Making the Medicines of Tomorrow

Alternative Performance Measures

Half-Year 2025

Introduction

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.

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

Performance Measures	**Business Platform**	**Group**
Sales and sales growth at constant exchange rate	●	●
CORE EBITDA / CORE EBITDA margin	●	●
EBITDA	○	●
CORE EPS	○	●

Liquidity and Capital Measures	**Business Platform**	**Group**
Net Debt	○	●
Net Debt / CORE EBITDA ratio	○	●
Net Debt / Equity ratio	○	●
Return On Invested Capital (ROIC)	○	●
Operational Free Cash Flow (before and after acquisition)	○	●

Performance Measures

CORE Results

As exceptional items can differ significantly from year to year, Lonza excludes these exceptional effects from the reported IFRS results to determine the CORE results.

Disclosing CORE results of the Group's performance enhances the financial market's understanding because the CORE results enable better year-on-year comparisons. Furthermore, the Group uses CORE results in addition to IFRS as important factors when internally assessing the Group's performance.

Below non-exhaustive list provides examples of exceptional items that may be considered as CORE adjustments[1]:

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

The reconciliation of the IFRS result to the CORE result for the Half-Year 2025 and 2024 is as follows:

Million CHF	2025	2024
IFRS Profit	**426**	**330**
CORE adjustments		
Amortization of intangible assets from acquisitions	74	66
Restructuring costs, net	(7)	7
Environmental remediation expenses	13	25
Business transformation initiatives[2]	34	0
(Income) / expense resulting from acquisitions and divestitures	13	(1)
Impairments	0	12[3]
Reversal of Impairment	(3)	(1)
Fair value adjustment on contingent consideration expense from acquisition of businesses	0	20[4]
Impairment of loans to joint ventures	0	78[5]
Tax effect[6]	(23)	(34)
CORE Profit	**527**	**502**
CORE Profit attributable to equity holders of the parent	**527**	**501**
CORE Earnings per share attributable to equity holders of the parent	**7.52**	**7.03**

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 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).
3 Impairments include various production assets in Indonesia.
4 Fair value adjustment in relation to the acquisition of Synaffix in 2023.
5 Impairment on loans to Bacthera, also refer to note 7 of the Lonza Annual Report 2024.
6 Group tax rate of 18.8% for 2025 and 16.5% for 2024.

Earnings Before Interest, Tax, Depreciation and Amortization (EBITDA)

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

Million CHF	2025	2024
Result from operating activities (EBIT)	**617**	**534**
Depreciation of property, plant and equipment	290	225
Amortization of intangible assets	96	86
Impairment and reversal of impairment on property, plant, equipment and intangibles	3	17[1]
Earnings before interest, taxes and depreciation (EBITDA)	**1,006**	**862**

Million CHF	2025	2024
Earnings before interest, taxes and depreciation (EBITDA)	**1,006**	**862**
Restructuring costs, net	(7)	7
Environmental remediation expenses	13	25
Business transformation initiatives[2]	34	0
(Income) / expense resulting from acquisitions and divestitures	13	(1)
CORE EBITDA	**1,059**	**893**

1 Includes impairments primarily related to property, plant and equipment and intangibles in Jakarta (ID) and other assets in Visp (CH) and Geleen (NL).
2 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).

Growth at Constant Exchange Rates

Financial results at constant exchange rates are adjusted to eliminate the impact of changes in exchange rates between the reported and reference period – typically the prior year. This adjustment allows management to focus on operational results, without any distorting effect from changes in foreign currency exchange rates from one period to another.

Constant 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

Million CHF	2025	2024	Change in %
Sales	**3,576**	**3,057**	**17.0**
Elimination of effects from hedging instruments[1]	(13)	3	
Sales excluding hedging effects	**3,563**	**3,060**	
Retranslation at prior year rates	79		
Sales at constant exchange rates	**3,642**		**19.0**
CORE EBITDA	**1,059**	**893**	**18.6**
Elimination of effects from hedging instruments[1]	(6)	2	
CORE EBITDA excluding hedging effects	**1,053**	**895**	
Retranslation at prior year rates	20		
CORE EBITDA at constant exchange rates	**1,073**		**19.9**
Margin in %	29.5		

Integrated Biologics

Million CHF	2025	2024	Change in %
Sales	**1,813**	**1,337**	**35.6**
Retranslation at prior year rates	50		
Sales at constant exchange rates	**1,863**		**39.3**
CORE EBITDA	**653**	**475**	**37.5**
Retranslation at prior year rates	20		
CORE EBITDA at constant exchange rates	**673**		**41.7**
Margin in %	36.1		

Advanced Synthesis

Million CHF	2025	2024	Change in %
Sales	**677**	**575**	**17.7**
Retranslation at prior year rates	3		
Sales at constant exchange rates	**680**		**18.3**
CORE EBITDA	**273**	**192**	**42.2**
Retranslation at prior year rates	(1)		
CORE EBITDA at constant exchange rates	**272**		**41.7**
Margin in %	40.0		

1 Impact from the hedging program on Sales (2025: CHF 13 million, 2024: CHF -3 million) and CORE EBITDA (2025: CHF 6 million, 2024: CHF -2 million) which is managed centrally by Corporate Treasury and therefore reported as part of Corporate.

Specialized Modalities

Million CHF	2025	2024	Change in %
Sales	**474**	**530**	**(10.6)**
Retranslation at prior year rates	7		
Sales at constant exchange rates	**481**		**(9.2)**
CORE EBITDA	**82**	**124**	**(33.9)**
Retranslation at prior year rates	(3)		
CORE EBITDA at constant exchange rates	**79**		**(36.3)**
Margin in %	16.4		

Capsules & Health Ingredients

Million CHF	2025	2024	Change in %
Sales	**523**	**540**	**(3.1)**
Retranslation at prior year rates	17		
Sales at constant exchange rates	**540**		**0.0**
CORE EBITDA	**137**	**134**	**2.2**
Retranslation at prior year rates	4		
CORE EBITDA at constant exchange rates	**141**		**5.2**
Margin in %	26.1		

Corporate

Million CHF	2025	2024
Sales	**89**	**75**
Elimination of effects from hedging instruments[1]	(13)	3
Sales excluding hedging effects	**76**	**78**
Retranslation at prior year rates	2	
Sales at constant exchange rates	**78**	
CORE EBITDA	**(86)**	**(32)**
Elimination of effects from hedging instruments[1]	(6)	2
CORE EBITDA excluding hedging effects	**(92)**	**(30)**
Retranslation at prior year rates	0	
CORE EBITDA at constant exchange rates	**(92)**	

1 Impact from the hedging program on Sales (2025: CHF 13 million, 2024: CHF -3 million) and CORE EBITDA (2025: CHF 6 million, 2024: CHF -2 million) which is managed centrally by Corporate Treasury and therefore reported as part of Corporate.

Liquidity and Capital Measures

Net Debt, Net Debt / CORE EBITDA Ratio, Net 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 equivalents 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.

Million CHF	30 June 2025	31 December 2024	Change
Non-current debt	4,199	4,242	(43)
Current debt	415	468	(53)
Current debt classified as held for sale	0	0	0
Total debt	**4,614**	**4,710**	**(96)**
Loans and advances	(141)	(140)	(1)
Short-term investments	0	(600)	600
Cash and cash equivalents	(907)	(1,111)	204
Total cash & cash equivalents, short term investments and loans and advances	**(1,048)**	**(1,851)**	**803**
Net debt	**3,566**	**2,859**	**707**

	30 June 2025	31 December 2024
Net debt / CORE EBITDA Ratio	1.7	1.5
Net debt / Equity Ratio	0.4	0.3

Return On Invested Capital (ROIC)

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.

Components of average invested capital for the six-month period ended 30 June

Million CHF	2025	2024
Result from operating activities (EBIT)	**617**	**534**
Share of result of associates / joint ventures	1	0
CORE adjustments		
Restructuring costs	(7)	7
Environmental remediation expenses	13	25
Business transformation initiatives[1]	34	0
(Income) / expense resulting from acquisition and divestitures	13	(1)
Impairments	0	12[2]
Reversal of Impairment	(3)	(1)
Net operating profit before taxes	**668**	**576**
Taxes[3]	(126)	(95)
Net operating profit after taxes (NOPAT)	**542**	**481**
Net operating profit after taxes (NOPAT), annualized[4]	**1,085**	**962**
Average invested capital	**12,934**	**11,242**
ROIC in %	**8.4**	**8.6**

1 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).
2 Impairment related to property, plant and equipment and intangibles in Jakarta (ID).
3 Group tax rate of 18.8% for 2025 and 16.5% for 2024.
4 NOPAT for the six-month period ended 30 June multiplied by two to reflect a twelve-month period.

Components of average invested capital for the six-months period ended 30 June

Million CHF	2025	2024
Intangible assets	1,934	2,023
Property, plant & equipment	8,595	6,935
Goodwill	3,343	2,841
Inventories	1,870	1,745
Trade receivables	1,115	1,017
Other operating receivables	424	327
Other assets	212	296
Trade payables	(467)	(415)
Other operating liabilities	(3,566)	(2,939)
Net current and deferred tax liabilities	(526)	(588)
Average invested capital	**12,934**	**11,242**

Operational Free Cash Flow (Before and After Acquisitions)

Operational Free Cash Flow measures cash generated by the Group's business operations and represents the capability to pay dividends, repay providers of debt, or carry out acquisitions. Moreover, Lonza distinguishes the Operational Free Cash Flow before and after the effect of any acquisitions and disposals.

Components of Operational Free Cash Flow

Million CHF	2025	2024	Change
Earnings before interest, taxes and depreciation (EBITDA)	**1,006**	**862**	**144**
Change in operating net working capital	(415)	(276)	(139)
Capital expenditures in tangible and intangible assets	(672)	(622)	(50)
Disposal of tangible and intangible assets	3	3	0
Change of other assets and liabilities	249	280	(31)
Change in provisions	(14)	23	(37)
Share-based payment costs	32	26	6
Operational free cash flow (before acquisitions / divestitures)	**189**	**296**	**(107)**
Acquisition of subsidiaries	(48)	0	(48)
Divestiture of subsidiaries	0	0	0
Operational free cash flow	**141**	**296**	**(155)**

Upcoming Roadshows/Conferences:

24 July 2025
UBS, Zurich (CH)

25 July 2025
BNP, London (UK)

28 – 29 July 2025
Bank of America, New York (US)

30 – 31 July 2025
RBC, Toronto and Montreal (CA)

2 September 2025
Kepler Cheuvreux, Stockholm (SW)

3 September 2025
Danske/Baader, Copenhagen (DK)

4 September 2025
ZKB, Dublin (IR)

9 – 10 September 2025
Morgan Stanley Global HC Conference, NY (US)

16 September 2025
Bernstein, Paris (FR)

23 September 2025
UBS Best of Switzerland (virtual)

Upcoming Announcements:

23 October 2025
Q3 2025 Qualitative Business Update

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