Enabling a Healthier World

Half-Year Report

2024

Contents

Performance well on track to deliver Full-Year Outlook: **Sales of CHF 3.1 billion and 1.8% CER[1] sales growth**

CHF 893 million CORE EBITDA resulted in a **margin of 29.2%**

Robust performance in CDMO business, with headwinds in the capsules business within the Capsules & Health Ingredients (CHI) division

Solid free cash flow at CHF 296 million

Group Outlook 2024 confirmed: flat CER sales growth and CORE EBITDA margin in high twenties

Mid-Term Guidance 2024–2028, upgraded in March, confirmed

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

Financial Highlights
For the Six Months Ended 30 June

IFRS Results

Million CHF		2024	Change in %	2023
Sales		**3'057**	**(0.7)**	**3'078**
EBIT		**534**	**(1.1)**	**540**
Margin in %		17.5		17.5
EBITDA		**862**	**(4.1)**	**899**
Margin in %		28.2		29.2
Profit for the period		**330**	**(19.7)**	**411**
EPS basic	(CHF)	**4.61**	**(16.8)**	**5.54**
EPS diluted	(CHF)	**4.61**	**(16.8)**	**5.54**

CORE Earnings[1]

Million CHF		2024	Change in %	2023
CORE EBITDA		**893**	**(3.1)**	**922**
Margin in %		29.2		30.0
CORE EPS basic	(CHF)	**7.03**	**2.0**	**6.89**[2]
CORE EPS diluted	(CHF)	**7.02**	**1.9**	**6.89**[2]
ROIC in %		**8.6**	**(1.1)**	**8.7**

Other Performance Measures

Million CHF	2024	Change in %	2023
Operational free cash flow (before acquisitions and divestitures)	296	n/a	(37)[2]
Operational free cash flow	296	n/a	(131)[2]
Capital expenditures (CAPEX)	622	(18.7)	765
Net debt	1'636	n/a	922[3]
Net debt / CORE EBITDA ratio[4]	0.8	n/a	0.5[3]
Net debt / Equity ratio	0.2	n/a	0.1[3]
Number of employees (Full-Time Equivalent)	17'834	(0.3)	17'896

1 For Lonza's definition of CORE results, also refer to the Alternative Performance Measures Brochure published in conjunction with this Half-Year Report
2 In 2024, Lonza has made changes to the definition of certain Performance Measures (see Alternative Performance Measures Brochure 2024 for further details). As a result 2023 comparative information was restated where necessary
3 Net debt and related ratios are based on reported financial results as of 31 December 2023
4 Net debt/CORE EBITDA is calculated based on the CORE EBITDA of the last twelve months

Biologics
Division

For the six months ended 30 June

Million CHF	2024	2023	Change in %	Change in % in constant currency[1]
Sales	**1’709**	**1’605**	**6.5**	**7.3**
CORE EBITDA	**594**	**517**[2]	**14.9**	**16.4**
Margin in %	34.8	32.2[2]		
Capital expenditures (CAPEX)	**387**	**483**	**(19.9)**	

1 Refer to the Alternative Performance Measures Brochure published in conjunction with this Half-Year Report
2 In 2024, Lonza has made changes to the definition of certain Performance Measures (see Alternative Performance Measures Brochure 2024 for further details). The revised approach resulted in an improved CORE EBITDA by division for 2023, with no impact at Group level

Divisional Overview

Our Biologics division delivered continued robust sales growth, supported by sustained commercial demand in H1 2024.

In Mammalian, there was continued strong demand in large-scale, alongside signs of recovery in the early-stage business. In Q1 2024, we announced an agreement to acquire the Genentech Vacaville site in California (US) from Roche to extend our manufacturing offering for large-scale Mammalian drug substance. The transaction is progressing on schedule and due to close in Q4 2024.

Sales in Bioconjugates were driven by strong commercial demand. The business unit experienced high interest in its strengthened ADC offering following the Synaffix acquisition.

Compared to H1 2023, the division delivered sales growth of 6.5% (7.3% CER) and CORE EBITDA margin increased by 2.6ppts to 34.8%. Margin was supported by favorable product mix and strong operational performance, partially offset by ramp-up costs from new investments coming online.

Small Molecules
Division

For the six months ended 30 June

Million CHF	2024	2023	Change in %	Change in % in constant currency[1]
Sales	**402**	**393**	**2.3**	**2.5**
CORE EBITDA	**135**	**141**[2]	**(4.3)**	**(3.5)**
Margin in %	33.6	35.9[2]		
Capital expenditures (CAPEX)	**60**	**73**	**(17.8)**	

1 Refer to the Alternative Performance Measures Brochure published in conjunction with this Half-Year Report
2 In 2024, Lonza has made changes to the definition of certain Performance Measures (see Alternative Performance Measures Brochure 2024 for further details). The revised approach resulted in an improved CORE EBITDA by division for 2023, with no impact at Group level

Divisional Overview

Our Small Molecules division saw H1 sales growth lower than Full-Year expectations. Sales are anticipated to accelerate in H2, due to customer campaign timing and the new highly potent API facility in Visp (CH), which is expected to commence operations in H2 2024. The division saw continued strong commercial demand for highly potent and complex offerings.

Compared to H1 2023, the division reported sales growth of 2.3% (2.5% CER) in H1 2024. CORE EBITDA margin decreased by 2.3ppts to 33.6%. Margin was driven by favorable product mix and high asset utilization.

Cell & Gene
Division

For the six months ended 30 June

Million CHF	2024	2023	Change in %	Change in % in constant currency[1]
Sales	**331**	**363**	**(8.8)**	**(6.6)**
CORE EBITDA	**62**	**73**[2]	**(15.1)**	**(11.0)**
Margin in %	18.7	20.1[2]		
Capital expenditures (CAPEX)	**57**	**39**	**46.2**	

1 Refer to the Alternative Performance Measures Brochure published in conjunction with this Half-Year Report
2 In 2024, Lonza has made changes to the definition of certain Performance Measures (see Alternative Performance Measures Brochure 2024 for further details). The revised approach resulted in an improved CORE EBITDA by division for 2023, with no impact at Group level

Divisional Overview

In H1 2024, the division saw robust underlying sales and margin performance in Cell & Gene Technologies, which was offset by headwinds in Bioscience. Excluding the one-off from the Codiak termination in H1 2023, divisional sales grew 10%.

The Cell & Gene Technologies margin was supported by improved operational execution and asset utilization. Sales in Bioscience were softer due to lower customer demand resulting from recent early-stage funding constraints, but the business unit delivered strong margins due to a positive product mix and effective cost control programs.

The Cell & Gene division reported sales at -8.8% (-6.6% CER) compared to H1 2023, with CORE EBITDA margin decreasing by 1.4ppts to 18.7%.

Capsules & Health Ingredients
Division

For the six months ended 30 June

Million CHF	2024	2023	Change in %	Change in % in constant currency[1]
Sales	**540**	**595**	**(9.2)**	**(6.1)**
CORE EBITDA	**134**	**192**[2]	**(30.2)**	**(26.6)**
Margin in %	24.8	32.3[2]		
Capital expenditures (CAPEX)	**28**	**33**	**(15.2)**	

1 Refer to the Alternative Performance Measures Brochure published in conjunction with this Half-Year Report
2 In 2024, Lonza has made changes to the definition of certain Performance Measures (see Alternative Performance Measures Brochure 2024 for further details). The revised approach resulted in an improved CORE EBITDA by division for 2023, with no impact at Group level

Divisional Overview

In H1 2024, the Capsules & Health Ingredients division reported sales at -9.2% (-6.1% CER), with a CORE EBITDA margin of 24.8%.

The division experienced recovery in demand for nutraceutical capsules, dosage form solutions and health ingredients, after a period of post-pandemic destocking in 2023. However, the division's performance was impacted by continued customer destocking in the pharma hard empty capsule business.

CORE EBITDA margin was impacted by lower asset utilization due to lower demand, and lower nutraceutical prices. This was partially offset by a comprehensive cost control program across functions and regions.

Corporate

For the six months ended 30 June

Million CHF	2024	2023
Sales[1, 2]	**75**	**122**
CORE EBITDA[2]	**(32)**	**(1)[3]**

1 Primarily includes sales to Arxada (former Specialty Ingredients business, divested in 2021)
2 Includes the impact from the hedging program on Sales (2024: CHF -3 million, 2023: CHF 29 million) and CORE EBITDA (2024: CHF -2 million, 2023: CHF 15 million) which is managed centrally by Corporate Treasury and therefore reported as part of Corporate
3 In 2024, Lonza has made changes to the definition of certain Performance Measures (see Alternative Performance Measures Brochure 2024 for further details). The revised approach resulted in a deteriorated CORE EBITDA for the Corporate division for 2023, with no impact at Group level

Outlook 2024 and Mid-Term Guidance 2024–2028

Lonza provides the following Outlook for Full-Year 2024:

- **Flat CER sales growth**
- **CORE EBITDA Margin in high twenties (27–29%)**

Outlook assumes no unexpected adverse events.

Lonza confirms its Mid-Term Guidance 2024–2028:

- **12–15% sales CAGR in CER (2024–2028)**
- **32–34% CORE EBITDA Margin in 2028**
- **Double-digit ROIC in 2028**
- **1.5–2.0x Net Debt / CORE EBITDA**

Condensed Financial Statements

Condensed consolidated balance sheet at 30 June 2024 (unaudited) and 31 December 2023

Million CHF	2024	2023
Property, plant and equipment	7’143	6’617
Intangible assets	1’998	1’988
Goodwill	2’855	2’752
Other non-current assets	544	574
Deferred tax assets	17	15
Total non-current assets	**12’557**	**11’946**
Inventories	1’714	1’585
Trade receivables and other receivables	1’551	1’609
Current tax receivables	45	40
Short-term investments	620	200
Cash and cash equivalents	1’397	1’468
Total current assets	**5’327**	**4’902**
Total assets	**17’884**	**16’848**
Equity attributable to equity holders of the parent	9’351	9’452
Non-controlling interests	63	60
Total equity	**9’414**	**9’512**
Non-current debt	3’640	2’610
Non-current provision	412	384
Other non-current liabilities (incl. employee benefit liabilities)	1’304	1’088
Deferred tax liabilities	505	491
Total non-current liabilities	**5’861**	**4’573**
Current debt	155	191
Current provision	66	67
Other current liabilities	2’265	2’368
Current tax payable	123	137
Total current liabilities	**2’609**	**2’763**
Total liabilities	**8’470**	**7’336**
Total equity and liabilities	**17’884**	**16’848**

Condensed consolidated income statement for the six months ended 30 June (unaudited)

Million CHF		2024	2023
Sales		**3'057**	**3'078**
Cost of goods sold		(1'941)	(1'970)
Gross profit		**1'116**	**1'108**
Marketing and distribution, Research and development, Administration and general overhead[1]		(557)	(555)[2]
Other operating income and expenses		(25)	(13)
Result from operating activities (EBIT)[3]		**534**	**540**
Net financial result[4]		(139)	(41)
Share of profit / (loss) from associates / joint ventures		0	(13)
Profit before income taxes		**395**	**486**
Income taxes		(65)	(75)
Profit for the period		**330**	**411**
Attributable to:			
Equity holders of the parent		329	410
Non-controlling interests		1	1
Profit for the period		**330**	**411**
Earnings per share for profit attributable to equity holders of the parent			
Basic earnings per share – EPS basic	(CHF)	4.61	5.54
Diluted earnings per share – EPS diluted	(CHF)	4.61	5.54

1 Includes the amortization of acquisition-related intangible assets (2024: CHF 66 million, 2023: CHF 67 million)
2 Includes the impairment related to customer specific intangible assets of CHF 30 million in the US (see Annual Report, note 3)
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 notes 5 and 6

Condensed consolidated statement of comprehensive income for the six months ended 30 June (unaudited)

Million CHF	2024	2023
Profit for the period	**330**	**411**
Other comprehensive income:		
Items that will not be reclassified to profit or loss:		
Re-measurements of net defined benefit liability	11	(4)
Income tax on items that will not be reclassified to profit or loss	(2)	0
	9	**(4)**
Items that are or may be reclassified subsequently to profit or loss:		
Exchange differences on translating foreign operations	305	(121)
Cash flow hedges – effective portion of changes in fair value	(4)	(35)
Income tax on items that are or may be reclassified to profit or loss	(9)	5
	292	**(151)**
Other comprehensive income for the period, net of tax	**301**	**(155)**
Total comprehensive income for the period	**631**	**256**
Total comprehensive income attributable to:		
Equity holders of the parent	628	260
Non-controlling interests	3	(4)
Total comprehensive income for the period	**631**	**256**

Condensed consolidated cash flow statement for the six months ended 30 June (unaudited)

Million CHF	2024	2023
Profit for the period	**330**	**411**
Adjustment for non-cash items	534	395
Income tax paid	(97)	(56)
Interest paid	(60)	(44)
Increase of net working capital	(211)	(333)
Use of provisions	(20)	(15)
Increase / (decrease) of other payables, net	29	11
Net cash provided by operating activities	**505**	**369**
Purchase of property, plant & equipment and intangible assets	(622)	(765)
Acquisition of subsidiaries, net of cash acquired	0	(94)[1]
Disposal of property, plant & equipment and intangible assets	3	2
Increase / (decrease) in loans and advances	(8)	(4)
Net purchase of other assets and disposals	(28)	(27)
Lease payment received	2	2
(Increase) / decrease in short-term investments	(420)	434
Interest and dividend received	18	16
Net cash used for investing activities	**(1’055)**	**(436)**
Issuance of straight bond	959	929
Repayment of straight bond	0	(300)
Increase / (decrease) in debt	(39)	73
Principal payment of lease liabilities	(21)	(39)
Increase / (decrease) in other non-current liabilities	321	329
Purchase of treasury shares[2]	(470)	(311)
Sale of treasury shares	9	9
Dividends paid	(285)	(260)
Net cash provided by / used for financing activities	**474**	**430**
Effect of currency translation on cash	5	(4)
Net increase / (decrease) in cash and cash equivalents	**(71)**	**359**
Cash and cash equivalents at 1 January	1’468	1’339
Cash and cash equivalents at 30 June	**1’397**	**1’698**

1 Relates to the acquisition of Synaffix in 2023 (see Annual Report 2023, note 4)
2 Includes the effects from the Share Buyback Program, see note 9

Condensed consolidated statement of changes in equity for the six months ended 30 June (unaudited)

	Attributable to equity holders of the parent								
Million CHF	Share capital	Share premium	Retained earnings	Hedging reserve	Translation reserve	Treasury shares	Total	Non-controlling interests	Total equity
Six months ended 30 June 2023									
Balance at 1 January 2023	**74**	**2'582**	**9'042**	**16**	**(1'003)**	**(114)**	**10'597**	**68**	**10'665**
Profit for the period	0	0	410	0	0	0	410	1	411
Other comprehensive income, net of tax	0	0	(4)	(33)	(113)	0	(150)	(5)	(155)
Total comprehensive income for the period	**0**	**0**	**406**	**(33)**	**(113)**	**0**	**260**	**(4)**	**256**
Dividends	0	(130)	(130)	0	0	0	(260)	0	(260)
Recognition of share-based payments	0	0	10	0	0	0	10	0	10
Movements in treasury shares	0	0	(61)	0	0	(240)	(301)	0	(301)
Balance at 30 June 2023	**74**	**2'452**	**9'267**	**(17)**	**(1'116)**	**(354)**	**10'306**	**64**	**10'370**
Six months ended 30 June 2024									
Balance 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	329	0	0	0	329	1	330
Other comprehensive income, net of tax	0	0	9	(3)	293	0	299	2	301
Total comprehensive income for the period	**0**	**0**	**338**	**(3)**	**293**	**0**	**628**	**3**	**631**
Dividends	0	(142)	(143)	0	0	0	(285)	0	(285)
Recognition of share-based payments	0	0	17	0	0	0	17	0	17
Movements in treasury shares	0	0	(3)	0	0	(458)	(461)	0	(461)
Capital reduction	(2)	(497)	(497)	0	0	996	0	0	0
Balance at 30 June 2024	**72**	**1'813**	**9'198**	**(26)**	**(1'186)**	**(520)**	**9'351**	**63**	**9'414**

Selected Explanatory Notes

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

These condensed consolidated financial statements are the unaudited, interim consolidated financial statements (hereafter "the interim financial statements") of Lonza Group Ltd and its subsidiaries (hereafter "the Group") for the six-month period ended 30 June 2024 (hereafter "the interim period"). They are prepared in accordance with the International Accounting Standard 34 (IAS 34) "Interim Financial Reporting". These interim financial statements should be read in conjunction with the consolidated financial statements for the year ended 31 December 2023 (hereafter "the annual financial statements") as they provide an update of the previously reported information. The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period. The interim financial statements do not include all of the information required for a complete set of IFRS financial statements.

The preparation of the interim financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets, liabilities and disclosure of contingent liabilities at the date of the interim financial statements. If in the future such estimates and assumptions, which are based on management's best judgment at the date of the interim financial statements, deviate from the actual circumstances, the original estimates and assumptions will be modified as appropriate in the year in which the circumstances change.

New Standards, Interpretations and Amendments
The following new or amended standards became applicable effective as of 1 January 2024:
- Amendments to IAS 1 – Classification of Liabilities as Current or Non-current; Non-current Liabilities with Covenants
- Amendments to IFRS 16 – Lease Liability in a Sale and Leaseback;
- Amendments to IAS 7 and IFRS 7 – Supplier Finance Arrangements;

The above new standards or amendments to existing standards did not have any material effect on the Group's interim financial statements.

2. Exchange Rates

Balance sheet

Period-end rate CHF	30.06.2024	31.12.2023
US dollar	0.90	0.84
Pound sterling	1.14	1.07
Euro	0.96	0.93

Income statement

Average rate CHF	2024	2023
US dollar	0.89	0.91
Pound sterling	1.12	1.12
Euro	0.96	0.99

3. Operating Segments

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

In **Biologics**, Lonza accelerates and de-risks the path from drug substance development to drug product supply, for complex modalities including mammalian, microbial, mRNA and bioconjugates. The end-to-end service offering is complemented by granting customers access to Lonza's expression system and bioconjugates technologies as well as manufacturing related know-how and Drug Product Services capabilities.

In **Small Molecules**, Lonza 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.

In **Cell & Gene**, Lonza supports and equips its customers to develop, de-risk, commercialize and scale their emerging therapies through its three business areas: Cell & Gene Technologies, Bioscience and Personalized Medicine.

In **Capsules & Health Ingredients**, Lonza offers to pharmaceutical and nutraceutical customers innovative capsules and dosage form solutions as well as health ingredients.

Six months ended 30 June 2024

Million CHF	Biologics	Small Molecules	Cell & Gene	Capsules & Health Ingredients	Total Operating segments	Corporate / Eliminations[1]	Total Group
Sales third-party	**1'709**	**402**	**331**	**540**	**2'982**	**75**	**3'057**
Inter-segment sales	3	1	35	0	39	(39)	0
Total sales	**1'712**	**403**	**366**	**540**	**3'021**	**36**	**3'057**
CORE EBITDA	**594**	**135**	**62**	**134**	**925**	**(32)**	**893**
Margin in %	34.8	33.6	18.7	24.8	31.0	n.a.	29.2

Six months ended 30 June 2023

Million CHF	Biologics	Small Molecules	Cell & Gene	Capsules & Health Ingredients	Total Operating segments	Corporate / Eliminations[1]	Total Group
Sales third-party	**1'605**	**393**	**363**	**595**	**2'956**	**122**	**3'078**
Inter-segment sales	3	4	32	0	39	(39)	0
Total sales	**1'608**	**397**	**395**	**595**	**2'995**	**83**	**3'078**
CORE EBITDA[2]	**517**	**141**	**73**	**192**	**923**	**(1)**	**922**
Margin in %[2]	32.2	35.9	20.1	32.3	31.2	n.a.	30.0

1 The "Corporate / Eliminations" column represents the corporate function, including eliminations for reconciliation of the Group total
2 In 2024, Lonza has made changes to the definition of certain Performance Measures (see Alternative Performance Measures Brochure 2024 for further details). The revised approach resulted in an improved CORE EBITDA by division for 2023, with no impact at Group level

The reconciliation of the IFRS result to the CORE EBITDA for the six months ended 30 June in 2024 and 2023 is as follows:

Million CHF	2024	2023
Profit before income taxes	**395**	**486**
Net financial result	139	41
Share of loss from associates/joint ventures	0	13
Result from operating activities (EBIT)[1]	**534**	**540**
Restructuring costs	7	0
Environmental remediation expenses	25	19
(Income) / expense resulting from acquisitions and divestitures	(1)	4
Depreciation & amortization of property, plant and equipment and intangibles, incl. impairments and reversal of impairments[2]	328	359
CORE EBITDA	**893**	**922**

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 Includes impairments of CHF 17 million (2023: 58 million) related to property, plant and equipment and intangibles

Disaggregation of Third Party Revenues

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.

The segments Biologics, Small Molecules, Cell & Gene and Capsules & Health Ingredients derive their revenues primarily from long-term supply agreements with pharmaceutical and nutraceutical customers. These operating segments typically provide products and manufacturing services, from research to commercial supply. Lonza supports customers' research activities as well as the whole life cycle of a customer product from development of a drug substance to commercial supply. Lonza concluded that the revenues of the operating segments shall not be further disaggregated.

The table below shows the segment information provided to the Group's Executive Committee and also illustrates the disaggregation of recognized revenues for the six-month period ended 30 June:

Million CHF	2024	2023
Biologics	1'709	1'605
Small Molecules	402	393
Cell & Gene	331	363
Capsules & Health Ingredients	540	595
Corporate	75	122
Total Group	**3'057**	**3'078**

4. Financial Instruments

The carrying amount of financial assets represents the maximum credit exposure.

Million CHF	Carrying amount 30.06.2024	Fair value 30.06.2024	Carrying amount 31.12.2023	Fair value 31.12.2023
Financial assets at amortized cost				
Trade receivables, net	1'082	1'082	1'138	1'138
Non-current and current other receivables (incl. lease receivables)	259	259	243	243
Accrued income	155	155	110	110
Current and non-current loans	142	142	211	211
Short-term investments at amortized costs	620	620	50	50
Collateral arrangements (Credit Support Annexes)	15	15	20	20
Cash and cash equivalents	1'397	1'397	1'468	1'468
Total financial assets amortized at cost	**3'670**	**3'670**	**3'240**	**3'240**
Financial assets at fair value				
Short-term investments at fair value through profit or loss	0	0	150	150
Other investments	81	81	69	69
Derivative financial instruments	64	64	130	130
Contingent consideration from sale of business	2	2	2	2
Total financial assets at fair value	**147**	**147**	**351**	**351**
Total financial assets	**3'817**	**3'817**	**3'591**	**3'591**
Financial liabilities at amortized cost				
Debt				
– Straight bonds[1]	3'006	3'056	2'027	2'063
– Other debt	789	789	773	773
Current and non-current liabilities	1'084	1'084	1'042	1'042
Trade payables	403	403	468	468
Total financial liabilities at amortized cost	**5'282**	**5'332**	**4'310**	**4'346**
Financial liabilities at fair value				
Derivative financial instruments	115	115	159	159
Contingent consideration	75	75	51	51
Total financial liabilities - measured at fair value through profit and loss	**190**	**190**	**210**	**210**
Total financial liabilities	**5'472**	**5'522**	**4'520**	**4'556**

1 The fair value of straight bonds for disclosure purposes is Level 1 and is calculated based on the observable market prices of the debt instruments

Financial Instruments Carried at Fair Value
The Group applied the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities

Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

Million CHF	30.06.2024				31.12.2023			
	Level 1	Level 2	Level 3	**Total fair value**	Level 1	Level 2	Level 3	**Total fair value**
Assets								
Short-term investments at fair value through profit or loss	0	0	0	**0**	150	0	0	**150**
Other investments	0	81	0	**81**	0	69	0	**69**
Derivative financial instruments	0	64	0	**64**	0	130	0	**130**
Contingent consideration related to sale of business	0	0	2	**2**	0	0	2	**2**
Liabilities								
Derivative financial instruments	0	(116)	0	**(116)**	0	(159)	0	**(159)**
Contingent consideration related to acquisition of businesses	0	0	(75)	**(75)**	0	0	(51)	**(51)**
Net assets and liabilities measured at fair value	**0**	**29**	**(73)**	**(44)**	**150**	**40**	**(49)**	**141**

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

5. Net Financial Result

The net financial result for the six-month periods ended 30 June are as follows:

Million CHF	2024	2023
Net interest expenses on debt and bonds	(53)	(34)
Amortization of debt fees and discounts	(3)	(4)
Net interest income / (expenses) on financial assets	15	16
Net interest expenses on IFRS 16 lease liabilities	(6)	(6)
Impairment of loans to joint ventures	(78)[1]	0
Unfavorable impact from fair value adjustment on contingent purchase price consideration	(20)[2]	0
Foreign exchange rate differences, including impact from currency-related financial derivative instruments	1	(10)
Interest related financial derivative instruments	0	4
Net gains/(losses) on investments measured at fair value through profit or loss	10	(4)
Other net financial income / (expenses)	(5)	(3)
Net financial result	**(139)**	**(41)**

1 See note 6
2 Increase in estimated earn-out liability related to the Synaffix acquisition. The Purchase Price Accounting (PPA) for Synaffix was finalized as of HY 2024. No material changes has been identified compared to the provisional PPA as of 31 December 2023

6. Impairment Consideration on Bacthera Joint Venture

Bacthera is a 50-50 joint venture (JV) which was established by Lonza and Chr. Hansen (now Novonesis) in 2019. To support Bacthera in its commercial ambitions, Lonza constructed a dedicated Microbiome facility in Visp that is subject to a 20-year finance lease agreement (effective from 1 July 2023). In addition, Bacthera received additional funding through equity and loans from both shareholders to finance its own investments.

In November 2021, Bacthera entered into a long-term manufacturing agreement (LTMA) with Seres Therapeutics for the commercial manufacturing of VOWST (a prescription medicine from Seres Therapeutics).

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

On 26 June 2024, Bacthera announced a restructuring plan and the shut down of all activities except the ramp-up of the commercial manufacturing of VOWST. Discussions are ongoing between Bacthera and NHSc about the future of the Bacthera dedicated facility in Visp.

As of 30 June 2024, the total exposure from Lonza into the Bacthera JV is totaling to CHF 198 million, thereof CHF 104 million of finance lease receivable, CHF 78 million of shareholder loan, CHF 9 million of fixed assets under construction and CHF 7 million of receivables. Based on management's evaluation, the Bacthera dedicated production facility has a value to the Lonza Group, either through the future collaboration with NHSc or after repurposing within Lonza's manufacturing network. However, management assesses the likelihood as low that Bacthera will generate sufficient future cashflows to be in a position to repay the shareholder loan. Consequently, Lonza recognized as of 30 June 2024 an impairment on its shareholder loan totaling CHF 78 million. This adjustment is reported as part of the Group's financial results.

7. Seasonality of Operations

In general, Lonza operates in businesses where no significant seasonal or cyclical variations in sales are expected. In the Contract Development and Manufacturing business customers are committed to Lonza through long-term supply agreements. However, certain agreements provide Lonza's customers the option to defer delivery of the finished product for a specific period of time, impacting the revenue recognition pattern.

8. Dividends Paid

On 8 May 2024, the Annual General Meeting approved the distribution of a dividend of CHF 4.00 (financial year 2022: CHF 3.50) per share in respect of the 2023 financial year.

The distribution to holders of outstanding shares totaled CHF 285 million (2023: CHF 260 million). Thereof, CHF 142.5 million have been recorded against retained earnings and CHF 142.5 million have been recorded against reserves from capital contributions of Lonza Group Ltd.

9. Share Buy Back Program and Capital Reduction

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 31 December 2023 under the program was 2,242,568 for a total value of CHF 995.4 million.

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

The total number of shares repurchased under the program until 30 June 2024 (excluding the above share cancelation) was 3,272,675 for a total value of CHF 1'465.2 million.

10. Contemplated Vacaville Business Combination

On 20 March 2024, Lonza announced it had signed an agreement to acquire the Genentech large-scale biologics manufacturing site in Vacaville, California (US) from Roche for USD 1.2 billion. The transaction is expected to close in Q4 2024, subject to customary closing conditions. Upon closing, the Vacaville (US) site will be integrated into Lonza's Biologics division, joining a network of existing mammalian manufacturing sites in Visp (CH), Slough (UK), Singapore (SG), Portsmouth (US) and Porriño (ES).

11. Change in Debt Instrument

In April 2024, Lonza issued the following debt instrument under its EMTN program:

– Eurobond of EUR 1 billion, due on 24 April 2036 (coupon: 3.875% p.a.)

The proceeds of the bonds will be used for refinancing and general corporate purposes.

12. Events After the Balance Sheet Date

On 24 July 2024, the Board of Directors authorized the interim financial statements of Lonza Group Ltd and its subsidiaries for the six-month period ended 30 June 2024 for issue.

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 2024 and Mid-Term Guidance 2024–2028 herein may not prove to be correct. The statements in the section on Outlook 2024 and Mid-Term Guidance 2024–2028 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 section on Outlook 2024 and Mid-Term Guidance 2024–2028 as a result of the factors described above or other factors. Investors should not place undue reliance on the statements in the section on Outlook 2024 and Mid-Term Guidance 2024–2028. Except as otherwise required by law, Lonza disclaims any intention or obligation to update any forward-looking statements as a result of developments.

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.

Upcoming Roadshows:

26 July 2024
ZKB, Zurich

29–30 July 2024
UBS, New York

6 August 2024
Bank of America, London

13 August 2024
Deutsche Bank, Frankfurt

14 August 2024
Stifel, Copenhagen

15 August 2024
Stifel, Stockholm

Upcoming Announcements:

Q4 2024
Q3 Qualitative Update

December 2024
Investor Update

30 January 2025
Full-Year Results 2024

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