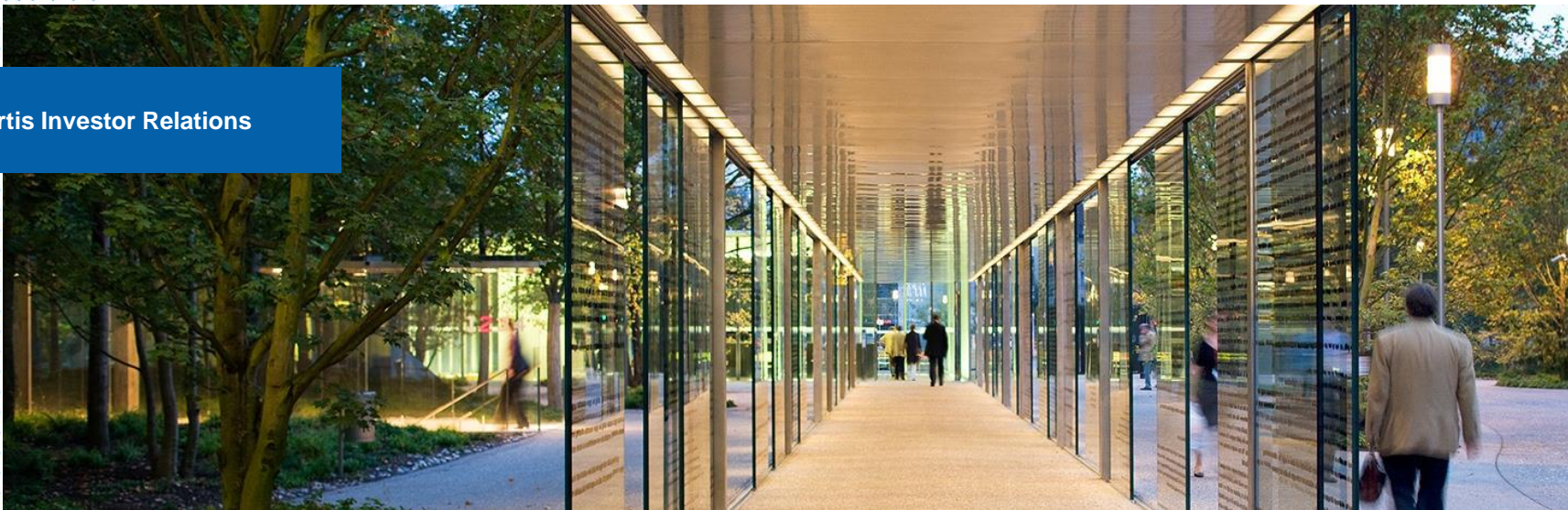




Novartis Investor Relations



Results from Continuing Operations 2022 and first half 2023 (unaudited)

October 10, 2023

 **NOVARTIS** | Reimagining Medicine

Introduction

- Following the shareholder approval for the spin-off of our Sandoz business at the Novartis AG Extraordinary General Meeting held on September 15, 2023, International Financial Reporting Standards (IFRS) require the Sandoz Division and selected portions of corporate activities attributable to Sandoz's business, as well as certain expenses related to the distribution (the "Sandoz business") to be reported as discontinued operations in the consolidated financial statements.
- To comply with IFRS requirements, Novartis has separated the Company's consolidated income statements for the current and prior periods into continuing and discontinued operations.
 - Continuing operations include the retained business activities of Novartis, comprising Innovative Medicines and continuing corporate activities.
 - Discontinued operations include operational results from the Sandoz business
- The following pages show the restated consolidated income statement to present the reported and core results from continuing operations for 2022 and the first half of 2023.

IFRS results from continuing operations (unaudited) 2022

(USD millions unless indicated otherwise)	Q1 2022 (unaudited)	Q2 2022 (unaudited)	H1 2022 (unaudited)	Q3 2022 (unaudited)	9M 2022 (unaudited)	Q4 2022 (unaudited)	FY 2022 (unaudited)
Net sales from continuing operations	10 443	10 695	21 138	10 492	31 630	10 576	42 206
Other revenues	277	297	574	291	865	390	1 255
Cost of goods sold	-2 896	-2 771	-5 667	-2 874	-8 541	-3 041	-11 582
Gross profit from continuing operations	7 824	8 221	16 045	7 909	23 954	7 925	31 879
Selling, general and administration	-2 999	-3 075	-6 074	-2 936	-9 010	-3 183	-12 193
Research and development	-2 112	-2 302	-4 414	-2 542	-6 956	-2 216	-9 172
Other income	175	279	454	87	541	155	696
Other expense	- 430	-1 216	-1 646	- 692	-2 338	- 926	-3 264
Operating income from continuing operations	2 458	1 907	4 365	1 826	6 191	1 755	7 946
Income from associated companies	- 2	- 1	- 3	- 5	- 8	- 3	- 11
Interest expense	- 193	- 194	- 387	- 206	- 593	- 207	- 800
Other financial income and expense	21	25	46	- 28	18	24	42
Income before taxes from continuing operations	2 284	1 737	4 021	1 587	5 608	1 569	7 177
Income taxes	- 352	- 265	- 617	- 257	- 874	- 254	-1 128
Net income from continuing operations	1 932	1 472	3 404	1 330	4 734	1 315	6 049
Basic earnings per share from continuing operations (USD)	0.87	0.67	1.54	0.61	2.16	0.62	2.77

IFRS results from continuing operations (unaudited)

First half 2023

	Q1 2023	Q2 2023	H1 2023
(USD millions unless indicated otherwise)	(unaudited)	(unaudited)	(unaudited)
Net sales from continuing operations	10 798	11 437	22 235
Other revenues	249	308	557
Cost of goods sold	-2 991	-3 342	-6 333
Gross profit from continuing operations	8 056	8 403	16 459
Selling, general and administration	-2 891	-3 091	-5 982
Research and development	-2 575	-2 304	-4 879
Other income	963	135	1 098
Other expense	- 935	- 336	-1 271
Operating income from continuing operations	2 618	2 807	5 425
Income from associated companies	- 2	- 2	- 4
Interest expense	- 200	- 216	- 416
Other financial income and expense	104	85	189
Income before taxes from continuing operations	2 520	2 674	5 194
Income taxes	- 370	- 403	- 773
Net income from continuing operations	2 150	2 271	4 421
Basic earnings per share from continuing operations (USD)	1.02	1.09	2.12

Core results from continuing operations (unaudited) 2022

(USD millions unless indicated otherwise)	Q1 2022	Q2 2022	H1 2022	Q3 2022	9M 2022	Q4 2022	FY 2022
Core gross profit from continuing operations	8 740	9 053	17 793	8 890	26 683	8 908	35 591
Core operating income from continuing operations	3 566	3 811	7 377	3 772	11 149	3 645	14 794
Core income before taxes from continuing operations	3 404	3 679	7 083	3 555	10 638	3 485	14 123
Core income taxes	- 542	- 593	-1 135	- 520	-1 655	- 522	-2 177
Core net income from continuing operations	2 862	3 086	5 948	3 035	8 983	2 963	11 946
Core basic EPS (USD) from continuing operations	1.29	1.40	2.69	1.40	4.09	1.39	5.48
The following are adjustments to the IFRS results to arrive at core gross profit from continuing operations							
Other revenues						-86	-86
Cost of goods sold	916	832	1 748	981	2 729	1 069	3 798
The following are adjustments to the IFRS results to arrive at core operating income from continuing operations							
Selling, general and administration	3	- 3		7	7	43	50
Research and development	64	247	311	472	783	122	905
Other income	- 93	- 170	- 263	- 69	- 332	- 73	- 405
Other expense	218	998	1 216	555	1 771	815	2 586
The following are adjustments to the IFRS results to arrive at core income before taxes from continuing operations							
Other financial income and expense	12	38	50	22	72	26	98

Core results from continuing operations (unaudited)

First half 2023

	Q1 2023	Q2 2023	H1 2023
Core gross profit from continuing operations	9 000	9 591	18 591
Core operating income from continuing operations	3 906	4 240	8 146
Core income before taxes from continuing operations	3 822	4 151	7 973
Core income taxes	- 589	- 649	-1 238
Core net income from continuing operations	3 233	3 502	6 735
Core basic EPS (USD) from continuing operations	1.54	1.69	3.23
The following are adjustments to the IFRS results to arrive at core gross profit from continuing operations			
Cost of goods sold	944	1 188	2 132
The following are adjustments to the IFRS results to arrive at core operating income from continuing operations			
Selling, general and administration	27	3	30
Research and development	522	175	697
Other income	- 859	- 99	- 958
Other expense	654	166	820
The following are adjustments to the IFRS results to arrive at core income before taxes from continuing operations			
Other financial income and expense	14	44	58