

News Release

Lonza Acquires a Controlling Stake in Octane Biotech to Further Develop Cocoon™ Autologous Technology

- Acquisition further strengthens Lonza's commitment to drive the next generation of manufacturing patient-specific and personalized therapies

Basel, Switzerland, 29 October 2018 – Lonza announced today the acquisition of a controlling stake in Octane Biotech, with the right to acquire full ownership. The increase in equity share will allow Lonza to further develop the technology to support the growing need for scalable autologous manufacturing. Octane Orthobiologics Inc. will maintain exclusivity to a certain subset of orthopedic clinical indications for use in the Cocoon™ system.

The two companies have been collaborating since 2015 on the development of the Cocoon™ system, a patient-scale, closed and automated cell-therapy manufacturing system.

Following an intensive joint-development program, the Cocoon™ system now incorporates the majority of unit operations needed for scalable end-to-end manufacturing of cell therapies including Mesenchymal stem cells (MSC) and Chimeric Antigen Receptor T cells (CAR-T cells).

In addition, the flexible, disposable cassettes can be modified to accommodate a wide range of autologous cell therapy processes for adherent cells, non-adherent cells and combination products. This advantage provides flexibility in a field that utilizes a variety of cell types and processes.

Cocoon™ also aims to answer some of the key challenges facing autologous cell therapies as they reach the commercial stage, including variability in cell yields and the stringent regulations in place once products are registered. Automating autologous cell therapy manufacturing in a closed system enables superior process control, leading to fewer deviations and higher cell quality.

“This acquisition is a clear message to the market that we are committed to making commercially viable and scalable personalized therapies a reality,” said Marc Funk, COO of Lonza Pharma & Biotech. “We are looking to disruptive innovation, including automation to enable our customers to bring these promising therapies to patients.”

Timothy Smith, co-founder of Octane Biotech with Ian Grant, said, “As continuing shareholders and directors of Octane Biotech, we welcome the expanded engagement of Lonza to significantly accelerate and reinforce the role of the Cocoon™ system as a game changer in the autologous cell therapy manufacturing space. Since the inception of the company, the vision of our team has been to bring award-winning innovation to this sector, and we are confident that Lonza will excel in enabling these transformative therapies to reach more patients throughout the world.”

The Cocoon™ system is part of Lonza's array of autologous cell therapy offerings. The company is currently working with a number of customers, with therapies in various clinical stages, to integrate the Cocoon™ manufacturing equipment as a key part of their clinical and commercial manufacturing strategy.

Octane Biotech's 24 employees at the current site in Kingston, ON (CA) will continue to support activities as the Cocoon™ system is further developed. In addition, the Lonza autologous cell therapy R&D group will maintain their complete support of Cocoon™ system-related activities from their Maryland (USA) R&D site.

More information about Cocoon™ and Lonza's offering in cell & gene therapy can be found [here](#).

About Lonza

Lonza is one of the world's leading and most-trusted suppliers to the pharmaceutical, biotech and specialty ingredients markets. As an integrated solutions provider, Lonza is boosting its value creation along and beyond the healthcare continuum with a strong focus on patient healthcare, consumer preventive healthcare and consumer's healthy environment.

Lonza harnesses science and technology to create products that support safer and healthier living and that enhance the

overall quality of life. With the recent Capsugel acquisition, Lonza now offers products and services from the custom development and manufacturing of active pharmaceutical ingredients to innovative dosage forms for the pharma and consumer health and nutrition industries.

Benefiting from its regulatory expertise, Lonza is able to transfer its know-how from pharma to hygiene and fast-moving consumer goods all the way to coatings and composites and the preservation and protection of agricultural goods and other natural resources.

Founded in 1897 in the Swiss Alps, Lonza today is a well-respected global company with more than 100 sites and offices and approximately 14,500 full-time employees worldwide. The company generated sales of CHF 5.1 billion in 2017 with a CORE EBITDA of CHF 1.3 billion. Further information can be found at www.lonza.com.

Additional Information and Disclaimer

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.

Certain matters discussed in this news release may constitute forward-looking statements. These statements are based on current expectations and estimates of Lonza Group Ltd, although Lonza Group Ltd can give no assurance that these expectations and estimates will be achieved. Investors are cautioned that all forward-looking statements involve risks and uncertainty and are qualified in their entirety. The actual results may differ materially in the future from the forward-looking statements included in this news release due to various factors. Furthermore, except as otherwise required by law, Lonza Group Ltd disclaims any intention or obligation to update the statements contained in this news release.

Lonza Contact Details

Dirk Oehlers, Head Investor Relations

Lonza Group Ltd
Tel +41 61 316 8540
dirk.oehlers@lonza.com

Constance Ward, Head External Communications

Lonza Group Ltd
Tel +41 61 316 8840
constance.ward@lonza.com

Sanna Fowler, Head Public Relations

Lonza Pharma & Biotech
Tel +41 61 316 8798
sanna.fowler@lonza.com