

MEDIA & INVESTOR RELEASE

Sandoz presents compelling investment proposition as standalone company at Capital Markets Day

- *Sandoz well positioned to deliver continued mid-single digit sales growth; core EBITDA margin of 24-26% and Free Cash Flow to more than double over mid term*
- *European champion committed to further extending global leadership in attractive and growing generics and biosimilars market, via purpose-driven strategy with focus on access and sustainability*
- *Six strategic levers to drive long-term investor value; attractive financial outlook, including targeted investment grade credit profile and progressive dividend policy*

New York, June 8, 2023 — Sandoz today hosts the first of two Capital Markets Days (CMDs) for investors, in New York City, to set out its plans for growth and success as a standalone company, following the proposed 100% spin-off from Novartis.

Sandoz reported sales of USD 9.1 bn in 2022, with a record of six consecutive quarters of single-digit growth. At the CMD today, the company will forecast mid-single digit net sales growth for 2023 as well as for the mid term (2024 to 2028). The core EBITDA margin is expected to expand to 24–26% in the mid term, from a forecast 18-19% in 2023, with the initial decrease from 21.2% in 2022 driven by ongoing inflation and investments required to stand up Sandoz as a separate company.

Free cash flow is expected to more than double by 2028, from a reported USD 0.8 bn in 2022. This should enable Sandoz, with a targeted investment grade credit profile and a prudent capital structure, to pay shareholders a full-year dividend of 20-30% of FY 2023 core net income, increasing to 30-40% in the mid term.

“I am honored to have the opportunity to lead Sandoz into its exciting new future and believe this company will have the Board, Executive team and key capabilities it needs to succeed as a standalone company”, said Gilbert Ghostine, Chairman-designate of the proposed new company, who will open the event later today. *“Sandoz is an established European champion and global leader in generics and biosimilars with an impressive scientific heritage, a powerful purpose-driven strategy and one of the strongest brands in the industry. I am confident that our new company represents a compelling opportunity for both equity and debt investors.”*

Sandoz CEO Richard Saynor said: *“In recent years, we have reshaped our business for the future, driven by a strong leadership team with clear alignment on our vision. We are focused on sales execution, while significantly expanding our pipeline, investing in targeted build-up of capabilities and developing strategic partnerships. Looking forward, six strategic levers will drive long-term investor value: attractive market fundamentals, leadership and scale, multiple growth drivers, margin improvement, accelerated cash generation, and a compelling*

sustainability story. The proposed spin-off would enable us to deliver our full potential, with an attractive and sustainable financial outlook including an expected shareholder dividend."

The expanding Sandoz product pipeline is expected to contribute an additional USD 3 billion in potential net sales over the next five years, with the mix shifting increasingly towards high-value biosimilars and complex generics. The biosimilar pipeline has trebled in size over recent years, now with 24 products, on top of a core generic pipeline of more than 400 products.

Concluding, Saynor said: *"We actively pioneer access for patients by shaping the global healthcare environment, strengthening healthcare systems worldwide by delivering over USD 17 billion in annual savings in Europe and the US alone, reaching 500 million patients a year in over 100 countries, and generating a total social impact estimated in the hundreds of billions of dollars"*.

Sandoz will host a second CMD, in London on June 12, where investors and analysts will have another opportunity to meet Sandoz leadership.

Both events will also be webcast; to register online for access, visit the Investor Relations section of the Novartis website at www.novartis.com, or click directly below:

Capital Markets Day - New York (media-server.com)

Capital Markets Day - London (media-server.com)

Additional Transaction Details

The proposed 100% spin-off of Sandoz is expected to occur in the second half of 2023. Completion of the proposed spin-off is subject to satisfaction of certain conditions, including consultation with works councils and employee representatives (as required), general market conditions, receipt of favorable tax rulings and opinions, final endorsement by the Board of Directors of Novartis AG and shareholder approval. There can be no assurance regarding the ultimate timing of the proposed transaction or that the transaction will be completed. Further details of the proposed spin-off will be provided at a later date.

Disclaimer

This press release contains forward-looking statements within the meaning of the United States Private Securities Litigation Reform Act of 1995. Forward-looking statements can generally be identified by words such as "potential," "can," "will," "plan," "may," "could," "would," "expect," "anticipate," "look forward," "believe," "committed," "investigational," "pipeline," "launch," or similar terms, or by express or implied discussions regarding potential marketing approvals, new indications or labeling for the investigational or approved products described in this press release, or regarding potential future revenues from such products. You should not place undue reliance on these statements. Such forward-looking statements are based on our current beliefs and expectations regarding future events, and are subject to significant known and unknown risks and uncertainties. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those set forth in the forward-looking statements. There can be no guarantee that the investigational or approved products described in this press release will be submitted or approved for sale or for any additional indications or labeling in any market, or at any particular time. Neither can there be any guarantee that, if approved, such generic or biosimilar products will be approved for all indications included in the reference product's label. Nor can there be any guarantee that such products will be commercially successful in the future. In particular, our expectations regarding such products could be affected by, among other things, the uncertainties inherent in research and development, including clinical trial results and additional analysis of existing clinical data; regulatory actions or delays or government regulation generally; the particular prescribing preferences of physicians and patients; competition in general, including potential approval of additional generic or biosimilar

versions of such products; global trends toward health care cost containment, including government, payor and general public pricing and reimbursement pressures and requirements for increased pricing transparency; litigation outcomes, including intellectual property disputes or other legal efforts to prevent or limit Sandoz from selling its products; general political, economic and business conditions, including the effects of and efforts to mitigate pandemic diseases such as COVID-19; safety, quality, data integrity or manufacturing issues; potential or actual data security and data privacy breaches, or disruptions of our information technology systems, and other risks and factors referred to in Novartis AG's current Form 20-F on file with the US Securities and Exchange Commission. Novartis is providing the information in this press release as of this date and does not undertake any obligation to update any forward-looking statements contained in this press release as a result of new information, future events or otherwise.

###

About Sandoz

Sandoz, a Novartis division, is a global leader in generic pharmaceuticals and biosimilars. Our purpose is to pioneer access for patients by developing and commercializing novel, affordable approaches that address unmet medical needs. Our ambition is to be the world's leading and most valued generics company. Our broad portfolio of high-quality medicines covers all major therapeutic areas.

Sandoz on social media:

LinkedIn: <https://www.linkedin.com/company/sandoz>

Twitter: https://twitter.com/sandoz_global

Facebook: <https://www.facebook.com/sandozglobal/>

Instagram: <https://www.instagram.com/sandozglobal>

CEO Richard Saynor on LinkedIn: <https://www.linkedin.com/in/richard-saynor/>

###

Sandoz Global Communications

| | | | |
|-------------|------------------|---------------|-----------------|
| Central | | North America | |
| Chris Lewis | +49 174 244 9501 | Leslie Pott | +1 609 627 5287 |

Novartis Media Relations

E-mail: media.relations@novartis.com

| | | | |
|----------------|-----------------|---------------|-----------------|
| Central | | North America | |
| Richard Jarvis | +41 79 584 2326 | Julie Masow | +1 862 579 8456 |

| | | | |
|------------------|-----------------|--|--|
| Switzerland | | | |
| Satoshi Sugimoto | +41 79 619 2035 | | |

Novartis Investor Relations

Central investor relations line: +41 61 324 7944

E-mail: investor.relations@novartis.com

| | | | |
|--------------------|-----------------|---------------|-----------------|
| Central | | North America | |
| Samir Shah | +41 61 324 7944 | Sloan Simpson | +1 862 345 4440 |
| Nicole Zinsli-Somm | +41 61 324 3809 | Parag Mahanti | +1 973 876 4912 |
| Isabella Zinck | +41 61 324 7188 | | |