

# Full-Year Report 2022



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Lonza delivers strong Full-Year performance, with **CHF 6.2 billion sales** and **15.1% CER<sup>1</sup>** sales growth

**CHF 2.0 billion CORE EBITDA** resulting in a **margin of 32.1%**

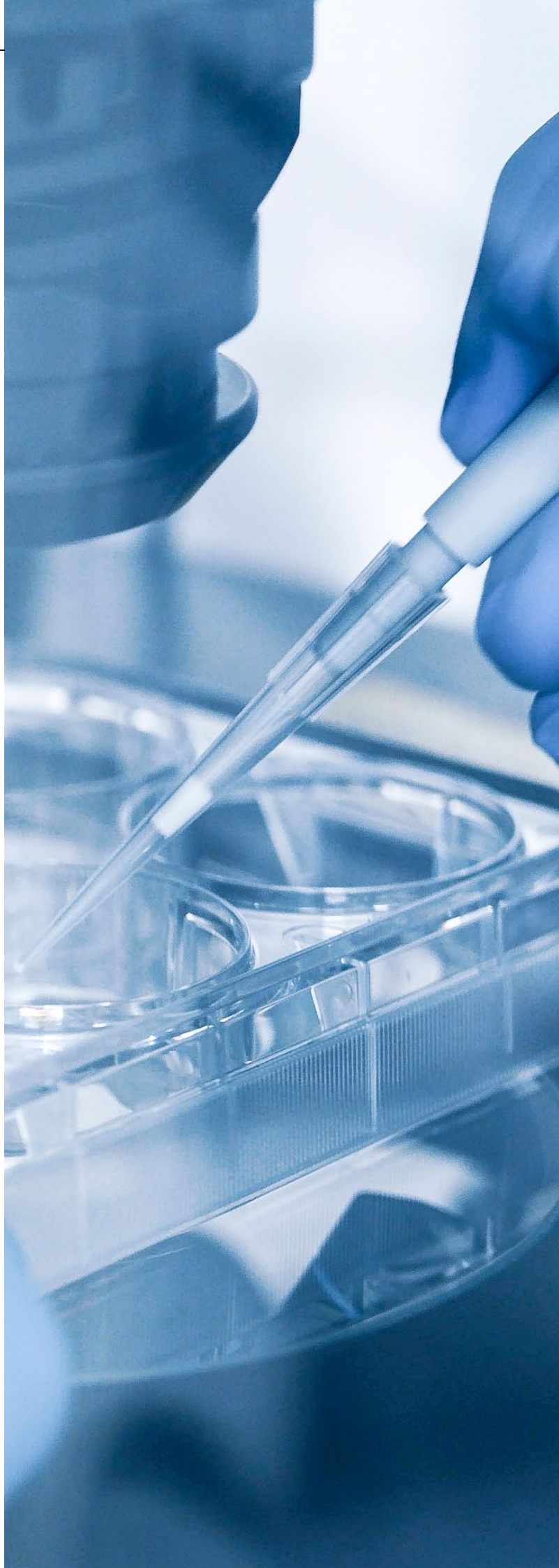
Growth investment continues with **2022 CAPEX** reaching **30% of sales**

Outlook 2023: **high single-digit CER sales growth** and **CORE EBITDA margin of 30–31%**

Mid-Term Guidance 2024 confirmed

Proposed **dividend increase of 17% to CHF 3.50 per share**

**Share buyback program of up to CHF 2 billion** announced, starting in 2023



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

# CEO Update

Dear Stakeholders,

2022 was another year of strong performance for Lonza, as the business delivered on its Outlook despite a challenging macroeconomic environment. Our resilient performance was supported by sustained market demand and a broad and diversified customer base. The business also accelerated its CAPEX investment program to support long-term growth and success.

Full-Year sales reached CHF 6.2 billion, with sales growth of 15.1% CER and CHF 2.0 billion CORE EBITDA, resulting in a margin of 32.1%. These results were driven by strong underlying business performance, and supported by a COVID-related sales peak in 2022.

In line with Outlook, CAPEX reached 30% of sales. Our investment program remains focused on sustainable growth supported by attractive margins and low levels of risk. It will enable us to capture market demand by supporting our customers' complex needs.

In 2022, there have been investments across modalities in all four divisions. A landmark growth project was announced in July, with a ~CHF 500 million investment in a new large-scale commercial drug product facility in Stein (CH). Once operational, the facility will complete our Biologics value chain to support an integrated end-to-end offering to our customers.

Our Board of Directors will propose a dividend increase to CHF 3.50 per share, representing a year-on-year increase of 17% or CHF 0.50. Furthermore, our strong balance sheet and positive outlook enable us to initiate a share buyback program of up to CHF 2 billion. This will enable us to return excess capital to shareholders at a time when our stock valuation is attractive for purchase. We remain committed to maintaining our strong investment grade rating. The share buyback does not impact our capability to invest in organic growth and bolt-on M&A.

Alongside our financial performance, we also remain focused on our environmental and social responsibilities. We believe that how we work is just as important as what we achieve. 2022 was the first year in which ESG targets were incorporated into our executive and employee remuneration policies, to support a collective commitment to responsible business across our global network. We have continued to make progress in reducing our energy, water and GHG emission intensity. We were also proud to be recognized by the Ethisphere Institute as one of the world's most ethical companies for the second year.

Looking towards 2023, we provide an Outlook of high single-digit sales growth, reflecting our strong underlying business performance, balanced by a headwind from the COVID-related sales peak in 2022. We provide a CORE EBITDA margin Outlook of 30 to 31%. We will also continue to invest for the future, with CAPEX remaining at 30% of sales.

We are pleased to confirm our 2024 Mid-Term Guidance. More widely, we will continue to build on our position as a leading CDMO player to capture value in the healthcare market.

Finally, 2022 marked an important milestone for Lonza, as we celebrated the 125<sup>th</sup> anniversary of our foundation. Over 125 years, Lonza's success has been driven by our capacity to adapt to a changing world and serve our customers' most pressing needs. These characteristics continue to define our success as much in 2023 as they did at our foundation in 1897.

As I close, I would like to take this opportunity to thank our customers for their loyalty, our business partners for their collaboration and our investors for their trust. I would also like to thank our global colleague community, which is responsible for delivering our performance and ensuring we continue to fulfil our purpose of enabling a healthier world.

Sincerely,

**Pierre-Alain Ruffieux**  
Chief Executive Officer



# Financial Highlights (Unaudited) for the Twelve Months Ended 31 December<sup>1</sup>

## IFRS Results

Million CHF	2022	Change in %	2021
<b>Sales</b>	<b>6'223</b>	<b>15.0</b>	<b>5'409</b>
<b>EBIT</b>	<b>1'541</b>	<b>81.1</b>	<b>851</b>
Margin in %	24.8		15.7
<b>EBITDA</b>	<b>2'139</b>	<b>56.7</b>	<b>1'365</b>
Margin in %	34.4		25.2
<b>Profit for the period</b>	<b>1'218</b>	<b>79.9</b>	<b>677</b>
<b>EPS basic</b> (CHF)	<b>16.37</b>	<b>80.3</b>	<b>9.08</b>
<b>EPS diluted</b> (CHF)	<b>16.34</b>	<b>80.6</b>	<b>9.05</b>

## CORE Earnings<sup>2</sup>

Million CHF	2022	Change in %	2021
<b>CORE EBITDA</b>	<b>1'995</b>	<b>19.8</b>	<b>1'665</b>
Margin in %	32.1		30.8
<b>CORE Profit for the period</b>	<b>1'097</b>	<b>16.2</b>	<b>944</b>
<b>CORE EPS basic</b> (CHF)	<b>14.74</b>	<b>16.3</b>	<b>12.67</b>
<b>CORE EPS diluted</b> (CHF)	<b>14.71</b>	<b>16.5</b>	<b>12.63</b>
<b>ROIC in %</b>	<b>11.4</b>	<b>6.5</b>	<b>10.7</b>

## Other Performance Measures

Million CHF	2022	Change in %	2021
Operational free cash flow (before acquisitions and divestitures)	(465)	(216.5)	399
Operational free cash flow	(237)	(150.3)	471
Capital expenditures (CAPEX)	1'872	44.1	1'299
Net debt / (net cash)	(186)	(80.6)	(958)
Debt-equity ratio	(0.0)	(88.9)	(0.1)
Net Debt / CORE EBITDA ratio	(0.1)	(83.8)	(0.6)
Number of employees (Full-Time Equivalent)	17'494	7.9	16'218

- 1 All financial information for financial year 2022 is unaudited. All financial information for financial year 2021 is based on "continuing operations", i.e. exclusive of the Specialty Ingredients business (that was sold on 1 July 2021 and therefore reported as discontinued operations in 2021)
- 2 For Lonza's definition of CORE results, also refer to the Alternative Performance Measures Brochure published in conjunction with this Full-Year Report

# Biologics

## Division

For the twelve months ended 31 December

Million CHF	2022	2021	Change in %	Change in % in constant currency <sup>1</sup>
<b>Sales</b>	<b>3'274</b>	<b>2'699</b>	<b>21.3</b>	<b>21.7</b>
<b>CORE EBITDA</b>	<b>1'228</b>	<b>979</b>	<b>25.4</b>	<b>24.3</b>
Margin in %	37.5	36.3		
<b>Capital expenditures (CAPEX)</b>	<b>1'268</b>	<b>932</b>	<b>36.1</b>	

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

### Divisional Overview

In 2022, strong sales growth in Biologics was supported by a robust underlying performance and a peak in COVID-related sales. The division continued its ambitious growth trajectory, adding capacity and capabilities to capture market demand including a mid-scale mammalian facility in Portsmouth (US) and two bioconjugates suites in Visp (CH). A series of significant investments were also approved across multiple modalities, including a large-scale commercial drug product facility in Stein (CH).

The majority of growth projects remain on track. We have, however, experienced softer demand for our new facility in Guangzhou (CN) as a result of local market challenges.

Commercial demand remained high in 2022, reflected in a strong pipeline of new customer agreements. Compared to Full-Year 2021, the business achieved 21.3% (21.7% CER) sales growth, with an increased CORE EBITDA margin of 37.5%, underlining business resilience in a challenging macroeconomic environment.

# Small Molecules

## Division

For the twelve months ended 31 December

Million CHF	2022	2021	Change in %	Change in % in constant currency <sup>1</sup>
<b>Sales</b>	<b>819</b>	<b>767</b>	<b>6.8</b>	<b>5.9</b>
<b>CORE EBITDA</b>	<b>248</b>	<b>215</b>	<b>15.3</b>	<b>14.4</b>
Margin in %	30.3	28.0		
<b>Capital expenditures (CAPEX)</b>	<b>182</b>	<b>118</b>	<b>54.2</b>	

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

### Divisional Overview

In 2022, existing commercial products and the clinical pipeline drove sustained customer demand in the Small Molecules division.

New capacity for manufacturing antibody-drug conjugates (ADC) payloads in Visp (CH) came online and we expanded our early phase clinical development and manufacturing facility in Bend (US). In Nansha (CN), we extended our cGMP highly potent API (HPAPI) laboratories and announced the expansion of our API mid-scale manufacturing facility.

In 2022, sales growth of 6.8% (5.9% CER) was supported by a solid base business and new capacity coming online. CORE EBITDA margin increased 2.3ppts to 30.3% compared to Full-Year 2021, supported by product mix and the ramp-up of new assets including the HPAPI multipurpose suite in Visp (CH).

# Cell & Gene

## Division

For the twelve months ended 31 December

Million CHF	2022	2021	Change in %	Change in % in constant currency <sup>1</sup>
<b>Sales</b>	<b>693</b>	<b>602</b>	<b>15.1</b>	<b>13.6</b>
<b>CORE EBITDA</b>	<b>116</b>	<b>106</b>	<b>9.4</b>	<b>9.4</b>
Margin in %	16.7	17.6		
<b>Capital expenditures (CAPEX)</b>	<b>114</b>	<b>85</b>	<b>34.1</b>	

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

### Divisional Overview

In 2022, the Cell & Gene division benefitted from strong overall performance in the Bioscience business unit. This was driven by robust demand for testing and media, and partially balanced by the divestment of small, non-core businesses.

In Cell & Gene Technologies, two therapies manufactured at the Houston (US) site received FDA approval. However, delays in clinical trials and customer product challenges impacted sales growth.

Our Personalized Medicines business unit focused on R&D and scaling manufacturing, with multiple clinical-stage therapies now being manufactured on the Cocoon® Platform.

The division saw 15.1% (13.6% CER) sales growth and 16.7% CORE EBITDA margin. Due to a softer Cell & Gene market environment, margins were slightly softer compared to Full-Year 2021.



# Capsules & Health Ingredients

## Division

For the twelve months ended 31 December

Million CHF	2022	2021	Change in %	Change in % in constant currency <sup>1</sup>
<b>Sales</b>	<b>1'266</b>	<b>1'204</b>	<b>5.1</b>	<b>5.9</b>
<b>CORE EBITDA</b>	<b>418</b>	<b>414</b>	<b>1.0</b>	<b>1.9</b>
Margin in %	33.0	34.4		
<b>Capital expenditures (CAPEX)</b>	<b>105</b>	<b>89</b>	<b>18.0</b>	

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

### Divisional Overview

We expanded our Capsules & Health Ingredients product portfolio in 2022 to meet growing customer demand for innovative offerings. In H2, we launched Capsugel® Enprotect™, which is designed to target the delivery of ingested acid-sensitive APIs.

The division achieved 5.1% (5.9% CER) sales growth compared to Full-Year 2021. This was driven by price increases and sustained demand for pharma capsules, and balanced by softer demand for nutritional capsules in certain markets.

The Capsules & Health Ingredients division delivered a softer CORE EBITDA margin of 33.0% compared to Full-Year 2021. This reflects the impact of residual inflation which was only partially offset by price increases and operational excellence programs.

# Corporate

For the twelve months ended 31 December

Million CHF	2022	2021
<b>Sales<sup>1</sup></b>	<b>171</b>	<b>137</b>
<b>CORE EBITDA</b>	<b>(15)</b>	<b>(49)</b>

<sup>1</sup> Thereof CHF 123 million in 2022 (2021: CHF 84 million in H2) of third-party sales related to the Specialty Ingredients business, that was divested on 1 July 2021.

# Outlook 2023 and Mid-Term Guidance 2024

Lonza provides the following Outlook for Full-Year 2023:

- **High single-digit CER sales growth**
- **CORE EBITDA Margin of 30–31%**

Outlook assumes no unexpected adverse events.

Lonza confirms its Mid-Term Guidance 2024:

- **Low Teens CER Sales CAGR (2021–2024)**
- **~33–35% CORE EBITDA Margin**
- **Double-digit ROIC**

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## Dividend Proposed

Lonza's Board of Directors is proposing a dividend of CHF 3.50 per share, representing a year-on-year increase of 17% or CHF 0.50. Subject to approval at the upcoming Annual General Meeting, 50% of the dividend of CHF 3.50 per share will be paid out of the capital contribution reserve and will therefore be free from Swiss withholding tax.

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## Share Buyback Announced

Lonza intends to initiate the return of excess capital to shareholders through a share buyback of up to CHF 2 billion, based on its strong balance sheet and positive outlook. The share buyback will not impact Lonza's capability to invest in organic growth and bolt-on M&A. Lonza remains committed to maintaining its strong investment grade rating. The buyback is expected to commence in H1 2023 and be completed in H1 2025. The program will be executed via a second trading line at the SIX Swiss Exchange and its implementation is subject to applicable regulatory requirements.

# Condensed Financial Statements

## Condensed consolidated balance sheet at 31 December 2022 (unaudited) and 31 December 2021

Million CHF	2022	2021
Property, plant and equipment	6'120	4'694
Intangible assets	2'231	2'454
Goodwill	2'863	2'986
Other non-current assets	407	352
Deferred tax assets	18	18
<b>Total non-current assets</b>	<b>11'639</b>	<b>10'504</b>
Inventories	1'819	1'501
Trade receivables and other receivables	1'644	1'242
Current tax receivables	30	28
Short-term investments	885	1'602
Cash and cash equivalents	1'339	1'582
<b>Total current assets</b>	<b>5'717</b>	<b>5'955</b>
<b>Total assets</b>	<b>17'356</b>	<b>16'459</b>
Equity attributable to equity holders of the parent	10'597	9'750
Non-controlling interests	68	73
<b>Total equity</b>	<b>10'665</b>	<b>9'823</b>
Non-current debt	1'554	2'234
Non-current provision	378	368
Other non-current liabilities (incl. employee benefit liabilities)	1'123	1'124
Deferred tax liabilities	556	540
<b>Total non-current liabilities</b>	<b>3'611</b>	<b>4'266</b>
Current debt	678	169
Current provision	47	44
Other current liabilities	2'252	2'028
Current tax payable	103	129
<b>Total current liabilities</b>	<b>3'080</b>	<b>2'370</b>
<b>Total liabilities</b>	<b>6'691</b>	<b>6'636</b>
<b>Total equity and liabilities</b>	<b>17'356</b>	<b>16'459</b>

## Condensed consolidated income statement for the twelve months ended 31 December 2022 (unaudited) and 31 December 2021

Million CHF	2022	2021
<b>Sales</b>	<b>6'223</b>	<b>5'409</b>
Cost of goods sold	(3'785)	(3'299)
<b>Gross profit</b>	<b>2'438</b>	<b>2'110</b>
Marketing and distribution, Research and development, Administration and general overhead	(1'060)	(985)
Other operating income and expenses	163 <sup>1</sup>	(274) <sup>2</sup>
<b>Result from operating activities (EBIT)<sup>3</sup></b>	<b>1'541</b>	<b>851</b>
Net financial result <sup>4</sup>	(95)	(63)
Share of profit / (loss) from associates / joint ventures	2	(28)
<b>Profit before income taxes</b>	<b>1'448</b>	<b>760</b>
Income taxes	(230)	(83)
<b>Profit from continuing operations<sup>5</sup></b>	<b>1'218</b>	<b>677</b>
Profit from discontinued operations, net of tax	0	2'270 <sup>6</sup>
<b>Profit for the period</b>	<b>1'218</b>	<b>2'947</b>
<b>Attributable to:</b>		
Equity holders of the parent	1'215	2'944
Non-controlling interests	3	3
<b>Profit for the period</b>	<b>1'218</b>	<b>2'947</b>
<b>Earnings per share for profit from continuing operations attributable to equity holders of the parent</b>		
Basic earnings per share – EPS basic (CHF)	16.37	9.08
Diluted earnings per share – EPS diluted (CHF)	16.34	9.05
<b>Earnings per share for profit attributable to equity holders of the parent</b>		
Basic earnings per share – EPS basic (CHF)	16.37	39.65
Diluted earnings per share – EPS diluted (CHF)	16.34	39.52

## Condensed consolidated statement of comprehensive income for the twelve months ended 31 December 2022 (unaudited) and 31 December 2021

Million CHF	2022	2021
<b>Profit for the period</b>	<b>1'218</b>	<b>2'947</b>
<b>Other comprehensive income</b>		
<b>Items that will not be reclassified to profit or loss</b>		
Re-measurements of defined benefit liability	49	247 <sup>7</sup>
Income tax on items that will not be reclassified to profit or loss	(8)	(45)
	41	202
<b>Items that are or may be reclassified subsequently to profit or loss</b>		
Exchange differences on translating foreign operations	(205)	(68)
Reclassification of foreign currency differences related to divested businesses	8	191
Cash flow hedges	23	19
Income tax on items that are or may be reclassified to profit or loss	(3)	(6)
	(177)	136
<b>Other comprehensive income for the period, net of tax</b>	<b>(136)</b>	<b>338</b>
<b>Total comprehensive income for the period</b>	<b>1'082</b>	<b>3'285</b>
<b>Total comprehensive income attributable to</b>		
Equity holders of the parent	1'084	3'279
Non-controlling interests	(2)	6
<b>Total comprehensive income for the period</b>	<b>1'082</b>	<b>3'285</b>

- 1 Includes the gains related to divestiture of several businesses in Bioscience and Small Molecules
- 2 Includes environmental remediation expenses of CHF 300 million (primarily related to Gamsenried) – see further details in the Lonza Annual Report 2021 (note 14)
- 3 Result from operating activities (EBIT) excludes interest income and expenses as well as financial income and expenses that are not interest related and Lonza's share of profit/loss from associates and joint ventures
- 4 See note 5 in the Selected Explanatory Notes of the Full-Year Report
- 5 All financial information referring to "continuing operations" are exclusive of the Specialty Ingredients business, that was sold on 1 July 2021 and therefore reported as discontinued operations
- 6 Gain from sale of the Lonza Specialty Ingredients business – see further details in the Lonza Annual Report 2021 (note 5)
- 7 Thereof CHF 169 million relate to continuing and CHF 78 million relate to discontinued operations

## Condensed consolidated cash flow statement for the twelve months ended 31 December 2022 (unaudited) and 31 December 2021

Million CHF	2022	2021 <sup>1</sup>
<b>Profit for the period</b>	<b>1'218</b>	<b>2'947</b>
Adjustment for non-cash items	670	(1'222)
Income tax and interest paid	(287)	(230)
Increase of net working capital	(483)	(160)
Use of provisions	(58)	(56)
Increase/(decrease) in other payables, net	(40)	(62)
<b>Net cash provided by operating activities</b>	<b>1'020</b>	<b>1'217</b>
Purchase of property, plant & equipment and intangible assets	(1'872)	(1'341)
Acquisition of subsidiaries, net of cash acquired <sup>2</sup>	(10)	(48)
Proceeds from sale of assets held for sale <sup>3</sup>	0	3'972
Disposal of subsidiaries, net of cash disposed of <sup>4</sup>	238	120
Net purchase of other assets and disposals	(54)	(51)
Lease payments received / (lease prepayment)	5	(17)
(Increase) / decrease in short-term investments	718	(1'602)
(Increase) / decrease in loans and advances	(18)	(15)
Interest and dividend received	19	3
<b>Net cash provided by / (used for) investing activities</b>	<b>(974)</b>	<b>1'021</b>
Repayment of German Private Placement	0	(784)
Repayment of straight bond	(105)	(375)
Increase / (decrease) in debt	(47)	(42)
Principal payment of lease liabilities	(60)	(30)
Increase in other non-current liabilities <sup>5</sup>	205	347
Capital injection from owners of the non-controlling interests	2	0
Purchase of treasury shares	(58)	(174)
Sale of treasury shares	7	0
Dividends paid <sup>6</sup>	(228)	(225)
<b>Net cash provided by / (used for) financing activities</b>	<b>(284)</b>	<b>(1'283)</b>
Effect of currency translation on cash	(5)	8
<b>Net (decrease) / increase in cash and cash equivalents</b>	<b>(243)</b>	<b>963</b>
Cash and cash equivalents at 1 January	1'582	619
<b>Cash and cash equivalents at 31 December</b>	<b>1'339</b>	<b>1'582</b>

1 For the year ended 31 December 2021, the Group has elected to present a statement of cash flows that includes an analysis of all cash flows in total – i.e. including both continuing and discontinued operations. Amounts related to discontinued operations by operating, investing and financing activities are disclosed in Note 5.1 of the Annual Report 2021

2 Includes contingent consideration and deferred purchase price payments from prior years acquisitions

3 Proceed received from the divestment of Lonza Specialty Ingredients business in 2021. Also refer to note 5.1 of the Annual Report 2021

4 Related to the divestitures of several businesses in Bioscience and Small Molecule in 2022 and to the divestiture of the Softgel Liquid-filled hard capsule business in 2021.

5 In 2021, Lonza received payments of CHF 18 million from customers to purchase equipment for utilization at Lonza facilities. These payments are not separately disclosed in the consolidated cash flow statement as the related equipment is not owned by Lonza

6 Includes dividends of CHF 5 million (2021: CHF 2 million) paid to non-controlling interest shareholders of a subsidiary

Condensed consolidated statement of changes in equity  
at 31 December 2022 (unaudited) and 31 December 2021

Million CHF	Attributable to equity holders of the parent						Total	Non-controlling interests	Total equity
	Share capital	Share premium	Retained earnings	Hedging reserve	Translation reserve	Treasury shares			
<b>Balance at 1 January 2021</b>	<b>74</b>	<b>2'804</b>	<b>4'985</b>	<b>(20)</b>	<b>(928)</b>	<b>(100)</b>	<b>6'815</b>	<b>69</b>	<b>6'884</b>
Profit for the period	0	0	2'944	0	0	0	2'944	3	2'947
Other comprehensive income, net of tax	0	0	202	16	117	0	335	3	338
<b>Total comprehensive income for the period</b>	<b>0</b>	<b>0</b>	<b>3'146</b>	<b>16</b>	<b>117</b>	<b>0</b>	<b>3'279</b>	<b>6</b>	<b>3'285</b>
Dividends	0	(111)	(112)	0	0	0	(223)	(2)	(225)
Recognition of share-based payments	0	0	51	0	0	0	51	0	51
Movements in treasury shares	0	0	(95)	0	0	(77)	(172)	0	(172)
<b>Balance at 31 December 2021</b>	<b>74</b>	<b>2'693</b>	<b>7'975</b>	<b>(4)</b>	<b>(811)</b>	<b>(177)</b>	<b>9'750</b>	<b>73</b>	<b>9'823</b>
Profit for the period	0	0	1'215	0	0	0	1'215	3	1'218
Other comprehensive income, net of tax	0	0	41	20	(192)	0	(131)	(5)	(136)
<b>Total comprehensive income for the period</b>	<b>0</b>	<b>0</b>	<b>1'256</b>	<b>20</b>	<b>(192)</b>	<b>0</b>	<b>1'084</b>	<b>(2)</b>	<b>1'082</b>
Dividends	0	(111)	(112)	0	0	0	(223)	(5)	(228)
Capital injection from owners of the non-controlling interests	0	0	0	0	0	0	0	2	2
Recognition of share-based payments	0	0	36	0	0	0	36	0	36
Movements in treasury shares	0	0	(113)	0	0	63	(50)	0	(50)
<b>Balance at 31 December 2022</b>	<b>74</b>	<b>2'582</b>	<b>9'042</b>	<b>16</b>	<b>(1'003)</b>	<b>(114)</b>	<b>10'597</b>	<b>68</b>	<b>10'665</b>

# Selected Explanatory Notes

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

These unaudited condensed financial statements are based on the consolidated financial statements for the twelve-month period ended 31 December 2022 that will be prepared in accordance with the International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB).

The sale of the Specialty Ingredients business (LSI) was completed effective 1 July 2021 and was finally settled before 31 December 2021. In the consolidated income statement for 2021, the results of LSI business were disclosed separately as discontinued operations, including not only the results from the LSI business, but also the proceeds received net of assets disposed of, certain corporate costs directly attributable to LSI, the carve-out / divestiture process and the recycling of accumulated exchange rate translation reserve losses. More details on the transaction are available in note 5 of the Lonza Annual Report 2021.

In the following notes, all financial information referring to 2021 are based on "continuing operations" (that are exclusive of the Specialty Ingredients business) unless explicitly stated otherwise.

### New Standards, Interpretations and Amendments

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

- \* COVID-19-Related Rent Concessions (Amendment to IFRS16)
- \* Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37);
- \* Annual Improvements to IFRS Standards 2018-2020;
- \* Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16);
- \* Reference to the Conceptual Framework (Amendments to IFRS 3).

## 2. Exchange Rates

Balance sheet		
Period-end rate CHF	31.12.2022	31.12.2021
US dollar	0.92	0.91
Pound sterling	1.11	1.23
Euro	0.99	1.03

Income statement		
Average rate CHF	2022	2021
US dollar	0.95	0.91
Pound sterling	1.18	1.26
Euro	1.00	1.08

## 3. Operating Segments

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

### Biologics

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



## Small Molecules

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

## Cell & Gene

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

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

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

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

## Capsules & Health Ingredients

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

### Twelve months ended 31 December 2022

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

### Twelve months ended 31 December 2021

Million CHF	Biologics	Small Molecules	Cell & Gene	Capsules & Health Ingredients	Total Operating segments	Corporate / Eliminations <sup>1</sup>	Total Continuing operations
<b>Sales third-party</b>	<b>2'699</b>	<b>767</b>	<b>602</b>	<b>1'204</b>	<b>5'272</b>	<b>137<sup>2</sup></b>	<b>5'409</b>
Inter-segment sales	5	3	46	4	58	(58)	0
<b>Total sales</b>	<b>2'704</b>	<b>770</b>	<b>648</b>	<b>1'208</b>	<b>5'330</b>	<b>79</b>	<b>5'409</b>
<b>CORE EBITDA</b>	<b>979</b>	<b>215</b>	<b>106</b>	<b>414</b>	<b>1'714</b>	<b>(49)</b>	<b>1'665</b>
Margin in %	36.3	28.0	17.6	34.4	32.5	n.a.	30.8

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

<sup>2</sup> Thereof CHF 123 million in 2022 (2021: CHF 84 million in H2) of third-party sales related to the Specialty Ingredients business, that was divested on 1 July 2021. These sales had a dilutive effect of 60 bps (2021: 50 bps) on the group margin

The reconciliation of the IFRS result to the CORE EBITDA for the twelve months ended 31 December in 2022 and 2021 is as follows:

Million CHF	2022	2021
<b>Profit before income taxes from continuing operations</b>	<b>1'448</b>	<b>760</b>
Net financial result	(95)	(63)
Share of loss from associates/joint ventures	2	(28)
<b>Result from operating activities (EBIT)<sup>1</sup> (from continuing operations)</b>	<b>1'541</b>	<b>851</b>
Environmental-remediation expenses	(27)	(300)
Litigations	(31) <sup>2</sup>	0
Income / (expense) resulting from acquisition and divestitures	202	0
Depreciation & amortization of property, plant and equipment and intangibles, incl. impairment and reversal of impairments	(598)	(514)
<b>CORE EBITDA (from continuing operations)</b>	<b>1'995</b>	<b>1'665</b>

1 Result from operating activities (EBIT) excludes interest income and expenses as well as financial income and expenses that are not interest related and Lonza's share of profit/loss from associates and joint ventures

2 Litigation related to a Lonza legacy site / business

## 4. Business Combinations and Sale of Businesses

In 2022, Lonza completed the divestiture of several businesses in Bioscience and Small Molecule. The contribution of these businesses to the Group's financials (except for the gain on disposal / cash inflow in 2022) were not significant.

Below table summarizes the following effects from these divestitures on the Group financial statements:

Million CHF	2022
Goodwill	(9)
Intangible assets	(10)
Property, plant & equipment	(14)
Current assets (other than cash and cash equivalents)	(8)
Cash and cash equivalents	(2)
Non-current liabilities	8
Current liabilities	1
<b>Net assets disposed of</b>	<b>(34)</b>
Consideration received, satisfied in cash	240
Cash disposed of	(2)
<b>Cash inflow on disposal</b>	<b>238</b>
Contingent consideration receivable	3
CTA recycling and disposal costs	(8)
<b>Gain on disposal, net of CTA recycling and disposal costs</b>	<b>199</b>

## 5. Net Financial Result

The net financial result from continuing operations for the twelve-month period ended 31 December are as follows:

Million CHF	2022	2021
Net interest expenses on debt and bonds	(43)	(38)
Amortization of debt fees and discounts	(6)	(5)
Net interest expenses on financial assets	(3)	(10)
Net interest expenses on IFRS 16 lease liabilities	(12)	(12)
Net interest expenses on defined benefit plan liabilities	0	(1)
Net gain/(loss) on investments measured at fair value through profit or loss	(3)	27
Interest related to derivative instruments	(4)	(13)
Foreign exchange rate differences, including impact from currency-related financial derivative instruments	(15)	(7)
Net impact from fair value adjustment on contingent purchase price consideration	(5)	0
Net other financial expense	(4)	(4)
<b>Net financial result</b>	<b>(95)</b>	<b>(63)</b>

## 6. Dividends Paid

On 5 May 2022, the Annual General Meeting approved the distribution of a dividend of CHF 3.00 (financial year 2020: CHF 3.00) per share in respect of the 2021 financial year.

The distribution to holders of outstanding shares totaled CHF 223 million (2021: CHF 223 million). Thereof, CHF 112 million have been recorded against retained earnings and CHF 111 million have been recorded against reserves from capital contributions of Lonza Group AG.

## 7. Events After the Balance Sheet Date

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

# Forward-Looking Statements

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

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

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

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

## Disclaimer

Except as otherwise required by law, Lonza disclaims any intention or obligation to update any forward-looking statements as a result of developments occurring after this presentation was published.

Lonza Group Ltd has its headquarters in Basel, Switzerland, and is listed on the SIX Swiss Exchange. It has a secondary listing on the Singapore Exchange Securities Trading Limited (“SGX-ST”). Lonza Group Ltd is not subject to the SGX-ST’s continuing listing requirements but remains subject to Rules 217 and 751 of the SGX-ST Listing Manual.

## 27 March 2023

Publication of Annual and Sustainability Reports

## 5 May 2023

Annual General Meeting

## 9 May 2023

Ex-Dividend Date

## 10 May 2023

Record-Dividend Date

## 11 May 2023

Dividend-Payment Date

## 21 July 2023

Half-Year Results 2023

## Q4 2023

Capital Markets Day

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