

MEDIA & INVESTOR RELEASE

Novartis executes Sandoz Spin-off, completing strategic transformation into a leading, focused innovative medicines company

Ad hoc announcement pursuant to Art. 53 LR

- *Novartis executes separation of the Sandoz business to create an independent company by way of a 100% Spin-off*
- *Shares of Sandoz will be listed and commence trading today on the SIX Swiss Exchange*
- *Spin-off allows shareholders to benefit from a Novartis with capital and management attention fully focused on innovative medicines*
- *Novartis pipeline one of the industry's most competitive, focused on key next-generation platforms and four core therapeutic areas*
- *Company reiterates guidance for FY 2023, with sales expected to grow high single digits and core operating income low double digits to mid-teens¹*
- *Novartis to maintain consistent approach to capital allocation priorities including share buy-back and continued strong and growing dividend policy, with no re-basing after the Sandoz Spin-off*

Basel, October 4, 2023 — Novartis today completed the Spin-off of Sandoz, its Generics and Biosimilars business, through a dividend-in-kind distribution to holders of Novartis shares and American Depositary Receipts (ADRs), with each holder receiving one Sandoz share for every five Novartis shares or one Sandoz ADR for every five Novartis ADRs, held at the close of business on October 3, 2023.

The Spin-off of Sandoz enables Novartis to complete its transformation to become a leading, focused medicines company. With capital allocation and management attention fully focused on innovative medicines, Novartis is well-positioned for sustained top- and bottom-line growth.

“This is a truly historic moment for Novartis and Sandoz, as we begin new chapters as independent companies. With several consecutive quarters of sales growth, Sandoz starts out from a position of strength as a global leader in Generics and Biosimilars, and I am confident they are poised to deepen their impact on patients and society,” said Vas Narasimhan, M.D., CEO of Novartis. “Today, after more than USD 100bn in transactions over the last few years, Novartis emerges as a fully focused innovative medicines company. We are entering this new era with strong financial performance and R&D momentum, and I’m more confident than ever in our ability to reimagine medicine for and with patients around the globe.”

With its new strategy unveiled in 2022, Novartis has now transformed into a focused innovative medicines business, concentrated on four core therapeutic areas: Cardiovascular, Renal and Metabolic (CRM), Immunology, Neuroscience, and Oncology. Multiple significant in-market and pipeline assets in each of these areas offer the opportunity to address high

disease burden, and the potential for substantial growth, in particular in Novartis priority geographies of the US, China, Germany and Japan.

In addition to two established technology platforms (Chemistry and Biotherapeutics), three next-generation platforms (Cell & Gene Therapy, Radioligand Therapy, and xRNA) are being prioritized for continued investment into new R&D capabilities and manufacturing scale. Novartis has an industry-leading, catalyst-rich pipeline with ~150 projects in clinical development.

With the strong momentum from the first half of the year and positive pipeline evolution, Novartis reiterates guidance for FY2023¹, which was raised at the Q2 results in July:

- Sales are expected to grow high single digit and
- Core Operating Income is expected to grow low double digit to mid-teens.

Novartis also reiterated its disciplined, shareholder-focused approach to capital allocation. This includes the ongoing USD15bn share buy-back announced in July 2023 and the intention to continue paying a strong and growing annual dividend, up from the CHF 3.20 per share paid in 2023, without re-basing after the Sandoz Spin-off.

Shares of Sandoz will be listed and commence trading today from 09:00 CET under the symbol "SDZ" on the SIX Swiss Exchange (SIX), and Sandoz ADRs will be quoted and traded on OTCQX in the US over-the-counter market under the symbol "SDZNY". Shares of Novartis will continue to trade on the SIX under the symbol "NOVN" and Novartis ADRs will continue to trade on the NYSE under the symbol "NVS".

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About Novartis

Novartis is a focused innovative medicines company. Every day, we work to reimagine medicine to improve and extend people's lives so that patients, healthcare professionals and societies are empowered in the face of serious disease. Our medicines reach more than 250 million people worldwide.

Reimagine medicine with us: Visit us at <https://www.novartis.com> and connect with us on [LinkedIn](#), [Facebook](#), [X/Twitter](#) and [Instagram](#).

1. Outlook previously provided for 'Novartis ex Sandoz, (IM + Corporate)'. Barring unforeseen events; growth vs prior year in cc. Key assumptions include: no US Entresto Gx at risk launch in 2023, no Sandostatin LAR generics enter in the US in 2023

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