

To the shareholders of Novartis AG

# Invitation to the Extraordinary General Meeting

**Date:** Friday, September 15, 2023, 10:00 CEST (doors open at 8:30 CEST)

**Place:** St. Jakobshalle, St. Jakobs-Strasse 390, 4052 Basel, Switzerland

Basel, August 18, 2023

# Agenda

## 1 Special Distribution by Way of a Dividend in Kind to Effect the Spin-off of Sandoz Group AG

The Board of Directors proposes to distribute, by way of a dividend in kind, 1 share in Sandoz Group AG (a "Sandoz Share") for every 5 dividend-bearing shares of Novartis AG\* (the "Distribution"). On the stand-alone balance sheet of Novartis AG, the Distribution shall be made at the book value of Sandoz Group AG ("Sandoz"), amounting immediately prior to the Distribution to a total of approximately CHF 5 billion (estimated) but in any case not exceeding the retained earnings available for special distribution of Novartis AG amounting to CHF 23 890 416 766 (as of December 31, 2022 but after deduction of the ordinary dividend and the capital reduction as resolved by the Annual General Meeting on March 7, 2023, as well as a transfer to legal reserves for treasury shares held by foundations), and be booked against retained earnings. The Board of Directors shall determine in its discretion the treatment of fractions and holders of physical share certificates ("*Heimverwahrer*") that do not timely provide the necessary details to receive Sandoz Shares (it being understood that respective Sandoz Shares shall generally be sold and cash proceeds shall be delivered in lieu of fractions or Sandoz Shares of such holders) as well as measures that may be required or advisable under applicable sanctions laws.

\* No dividend in kind will be declared on treasury shares held by Novartis AG or its fully owned subsidiaries (excluding foundations).

The Distribution is subject to the following conditions precedent:

- i. The Sandoz Shares shall have been admitted to listing on the SIX Swiss Exchange as from the ex-dividend date of the Distribution (subject to technical deliverables only);
- ii. Sandoz shall have established a Level I American Depository Receipt ("ADR") program with respect to the Sandoz Shares ("Sandoz ADR Program") to enable distribution to holders of Novartis ADRs issued pursuant to the deposit agreement among Novartis, JPMorgan Chase Bank, N.A. ("JP Morgan"), and all owners and holders from time to time of Novartis ADRs;
- iii. The U.S. Securities and Exchange Commission ("SEC") shall have declared effective the registration statement on Form F-6 filed by JP Morgan, with the SEC pursuant to the U.S. Securities Act of 1933, as amended, for the registration of the Sandoz ADRs and no stop order suspending the effectiveness of this registration statement shall be in effect and no proceedings for that purpose shall be pending before or threatened by the SEC;
- iv. No order, injunction or decree issued by any governmental authority of competent jurisdiction or other legal restraint or prohibition preventing consummation of the separation of the Sandoz business and/or the spin-off of Sandoz shall be in effect, and no other event outside the control of Novartis shall have occurred or failed to occur that prevents the consummation of the separation of the Sandoz business and/or the spin-off of Sandoz (including, but not limited to, Novartis not being able to complete the internal transactions to separate the business currently constituting the Sandoz business of Novartis from the other businesses, due to elements outside of its reasonable control); and
- v. No other events or developments shall have occurred prior to the ex-dividend date of the Distribution that, in the judgment of the Board of Directors, would result in the separation of the Sandoz business and/or the spin-off of Sandoz having a material adverse effect (including, but not limited to, material adverse tax consequences or risks) on Novartis or its shareholders.

The Board of Directors shall (i) determine whether these conditions precedent are satisfied and, to the extent legally permissible, have authority to waive any conditions precedent if such waiver is, in the judgment of the Board of Directors, in the best interest of Novartis and its shareholders; and (ii) set the record, ex-dividend and settlement dates of the

Distribution, which shall occur as soon as practicable following the satisfaction (or waiver) of these conditions precedent.

*Explanation*

Please refer to the shareholder information brochure "Proposed Spin-off of Sandoz" published on [www.novartis.com/egm](http://www.novartis.com/egm) for further information.

**2 Reduction of Share Capital in Connection with the Spin-off of Sandoz Group AG**

The Board of Directors proposes, subject to the special distribution by way of a dividend in kind to effect the spin-off of Sandoz Group AG according to agenda item 1 being approved by the General Meeting, to reduce the share capital by CHF 22 774 777.52 (from CHF 1 138 738 876.00 to CHF 1 115 964 098.48) by way of an ordinary capital decrease, to effect the capital reduction by reducing the par value of the shares from CHF 0.50, each, to CHF 0.49, each, and to allocate the reduction amount to the other capital reserves under the statutory capital reserve.

*Explanation*

In connection with the spin-off of Sandoz, the Board of Directors proposes an ordinary capital decrease of the share capital of Novartis AG in the amount of the share capital of Sandoz to achieve tax neutrality of the spin-off for Swiss with-holding tax purposes and for income tax purposes for Swiss domiciled shareholders holding the shares as private assets. The capital decrease will result in a decrease of the nominal value of the Novartis AG shares by CHF 0.01. Apart from the spin-off of Sandoz, no distribution to shareholders will be made in connection with the capital decrease.

Please refer to the shareholder information brochure "Proposed Spin-off of Sandoz" published on [www.novartis.com/egm](http://www.novartis.com/egm) for further information.

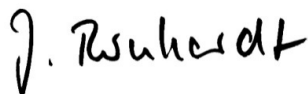
To implement the ordinary capital decrease, a report of the auditors confirming that the claims of the creditors of Novartis AG are fully covered even after the share capital reduction has been implemented will be required among other things, which is expected to be delivered on or around the Extraordinary General Meeting.

Immediately after executing the capital reduction, the Board of Directors would amend Article 4 paragraph 1 of the Articles of Incorporation to read as follows:

The share capital of the Company is CHF 1 115 964 098.48, fully paid-in and divided into 2 277 477 752 registered shares. Each share has a nominal value of CHF 0.49.
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For the Board of Directors

The Board Chair:



Joerg Reinhardt, Ph.D.

(The original German text is binding)

# Organizational Notes

## No Trading Restriction

The registration of shareholders for voting purposes does not affect the trading of shares held by registered shareholders before, during or after a General Meeting.

## Documentation

The shareholder information brochure "Proposed Spin-off of Sandoz" is available in German and English at [www.novartis.com/egm](http://www.novartis.com/egm).

## Voting Rights

Voting rights may only be exercised for shares registered with the right to vote in the share register on September 12, 2023.

## Admission Tickets

Admission tickets and voting materials will be sent from September 5, 2023 to September 13, 2023 to shareholders who register for the Extraordinary General Meeting. It will facilitate the preparations for the meeting if the enclosed registration form is returned as early as possible.

## Proxy Appointment

A shareholder can be represented by a legal representative or, by means of a written proxy, by a representative of choice. Furthermore, a shareholder may be represented by the Independent Proxy (lic. iur. Peter Andreas Zahn, Attorney at Law, St. Jakobs-Strasse 7, 4052 Basel, Switzerland). Proxies may only be appointed for one General Meeting.

## Web portal GVMANAGER Online

Novartis offers its shareholders the use of GVMANAGER Online to order their admission ticket, appoint a proxy, and give voting instructions.

Shareholders registered in the Novartis AG share register receive the login codes with the invitation to the General Meeting. In case of questions, please contact the Novartis Share Registry (Novartis AG, Share Registry, Forum 1-2.77, 4002 Basel, Switzerland, Tel: +41 61 324 72 04, Fax: +41 61 324 32 44, E-mail: [share.registry@novartis.com](mailto:share.registry@novartis.com)).

## Proposals from Shareholders on Agenda Items

Proposals from shareholders on agenda items are only permissible if they are put to the General Meeting by the shareholders themselves or by an individual proxy acting on their behalf. The Independent Proxy cannot act as individual proxy in this sense.

## Transportation

Shareholders are requested to use public transport since parking facilities at the St. Jakobshalle are limited.

## Simultaneous Translations

The General Meeting will be held partially in German and in English with simultaneous translations into German, English and French. Headphones will be provided in the foyer of the St. Jakobshalle.

## Webcast

The General Meeting can be watched as live webcast with simultaneous translations into German and English at [www.novartis.com/egm](http://www.novartis.com/egm).

## Persons in Australia

This invitation is not a "disclosure document" for the purposes of the Australian Corporations Act 2001 (Cth). Persons in Australia please refer to page 5 of the shareholder information brochure.