

Legal basis

The Board of Directors of Lonza Group Ltd, Münchensteinerstr. 38, 4052 Basel, (“Lonza” or the “Company”) has decided on 24 January 2023 to buy back own registered shares with a nominal value of CHF 1 each (the “registered shares”) up to a maximum acquisition value of CHF 2 billion over a maximum period of two years (the “share buyback program”).

Based on the closing price of the registered share on SIX Swiss Exchange Ltd. on 29 March 2023, this corresponds to a maximum of 3’731’343 registered shares or 5.01 % of the share capital of the Company, which amounts currently to CHF 74,468,752.00 and is divided into 74,468,752 registered shares with a nominal value of CHF 1 each. Due to future share price developments, the number of effectively repurchased registered shares may differ from the stated number of registered shares, however, under no circumstances will more than 10 % of the share capital and voting rights entered in the commercial register be repurchased under the share buyback program.

The company intends to execute a capital reduction by cancelling share capital in the amount of the buyback volume under this share buyback program on a yearly basis.

Trading on the second line of SIX Swiss Exchange Ltd.

A second line will be established for the shares of Lonza on SIX Swiss Exchange Ltd. in accordance with the International Reporting Standard. Only Lonza is permitted to assume the role of buyer on this second line (via the bank mandated to conduct the share buyback) and to purchase own shares for the purpose of a capital reduction at a later date. Fair and orderly trading in the registered shares of Lonza under the current security no. 1.384.101 shall not be affected by this measure and shall continue as usual. Shareholders of Lonza wishing to sell their shares therefore have the choice of either selling registered shares through the normal trading line or tendering them to the Company for the purpose of the subsequent capital reduction on the second line. The conditions contained in TOB Circular No. 1 regarding buyback programs will be complied with.

Buyback price

The buyback prices and the prices on the second line shall be determined in relation to the prices of the shares of Lonza traded on the first line.

Payment of the net price and delivery of the shares

The trading on the second line represents normal stock exchange transactions. Payment of the net price (buyback price less federal withholding tax, cf. section 1 (Federal withholding tax) below) as well as the delivery of the repurchased registered shares of Lonza will therefore, as a matter of course, take place within two trading days following the trade date.

Mandated bank

Lonza has mandated Zürcher Kantonalbank to carry out the share buyback. Zürcher Kantonalbank shall be the sole stock exchange member setting bid prices for registered shares of Lonza on the second line.

Delegation agreement

Lonza and Zürcher Kantonalbank have concluded a delegation agreement pursuant to Art. 124 (2) (a) and (3) FMIO. Under the agreement, Zürcher Kantonalbank may repurchase shares independently, subject to certain criteria. Lonza is, however, entitled to terminate the delegation agreement at any time without stating its reasons, or to modify the parameters in accordance with Art. 124 (3) FMIO.

Duration of the buyback

Trading in the registered shares of Lonza shall take place on the second line from 3 April 2023 and shall continue until 2 April 2025 at the latest. Lonza reserves the right to suspend or terminate the share buyback program at any time and shall be under no obligation to repurchase its own shares on the second line as part of this share buyback program.

On-market obligation

According to the regulations of SIX Swiss Exchange Ltd., off-exchange transactions on the second line are prohibited during share buyback programs.

Publication of transaction details

Lonza shall provide constantly updated information on the development of the share buyback program on its website: <https://www.lonza.com/investor-relations/shareholders-and-stock-information/share-buyback>

Maximum daily buyback

In accordance with Article 123 (1) c) of FMIO, the maximum daily buyback amount is published on the Company's website at: <https://www.lonza.com/investor-relations/shareholders-and-stock-information/share-buyback>

Taxes

The buyback of a company's own shares for the purpose of a reduction in capital is treated, both in terms of federal withholding tax and direct taxes, as a partial liquidation of the repurchasing company. Specifically, this has the following implications for the selling shareholders:

1. Federal withholding tax

In the case of buybacks, the company must also debit its capital contribution reserves, if any, to the same extent as other reserves (50:50 rule). The federal withholding tax is therefore 35 % on half of the difference between the buyback price of the registered shares and their nominal value, provided that capital contribution reserves confirmed by the FTA exist. As soon as there are no more capital contribution reserves confirmed by the FTA, the federal withholding tax amounts to 35 % on the difference between the buyback price of the registered shares and their nominal value. The tax is deducted from the buyback price by the repurchasing company or by its authorized bank for the attention of the Federal Tax Administration.

Persons domiciled in Switzerland are generally entitled to a refund of federal withholding tax if they had the right to use the registered shares at the time of the redemption, they have properly declared or accounted for the income from the redemption, and there is no tax avoidance (Art. 21 VStG).

Persons domiciled abroad are generally allowed to claim reimbursement of this tax to the extent allowed under any double taxation treaties.

2. Direct taxes

The following explanations relate to the levying of direct federal taxes. As a rule, the same practice applies to cantonal and municipal taxes as to direct federal taxes.

a) Privately held shares:

In the case of repurchases, the company must also debit its capital contribution reserves to the same extent as other reserves (50:50 rule). Therefore, in the event of a return of registered shares to the company, to the extent that capital contribution reserves confirmed by the FTA exist, half of the difference between the buyback price of the registered shares and their nominal value constitutes taxable income (nominal value principle). As soon as there are no more capital contribution reserves confirmed by the FTA, the full difference between the buyback price of the registered shares and their nominal value constitutes taxable income.

b) Shares forming part of a company's assets:

In the event of a share buyback by the company, the difference between the buyback price and the book value of the shares represents taxable profits (book value principle).

Shareholders domiciled abroad are taxed in accordance with the applicable law of the country concerned.

These statements do not constitute a comprehensive description of possible tax consequences or tax advice. Shareholders are advised to consult their own tax advisor regarding the tax consequences of participating in the share buyback program.

Duties and charges

The buyback of own shares for the purpose of a reduction in capital is not subject to transfer stamp tax. The fees of the SIX Swiss Exchange Ltd. are nevertheless payable.

Non-public information

The Company confirms that it does not currently have any non-public information that could significantly influence a decision by shareholders.

Own shares

As of 29 March 2023, Lonza held 136’242 own registered shares in treasury. This corresponds to 0.18 % of the voting and capital rights registered in the commercial register.

Shareholders with more than 3 % of voting rights

In accordance with the announcements published up to 29 March 2023, the following beneficial owners held more than 3 % of the capital and voting rights of Lonza:

BlackRock, Inc., New York, NY, U.S.A.¹
9.97 % of the capital and voting rights

UBS Fund Management (Switzerland) AG, Aeschenvorstadt 1, Basel, Switzerland²
3.01 % of the capital and voting rights

Lonza has no knowledge of the intentions of these shareholders regarding the sale of registered shares under this share buyback program.

¹ As of 10.03.2023

² As of 11.03.2023

Applicable law and place of jurisdiction

Swiss law. The exclusive place of jurisdiction is Zurich.

Swiss security no. / ISIN / ticker symbol

Registered shares of Lonza Group Ltd
1.384.101 / CH0013841017 / LONN

Registered shares of Lonza Group Ltd (share buyback second line)
125.501.449 / CH1255014495 / LONNE

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