operating income		68	4
Total income		840	260
Expenses			
Other financial expenses	2.11	216	232
Personnel expenses		56	49
Other operating expenses	2.12	39	31
Impairment losses on investments	2.9, 2.13	1,634	0
Impairment losses on loans ¹		82	77
Depreciation on equipment		0	0
Direct taxes		(5)	2
Total expenses		2,021	391
(Loss) for the year		(1,181)	(131)

¹ Full impairment of loans to subsidiaries Octane Biotech Inc. & Lonza Technology Holdings, Inc. in 2025, and to the Bacthera AG JV in 2024.

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.

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.

Assets are reviewed annually for impairment and adjusted to recoverable amounts where required.

**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, delivery price and any consideration paid by the employees is recognized as personnel expenses.

**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. Specific cross-currency swaps were designated as hedging instruments to mitigate foreign exchange risk resulting from EUR denominated interest-bearing liabilities recorded as part of long-term interest-bearing liabilities to subsidiaries and associates. Accrued interest is recorded on the balance sheet as part of accrued expenses and deferred income to subsidiaries and associates.

**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 2025. 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	
		31.12.2025	31.12.2024	31.12.2025 ³	31.12.2024
Capsugel Belgium NV	Bornem, BE	EUR -	EUR 236,922	- %	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	Vïsp, CH	CHF -	CHF 60,000	- %	100.0%
Lonza Finance International NV	Bornem, BE	EUR -	EUR 43,062	- %	100.0%
Lonza Group GmbH	Waldshut-Tiengen, DE	EUR 25	EUR 25	0.4%	0.4%
Lonza Holding Singapore Pte Ltd	Singapore, SG	USD -	USD 100,000	- %	100.0%
Lonza (China) Investments Co. Ltd	Guangzhou, CN	USD -	USD 84,000	- %	100.0%
Lonza Licences AG	Basel, CH	CHF -	CHF 100	- %	100.0%
Lonza Sales AG	Basel, CH	CHF 2,000	CHF 2,000	100.0%	100.0%
Lonza Swiss Finanz AG	Basel, CH	CHF -	CHF 100	- %	100.0%
Lonza Swiss Licences AG	Basel, CH	CHF -	CHF 100	- %	100.0%
Lonza USA Inc.	Wilmington, US	USD -	USD 0 ²	- %	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 -	EUR 98	- %	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.

³ In 2025, the Company contributed most of its investments with ownership > 10% to Lonza Sales AG.

2.2 Long-Term Financial Assets

Lonza Group Ltd issued subordination agreements totaling CHF 405 million (2024: CHF 400 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 2025, Lonza Group Ltd maintained a total balance of CHF 733 million (2024: CHF 1,660 million), thereof CHF 599 million (2024: CHF 881 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 134 million (2024: CHF 779 million), thereof no bank deposits with maturity between three and six months (2024: CHF 600 million).

2.4 Trade Accounts Payables, Accrued Expenses

Trade accounts payables include liabilities to personnel welfare institutions of CHF 0.3 million at 31 December 2025 (2024: CHF 0.6 million).

2.5 Short-Term and Long-Term Interest-Bearing Liabilities

million CHF	2025	2024
Term loan Facility B2, USD 200 mio (2024: B1 USD 500 mio)	159	451
Total short-term interest-bearing liabilities	159	451

million CHF	2025	2024
Term loan Facility (2024: B2, USD 200 mio)	0	180
Total long-term interest-bearing liabilities	0	180

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 reaffirmed by S&P each year since its initial assignment. Lonza remains committed to maintaining a strong investment-grade rating going forward.

Debt Repayments

During the financial year 2025, Lonza repaid the scheduled debt maturity of CHF 397 million (USD 500 million) related to the Term Loan.

German Private Placement (Schuldschein)

In 2024, Lonza repaid the final scheduled debt maturity of CHF 43 million (USD 50 million).

Syndicated Loan Facilities

Lonza Group Ltd maintains Syndicated Loan Facilities provided by a consortium of banks, comprising both Term Loans and a Revolving Credit Facility (RCF).

The Term Loans carry floating interest rates and are in tranches of USD 500 million (repaid in 2025), and USD 200 million which is repayable in 2026.

The RCF provides Lonza with additional liquidity headroom of CHF 1 billion at floating interest rates. The maturity date is December 2030. The facility remained undrawn in both 2025 and 2024.

In September 2025, Lonza secured with a small number of relationship banks an additional short-term RCF of up to CHF 500 million with a tenor of 15+6 months, ensuring continued liquidity headroom following the maturity of the USD Term Loan. The facility remained undrawn in 2025.

2.6 Share Capital and Authorized Capital

On 8 May 2025, Lonza's Board of Directors approved to decrease the share capital by way of cancelation of the second and final tranche of shares repurchased through the share buyback program until 31 March 2025 (totaling 1,997,163 shares), which was ultimately executed on 20 June 2025. The decrease of share capital for the first tranche of shares repurchased until 31 December 2023 (totaling 2,242,568 shares), was approved by Lonza's Board of Directors on 19 June 2024.

The share capital on 31 December 2025 comprised 70,229,021 registered shares (2024: 72,226,184) with a par value of CHF 1 each, amounting to CHF 70,229,021 (2024: CHF 72,226,184).

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. The details and conditions are set out in Article 4^{bis} of the Company's Articles of Association.

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.

The only transactions 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, and of 1,997,163 shares (CHF 1,997,163) on June 2025, related to the share cancellation repurchased through the share buyback program as disclosed in the 1st paragraph of this note.

At 31 December 2025, Lonza Group Ltd had a fully paid in registered capital of CHF 70,229,021 (2024: CHF 72,226,184) and a contingent capital of CHF 7,500,000 (2024: CHF 7,500,000).

Reserves in the amount of CHF 37,234,376 million (2024: CHF 37,234,376 million) included in the financial statements can partially not be distributed.

**2.7a
Reserves from Capital Contributions**

CHF	2025
Reserves from Capital Contributions at 1.1.2024	2,222,665,779
Dividend payout May 2024	(142,502,996)
Share cancellation June 2024	(496,095,158)
Reserves from Capital Contributions at 31.12.2024	1,584,067,625
Dividend payout May 2025	(139,997,622)
Share cancellation June 2025	(501,784,749)
Reserves from Capital Contributions at 31.12.2025	942,285,254

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, and the transactions executed in 2025 are expected to be confirmed upon expiration of the capital band in 2028.

**2.7b
Voluntary Retained Earnings**

CHF	2025
Voluntary Retained Earnings at 1.1.2024	6,565,214,899
Dividend payout May 2024	(142,502,996)
Share cancellation June 2024	(496,095,158)
Loss for the year 2024	(130,933,402)
Voluntary Retained Earnings at 31.12.2024	5,795,683,343
Dividend payout May 2025	(139,997,622)
Share cancellation June 2025	(501,784,749)
Loss for the year 2025	(1,181,309,176)
Voluntary Retained Earnings at 31.12.2025	3,972,591,796

**2.8
Treasury Shares****Regular Treasury Shares**

	Total Shares	Average Rate in CHF	Number of Transactions
Treasury shares at 1.1.2024, weighted average price	109,595	583.04	
Acquisitions 2024	0	0.00	0
Distribution to Board members	(2,844)	468.47	4
Distribution to Executive Committee members	(3,697)	524.39	4
Distribution to other 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	
Acquisitions 2025	411,321	575.07	38
Distribution to Board members	(3,014)	543.96	4
Distribution to Executive Committee members	(16,817)	583.33	7
Distribution to other LTIP/LRSP/ShareMatch share plan members	(66,131)	566.31	14
Sale of shares	(24,037)	511.20	1
Treasury shares at 31.12.2025, weighted average price	384,792	572.19	

For further details regarding distribution and sale of shares see Note 24 in the Group's consolidated financial statements.

Treasury Shares – Share buyback program

On 25 January 2023, Lonza announced a program to buyback own registered shares of up to CHF 2 billion over a maximum period of two years for the purpose of subsequent capital reductions. The buyback program started on 3 April 2023. The total number of shares repurchased at the completion of the program at 31 March 2025 was 4,239,731 for a total value of CHF 2 billion.

Between 1 January 2025 and 31 March 2025, Lonza purchased 490,996 shares for a value of CHF 281 million.

On 8 May 2025, Lonza's Board of Directors approved to decrease the share capital by way of cancellation of the second and final tranche of 1,997,163 shares for a total value of CHF 1,006 million, which was ultimately executed on 20 June 2025. The decrease of share capital for the first tranche of shares repurchased until 31 December 2023 (totaling 2,242,568 shares) for a value of CHF 995.4 million, was approved by Lonza's Board of Directors on 19 June 2024.

	Total Shares	Average Rate in CHF	Number of Transaction Days
Treasury shares at 1.1.2025, weighted average price	1,506,167	481.27	
Acquisitions 2025	490,996		62
Cancelations 2025	(1,997,163)		1
Treasury shares at 31.12.2025, weighted average price	0	0	

**2.9
Dividend Income**

Capsugel Belgium NV distributed a substance dividend of EUR 550 million (equivalent to CHF 514 million), consequently, at the same time an impairment loss on the investment in Capsugel Belgium NV for the same amount was recognized.

No dividends were received in 2024.

2.10 Other Financial Income

million CHF	Notes	2025	2024
Interest on loans to subsidiaries and associates		167	193
Bank interest		8	27
Net gain on financial instruments		38	0
Other		6	3
Total financial income		219	223

2.11 Other Financial Expenses

million CHF	Notes	2025	2024
Interest on deposits from subsidiaries		150	117
Bank interest and fees		31	45
Amortization of discounts and issue costs		2	2
Loss on share plans		0	2
Net loss on financial instruments		0	49
Net exchange rate loss		33	18
Total other financial expenses		216	232

2.12 Other Operating Expenses

million CHF	2025	2024
Consulting expenses	29	22
Administrative expenses	10	8
Other operating expenses	0	1
Total other operating expenses	39	31

2.13 Impairment Losses on Investments

The impairment of CHF 1.6 billion is entirely related to the investment in the subsidiary Capsugel Belgium NV. CHF 514 million resulted from the substance dividend received (see note 2.9), and CHF 1.1 billion was the result from the signed agreement to divest the Capsules & Health Ingredients (CHI) division.

On 12 December 2024, Lonza announced its intention to exit the CHI division at an appropriate time. Following the announcement on 6 March 2026 that Lonza entered into a definitive agreement to divest its Capsules & Health Ingredients business to Lone Star Funds for an enterprise value of CHF 2.3 billion, Capsugel Belgium NV was valued at an amount lower than its recorded book value triggering a non-cash impairment of the investment prior to its contribution to Lonza Sales AG, which was recognized in the financial statements for the financial year 2025.

Note 3 Other Information

3.1 Full-time Equivalents

The average number of full-time employees for 2025 and 2024 exceeded 50 but were less than 250 people.

3.2 Contingent Liabilities, Guarantees and Pledges

At 31 December 2025, indemnity liabilities, guarantees and pledges in favor of third parties totaled CHF 4.2 billion (2024: CHF 4.3 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 2025 is CHF 77 million (2024: CHF 80 million).

The acquisition of Synaffix B.V. in 2023 included 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) was reflected as a liability at 31 December 2024 and was entirely paid in 2025 (for an equivalent of CHF 56 million).

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:

	2025		2024	
	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	3,014	1,640,838	2,844	1,317,762
Granted equity awards allocated to members of the Executive Committee	16,074	9,055,322	19,882	9,042,661
Granted equity awards allocated to other employees	4,493	2,531,759	7,744	3,521,842
Total	23,581	13,227,919	30,470	13,882,265

In 2025, Lonza Group Ltd employed 9 members (2024: 9) of the Executive Committee.

3.5 Significant Events after the Balance Sheet Date

On 6 March 2026, Lonza announced that it has entered into a definitive agreement to divest its Capsules & Health Ingredients (CHI) business to Lone Star Funds for an enterprise value of CHF 2.3 billion.

The Company intends to initiate a share buyback program for CHF 500 million spanning 12 months, following the receipt of the proceeds from Lone Star Funds.

As of the date of issuance of these Financial Statements, no other significant events have occurred after the balance sheet date which could impact the book value of the assets or liabilities or which should be disclosed here.

Proposal of the Board of Directors

Concerning the Appropriation of Available Earnings and Reserves from Capital Contributions.

CHF	2025
Available earnings brought forward	5,795,683,343
Dividend payout	(139,997,622)
Share cancellation	(501,784,749)
Loss for the year	(1,181,309,176)
Available earnings at the disposal of the Annual General Meeting	3,972,591,796
Payment of a dividend (out of available earnings brought forward) for 2025 of CHF 2.50 (2024: CHF 2.00) per share on the share capital eligible for dividend of CHF 69,844,229 ¹ (2024: CHF 69,998,811)	(174,610,573)
Available earnings carry-forward	3,797,981,223

¹ At 31 December 2025. Actual payout is depending on the amount of share capital eligible for dividend on the record date of 13 May 2026. No dividend will be paid out on shares held by the company.

CHF	2025
Legal capital reserves qualified as reserves from capital contributions	942,285,254
Reserves from capital contributions	942,285,254
Payment of a dividend (out of reserves from capital contributions) for 2025 of CHF 2.50 (2024: CHF 2.00) per share on the share capital eligible for dividend of CHF 69,844,229 ¹ (2024: CHF 69,998,811)	(174,610,573)
Available reserves from capital contributions carry-forward	767,674,681

¹ At 31 December 2025. Actual payout is depending on the amount of share capital eligible for dividend on the record date of 13 May 2026. No dividend will be paid out on shares held by the company.

CHF	2025
Proposed payment of a dividend out of available earnings	174,610,573
Proposed payment of a dividend out of reserves from capital contributions	174,610,573
Total proposed payment of a dividend	349,221,146

If the Annual General Meeting approves the above proposal for appropriation of available earnings and distribution of reserves from capital contributions, a dividend of total CHF 5.00 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 11 May 2026. As from 12 May 2026 (ex-date), the shares will be traded ex-dividend. The dividend will be payable from 15 May 2026.





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Report of the Statutory Auditor

To the General Meeting of
Lonza Group Ltd, Basel

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Lonza Group Ltd (the Company), which comprise the balance sheet as at 31 December 2025, 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 accompanying financial statements, presented on pages 148 to 158, 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 that are relevant to audits of the financial statements of public interest entities. We have also 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 be communicate in our report.

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 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.



Lonza Group Ltd
Report on the Audit of the Statutory Financial Statements
for the year ended
31/12/2025

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, 30 March 2026

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 Business Platform 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, the 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.

Lonza presents Capsules & Health Ingredients as Discontinued Operations in its consolidated financial income statement 2025, including restated comparative information (see note 4.1 of the Group's consolidated financial statements).

Therefore, all income statement-related measures in this document focus on continuing operations only and prior period comparative information have been restated accordingly. Unless otherwise stated, all information reported in this report for "Lonza" or "Group" represent Lonza's continuing CDMO business.

With the implementation of its new simplified One Lonza organization, three newly-formed CDMO Business Platforms have been introduced: Integrated Biologics, Advanced Synthesis and Specialized Modalities. As a result prior year 2024 financial information have been updated.¹

The following table outlines which APMs are applied at a Business Platform level and respectively at a Group level.

	Business Platform	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 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 adjustments¹:

- Restructuring and reorganizations,
- Environmental-related measures or events, (related to historical environmental issues only),
- Acquisitions and divestitures,
- Business transformation initiatives,
- Impairments and reversals of related impairments (excluding impairments following contract termination, that are compensated by termination-related revenues),
- Litigations,
- Changes to pension plans.

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 2025 and 2024 is as follows:

million CHF	2025	2024 (restated) ²
IFRS Profit	909	602
CORE adjustments		
Amortization of intangible assets from acquisitions	48	33
Environmental-related measures	42	80
Acquisitions and divestitures	5	163 ³
Impairment	56	67
Reversal of impairment	(4)	(21)
Restructuring	(6)	28
Business transformation initiatives ⁴	53	14
Gain from sale of real estate	0	(84)
Fair value adjustment expense/(income) on contingent consideration from acquisition of businesses	(21)	29
Impairment of loans to joint ventures	0	77 ⁵
Tax effect ⁶	(30)	(58)
CORE Profit from continuing operations	1,052	930
CORE Profit from continuing operations attributable to equity holders of the parent	1,056	934
CORE Earnings per share from continuing operations attributable to equity holders of the parent	15.08	13.12

¹ In the context of the CORE definition, an "event" represents an individual business case that might involve income/expenses across several fiscal years.

² Restated to reflect the classification of the Capsule and Health Ingredients business as discontinued operations (see note 33 of the Group's consolidated financial statements).

³ Costs related to the acquisition of the Vacaville site and the subsequent network optimization measures as a result of this acquisition.

⁴ Costs related to "One Lonza" Business Transformation, and Nexus (a global Business Process Transformation linked to a new ERP system for Lonza's CDMO business based on SAP S/4 HANA).

⁵ Impairment related to Bacthera.

⁶ Group tax rate on continuing business of 17.4 % (2024: 15.0%).

In line with the CORE adjustments, Lonza assesses operational performance based on CORE EBITDA (continuing business), which can be reconciled in two steps:

million CHF	2025	2024 (restated) ¹
Result from operating activities (EBIT)	1,239	908
Depreciation of property, plant and equipment	561	408
Amortization of intangible assets	85	66
Impairment and reversal of impairment on property, plant, equipment and intangibles	85	70
Earnings before interest, taxes and depreciation (EBITDA)	1,970	1,452

million CHF	2025	2024 (restated) ¹
Earnings before interest, taxes and depreciation (EBITDA)	1,970	1,452
Environmental-related measures	42	80
Acquisitions and divestitures	5	163 ²
Restructuring	(6)	28
Business transformation initiatives ³	53	14
Gain from sale of real estate	-	(84)
CORE EBITDA	2,064	1,653

¹ Restated to reflect the classification of the Capsule and Health Ingredients business as discontinued operations (see note 33 of the Group's consolidated financial statements).

² Costs related to the acquisition of the Vacaville site 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's CDMO business based on SAP S/4 HANA).

¹ Comparative Financials 2024 published on 27 May 2025.

Growth at Constant Exchange Rates

Financial results in constant currencies are adjusted to eliminate the impact of changes in exchange rates between the reported and the 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 exchange rates are calculated by converting sales 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.

Lonza Group (Continuing Business)

million CHF	2025	2024 (Restated) ¹	Change in %
Sales	6,531	5,480	19.2
Elimination of effects from hedging instruments ²	(71)	(6)	
Sales excluding hedging effects	6,460	5,474	
Retranslation at prior year rates	203		
Sales in constant currency	6,663		21.7
CORE EBITDA	2,064	1,653	24.9
Elimination of effects from hedging instruments ²	(35)	5	
CORE EBITDA excluding hedging effects	2,029	1,658	
Retranslation at prior year rates	66		
CORE EBITDA in constant currency	2,095		26.4
<i>Margin in %</i>	31.4		

Integrated Biologics

million CHF	2025	2024	Change in %
Sales	3,649	2,883	26.6
Retranslation at prior year rates	161		
Sales in constant currency	3,810		32.2
CORE EBITDA	1,287	1,045	23.2
Retranslation at prior year rates	73		
CORE EBITDA in constant currency	1,360		30.1
<i>Margin in %</i>	35.7		

Advanced Synthesis

million CHF	2025	2024	Change in %
Sales	1,611	1,323	21.8
Retranslation at prior year rates	9		
Sales in constant currency	1,620		22.4
CORE EBITDA	674	484	39.3
Retranslation at prior year rates	(6)		
CORE EBITDA in constant currency	668		38.0
<i>Margin in %</i>	41.2		

¹ Restated to reflect the classification of the Capsule and Health Ingredients business as discontinued operations (see note 33 of the Group's consolidated financial statements).

² The hedging program is managed centrally by Corporate Treasury and therefore reported as part of Corporate.

Specialized Modalities

million CHF	2025	2024	Change in %
Sales	1,034	1,099	(5.9)
Retranslation at prior year rates	32		
Sales in constant currency	1,066		(3.0)
CORE EBITDA	176	192	(8.3)
Retranslation at prior year rates	(1)		
CORE EBITDA in constant currency	175		(8.9)
<i>Margin in %</i>	16.4		

Corporate

million CHF	2025	2024
Sales	237	175
Elimination of effects from hedging instruments ²	(71)	(6)
Sales excluding hedging effects	166	169
Retranslation at prior year rates	1	
Sales in constant currency	167	
CORE EBITDA	(73)	(68)
Elimination of effects from hedging instruments ²	(35)	5
CORE EBITDA excluding hedging effects	(108)	(63)
Retranslation at prior year rates	0	
CORE EBITDA in constant currency	(108)	

Capsules and Health Ingredients

million CHF	2025	2024	Change in %
Sales	1,092	1,094	(0.2)
Retranslation at prior year rates	50		
Sales in constant currency	1,142		4.4
CORE EBITDA	270	255	5.9
Retranslation at prior year rates	10		
CORE EBITDA in constant currency	280		9.8
<i>Margin in %</i>	24.5		

¹ Restated to reflect the classification of the Capsule and Health Ingredients business as discontinued operations (see note 33 of the Group's consolidated financial statements).

² The hedging program is managed centrally by Corporate Treasury and therefore reported as part of Corporate.

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 2025	31 December 2024	Change
Non-current debt	3,876	4,242	(366)
Current debt	309	468	(159)
Debt classified as held for sale	0	0	-
Total debt	4,185	4,710	(525)
Non-current loans and advances	(141)	(140)	(1)
Current loans and advances	-	-	-
Loans classified as held for sale	(1)	-	(1)
Short-term investments	-	(600)	600
Cash and cash equivalents	(719)	(1,111)	392
Cash and cash equivalents classified as held for sale	(66)	-	(66)
Total cash & cash equivalents, short term investments and loans and advances	(927)	(1,851)	924
Net debt / (net cash)	3,258	2,859	399
	31 December 2025	31 December 2024	
CORE EBITDA ¹	2,334	1,908	
Net debt / CORE EBITDA ratio	1.4	1.5	
Net debt / Equity ratio	0.4	0.3	

¹ Liquidity and Capital Measures considers consolidated Lonza Group results, incl. Discontinued Operations.

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 2025 and 2024, 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	2025	2024 (Restated) ¹
Result from operating activities (EBIT)	1,239	908
Share of result of associates / joint ventures	2	(1)
CORE adjustments		
Environmental-related measures	42	80
Acquisitions and divestitures	5	163 ²
Impairments	56	67
Reversal of impairment	(4)	(21)
Restructuring	(6)	28
Business transformation initiatives ³	53	14
Gains from sale of real estate	-	(84)
Net operating profit before taxes	1,387	1,154
Taxes ⁴	(241)	(173)
Net operating profit after taxes (NOPAT)	1,146	981
Average invested capital	9,625	9,008
ROIC in %	11.9	10.9

¹ Restated to reflect the classification of the Capsule and Health Ingredients business as discontinued operations (see note 33 of the Group's consolidated financial statements).

² Costs related to the acquisition of the Vacaville site 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's CDMO business based on SAP S/4 HANA).

⁴ Group tax rate on continuing business of 17.4 % (2024: 15.0%).

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	2025	2024 (Restated) ¹
Intangible assets	418	500
Property, plant & equipment	8,109	7,306
Goodwill	1,985	2,037
Inventories	1,682	1,571
Trade receivables	939	865
Other operating receivables	430	346
Other assets	196	281
Trade payables	(435)	(384)
Other operating liabilities	(3,528)	(3,338)
Net current and deferred tax liabilities	(171)	(176)
Average invested capital	9,625	9,008

¹ Restated to reflect the classification of the Capsule and Health Ingredients business as discontinued operations (see note 33 of the Group's consolidated financial statements).

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 divestitures.

In 2025 and 2024, the development of operational free cash flow by component was as follows:

Components of operational free cash flow¹

million CHF	2025	2024
Earnings before interests, taxes and depreciation (EBITDA)	2,196	1,695
Change of operating net working capital	(288)	(44)
Capital expenditures in tangible and intangible assets	(1,373)	(1,417)
Disposal of tangible and intangible assets	112	9
Change of other assets and liabilities ²	(41)	126
Change in provisions	11	63
Share-based payment costs	57	41
Operational free cash flow (before acquisitions / divestitures)	674	473
Acquisition of subsidiaries ³	(56)	(1,075)
Operational free cash flow	618	(602)

¹ Operational Cash Flow represents Lonza Group incl. discontinued operations.

² Includes non-cash amortization of current deferred income of CHF 482 million (2024: CHF 221 million), recognized in the income statement through EBITDA.

³ Additional earn-out consideration in 2025 related to the acquisition of Synaffix, and in 2024 acquisition of the Vacaville site.

