

MEDIA RELEASE

Sandoz reports year-to-date sales for the first nine months of 2023

- Nine-month net sales* of USD 7.1 billion, up 6 percent in constant currencies (cc)⁽¹⁾
- Solid performance in Generics; Biosimilars grow double-digits
- Recent strategic milestones include US Hyrimoz® launch, approval of Tyruko® in US and Europe, partnership on ustekinumab and closing of Mycamine® acquisition
- Full-year 2023 guidance confirmed
- Sandoz successfully listed on SIX Swiss Exchange as independent company on October 4

Basel, October 24, 2023 – Sandoz (SIX:SDZ/OTCQX:SDZNY), the global leader in generic and biosimilar medicines, today announced its year-to-date sales for the first nine months of 2023, with net sales up 6 percent in constant currencies (cc) to reach USD 7.1 billion.

Performance was driven by solid growth in the Generics business combined with strong above-market growth in Biosimilars. Sandoz has now recorded eight consecutive quarters of growth in cc, supported by continued momentum in the Europe and International regions and continued stabilization in North America.

“Sandoz achieved strong sales growth year-to-date, driven primarily by volume growth in both our generics and biosimilars. We made significant advances on several key biosimilars and are investing to drive long-term growth and deliver on our purpose of pioneering access for patients. With the spin-off successfully completed on October 4, 2023, we are excited to enter a new era as the standalone global leader and European champion.”

Richard Saynor
CEO Sandoz



* Net sales in this document refer systematically to net sales to third parties excluding sales to Novartis Group

PERFORMANCE OVERVIEW

Total net sales

Sandoz net sales were USD 7.1 billion, up 6 percent in cc and up 5 percent in USD, with volume contributing 9 percentage points of growth, partially offset by price erosion of 3 percentage points. Sales growth was mainly driven by Europe, with continued momentum from prior year launches and biosimilars growth.

Sales by business

<i>USD million unless indicated otherwise</i>	9M 2023	9M 2022	Change %	
			USD	cc*
Generics	5 512	5 328	3	5
Biosimilars	1 592	1 445	10	11
Net sales	7 104	6 773	5	6

*Constant currencies

Generics overview

Global sales of Generics reached USD 5.5 billion, up 5 percent in cc, driven by recent launches and volume growth. The first half of the year was particularly strong due to the combination of strong volume demand, a strong cough and cold season and the contribution from prior year launches.

Biosimilars overview

Global sales of Biosimilars reached USD 1.6 billion, up 11 percent in cc, driven by strong contributions from Omnitrope® and Hyrimoz®. Both products have been present in many markets for years and continue to perform well. Omnitrope®, the first ever biosimilar, overtook its reference medicine to become the leading product in the overall growth hormone market this year.

Sales by region

<i>USD millions unless indicated otherwise</i>	9M 2023	9M 2022	Change %	
			USD	cc
Europe	3 751	3 349	12	10
North America	1 514	1 580	-4	-3
International	1 839	1 844	0	7
Net sales	7 104	6 773	5	6

Europe overview

Europe continued to drive global growth, reaching USD 3.8 billion, up 10 percent in cc. The growth was primarily due to contribution from seasonal sales related to a strong cough and cold season in the first half of the year and continued demand for Biosimilars, mainly Omnitrope® and Hyrimoz®.

North America overview

North America sales declined slightly to USD 1.5 billion, down 3 percent in cc. The portfolio continued to demonstrate stable performance due to strong growth of Omnitrope® and overall price erosion below prior year.

International overview

International sales reached USD 1.8 billion, up 7 percent in cc, driven by strong demand in key markets including Australia and Brazil. Key biosimilar products reported strong double-digit growth in the region and overall price erosion below prior year.

Financial guidance

Sandoz reiterates its financial outlook for full year 2023. Net sales are expected to grow mid-single digit in cc. Core EBITDA⁽²⁾⁽³⁾ margin, defined as core EBITDA as a percentage of net sales, is expected to be in the range of approximately 18 to 19 percent. Subject to shareholder approval at the 2024 Annual General Meeting, Sandoz expects to pay a full year dividend of 20 to 30 percent based on full year 2023 core net income⁽²⁾.

RECENT STRATEGIC MILESTONES

On July 1, Sandoz announced a significant strategic milestone with the US launch of Hyrimoz® high concentration formulation (HCF), marking its entrance into the US immunology space. It is also the first of five major biosimilar launches expected over the next few years. Sandoz is already the market leader for Hyrimoz® in Europe and Canada. In the US, Hyrimoz® was included in the three leading US payor groups standard formulary at parity to the reference medicine. Sandoz also announced a unique private-label commercialization agreement with Cordavis, a wholly owned subsidiary launched by CVS Health®, to expand patient access of Hyrimoz® in the US, beginning in Q1 2024. Hyrimoz® HCF is expected to launch in Europe by the end of the year.

Tyruko® was approved in the US and Europe in the third quarter 2023, as the first and only approved biosimilar for relapsing forms of multiple sclerosis. Launches are planned in the first half of 2024.

In August, we announced positive results from our Mylight Phase III study for biosimilar aflibercept for patients living with wet macular degeneration. Aflibercept will be available at launch in a pre-filled syringe. We believe this is a key differentiator for the product as the majority of the reference medicine is delivered in this format, saving clinics time and enhancing the safety of the injection process.

We also made significant moves to drive long-term profitable growth. In July, we announced an investment of approximately USD 90 million to build a state-of-the-art Sandoz Biosimilar Technical Development Center in Slovenia. In September,

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we signed an exclusive deal with Samsung Bioepis to commercialize biosimilar ustekinumab. This followed the successful closing of the acquisition of leading antifungal medicine Mycamine® from Astellas in August.

SPIN-OFF COMPLETED

The proposed 100 percent spin-off from Novartis was successfully completed on October 4, 2023, following endorsement by Novartis shareholders on September 15. Sandoz shares (SDZ) are now listed and traded on the SIX Swiss Exchange and ADRs (SDZNY) are traded on OTCQX®. Sandoz is included in the Swiss Performance Index (SPI®), Swiss Leader Index (SLI®) and other relevant Swiss indices.

In line with expectations, Sandoz received investment grade credit ratings from two key ratings agencies. Moody's Investors Service and S&P Global Ratings have rated Sandoz Baa2 and BBB, respectively, placing the company in a strong position among its peers. Sandoz has secured gross debt financing of USD 3.75 billion and a revolving credit facility of USD 1.25 billion.

KEY LINKS

[Webcast and conference call link for live and replay](#)

[Analyst Call Presentation](#)

[Analyst Consensus](#)

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Non-IFRS measures as defined by Sandoz

Sandoz uses certain non-IFRS metrics when measuring performance, especially when measuring current period results against prior periods, including core results, constant currencies and free cash flow. Despite the use of these measures by management in setting goals and measuring Sandoz' performance, these are non-IFRS measures that have no standardized meaning prescribed by IFRS. As a result, such measures have limits in their usefulness to investors. Because of their non-standardized definitions, the non-IFRS measures (unlike IFRS measures) may not be comparable to the calculation of similar measures of other companies. These non-IFRS measures are presented solely to permit investors to more fully understand how Sandoz' management assesses underlying performance. These non-IFRS measures are not, and should not be viewed as, a substitute for IFRS measures, and should be viewed in conjunction with IFRS financials. As an internal measure of company performance, these non-IFRS measures have limitations, and Sandoz' performance management process is not solely restricted to these metrics.

The definitions of the non-IFRS financial metrics as used by Sandoz in this media release are as follows:

(1) Constant currencies: changes in the relative values of non-US currencies to the US dollar can affect Sandoz financial results and financial position. To provide additional information that may be useful to investors, including changes in sales volume, Sandoz presents information about its net sales and various values relating to operating and net income that are adjusted for such foreign currency effects. Constant currency calculations have the goal of eliminating two exchange rate effects so that an estimate can be made of underlying changes in the combined financial statements excluding the impact of fluctuations in exchange rates:

- the impact of translating the income statements of combined entities from their non-USD functional currencies to USD;
- the impact of exchange rate movements on the major transactions of combined entities performed in currencies other than their functional currency.

Sandoz calculates constant currency measures by translating the current year's foreign currency values for sales and other income statement items into USD (excluding the IAS 29 "Financial Reporting in Hyperinflationary Economies" adjustments to the local currency income statements of subsidiaries operating in hyperinflationary economies), using the average exchange rates from the prior year and comparing them to the prior year values in USD. Sandoz uses these constant currency measures in evaluating its performance, since they may assist the Company in evaluating its ongoing performance from year to year. However, in performing its evaluation, Sandoz also considers equivalent measures of performance that are not affected by changes in the relative value of currencies.

(2) Sandoz core results, including core EBITDA, core operating income and core net income exclude fully the amortization and impairment charges of intangible assets, excluding software, net gains and losses on fund investments and equity securities valued at fair value through profit and loss and certain acquisition- and divestment- related items. The following items that exceed a threshold of USD 25 million are also excluded: integration- and divestment-related income and expenses; divestment gains and losses; restructuring charges / releases and related items; legal related items, impairments of property, plant and equipment, software and financial assets, and income and expense items that management deems exceptional and that are or are expected to accumulate within the year to be over a USD 25 million threshold.

Sandoz believes that investor understanding of its performance is enhanced by disclosing core measures of performance because, since core measures exclude items that can vary significantly from year to year, they enable a better comparison of business performance across years. For this same reason, Sandoz uses these core measures in addition to IFRS and other measures as important factors in assessing its performance.

The following are examples of how these core measures are utilized:

- In addition to monthly reports containing financial information prepared under International Financial Reporting Standards (IFRS), senior management receives a monthly analysis incorporating these core measures;
- Annual budgets are prepared for both IFRS and core measures.

As an internal measure of Sandoz performance, the core results measures have limitations, and the Sandoz performance management process is not solely restricted to these metrics. A limitation of the core results measures is that they provide a view of the Sandoz operations without including all events during a period, such as the effects of an acquisition, divestment, or amortization/impairments of purchased intangible assets, impairments to property, plant and equipment and restructurings and related items.

(3) EBITDA: Sandoz defines earnings before interest, tax, depreciation and amortization (EBITDA) as operating income, excluding depreciation of property, plant and equipment, depreciation of right-of-use assets, amortization of intangible assets, and impairments of property, plant and equipment, right-of-use assets and of intangible assets.

About Sandoz

Sandoz (SIX: SDZ; OTCQX: SDZNY) is the global leader in generic and biosimilar medicines, with a growth strategy driven by its Purpose: pioneering access for patients. 22,000 people of more than 100 nationalities work together to bring Sandoz medicines to some 500 million patients worldwide, generating substantial global healthcare savings and an even larger total social impact. Its leading portfolio of more than 1500 products addresses diseases from the common cold to cancer. Headquartered in Basel, Switzerland, Sandoz traces its heritage back to the year 1886. Its history of breakthroughs includes Calcium Sandoz in 1929, the world's first oral penicillin in 1951, and the first biosimilar in 2006. In 2022, Sandoz achieved sales of USD 9.1 billion and core EBITDA of USD 1.9 billion.

Disclaimer

This Media Release contains forward-looking statements, which offer no guarantee with regard to future performance. These statements are made on the basis of management's views and assumptions regarding future events and business performance at the time the statements are made. They are subject to risks and uncertainties including, but not confined to, future global economic conditions, exchange rates, legal provisions, market conditions, activities by competitors and other factors outside of the control of Sandoz. Should one or more of these risks or uncertainties materialize or should underlying assumptions prove incorrect, actual outcomes may vary materially from those forecasted or expected. Each forward-looking statement speaks only as of the date of the particular statement, and Sandoz undertakes no obligation to publicly update or revise any forward-looking statements, except as required by law.