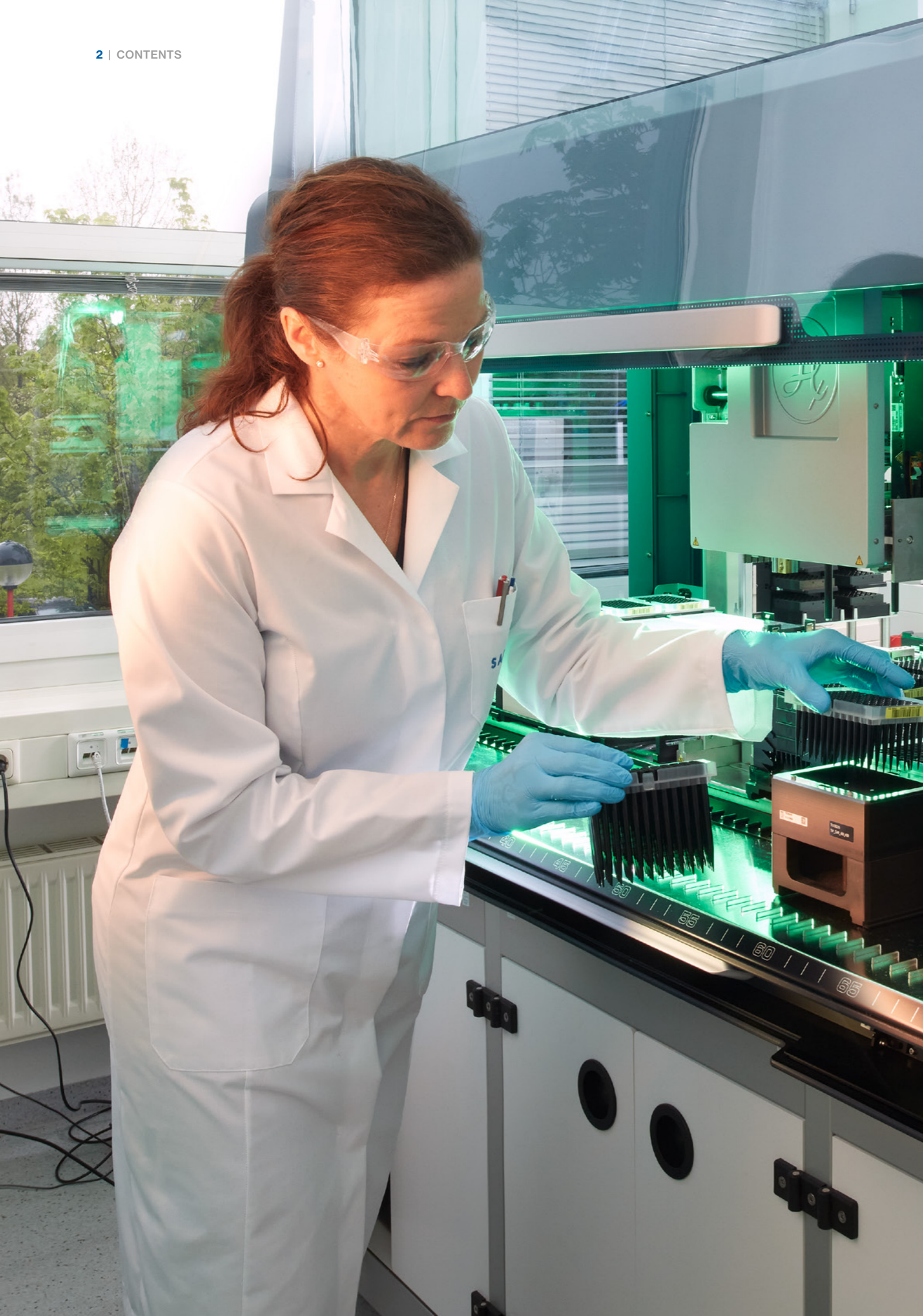


Shareholder Information Brochure

Proposed Spin-off of Sandoz

EXTRAORDINARY GENERAL MEETING OF SHAREHOLDERS OF NOVARTIS AG
September 15, 2023



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Important information

This information brochure has been prepared exclusively for the shareholders of Novartis AG (“Novartis” and, together with its subsidiaries, the “Group”) and holders of Novartis American Depositary Receipts (the “Novartis ADRs”) in connection with the Spin-off (as defined below in this information brochure) of Sandoz Group AG (“Sandoz”) from Novartis as proposed to the extraordinary general meeting of shareholders to be held on September 15, 2023 (the “General Meeting”).

This brochure is not an offer to sell or a solicitation for offers to purchase or subscribe for shares or ADRs in Novartis or Sandoz nor shall it, or any part of it, nor the fact of its distribution form the basis of, or be relied on, in connection with any contract therefor. This brochure does not constitute a prospectus as defined in the Swiss Financial Services Act of June 15, 2018 (“FinSA”) or a prospectus under the securities laws and regulations of the United States or any other laws. This brochure does not constitute a recommendation with respect to the shares of Novartis or Sandoz.

Certain risks may be applicable to the Spin-off described herein and to the shares of Sandoz (the “Sandoz Shares”) once they are traded, and the ADRs with underlying Sandoz Shares (the “Sandoz ADRs”). You are advised to familiarize yourself with the entire content of this brochure and the material it refers to.

In addition, future shareholders of Sandoz Shares should consult the separate listing prospectus for the Sandoz Shares, which will also be published on or around August 18, 2023, including any supplements thereto that may be published from time to time at a later date (together, the “Sandoz Listing Prospectus”). This brochure is only a summary of certain provisions related to the Spin-off and does not purport to be complete. In voting on the Spin-off, you must rely on your own review of the merits of the intended Spin-off, including all risks involved. If you are in any doubt as to the action you should take, you should seek your own financial, legal and tax advice from your custodian, investment adviser, legal adviser or tax adviser.

The necessary information required for the listing of the Sandoz Shares on the SIX Swiss Exchange will be contained in the Sandoz Listing Prospectus. The Sandoz Listing Prospectus will be available on

www.sandoz.com. We urge future holders of Sandoz Shares and Sandoz ADRs to read the Sandoz Listing Prospectus and familiarize themselves with the entire content, including the risk factors, set out therein.

The Sandoz Shares and Sandoz ADRs will not be listed on a US national securities exchange and the proposed Spin-off will not be registered under the US Securities Act of 1933 (the “US Securities Act”). Holders of Novartis ADRs should refer to the separate Appendix for ADR holders (see p. 49 ff. below) for information regarding the effect of the proposed Spin-off on their Novartis ADRs.

The information set out herein and in any related materials is subject to updating, completion, revision, verification and/or amendment. Neither Novartis nor Sandoz nor any of their affiliates or their respective bodies, executives, employees and advisers are under any obligation to update or keep current the information contained in this brochure or to correct any inaccuracies except to the extent it would be required under applicable law or regulation. Neither the US Securities and Exchange Commission (the “SEC”) nor any US state securities commission has approved or disapproved the Sandoz Shares or the Sandoz ADRs or passed comment or opinion upon the accuracy of this brochure. Any representation to the contrary is a criminal offense in the United States.

This brochure contains forward-looking statements within the meaning of the United States Private Securities Litigation Reform Act of 1995, that can generally be identified by words such as “continue,” “progresses,” “remain,” “growth,” “on track,” “confidence,” “upcoming,” “prioritizing,” “expect,” “continued,” “ongoing,” “optimistic,” “outlook,” “focus,” “pipeline,” “growth,” “potential,” “expected,” “will,” “guidance,” “continuing,” “estimated,” “launch,” “continue,” “to deliver,” “transformation,” “address,” “growing,” “accelerate,” “remains,” “scaling,” “expected,” “driven,” “long-term,” “innovation,” “transformative,” “priority,” “can,” “to develop,” “to experience,” “look forward,” “momentum,” or similar expressions, or regarding potential future, pending or announced transactions; or regarding potential future sales or earnings of the Group or any of its divisions; or regarding discussions of strategy, priorities, plans, expectations or intentions, including our transforming into a “pure-play” Innovative Medicines business; or regarding the Group’s liquidity or cash flow positions and its ability to meet its ongoing financial obligations and operational needs; or regarding our planned Spin-off of Sandoz. Such forward-looking statements are based on the current beliefs and expectations

of management 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. You should not place undue reliance on these statements. In particular, our expectations could be affected by, among other things: liquidity or cash flow disruptions affecting our ability to meet our ongoing financial obligations and to support our ongoing business activities; uncertainties regarding potential significant breaches of data security or data privacy, or disruptions of our information technology systems; regulatory actions or delays or government regulation generally; the potential that the benefits and opportunities expected from our planned Spin-off of Sandoz may not be realized or may be more difficult or take longer to realize than expected; safety, quality, data integrity, or manufacturing issues; uncertainties regarding actual or potential legal proceedings, investigations or disputes; general political, economic and business conditions, including the effects of and efforts to mitigate pandemic diseases such as COVID-19; uncertainties regarding future global exchange rates; uncertainties regarding future demand for our products; and other risks and factors referred to in the Novartis current Form 20-F on file with the US Securities and Exchange Commission.

Shareholders should further note that even if the General Meeting approves the resolutions required to carry out the Spin-off, the Spin-off may not be completed (in full or in part) or may be delayed.

This could be the case, for example, if resolutions taken by the General Meeting are challenged, or if necessary consents, including regulatory consents, are not granted or are withdrawn, and could have possible tax consequences. In view of these uncertainties, readers of this brochure are cautioned

not to place undue reliance on such forward-looking statements. Further, it should be noted that any market data and valuations, as well as past trends and performances, described in this brochure are no guarantee for the future development, performance or value of Novartis and Sandoz.

The release, publication or distribution of this brochure, the delivery of Sandoz Shares and Sandoz ADRs, and the payment of cash in lieu of fractional Sandoz Shares or Sandoz ADRs may be restricted by law in certain jurisdictions outside Switzerland and the United States of America. Persons into whose possession this brochure may come are required to inform themselves about and to observe such restrictions. No action has been or will be taken to permit the possession, issue or distribution of this brochure in any country or jurisdiction where action for that purpose is required or doing so is restricted by law. Accordingly, this brochure may not be distributed or published in any jurisdiction except in accordance with applicable laws and regulations. Failure to comply with these restrictions may constitute a violation of the securities laws or regulations of such jurisdictions. To the fullest extent permitted by law, Novartis and its representatives, affiliates and advisors disclaim any responsibility or liability for the violation of such requirements by any person. The information contained in this brochure has been provided by Novartis and by the other sources identified in this brochure.

The information contained in this brochure is accurate only as of the date of this brochure. Neither the delivery of this brochure nor any sale of the Sandoz Shares, once they are traded, and the Sandoz ADRs shall, under any circumstances, create any implication that there has been no change in the affairs of Novartis or Sandoz since the date hereof or that the information contained herein is correct as of any time after the date hereof.

This information brochure is only made available in Australia to persons to whom an offer of securities can be made without disclosure in accordance with applicable exemptions under the Corporations Act 2001 (Cth), as modified by ASIC Instrument 23-0667 (“Corporations Act”). This information brochure is not a prospectus, product disclosure statement or any other form of formal “disclosure document” for the purposes of the Corporations Act. Sandoz has obtained relief from the Australian Securities and Investments Commission (“ASIC”) from the requirement to prepare an Australian law compliant prospectus in connection with the Spin-off (“ASIC Relief”). Accordingly, this information brochure has not been prepared to be in compliance with Australian law, including the Corporations Act. The information disclosed in this information brochure, and this information brochure, is not required to, and does not, contain all the information that would be required in a disclosure document under the Corporations Act.

This information brochure has not been, and will not be, lodged with ASIC as a disclosure document for the purpose of the Corporations Act. No Sandoz Shares which are being listed pursuant to the separate Sandoz Listing Prospectus may be offered for sale (or transferred, assigned or otherwise alienated) to investors in Australia for at least 12 months after listing by a person other than Novartis who: (i) controls Sandoz; (ii) would have been required by subsection 707(2) of the Corporations Act to give disclosure to investors under Part 6D.2 of the Corporations Act but for section 708 or 708A of the Corporations Act; and (iii) did not give disclosure to investors under Part 6D.2 of the Corporations Act because of section 708 or 708A of the Corporations Act. Each investor acknowledges the above and, by applying for Sandoz Shares under the Sandoz Listing Prospectus, that the offer of Sandoz Shares for resale in Australia within 12 months of their listing may require disclosure to investors under Part 6D.2 of the Corporations Act if items (i)-(iii) above apply to the re-sale, and gives an undertaking to not re-sell those Sandoz Shares except as otherwise permitted by the terms of the ASIC Relief or the Corporations Act. Novartis confirms that this information brochure is substantially in the same form as the draft information brochure given to ASIC on August 15, 2023.

The persons referred to in this information brochure may not hold Australian financial services licenses and may not be licensed to provide financial product advice in relation to the Sandoz Shares. No “cooling-off” regime will apply to an acquisition of any interest in Sandoz.

This information brochure is intended to provide general information only and does not take into account the investment objectives, financial situation or needs of any particular person. Accordingly, before making any investment decision in relation to this information brochure, you should assess whether the acquisition of any interest in Sandoz is appropriate in light of your own financial circumstances or seek professional advice.



Letter from the Chair of Novartis

Dear Shareholders

On August 25, 2022, we announced plans to separate Sandoz, consisting of our Generics and Biosimilars business, from Novartis by means of a spin-off. Novartis will continue its strategy of building a focused innovative medicines company, with depth in five core therapeutic areas and strength in technology platforms.

We believe that the separation will provide tremendous opportunities for our businesses and our shareholders, as we work to continue building long-term shareholder value. In particular, it will allow our shareholders to benefit from the potential future successes of a more focused Novartis and an independent Sandoz and offer differentiated and clear investment theses for the individual businesses. Both companies will be able to focus on maximizing value creation for their shareholders by prioritizing capital and resource allocation and increasing management focus pursuant to their respective business needs.

This Spin-off will be implemented if a majority of votes represented in our upcoming General Meeting of September 15, 2023 approve the proposed transaction (provided that all conditions for the Spin-off are met). This shareholder brochure provides an overview of the key factors to consider when voting on the Spin-off and the agenda items of this meeting. This document also explains where more detailed information on the Spin-off and on Sandoz can be found.

The Novartis Board of Directors has unanimously decided to recommend to you to approve this transaction.

Yours sincerely

Joerg Reinhardt
Novartis Board Chair



Letter from the Chair of Sandoz

Dear future Sandoz shareholder

I hope to welcome you soon as a shareholder of Sandoz, a European champion and a global leader in Generics and Biosimilars.

As a global leader in off-patent medicines, we are reaching approximately 500 million patients every year in more than 100 markets across the globe and are driving patient access to affordable medicines, thereby helping to ensure the financial sustainability of healthcare systems worldwide.

We have a highly attractive portfolio and promising pipeline of Generics and Biosimilars across therapeutic areas and forms, which provides us with a powerful level of resilience and a platform for future growth. We will leverage our strong brand and sustain our leading global position by continuing to invest in the key strategic areas of Biosimilars and Generics.

We will execute a growth strategy with a focused approach to deploy resources efficiently and effectively, strengthen key platforms and deliver launch excellence.

As an independent, publicly traded company, we believe we can focus more effectively on our objectives and advance the strategic needs of our company. The Board of Directors, together with the Management of Sandoz, invites you as a Novartis shareholder to vote in favor of the Spin-off at the upcoming General Meeting.

We look forward to your support as a future Sandoz shareholder.

Yours sincerely

Gilbert Ghostine
Sandoz Board Chair

Overview of the proposed Transaction

Summary

On July 18, 2023, Novartis announced its intention to seek shareholder approval for the 100% spin-off of the Sandoz business (the “Spin-off”, and together with all necessary steps to implement the Spin-off, the “Transaction”) at the General Meeting (scheduled for September 15, 2023), which will require the legal and structural separation of the Sandoz business into an independent group (the “Internal Transactions”). The Spin-off will be effected by way of a distribution of a dividend in kind of the Sandoz Shares to the Novartis shareholders, and of Sandoz ADRs to the Novartis ADR holders (the “Spin-off Distribution”).

At this General Meeting, Novartis also seeks shareholder approval for the reduction of Novartis share capital by CHF 22 774 777.52, corresponding to a reduction of a nominal amount of CHF 0.01 for each Novartis share. The capital reduction, if it is fully implemented, will have the effect that the Spin-off Distribution to the holders of shares in Novartis (“Novartis Shares”) in the amount corresponding to the issued share capital in Sandoz will not be subject to (i) Swiss withholding tax at the level of Novartis at a rate of 35% (respectively 53.8% due to a gross-up if the relevant withholding tax is not charged to the Novartis shareholders); and (ii) Swiss federal, cantonal and communal income tax at the level of Swiss resident individuals holding shares as private assets.

As a consequence of the Spin-off, Sandoz will become an independent, publicly traded company on the SIX Swiss Exchange, and the Sandoz ADRs will be quoted and traded on the over-the-counter market.

Eligibility to receive Sandoz Shares or Sandoz ADRs

Provided that the General Meeting approves the Spin-off Distribution and the conditions precedent are met (or, if permissible, waived by Novartis), each Novartis shareholder will receive Sandoz Shares and each Novartis ADR holder will receive Sandoz ADRs on a pro rata basis (i.e., in accordance with the distribution ratio) with respect to all Novartis Shares or Novartis ADRs that they hold or acquired and did not sell or otherwise dispose of prior to the close of business on the Cum Date (as defined below).

You will not be required to make any payment, surrender or exchange your Novartis Shares or Novartis ADRs or take any other action to receive your Sandoz Shares or Sandoz ADRs in the Spin-off, except as otherwise described below with respect to holders of Novartis physical share certificates (“Heimverwahrer”), see “Procedure to receive Sandoz Shares – Holders of Novartis physical share certificates (Heimverwahrer)”, p. 33 below. For more details regarding holders of Novartis ADRs please refer to the separate Appendix for ADR holders on p. 49 ff.

Distribution ratio and fractions

Provided that the General Meeting approves the Spin-off Distribution and the conditions precedent are met (or, if permissible, waived by Novartis), you will receive:

- 1 Sandoz Share for every 5 Novartis Shares
- 1 Sandoz ADR for every 5 Novartis ADRs

Novartis shareholders and Novartis ADR holders will not receive fractional Sandoz Shares or Sandoz ADRs, respectively, and will instead receive cash upon the sale of the aggregated fractional Sandoz Shares or Sandoz ADRs in lieu of any fractional shares or ADRs that they would have received upon application of the distribution ratio.

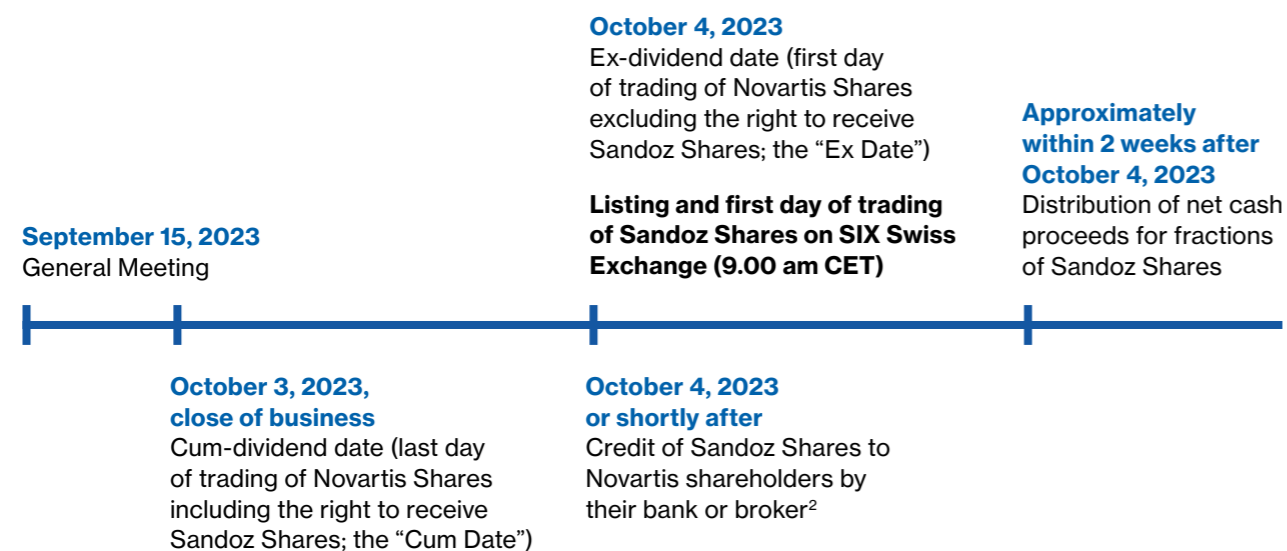
Holders of Novartis share certificates (“Heimverwahrer”) who do not provide the necessary details on time to receive Sandoz Shares will instead receive cash upon the sale of the respective Sandoz Shares (see also “Procedure to receive Sandoz Shares – Holders of Novartis physical share certificates (Heimverwahrer)”, p. 33 below).

Indicative timeline

The Novartis Board of Directors expects that the Spin-off will occur on or around October 4, 2023. The final dates are, among other things, dependent on all conditions to the Spin-off being met within the currently expected timeframe and may therefore be subject to change. Novartis will provide updates on the timeline as additional information becomes available. The Sandoz Listing Prospectus is expected to be published on or around August 18, 2023, and the financial information for H1 2023 is expected to be published in a supplement thereto prior to the General Meeting.

At the earliest, the proposed Transaction could be completed according to the following timeline, which is applicable for shareholders holding their Novartis Shares in book-entry form. For details regarding the timeline for holders of Novartis physical share certificates (“Heimverwahrer”), please refer to “Procedure to receive Sandoz Shares – Holders of Novartis physical share certificates (Heimverwahrer)”, p. 33.

Indicative timeline¹



Novartis ADR holders should review the separate information about the timeline applicable to them in the separate Appendix for ADR holders on p. 49 ff. below.



ISIN, ticker symbol, security number of Novartis Shares, Novartis ADRs and Sandoz Shares³

Title	ISIN	Ticker symbol	Security number
Novartis			
Shares (listed on SIX)	CH0012005267	NOVN	1.200.526
ADRs (listed on NYSE)	US66987V1098	NVS	n/a
Sandoz			
Shares (to be listed on SIX)	CH1243598427	SDZ	124.359.842

Description of Sandoz following approval and implementation of the proposed Transaction

The following provides a general description of Sandoz as it is expected to be constituted as an independent organization if the proposed Transaction is approved and implemented.

For a comprehensive description of Sandoz, including the risks associated with the Sandoz business and holding Sandoz Shares, please refer to the Sandoz Listing Prospectus.

Overview

Sandoz serves a clear purpose: to pioneer access for patients. Sandoz is a European champion and a global leader in generic medicines (“Generics”, and a generic medicine a “Generic”) and biosimilar medicines (“Biosimilars”, and a biosimilar medicine a “Biosimilar”). The off-patent medicines market in which Sandoz operates provides approximately 80% of global medicines at approximately 25% of the total medication costs. Sandoz serves approximately 500 million patients per year through its global network and its medicines have an estimated annual social impact of more than USD 180 billion⁴.

Sandoz benefits from the scale of its product portfolio and its geographic reach. During the year ended December 31, 2022, Sandoz generated USD 9.1 billion of net sales, of which USD 7.1 billion was delivered by its Generics business across oral solids, injectables, inhalers and other dosage forms, while USD 1.9 billion of net sales was delivered by its Biosimilars business. Sandoz product portfolio comprising Generics and Biosimilars covers all major therapeutic areas, including cardiovascular, central nervous system, oncology, anti-infectives, pain and respiratory. On a geographic basis, 50% of Sandoz group net sales were generated in Europe, where it is the number one market participant by gross sales, 27% in international markets, where Sandoz is selectively present in highly attractive

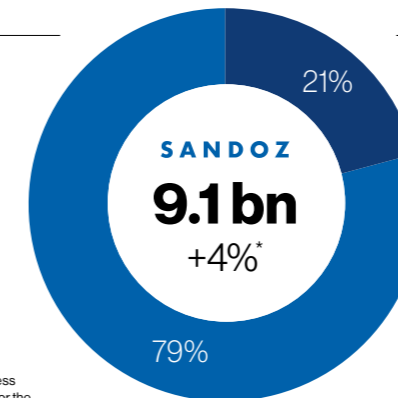
growth markets, and 23% in North America, where it has stabilized its business in the US and is returning to growth ahead of key upcoming launches. In terms of profitability, Sandoz delivered a core EBITDA of USD 1.9 billion and generated USD 0.8 billion of free cash flow.

Sandoz believes that it is well positioned to succeed in the attractive and growing global Generics and Biosimilars markets and to create substantial value for shareholders by leveraging its existing market leadership in scale and portfolio breadth, brand equity, and delivering on its extensive pipeline of 24 Biosimilar and more than 400 Generic products⁵. Through a series of growth drivers, including sales execution, near-term biosimilar pipeline launches, and expansion of its pipeline, Sandoz expects to generate mid-single digit net sales growth over the next five years. Operational improvements, including network simplification, vertical integration, procurement optimization, and operational and organizational excellence, paired with volume, price and product mix, are also expected to drive margin expansion and cashflow generation over the next five years. Sandoz will focus on reinvesting back into the business and returning capital to shareholders, as well as seeking value-generating M&A and BD&L opportunities, and will be supported by its strong balance sheet and investment-grade credit profile.

Sandoz has built a strong and diverse management team with broad experience in the Generics and Biosimilars industries, enabled by a global base of more than 22 000 employees⁶. As a newly independent organization focused on Generics and Biosimilars, Sandoz aims to further enhance its competitive position in the off-patent medicines industry with optimized and focused capabilities and industry-specific strategies, fueled by its deep sense of purpose and an engaged, entrepreneurial Generics mindset. Sandoz strategy is supported by its sustainability agenda, which is rooted in the company’s purpose: To pioneer access to patients.

Net sales by business FY 2022, in USD

Generics
7.1 bn
+3%*



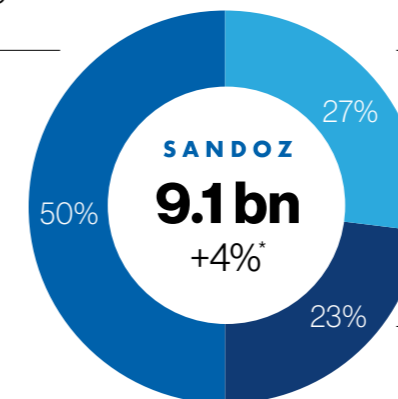
Biosimilars
1.9 bn
+9%*

Note: Net sales to third parties based on audited Sandoz business combined financial statements for the year ended December 31, 2022

*Growth vs. 2021 in constant currencies.

Net sales by geography FY 2022, in USD

Europe
4.5 bn
+6%*



International
2.5 bn
+7%*

North America
2.1 bn
-2%*

Note: Net sales to third parties based on audited Sandoz business combined financial statements for the year ended December 31, 2022

*Growth vs. 2021 in constant currencies.



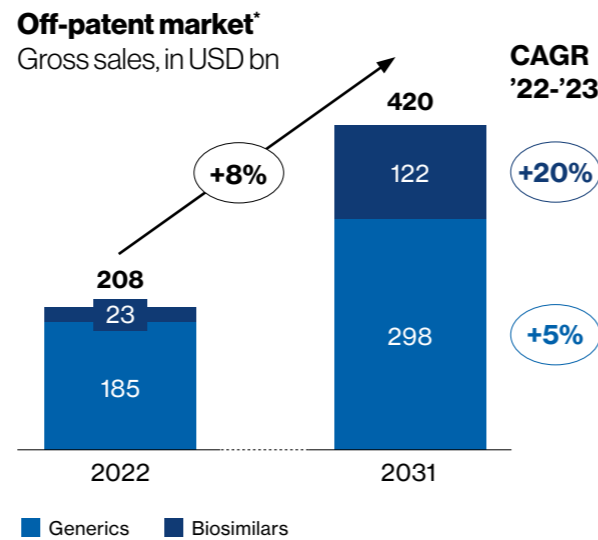
Sandoz strategic levers to drive shareholder value

Sandoz is well positioned to drive sustainable growth, and subsequently, long-term shareholder value through the following six strategic priorities:

- | | |
|---|--|
| 1 Attractive market fundamentals | 4 Margin improvement |
| 2 Leadership and scale | 5 Strong cash flow generation supporting shareholder friendly capital allocation |
| 3 Multiple drivers of sustainable top-line growth | 6 Compelling sustainability profile |

The market Sandoz operates in

Sandoz operates in the USD 208 billion global off-patent medicines market which is underpinned by attractive long-term socio-economic drivers and is expected to grow at approximately 8% per year on a gross sales basis over the next decade. The off-patent medicines market can be divided into Generics and Biosimilars, which each continue to expand due to a growing and aging population, higher rates of chronic disease, increasing market adoption and geographic expansion as healthcare systems and payors seek to reduce the cost of medicines, and a consistent supply of upcoming Loss of Exclusivities (“LoEs”) as patents for originator products expire. Together, these drivers are expected to support long-term growth in volumes that will more than offset anticipated erosion in price. There is an estimated total addressable market opportunity of USD 580 billion based on originator LoEs over the 2023-2032 period.



*Based on Company analysis using IQVIA Analytics Link MAT12-2022 data in LCUSD at gross price, excludes certain sizeable markets with no or limited Sandoz operations; 2022-2031 CAGR for Biocomparable, Early Entry Generics and Generics as defined by IQVIA and includes all ATC and NFC forms.

The off-patent market continues to evolve, with a number of key drivers and headwinds, including, but not limited to

Key drivers

- Supportive demographic trends
- Challenged healthcare systems
- Growing value of loss of exclusivities
- Increasing market adoption of Generics and Biosimilars
- Shifting share towards Biosimilars
- Innovation of more complex Generics

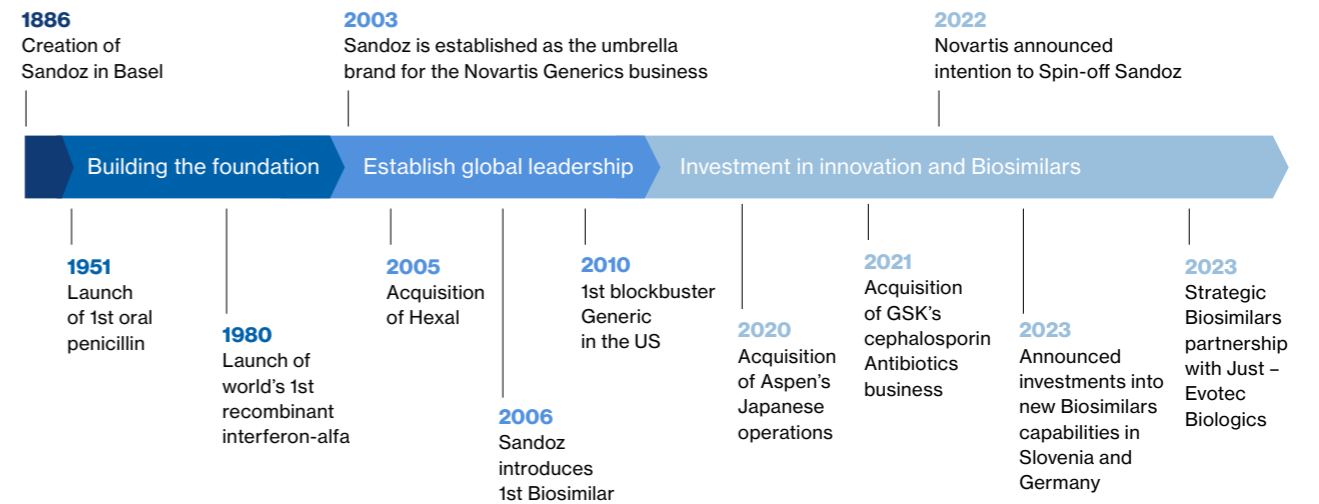
Key headwinds

- Consistent price erosion
- Patent landscape changes including extensions

Heritage of Sandoz

Sandoz history began in 1886 with the formation of Kern & Sandoz, a small chemicals company. By 1917, the company had established its first pharmaceutical department and in 1929, Calcium Sandoz was introduced, laying the foundation for modern calcium therapy. After the Second World War, in 1951, a predecessor company (Biochemie) in Austria introduced the first oral penicillin in Europe, with its fermentation-based technology paving the way for Sandoz to pioneer the new field of Biosimilars with the first-ever Biosimilar launched in Europe in 2006. Novartis was created in 1996 through the merger of Sandoz and Ciba-Geigy, discontinuing both legacy pharmaceutical brands. In 2003, following the acquisition of the Slovenian pharmaceutical company Lek in 2002 by Novartis, Sandoz was re-established as the umbrella brand for the entire Novartis off-patent medicines business. Sandoz was then reinforced in 2005 by the acquisitions of German market leader Hexal and Eon Labs in the

US to create a global leader in Generics. Through the 2000-2010 decade, Sandoz demonstrated its leadership, introducing the world’s first Biosimilar, Omnitrope®, in 2006, and the first blockbuster Generic in the US in 2010 (enoxaparin). The business has subsequently been further strengthened by selected business development activities and product and company acquisitions; for example, the acquisition of Aspen’s Japanese operations in 2020 and GSK’s cephalosporin business in 2021. In 2022, Novartis announced its intention to separate the Sandoz division to form a fully independent company focused on Generics and Biosimilars. Most recently, Sandoz announced more than USD 500 million investments in total into new Biosimilars capabilities in Slovenia and Germany and signed a strategic Biosimilars partnership with Just-Evotec Biologics to further strengthen the foundations of its business. The Sandoz brand today is synonymous with Generics and Biosimilars leadership.



Certain financial key information

The business of Sandoz which is being separated did not publish stand-alone financial statements in the past. As a result, the Sandoz financial figures below are derived (carved-out) from the Novartis consolidated financial statements and accounting records of the Novartis Group that were prepared in accordance with the International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board. Given that these figures are meant to depict the Sandoz business from the perspective of how it is expected to be constituted as an independent company, they are not directly comparable to the financial information of Sandoz as a division of Novartis reported in the consolidated financial statements of the Novartis annual report. Also, these figures may not be indicative of the future

financial performance of Sandoz or necessarily reflect what the actual results of operation, financial position and cash flows would have been had Sandoz been a separate legal entity operated as a separate, stand-alone publicly traded entity during the periods presented.

These Sandoz financial figures include all Sandoz subsidiaries and all Sandoz business operated within Novartis Group subsidiaries. The preparation of carve-out financial statements requires management to make certain estimates and assumptions, either at the balance sheet date or during the year that affect the reported amounts of assets and liabilities as well as expenses. Actual outcomes and results could differ from those estimates and assumptions.

Sandoz core financial data (in USD millions unless indicated otherwise)	FY ended December 31, 2022	FY ended December 31, 2021	Change in USD %	Change in constant currencies (%)
Net sales to third parties	9 069	9 443	-4	4
Core EBITDA	1 931	2 103	-8	-1
Core EBITDA margin (%)	21.3	22.3		
Free cash flow	832	1 025	-19	

For further information regarding the core results presented above, which are non-IFRS measures, including a reconciliation of such core results to the most directly comparable measures presented in accordance with IFRS, please see “Financial information – Non-IFRS measure definitions and reconciliations”, p. 41.

For further details, please refer to section “Management’s Discussion and Analysis of Financial Condition and Results of Operations” as well as the financial information included in the Sandoz Listing Prospectus.

Overview of the organizational structure of Sandoz

The leadership structure of Sandoz will comprise a non-executive Board of Directors and separate executive management team.

The Board of Directors of Sandoz will be responsible for the overall direction and supervision of management, and will hold the ultimate decision-making authority for Sandoz, with the exception of decisions reserved for shareholders. The Board of Directors will delegate certain of its responsibilities to the following committees: the Human Capital & ESG Committee, the Audit, Risk and Compliance Committee and the Science, Innovation and Development Committee. The committees will enable the Board of Directors to work in an efficient and effective manner, ensuring a thorough review and discussion of issues, while giving the Board of Directors more time for deliberation and decision-making.

The committees will regularly meet with management and, at times, external consultants, to review the business, better understand applicable laws and policies affecting Sandoz and support the Board of Directors and management in meeting the requirements and expectations of stakeholders and shareholders.

Board of Directors

At an extraordinary general meeting of shareholders of Sandoz held on August 17, 2023, Novartis, as sole shareholder of Sandoz, elected the members of the Board of Directors for the period until the 2024 annual general meeting of shareholders of Sandoz. Novartis elected Gilbert Ghostine as Chair of the Board of Directors and all other members of the Board of Directors of Sandoz. Mr. Ghostine is currently working for Novartis as the Chair of Sandoz (the “Chair”). His biography is included below.

The other members of the Board of Directors are also listed below.

Gilbert Ghostine, Chair

Year of birth: 1960

Gilbert Ghostine is the former CEO of Geneva-based Firmenich, before its merger with DSM in May 2023 the world’s largest privately owned perfume and taste company, which he led between 2014 and 2023. He is an experienced business leader with a track record of growing and transforming businesses in

competitive industries. He held executive and senior leadership positions at Firmenich and Diageo in a career spanning three decades. He currently serves on the board of directors at Danone, where he is a member of the audit committee, and on the board of directors at Four Seasons Hotels & Resorts, where he chairs the Remuneration and Nomination Committee. He holds a master’s degree in Business Administration from Saint Joseph University, Lebanon and completed Harvard Business School’s Advanced Management Program. Gilbert is the Chair of the Board of Directors.

Dr. Karen J. Huebscher

Year of birth: 1963

Dr. Karen J. Huebscher is the former CEO of Solvias Group, a Swiss contract research firm, which she led between 2014 and 2021, selling it to private equity in 2020. Before joining Solvias Group, Karen founded a start-up and held various senior leadership roles at Novartis, including global head investor relations from 2000 to 2006, head M&A and executive committee member, as well as site head for the Vaccines & Diagnostics division between 2006 and 2011. Karen holds a PhD in Natural Sciences from ETH Zurich, and an MBA from IMD, both in Switzerland. Since 2012, she serves as board member and currently as chair of the audit committee of Tecan Group, a Swiss listed company. She is also a board member at BBI Solutions, a UK based diagnostic reagents and a Novo Holdings company. In addition, Karen is a member of the foundation board at IMD business school. Karen will be Vice Chair of the Board of Directors as well as the ad interim Chair of its Science, Innovation & Development Committee.

François-Xavier Roger

Year of birth: 1962

François-Xavier Roger is the Chief Financial Officer of Nestlé S.A., the world’s largest food company, since 2015. Before joining Nestlé he served as CFO at Takeda Pharmaceuticals, one of the largest publicly listed companies in Japan, between 2013 and 2015, and CFO at Millicom, a NASDAQ listed global mobile phone operator based in Luxembourg, between 2008 and 2013. François-Xavier also worked in finance roles for global food company Danone in Asia and Paris and spent 14 years with predecessor companies of what today is Sanofi, one of the leading companies in the global pharmaceutical industry. He also served on the boards of directors at Takeda Pharmaceuticals between 2013 and 2015 and at Britannia Industries, India, between 2000 and 2008. He will be Chair of the Audit, Risk & Compliance Committee of Sandoz.



Urs Riedener

Year of birth: 1965

Urs Riedener was the CEO of the Swiss consumer goods company Emmi Group between 2008 and 2022. Before joining Emmi Group as CEO, he was a member of the executive board and head of the marketing department at Migros-Genossenschaftsbund. He holds a Master degree in Marketing and Trade from the University of St. Gallen (HSG), Switzerland. Urs also serves as president of the board at Emmi AG, member of the advisory board at Schwarz Group, Germany, and a board member of Bystronic AG, Switzerland. Urs will be Chair of the Human Capital & ESG Committee of Sandoz.

Dr. Shamiram R. Feinglass

Year of birth: 1967

Dr. Shamiram R. Feinglass, MD, MPH was most recently Chief Medical Officer for Diagnostics & Life Sciences and Vice President Global Medical Affairs and Policy, Diagnostics & Life Sciences, at Danaher, a global science and technology company. Shamiram holds an AB from Smith College and Doctor of Medicine as well as a Master of Public Health, both from Emory University, USA. She also serves as board member of the research and innovation advisory board at Children's National Medical Center and a fellow of the Aspen Institute Global Leadership Network, both in the US.

Aarti Shah, PhD

Year of birth: 1964

Aarti Shah, PhD was Chief Information and Digital Officer & Senior Vice President at Eli Lilly and Company between 2016 and 2021, a US-headquartered pharmaceutical company with approximately USD 28.5 billion in revenue in 2022. She held other business and functional roles of increasing responsibility over her 27 years of a successful career with Eli Lilly, including a global brand development leader role between 2013-2016. Aarti holds a PhD in Applied Statistics from the University of California at Riverside, USA. She serves as a board member at both NVIDIA Corporation and Northwestern Mutual, both since 2020, and serves as a trustee for the non-profit organization Shrimad Rajchandra Love and Care USA.

Yannis Skoufalos

Year of birth: 1957

Yannis Skoufalos was Global Product Supply Officer at Procter & Gamble between 2011 and 2019, a US-headquartered consumer goods company with approximately USD 80 billion in net sales for the fiscal year 2022. He held other supply chain roles of increasing responsibility over his 35 years successful international career with Procter & Gamble and served under three different CEOs. He holds a Master of Science in Food Engineering and a Bachelor of Science in Chemical Engineering from the University of Leeds, UK. Yannis also currently serves on the board of directors of Hostess Brands, a public company in the US, and on the board of directors of Sustana, a recycled paper fiber company which is a privately held company of Blackstone.

Remco Steenbergen

Year of birth: 1968

Remco Steenbergen is the Group Chief Financial Officer of Deutsche Lufthansa AG since 2021, the largest airline group in Europe with approximately EUR 33 billion of sales in 2022. Before joining Lufthansa, he served as Group CFO at Barry Callebaut based in Switzerland from 2018 through 2020. Prior to that, he worked in multiple executive business and finance roles for Philips and KPMG in the Netherlands, the United Kingdom, Taiwan, Belgium, Ireland and the United States. In addition to being the Group CFO of Deutsche Lufthansa AG, Remco also serves on the board of several wholly-owned subsidiaries of Deutsche Lufthansa AG. He holds a Post-Doctorate in Accountancy from the Erasmus University Rotterdam, Netherlands, and a Master in Business Administration from IMD Business School in Switzerland.

Maria Varsellona

Year of birth: 1970

Maria Varsellona is the Chief Legal Officer and Company Secretary at Unilever since 2022, a UK-headquartered consumer goods company with approximately EUR 60 billion in turnover (2022). Between 2019 and 2022 she served as general counsel and company secretary of the Switzerland-headquartered industrial company ABB. Prior, she served as Chief Legal Officer of Finland-headquartered telecom company Nokia, as well as president of Nokia Technologies. She has also served as general counsel of Switzerland-headquartered Tetra Pak and held senior roles at General Electric's oil and gas business. Maria holds a Juris Doctor degree from the University of Palermo, Italy. She served as a non-executive director on the board of Nordea Bank between 2016-2020 and on the board of ABB India between 2020 and 2022.

Future Executive Committee

On August 17, 2023 and with effect as of the Spin-off, the Board of Directors of Sandoz appointed and confirmed, respectively, the members of the Executive Committee of Sandoz ("EC"). Below are the biographies of the officers of Sandoz who were appointed to be members of the EC after the Spin-off. There may be changes to those appointed to become members of the EC prior to the date of the Spin-off, and the members of the EC at the time of the Spin-off cannot be known with certainty until the Spin-off occurs. Changes, if any, made prior to the date of the Spin-off will be published when such information becomes available.

Richard Saynor (Chief Executive Officer) is a proven CEO with a wealth of experience in the pharmaceutical industry, with both innovation-driven and Generics/Biosimilars companies. He was appointed CEO of Sandoz in 2019. Prior to joining Sandoz as CEO, he served as senior vice president for Classic & Established Products, Commercial & Digital Platforms at GSK. He had previously served in several commercial senior leadership roles at Sandoz. He is a pharmacist by training and began his pharma business career as a sales representative at G.D. Searle in the UK. He currently serves as the inaugural chair of the CEO Advisory Committee of the International Generics & Biosimilars Association (IGBA).

Colin Bond (Chief Financial Officer) has been CFO of Sandoz since May 1, 2022. Before joining Sandoz, he was CFO at Vifor Pharma from May 2016 to January 2022, and from 2010 to 2016 he was CFO of Evotec AG. During his early career, he worked as auditor and management consultant for Proctor & Gamble, AA and PwC. He is a fellow of the Institute of Chartered Accountants in England and Wales and member of the Royal Pharmaceutical Society of Great Britain. He has a Bachelor of Science in Pharmacy and a Master of Business Administration from London Business School. He is a board member of BioPharma PLC and previously served as a board member of Siegfried Holding AG from 2013 to 2023.

Pierre Bourdage (Chief Commercial Officer) has leadership responsibility for the overall Sandoz pipeline strategy and choices, BD&L priorities and decisions, and end-to-end new product value delivery. Prior to assuming this role in 2022, he served as Global Head of Sandoz Biopharmaceuticals. He has more than 20 years' experience at Novartis Pharmaceuticals, Alcon and Sandoz, across multiple geographies and in substantially different leadership roles. He holds a Bachelor of Commerce from Concordia University, Montreal, has participated in a number of executive development programs and was awarded a Post Graduate Certificate in Leadership Capability, with distinction, from Glasgow Caledonian University.

Claire D'Abreu-Hayling (Chief Scientific Officer) has over 30 years' experience as a pharmaceutical executive with a deep knowledge of drug product development and global research and development processes. In her role, which she holds since 2022, she is responsible for the global product development network including infrastructure strategy, development capabilities, scientific pipeline execution and talent management across both small molecule Generics and Biosimilars. Prior to assuming her current role, she held the position of Head of Product Development. Before Sandoz, she spent 15 years in senior roles at Teva Pharmaceuticals in the UK. She also worked with Sanofi and GSK during the early stages of her career. Before embarking on her career in the pharmaceutical industry, Claire earned a Bachelor of Science in Chemistry degree from the University of the West Indies in Trinidad & Tobago, later earning a Master of Science in Pharmaceutical Analysis and Quality Control from the University of London.

Glenn A. Gerecke (Chief Manufacturing and Supply Officer) is responsible for operational functions across all of Sandoz manufacturing, supply chain and distribution around the world. He joined Sandoz in 2022, having previously held senior operational roles at Phlow Corporation, Teva Pharmaceuticals, and Bristol Myers Squibb. Over the past 35+ years, Glenn has led shop floor and manufacturing support teams, multiple-technology manufacturing sites, regional manufacturing operations, as well as global engineering/facilities and human resources organizations. Glenn holds a Bachelor of Science in Chemical Engineering from Worcester Polytechnic Institute, as well as Master degrees in Business and Management from the University of Massachusetts and Worcester Polytechnic Institute, respectively, and a PhD in Business with from Capella University.

Tripti Jha (Chief People Officer) joined Sandoz on May 1, 2023, as Chief People Officer. Prior to that, she served at Novartis since 2004, most recently as Chief Talent and Transformation Officer for Novartis Group. She brings over 20 years of experience in human resources in the healthcare sector, including extensive experience working with the executive committee and board of directors of Novartis. She also oversaw a large part of the People & Organization function, leading a team of 2,000 human resources associates. Previously, she held various senior, global and country or site-level positions within Novartis Pharmaceuticals, Novartis Business Services and Novartis Group. Prior to joining Novartis, she worked with CARE - a leading humanitarian global organization with a purpose to fight poverty and achieve social justice by empowering women and girls. She graduated with a Master of Arts in social work from Tata Institute of Social Sciences, Mumbai, India and also served as the President of Students Union at Miranda House, University of Delhi.

Ingrid Sollerer (Group General Counsel) is responsible for all aspects of legal affairs across the company since 2019. She joined Novartis in Austria in 1998, followed by seven years in the Novartis Group M&A and Antitrust teams in Basel. She joined Sandoz in 2007, heading Legal for Europe, Africa, and the Middle East, and taking on global legal responsibility for anti-infectives, oncology injectables, and biopharmaceuticals. In 2016 she joined Novartis Oncology in the US as Global Head Legal Oncology Strategy and Business Development, and Cell & Gene. She holds a Doctorate in Law from Leopold-Franzens University in Innsbruck, Austria, and has completed courses in finance from the Harvard Business School and in Healthcare Systems from the Harvard T.H. Chan School of Public Health. She also chairs the Board of Stiftung Menschen für Menschen Karlheinz Böhm's Äthiopienhilfe, an organization providing aid for self-development in Ethiopia.

Rebecca Guntern (President Europe) is responsible for the development and execution of the Europe-wide business strategy across more than 40 countries since 2020. As a trained pharmacist, she is a regular contributor to industry discussions and initiatives, driving debate and reform in areas such as Biosimilars, supply chain solutions, regulatory and economic policies and empowering women in business. She was recently appointed as Vice-President of Medicines for Europe, which represents pharmaceutical companies supplying medicines across Europe. Prior to joining Sandoz in 2007, she worked with other leading pharmaceutical companies such as Roche and Merck Sharpe & Dohme. Her achievements within Sandoz are underscored by the company receiving certification as a Top Employer in Europe on a number of occasions. She holds a Masters degree in Pharmacy from the University of Basel.

Francisco Ballester (President International) manages the company's international region since 2019. He is responsible for driving business growth and access for patients in markets outside of North America and Europe while developing the highly diverse talent in the region. He served previously as President in the Latin America region as well as General Manager of Novartis Pharma in Spain, where he helped build a high-performance culture that resulted in the company being recognized as the best place to work in Spain. He earned a Bachelor of Science in Pharmacy degree at the University of Valencia, followed by a Master of Business Administration degree from the Universitat Politècnica de Valencia.

Keren Haruvi (President North America) leads the Sandoz commercial and country organization in the United States as well as Canada. Prior to joining Sandoz in 2021, she served as Global Head of M&A at Novartis International AG. She brings over 20 years of experience in the pharmaceutical industry across regions, marked by success leading major M&A deals, enterprise innovations, and complex market strategies for large-scale, sustainable growth. She holds a Master of Business Administration (Finance) from Bar-Ilan University and Bachelor degrees in both Economics and Chemistry from Tel Aviv University. She is vice chair and a board member of the Association of Accessible Medicines.

Domicile and location of headquarters

Sandoz Group AG is a company organized under the laws of Switzerland and registered in the Canton of Zug.

Its registered office is located at Suurstoffi 14, 6343 Rotkreuz, Switzerland and the headquarters are located in Basel, Switzerland.

Overview of shareholders' rights

Holders of Sandoz Shares will have largely the same rights as they currently enjoy as Novartis shareholders. All shareholders will equally be entitled to dividends, subject to Swiss law and shareholders' approval at a general meeting of shareholders.

Sandoz will have one class of registered shares with each share entitled to one vote at general meetings of shareholders. Voting rights may only be exercised for shares registered with the right to vote in the Sandoz share register on the record date for the applicable general meeting. Regarding the registration process, please refer to "Q&A – I am registered on the Novartis share register. What do I have to do in order to be registered on the Sandoz share register?" on p. 46 below; for restrictions on voting rights, "Description of Sandoz following approval and implementation of the proposed Transaction – Key provisions in the Articles of Association", p. 22 below as well as the Sandoz Listing Prospectus.

Key provisions in the Articles of Association

It is expected that the Sandoz Articles of Association immediately following the Spin-off will be substantially in the same form as the current Articles of Association of Novartis.

In particular, the Sandoz Articles of Association will also provide for a registration restriction; the registration restriction of Sandoz will be at 5% of the voting rights (i.e., as a rule, no shareholder shall be registered with the right to vote for more than 5%). The threshold for nominees is set at 0.5%. Shares held exceeding the latter threshold may be registered if the nominee discloses the names, addresses and the number of Sandoz Shares of the persons for whose account it holds more than 0.5%. As for Novartis, the Sandoz Board of Directors may allow exemptions from the limitation for registration in the share register. An exemption is expected to

be granted for the Sandoz ADR Depository (but no individual holder of Sandoz ADRs) in connection with the Sandoz ADR program.

Further, it is foreseen that Sandoz will have a capital band authorizing the Board of Directors to conduct one or more capital increases within the limit of 5 percent of Sandoz share capital for the purpose of issuing shares to directors, employees or advisors of Sandoz in connection with any type of share-based participation of incentive plans, schemes or arrangements.

Corporate calendar

Please refer to websites listed under "Contact information", p. 47 below.

Listing and trading of Sandoz Shares

As of the date of this information brochure, Sandoz is a wholly owned subsidiary of Novartis. Accordingly, there is currently no public market for Sandoz Shares. It is intended to list the Sandoz Shares on the SIX Swiss Exchange under the symbol "SDZ" and trading of Sandoz Shares is anticipated to commence on the Ex Date.

Sandoz expects to maintain one share register where the Sandoz Shares will be recorded as book-entry shares via SIX SIS AG ("SIX SIS"). Computershare

Switzerland Ltd will act as the share registrar of Sandoz. Shareholders may generally be registered as shareholders with voting rights in the Sandoz share register if they so wish, subject to the registration restriction (see "Description of Sandoz following approval and implementation of the proposed Transaction – Key provisions in the Articles of Association" on p. 22).

The Sandoz Shares will be issued in uncertificated form and registered in the main register with SIX SIS, the Swiss settlement system. The SIX SIS main register is different and separate from the share register of Sandoz.

Neither the Sandoz Shares nor the Sandoz ADRs will be listed on the NYSE or any other US national securities exchange. For related risks please consult the Sandoz Listing Prospectus.

It is not intended that Sandoz Shares will be issued as physical share certificates.

Sandoz ADR program

Sandoz will establish a sponsored Level I ADR program. For more information, please refer to the separate Appendix for ADR holders on p. 49 ff.





Description of the proposed Transaction

Rationale for the Spin-off

The Novartis Board of Directors has determined that the separation of the Sandoz business from the remainder of its businesses would be in the best interests of Novartis, Sandoz and the Novartis shareholders, and has endorsed the Spin-off.

A wide variety of factors were considered in evaluating the Spin-off, including the following:

Enhanced strategic and management focus

The Spin-off will allow Sandoz and Novartis to more effectively pursue their distinct strategic, operating and financial priorities, enable the management of both companies to focus on opportunities for long-term growth and profitability as well as maximize their respective impact. It will lead to the creation of Sandoz as a leading off-patent medicines company focused on Generics and Biosimilars, and further support the transformation of Novartis into a focused innovative medicines company.

Ability to pursue independent growth strategies

The Spin-off will allow Sandoz and Novartis to pursue independent growth strategies. In particular, it will enable Sandoz to strengthen its key platforms and invest in the key strategic areas of Biosimilars and Generics.

More efficient allocation of capital

The Spin-off will allow Sandoz and Novartis to allocate capital pursuant to their respective investment priorities and implement a capital structure commensurate with their respective cash flows and growth profiles. Both companies will have direct and independent access to capital markets without having to compete with each other for investment capital.

Clearer alignment of incentives with performance objectives

The Spin-off will facilitate tying compensation and incentive arrangements for employees more directly to the performance of the respective businesses, and may enhance employee attraction and retention by, among other things, improving the alignment of management and employee incentives with performance and growth objectives.

Distinct investment thesis

The Spin-off will allow Sandoz and Novartis to define a more focused investment thesis for their respective businesses and separate financial prospects based on their distinct investment identities, including the merits, performance and future prospects of their respective businesses. Sandoz will have a clear investment thesis as a Generics and Biosimilars business, and Novartis as an innovative medicines business ("Innovative Medicines"). The separation will thereby provide investors with two distinct and targeted investment opportunities.

For an overview of the Transaction, including an indicative timeline, please refer to p. 10 ff. above.

Summary of key dis-synergy risks for Novartis

Multiple factors have been considered in evaluating the Spin-off, including a number of benefits in addition to certain dis-synergies and risks. Sandoz and Innovative Medicines have been housed together for decades, and there will be dis-synergies when the two separate and become competitors in certain product markets. These potential dis-synergies and risks are summarized below.

- Sandoz as an independent Generics company will represent a separate company with a commercial incentive to challenge the intellectual property (“IP”) and regulatory protections critical to Innovative Medicines. In common with other Generics companies, Sandoz may begin challenging such protections after the companies are separate, which could result in Novartis incurring incremental costs in the defense of its IP and lost sales.
- Although Novartis faces competition from existing generic versions of its products whose legal and regulatory exclusivity has expired, Novartis currently prohibits Sandoz from “genericizing” its branded pharmaceuticals, which partially preserves the ability of Innovative Medicines to sell these products (under the same brand as the original product) at a premium. Once separate, Sandoz will be able to sell (as with existing Generics companies) generic versions of these products at potentially lower prices, increasing the marketplace competition faced by own products of Novartis.
- Sandoz has historically distributed unbranded generic versions of Novartis products as “authorized Generics”. When entered into between unrelated market participants, such authorization arrangements are complex and can involve protracted negotiations and costs, which the current relationship of Novartis with Sandoz avoids⁷. While authorized Generics are not a meaningful component of the results of operations of either Novartis or Sandoz, Innovative Medicines will lose access to this relatively quick-to-market and licence fee income stream, which could incrementally have an adverse effect on the margins of Novartis.

- Currently, Innovative Medicines and Sandoz share the same biologic manufacturing facilities and technical research and development function. To facilitate the separation, Novartis expects to provide Sandoz with supply from its biologic manufacturing facilities for an initial term of up to 10 years (subject to a possible extension depending on the product category) and biologic technical research and development services for an initial term of five years (subject to a possible extension by mutual consent for an additional two years) for existing products and existing pipeline projects, at arm’s length terms. As a result, Novartis may have less flexibility during that period to optimize its biologic manufacturing for its own products (or those of other third parties). In addition, while Novartis intends to retain the personnel involved in its technical research and development, and control the flow of information (such that only information about Sandoz products passes to Sandoz) to protect valuable trade secrets of Novartis, pursuant to these arrangements, Novartis will perform technical research and development services, which involve its proprietary know-how, for Sandoz. This might effectively enable a competitor and create the incremental potential for disclosure or misuse of Novartis trade secrets and know-how, particularly in connection with tech transfer at the end of such arrangements.

Even though some of the potential risks will be mitigated by undertakings and restrictive covenants in the separation and distribution agreements, Sandoz may seek to initiate legal challenges to these restrictions, or they may not be effective to mitigate these potential risks and potential dis-synergies may materialize immediately after expiry of the relevant restrictions.

Notwithstanding these risks, the Novartis Board of Directors believes that the potential benefits of the separation outweigh the potential downsides. For other risks associated with the Spin-off, please refer to the Sandoz Listing Prospectus.

Required steps for the proposed Transaction

Provided that the Spin-off Distribution is approved at the General Meeting, Novartis will implement the Transaction through the following main steps:

- **Completion of the internal transactions:** Transfer of the Sandoz business and Sandoz subsidiaries to Sandoz entities such that Sandoz holds, directly or indirectly, the businesses formerly constituting the Sandoz business of Novartis, comprising its Generics and Biosimilars operations. Closing of certain internal transactions will be deferred until after the Spin-off Distribution (and be implemented after certain conditions are satisfied).
- **Execution of separation and distribution agreement:** Signing of a separation and distribution agreement among Novartis and Sandoz as well as ancillary agreements related to the Transaction, which will govern the relationship between Novartis and Sandoz following the Spin-off and allocate between Novartis and Sandoz various assets, liabilities and obligations, including employee benefits, intellectual property and tax-related assets and liabilities (see “Description of the proposed Transaction – Summary of key terms of the separation and distribution agreement” on p. 27 below).
- **Novartis capital reduction:** Implementation of the reduction of the share capital of Novartis if approved by the General Meeting. If this step were not performed for any reason, the Spin-off would have tax implications at the level of Novartis as well as for Novartis shareholders (see “Overview of the proposed Transaction – Summary” on p. 9 above).
- **Listing of Sandoz Shares and satisfaction of conditions precedent:** Obtaining the necessary approvals for the listing of the Sandoz Shares on the SIX Swiss Exchange. Also, the other conditions precedent (including no order prohibiting and no other event outside the control of Novartis preventing the Spin-off to occur; and no material adverse change⁸) must equally be satisfied (or, if permissible, waived by the Novartis Board of Directors).
- **Distribution of Sandoz Shares to Novartis shareholders and of Sandoz ADRs to Novartis ADR holders:** By way of the Spin-off Distribution, the Novartis shareholders will receive 1 Sandoz Share for every 5 Novartis Shares and Novartis ADR holders will receive 1 Sandoz ADR for every 5 Novartis ADRs held.
- **Result of the Spin-off:** As a consequence of the distribution, Sandoz will become an independent, publicly traded company.

Summary of key terms of the separation and distribution agreement

Prior to the completion of the Spin-off, Novartis intends to enter into a separation and distribution agreement and several other agreements with Sandoz to effect the separation and provide a framework for the ongoing relationship between Sandoz and Novartis after the Spin-off.

In addition to governing the relationships between Novartis and Sandoz subsequent to the completion of the Spin-off, these agreements will provide for the separation of the assets, employees, liabilities and obligations (including investments, property and employee benefits and tax liabilities) that constitute the Sandoz business, and provide for the provision of services between Novartis and Sandoz, to allow each business to operate separately as well as to support business continuity following the Spin-off.

In particular, the separation and distribution agreement will set out the terms and conditions governing the transfer of assets to, and assumption of liabilities by, each of Novartis and Sandoz as part of the Internal Transactions so that, at the time of the Distribution, each of Novartis and Sandoz (i) holds the assets which, in the case of Sandoz, relate to the Sandoz business and, in the case of Novartis, relate to the businesses retained by Novartis, and (ii) retains or assumes (as applicable) liabilities including pending and future claims, which relate to such business (whether arising prior to, at, or after the date of execution of the separation and distribution agreement). The Separation and Distribution Agreement will also set forth the basis on which the Sandoz business and the Novartis business in certain jurisdictions will continue to be held by the relevant transferor, subject to applicable laws, for the account, risk and benefit of, and at the cost of, the relevant transferee, if the transfer thereof cannot for regulatory or operational reasons occur prior to the Spin-off. Regulatory approval in respect of the transfer of the Sandoz entity in Egypt is currently pending. If, at the time of entry into the Separation and Distribution Agreement, any such approvals are not expected prior to the Spin-off, the Separation and Distribution Agreement will also set forth the basis on which the relevant entities will continue to be held by the relevant transferor, subject to applicable laws, for the account, risk and economic benefit of, and the cost of, the relevant transferee.

For further details on the key terms of the separation agreements between Novartis and Sandoz please refer to the Sandoz Listing Prospectus.





Proposal of the Board of Directors to the General Meeting

Proposal of the Novartis Board of Directors to the General Meeting under agenda item 1 “Special Distribution by Way of a Dividend in Kind to Effect the Spin-off of Sandoz Group AG”

In order to implement the Spin-off, the Novartis Board of Directors proposes to the Novartis shareholders to resolve upon the distribution of a dividend in kind, consisting of 1 Sandoz Share for every 5 Novartis Shares entitled to receive a dividend under agenda item 1 “Special Distribution by Way of a Dividend in Kind to Effect the Spin-off of Sandoz Group AG”.

The full text of the proposal of the Novartis Board of Directors follows on the next page.



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 provide on time 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).

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

(CHF)

Available earnings at the ordinary general meeting of March 7, 2023⁹ **41 165 731 351**

Resolution of the ordinary general meeting on March 7, 2023

Payment of a gross dividend (before taxes and duties) of CHF 3.20 on 2 205 489 460 dividend-bearing shares¹⁰ with a nominal value of CHF 0.50 each - 7 057 566 272

Reduction due to cancellation of treasury shares approved on March 7, 2023 - 10 233 254 934

Transfer to free reserves

Retained earnings carried forward **23 874 910 145**

Dividend waived for additional treasury shares held by the Company 15 506 621

Total retained earnings available for special distribution at June 30, 2023 **23 890 416 766**

The Distribution is subject to Novartis board and shareholder approval, as well as the following conditions precedent:

1. 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).
2. Sandoz shall have established a Level I American Depositary 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. ("JPMorgan"), and all holders and beneficial owners from time to time of Novartis ADRs.
3. The U.S. Securities and Exchange Commission ("SEC") shall have declared effective the registration statement on Form F-6 filed by Novartis and JPMorgan, on behalf of the legal entity created by the Sandoz Deposit Agreement to be entered into for the Sandoz ADR Program, 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.
4. 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).

5. 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.



Proposal of the Novartis Board of Directors to the General Meeting under the agenda item 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



Procedure to receive Sandoz Shares

Provided that the General Meeting approves the Spin-off Distribution and the conditions precedent are met (or, if permissible, waived by Novartis), Novartis will distribute to its shareholders, as a pro rata dividend, 1 Sandoz Share for every 5 Novartis Shares held or acquired and not sold or otherwise disposed of by such holders prior to the close of business on the Cum Date (for more details, please refer to “Overview of the proposed Transaction – Indicative timeline”, p. 10 above). For information on the procedures for holders of Novartis ADRs to receive Sandoz ADRs, see the “Appendix for ADR holders” included herein.

Holders of Novartis Shares in book-entry form with a bank or broker

If you hold or have acquired and do not sell or otherwise dispose of your Novartis Shares prior to the close of business on the Cum Date, you will not be required to take any action.

Holders of Novartis physical share certificates (Heimverwahrer)

Together with the mail delivery of the invitation for the General Meeting, all registered Novartis shareholders holding physical share certificates who have previously provided a valid mailing address to Novartis will receive a notice with instructions on how to receive Sandoz Shares in the Spin-off. If you hold Novartis physical share certificates and provide your response by the date specified in the notice by either (1) electing to convert your Novartis physical share certificates into electronic shares; or (2) providing separate custody account details for the booking of Sandoz Shares to be distributed in the Spin-off, your bank, broker or other nominee is expected to credit the relevant account with the Sandoz Shares you are entitled to receive in the Spin-off on or shortly after the Ex Date, at which time you should be able to commence trading the Sandoz Shares you are allotted.

If Novartis does not receive full and correct details of your securities account in accordance with the instructions in the notice provided to you, you will not receive Sandoz Shares in the Spin-off. In lieu of receiving Sandoz Shares, UBS AG, as the settlement

agent, will sell the Sandoz Shares you are entitled to receive and you will receive the aggregate net cash proceeds of such sale if you have previously provided valid payment details to Novartis. No interest will be paid on any cash you receive in connection with the Spin-off.

Please contact your bank or broker for further information about your custody account. If you do not receive such a notice from Novartis by August 28, 2023, please contact Novartis Share Registry during regular Swiss business hours at +41 61 324 7204 or by email at share.registry@novartis.com.

Treatment of fractions

No fractional Sandoz Shares will be distributed in connection with the Spin-off. Instead, UBS, as the settlement agent, will aggregate all fractional Sandoz Shares that Novartis shareholders would otherwise have been entitled to receive and that have been notified to UBS by the Novartis Share Registry or the relevant deposit banks through SIX SIS into whole Sandoz Shares and sell the whole Sandoz Shares in the open market at prevailing market prices.

In due course after the Ex Date, the aggregate net cash proceeds of such sales, net of brokerage fees and other costs, will be distributed pro rata to the relevant holders that would otherwise have been entitled to receive the fractional Sandoz Shares. In the case of fractional Sandoz Shares held in the custody of custodian banks that do not report their fractional Sandoz Shares to a SIX SIS participant, each such custodian bank is expected to sell the fractional Sandoz Shares in its custody and pay the aggregate cash proceeds of the sales, net of brokerage fees and other costs, pro rata to the relevant holders, and net of any required withholding for taxes applicable to each holder. Such sales will be made without any influence by Novartis or Sandoz.

Sanctions compliance

Based on applicable sanctions laws, in particular the provisions of the Swiss Ordinance on Measures in connection with the Situation in the Ukraine of March 4, 2022, as amended, the distribution of Sandoz Shares to certain Novartis shareholders may be restricted and necessary measures may be determined.

Overview of tax treatment for Novartis shareholders

The following is a general summary of certain tax consequences of the proposed Spin-off to Novartis shareholders who are tax resident in Switzerland or who are “US Holders”, as defined below. Tax consequences are subject to changes in applicable laws, including changes that could have retroactive effect. This summary is not a complete analysis of all potential tax effects relevant to the Spin-off, does not purport to be a legal opinion or tax advice, and does not address all tax aspects that may be relevant to any particular Novartis shareholder. For more information about the general tax consequences of the Spin-off for Novartis shareholders, please consult the Sandoz Listing Prospectus once available.

As tax consequences may be affected by the provisions of any applicable tax treaties and each shareholder’s particular circumstances, all Novartis shareholders and ADR holders should consult their own tax advisors regarding the potential consequences that the Spin-off may entail for them personally.

Switzerland

General

The relevant Swiss tax consequences of the Spin-off have been taken up with the competent Swiss tax authorities. Novartis has received written confirmations from the Swiss Federal Tax Administration and from the tax administration of the Cantons of Basel-Stadt and Zug addressing the relevant Swiss tax consequences of the Spin-off. The below analysis is based on the assumption that the implementation of the Transaction is in line with these written confirmations. Otherwise, different tax consequences could arise.

Internal transactions

Regarding information on the Spin-off, please refer to “Overview of the proposed Transaction”, in particular “Summary”, p. 9 above.

Where the transfer of the Sandoz business to Sandoz prior to the allocation and delivery of Sandoz Shares in the Spin-off is done at tax book value for the purposes of Swiss tax, it generally qualifies as a Swiss tax neutral transfer for Novartis, Sandoz and the transferred subsidiaries. This applies in particular to the contributions by Novartis to Sandoz before the Spin-off Distribution and has been confirmed in tax rulings issued by the Swiss Federal Tax Administration

for the purposes of Swiss federal withholding tax (Verrechnungssteuer) (“Withholding Tax”) and Swiss federal stamp duties and with the tax administration of the Cantons of Basel-Stadt and Zug for the purposes of Swiss federal and Basel-Stadt and Zug cantonal and communal corporate income taxes.

The Internal Transactions have no Swiss tax consequences for Novartis shareholders.

Spin-off Distribution

The Spin-off Distribution qualifies as the second step of the tax neutral demerger of Sandoz from Novartis for Swiss tax purposes. For the purposes of Withholding Tax and Swiss federal stamp duties, this qualification has been confirmed for Novartis and Sandoz in a tax ruling issued by the Swiss Federal Tax Administration. For corporate income tax this qualification has been confirmed for Novartis by the cantonal tax authorities of Basel-Stadt and Zug. A ruling with the cantonal tax administration of Basel-Stadt also confirms the tax neutrality of the Spin-off Distribution for Novartis shareholders who are Swiss tax resident individuals holding their shares as private assets provided the capital reduction is performed (for tax consequences in case the capital reduction is not performed see below) as well as Swiss tax resident individuals holding the Novartis Shares as business assets provided they maintain the relevant tax and book values of their Novartis and Sandoz Shares. A ruling with the cantonal tax administration of Basel-Stadt also confirms the tax neutrality of the Spin-Off Distribution for Novartis shareholders who are legal entities tax resident in Switzerland receiving Sandoz Shares, provided that they maintain the relevant tax and book values of their Novartis and Sandoz Shares (see explanations below).

No Withholding Tax will be levied on the Spin-off Distribution as part of a tax neutral spin-off. It should however be noted that, in the event that the reduction of Novartis share capital concomitantly to the Spin-off Distribution (see “Description of the proposed Transaction – Required steps for the proposed Transaction”, p. 27 above) is rejected by the General Meeting or successfully challenged within the appeal period, the issued capital in Sandoz will qualify as a distribution to Novartis shareholders, subject to Withholding Tax, levied at a rate of 35% (or 53.8% in case the Withholding Tax is not charged to the Novartis shareholders).

In such case, Novartis shareholders who are Swiss tax residents and hold the Novartis Shares as private assets would be required to report the distributed amount on their personal income tax return, and would then be subject to Swiss federal, cantonal and communal income tax on this amount. In the absence of such reporting, the Withholding Tax levied would not be refundable. As regards Novartis shareholders who hold the Novartis Shares as Swiss business assets, the Withholding Tax levied on such distribution would generally be refundable.

Novartis shareholders who are tax residents abroad may claim a partial refund of such Withholding Tax if the country in which they reside has entered into a bilateral treaty for the avoidance of double taxation with Switzerland. No Swiss federal securities transfer stamp duty (Umsatzabgabe) will become due on the Spin-off Distribution.

The following Swiss individual and corporate income tax consequences will in general result for Novartis shareholders who are resident in Switzerland for tax purposes and receive Sandoz Shares or cash in lieu of (i) fractional shares or (ii) Novartis physical share certificates (Heimverwahrer), subject to the capital reduction (see above):

- Shareholders holding their Novartis Shares as private assets (Privatvermögen) will not be subject to income tax on the Spin-off Distribution, unless the shareholder classifies as a professional securities dealer for tax purposes. The same Swiss income tax treatment applies to such Novartis

shareholders who receive cash in lieu of fractional shares or to Novartis shareholders holding physical share certificates (Heimverwahrer) who receive cash due to non-response.

- Shareholders holding their Novartis Shares as business assets (Geschäftsvermögen) (which also applies if Novartis Shares are held by a professional securities dealer for tax purposes) may realize a taxable income (or a tax deductible loss) upon receipt of the shares corresponding to the difference, if any, between (i) the aggregate tax basis of the Novartis Shares and Sandoz Shares held immediately after the Spin-off Distribution; and (ii) the aggregate tax basis of the Novartis Shares held immediately prior to the Spin-off Distribution. Receipt of cash in lieu of fractional shares will generally give rise to the recognition of a capital gain or loss corresponding to the difference between the amount of cash received and the shareholder's tax basis for such fractional shares. The same Swiss income tax treatment applies to such Novartis shareholders holding physical share certificates (Heimverwahrer) who receive cash due to non-response.
- Shareholders who are not tax residents of Switzerland are not subject to any Swiss federal, cantonal and communal individual and corporate income taxes, except if their Novartis Shares are attributed to a permanent establishment (Betriebsstätte) or a fixed place of business in Switzerland.





United States

The following summary describes certain US federal income tax consequences to holders of Novartis Shares in connection with the Spin-off. For purposes of this summary, references to Novartis Shares include Novartis ADRs. This summary is limited to “US Holders” as that term is defined below.

A “US Holder” is a beneficial owner of Novartis Shares that is, for US federal income tax purposes: (a) an individual who is a citizen or a resident of the United States; (b) a corporation, or other entity taxable as a corporation for US federal income tax purposes, created or organized under the laws of the United States or any state thereof or the District of Columbia; (c) an estate, the income of which is subject to US federal income taxation regardless of its source; or (d) a trust if (i) a court within the United States is able to exercise primary supervision over its administration and one or more US persons have the authority to control all of its substantial decisions or (ii) in the case of a trust that was treated as a domestic trust under law in effect before 1997, a valid election is in place under applicable Treasury Regulations.

This summary does not discuss all tax considerations that may be relevant to US Holders in light of their particular circumstances, nor does it address the consequences to US Holders subject to special treatment under the US federal income tax laws. Furthermore, this summary does not address any tax consequences other than US federal income tax consequences, such as US state or local or non-US or non-income tax consequences.

General

Novartis has received a written ruling from the US Internal Revenue Service (the “IRS” and such ruling the “IRS Ruling”) and expects to receive written opinions from its US tax advisors (the “Tax Opinions”) addressing the US federal income tax consequences of the Spin-off Distribution and the Internal Transactions. The IRS Ruling and the Tax Opinions rely upon certain facts, assumptions, representations and undertakings from Novartis and Sandoz regarding the past and future conduct of Novartis and Sandoz businesses and other matters. If any of the facts, assumptions, representations or undertakings described therein are incorrect or not otherwise satisfied, Novartis may not be able to rely upon the IRS Ruling and the Tax Opinions. Accordingly, notwithstanding the Tax Opinions and the IRS Ruling, there can be no assurance that the IRS will not assert, or that a court would not sustain, a position contrary to one or more of the conclusions set forth below.

Internal transactions

For general information on the Spin-off, including the Internal Transactions, please refer to “Overview of the proposed Transaction”, in particular “Summary”, on p. 9 above.

The Internal Transactions will include several internal restructuring steps to separate the US Sandoz business from Novartis, in preparation for the Spin-off Distribution. Such internal restructuring steps should not have material adverse US federal income tax consequences to Novartis. The Internal Transactions should not have any US federal income tax consequences to US Holders.

Spin-off Distribution

The Spin-off Distribution should qualify for nonrecognition of gain or loss for US federal income tax purposes. Subject to the qualifications and limitations set forth herein (including the discussion below relating to the receipt of cash in lieu of fractional shares), for US federal income tax purposes no gain or loss should be recognized by, or be includible in the income of, Novartis or a US Holder as a result of the Spin-off Distribution.

If a US Holder receives cash in lieu of a fractional share as part of the distribution, the US Holder will be treated as though it first received a distribution of the fractional share in the distribution and then sold it for the amount of cash actually received. The US Holder will generally recognize capital gain or loss measured by the difference between the cash received for such fractional share and the US Holder’s tax basis in that fractional share. Such capital gain or loss will be long-term capital gain or loss if the US Holder’s holding period for the Novartis Shares is more than one year on the date of the distribution. Certain US Holders are eligible for reduced rates of taxation on their long-term capital gains. US Holders of Novartis physical share certificates (Heimverwahrer) who receive cash due to non-response by September 19, 2023 will be treated in the same manner as US Holders who receive cash in lieu of a fractional share for US federal income tax purposes.



Financial information

Non-IFRS measure definitions and reconciliations

Core results

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.

Constant currencies

Changes in the relative values of non-US currencies to the US dollar can affect the financial results and financial position of Sandoz. 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 income statement excluding the impact of fluctuations in exchanges 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.

Reconciliation of reported operating income to reported EBITDA and to core EBITDA

In USD millions	FY ended December 31, 2022	FY ended December 31, 2021
Reported operating income	1 239	1 394
Depreciation	236	253
Amortization	222	236
Impairments	34	36
Other	10	8
Reported EBITDA	1 741	1 927
Restructuring and related items	130	135
Legal-related items	56	43
Other	4	-2
Core EBITDA	1 931	2 103



Q&A¹¹

Why is the proposed separation of Sandoz structured as a spin-off?

Novartis believes that a tax-neutral distribution for Swiss withholding and income tax and US federal income tax purposes of all Sandoz Shares held by Novartis to the Novartis shareholders is an efficient way to separate the Sandoz business in a manner that will create long-term value for Novartis, Sandoz and their respective shareholders (see “Overview of tax treatment for Novartis shareholders”, p. 35 f. above).

For the proposed Spin-off to be approved, how many Novartis shareholders will have to vote in favor of the corresponding proposal at the General Meeting?

An absolute majority of the votes validly represented at the General Meeting will be required for the approval of the Spin-off (see “Description of the proposed Transaction – Rationale for the Spin-off”, p. 25 above).

What are the benefits that Novartis Board of Directors perceives in proposing the Spin-off?

The Spin-off will enhance the strategic and management focus of both Novartis and Sandoz, allow Novartis and Sandoz to pursue independent growth strategies, facilitate a more efficient capital allocation and provide Sandoz with direct access to the capital markets. Furthermore, the Spin-off will allow a better alignment of incentives with performance objectives and allow Sandoz and Novartis to set a more focused investment thesis for their respective businesses and separate financial prospects based on their unique investment identities (see “Description of the proposed Transaction – Rationale for the Spin-off”, p. 25 above).

What happens if Novartis shareholders do not approve the Spin-off?

The Novartis Board of Directors is convinced of the benefits of the Spin-off for Novartis shareholders and unanimously recommends to all shareholders to vote in favor of the corresponding proposal at the upcoming General Meeting.

Should the Spin-off not be approved, Sandoz will remain a business unit within Novartis and Novartis will continue to operate both the Sandoz business (i.e., the Generics and Biosimilars businesses) and the Novartis business (i.e., the Innovative Medicines business).

What happens if Novartis shareholders approve the Spin-off, but not the proposed reduction of Novartis share capital?

The purpose of the proposed capital decrease is to avoid that the Spin-off results in a distribution to the holders of Novartis Shares in the amount corresponding to the issued share capital of Sandoz (i.e., the number of shares times the nominal amount of CHF 0.05 per share). If the capital decrease is not approved (or not fully implemented for any reason), the Spin-off Distribution would be subject to (i) Swiss withholding tax at the level of Novartis at a rate of 35% (respectively 53.8% in case not charged to the shareholders, but borne by Novartis); and (ii) Swiss income tax at the level of Swiss resident individuals holding Shares as private assets, both on the amount of issued share capital of Sandoz Group AG.

How will the proposed Spin-off of Sandoz from Novartis work?

To accomplish the Spin-off, Novartis AG will distribute all of the Sandoz Shares held by Novartis AG to Novartis shareholders on a pro rata basis (i.e., in accordance with the distribution ratio; see “Overview of the proposed Transaction – Summary”, p. 9 above and “Description of the proposed Transaction – Required steps for the proposed Transaction”, p. 27 f. above). You will not receive fractional Sandoz Shares and will instead receive cash upon the sale of the aggregated fractional Sandoz Shares. For more information, see “Procedure to receive Sandoz Shares – Treatment of fractions”, p. 33 above. Following the Spin-off, Sandoz will be an independent, publicly traded company.

What are the relevant dates for my entitlement to receive Sandoz Shares?

Please refer to “Overview of the proposed Transaction – Indicative timeline”, p. 10 above.

When will trading in the Sandoz Shares start?

Trading in the Sandoz Shares is expected to start on the Ex Date which will be October 4, 2023 at the earliest (see “Overview of the proposed Transaction – Indicative timeline”, p. 10 above).

When will I receive the Sandoz Shares?

Please refer to the timeline included in this brochure (see “Overview of the proposed Transaction – Indicative timeline”, p. 10 above). It is expected that Sandoz Shares will be credited to Novartis shareholders on or shortly after the Ex Date (which will be October 4, 2023 at the earliest) so as to allow that trading in Sandoz Shares can start on such date.

What do I have to do to receive Sandoz Shares?

Novartis shareholders will not be required to take any action, pay any cash, deliver any other consideration, or surrender any Novartis Shares in order to receive Sandoz Shares. Special rules apply to holders of physical share certificates (Heimverwahrer). For steps to be taken by holders of physical share certificates, see “Procedure to receive Sandoz Shares”, p. 33 above.

Do I have to pay any consideration in order to receive Sandoz Shares allocated to me in the Spin-off? Will there be any transaction costs for me?

No consideration will have to be paid in order to receive Sandoz Shares.

As a general rule, the receipt of any Sandoz Shares pursuant to the Spin-off Distribution is free of charge, but may be subject to any fees. If in doubt, please consult your bank or broker.

What happens if the number of Novartis Shares held by me is not a multiple of 5?

You will receive compensation in cash resulting from the sale of the aggregate of all fractional Sandoz Shares in the open market at prevailing market prices (see “Procedure to receive Sandoz Shares – Treatment of fractions”, p. 33 above).

What are the tax consequences for me as a Swiss Novartis shareholder?

For a summary of certain tax consequences in Switzerland, please refer to the section “Overview of tax treatment for Novartis shareholders – Switzerland”, p. 35 f. above.

Any Novartis shareholders who are in doubt as to their tax position should consult their own tax advisor regarding the specific federal and local tax consequences applicable to them in connection with the receipt of Sandoz Shares.

What are the US federal income tax consequences of the Spin-off to me as a US Holder, as defined above?

For a summary of certain tax consequences to US Holders, please refer to the section “Overview of tax treatment for Novartis shareholders – United States”, p. 39 above.

US Holders should consult their own tax advisors regarding the specific consequences applicable to them in connection with their receipt of Sandoz Shares in the Spin-off.

What will happen to the price of Novartis Shares following the Spin-off?

Novartis expects the trading prices of Novartis Shares at market opening on the Ex Date to be lower than the trading prices at market close on the Cum Date because the trading prices will no longer reflect the value of the Sandoz business.

No assurance can be given that the aggregate market value of the Novartis Shares and the Sandoz Shares following the Spin-off will be higher or lower than the market value of Novartis Shares if the Spin-off did not occur, i.e., the combined trading prices of one Novartis Share and 1/5th Sandoz Share after the Ex Date (representing the number of Sandoz Shares to be received per every one Novartis Share in the distribution) may be equal to, greater than or less than the trading price of one Novartis Share before the Ex Date. Please also refer to the section “Risk Factors” in the Sandoz Listing Prospectus.



Will the number of Novartis Shares I own change as a result of the Spin-off?

No, the number of Novartis Shares you own will not change as a result of the Spin-off.

How will the Spin-off impact the Novartis dividend payout?

Regardless of the separation of Sandoz, Novartis intends to continue paying a strong and growing dividend in Swiss francs, building on the CHF 3.20 per Novartis Share approved by Novartis shareholders at the Novartis Annual General Meeting held on March 7, 2023.

Can I buy Sandoz Shares now?

No, currently there is no public market for Sandoz Shares (see “Description of Sandoz following approval and implementation of the proposed Transaction – Listing and trading of Sandoz Shares”, p. 23 above).

What happens if I sell my Novartis Shares prior to the Spin-off?

If you sell your Novartis Shares prior to the Cum Date, close of business, you will neither be eligible to receive Sandoz Shares nor cash payments for fractional shares.

Can I elect not to receive Sandoz Shares?

No. Provided that the General Meeting approves the Spin-off Distribution and the conditions precedent for it are met (or waived by Novartis), each Novartis shareholder that holds or acquires and does not sell or otherwise dispose of his or her Novartis Shares prior to the close of business on the Cum Date will receive Sandoz Shares (see “Procedure to receive Sandoz Shares”, p. 33 f. above). If you do not wish to hold any Sandoz Shares, you will be able to sell all or part of your Sandoz Shares received as dividend in kind after the start of trading of Sandoz Shares. Special rules apply to holders of physical share certificates (Heimverwahrer), see “Procedure to receive Sandoz Shares – Holders of Novartis physical share certificates (Heimverwahrer)”, p. 33 above.

I am registered on the Novartis share register. What do I have to do in order to be registered on the Sandoz share register?

Novartis shareholders registered on the Novartis share register will not be automatically registered on the Sandoz share register, but to facilitate prompt registration following the Spin-off, Sandoz will receive data from the Novartis share register. Please contact your bank or broker if you wish to register your Sandoz Shares following the Spin-off. In case you do not want Sandoz to receive your data from the Novartis share register, please contact Novartis Share Registry during regular Swiss business hours by telephone at +41 61 324 7204 or by email at share.registry@novartis.com. For any restrictions related to the registration with voting rights, please refer to “Description of Sandoz following approval and implementation of the proposed Transaction – Key provisions in the Articles of Association”, p. 22 f. above.

Are there risks associated with owning Sandoz Shares?

Yes. Ownership of Sandoz Shares is subject to both general and specific risks relating to the Sandoz business, the industry in which Sandoz operates, its ongoing contractual relationships with Novartis and its status as a separate, publicly traded company. Ownership of Sandoz Shares is also subject to risks relating to the Spin-off. Material risks associated with the Sandoz Shares are disclosed in the Sandoz Listing Prospectus (see “Important information”, p. 4 above and “Contact information”, p. 47 below).

What will happen to the Novartis Shares following the Spin-off?

There will be no change as to the trading of Novartis Shares after the Spin-off and they will continue to trade on the SIX Swiss Exchange under the ticker symbol “NOVN”.



Contact information

For further information about the Spin-off, Novartis or Sandoz, please refer to:

Websites

General information on Novartis for investors
www.novartis.com/investors

General information on Sandoz
www.sandoz.com

Information about the Spin-off in particular
www.novartis.com/news/sandoz-spinoff

Sandoz Listing Prospectus
www.sandoz.com/prospectus

Novartis e-mail distribution list
www.novartis.com/news/stay-up-to-date

Novartis financial reports
www.novartis.com/investors/financial-data

Novartis corporate calendar
www.novartis.com/investors/event-calendar

Contact Novartis Investor Relations

Phone:
+41 61 324 72 04

Email:
investor.relations@novartis.com

Contact Sandoz Investor Relations

Email:
investor.relations@sandoz.com

Alternatively, contact your bank or broker for further information

Copies of this brochure, any amendments thereto, the Articles of Association of Novartis AG and Sandoz Group AG and of the invitation to the General Meeting are available free of charge from Novartis AG, Share Registry, Forum 1-2.77, 4002 Basel, Switzerland, fax: +41 61 324 32 44, e-mail share.registry@novartis.com. This brochure and any amendments thereto are made available on the website of Novartis AG (www.novartis.com/egm), and under www.sandoz.com/shareholder-brochure.

Appendix for Novartis ADR holders

This appendix is intended to provide holders of Novartis American Depositary Receipts (“Novartis ADRs”) with supplementary information specifically regarding the receipt of Sandoz American Depositary Receipts (the “Sandoz ADRs”) in the Spin-off, which is to be read in conjunction with the Novartis Shareholder Information Brochure on the Spin-off dated August 18, 2023 (the “Shareholder Brochure”).

Capitalized terms not defined herein have the meaning as described in the Shareholder Brochure.

Sandoz ADR program

Sandoz will establish a Level I ADR program (the “Sandoz ADR Program”). The Sandoz ADRs will be negotiable certificates representing ownership in Sandoz and will be quoted and traded in US dollars on the over-the-counter market in the US. One Sandoz ADR will equal one Sandoz Share and have indirectly the same voting rights, subject to the provisions of the deposit agreement among the Company, the Sandoz ADR Depository (as defined below) and all holders and beneficial owners from time to time of Sandoz ADRs issued thereunder (the “Sandoz ADR Deposit

Agreement”). Dividends payable on Sandoz ADRs, if any, will be equivalent to dividends paid on the Sandoz Shares and will be converted into US dollars by the depository bank as provided for in the Sandoz Deposit Agreement.

The Sandoz ADRs will not be listed on a US national securities exchange, and the Company will not be subject to the reporting requirements under the US federal securities laws as a result of the Sandoz ADR Program. JPMorgan will serve as the depository for the Sandoz ADRs (the “Sandoz ADR Depository”). The Sandoz ADR Depository will maintain the register of the Sandoz ADR holders, serve as transfer agent, distribute dividends, facilitate proxy voting process and exercise voting rights on behalf of ADR holders. The contact information for the Sandoz ADR Depository is set forth below.

JPMorgan Chase Bank, N.A.
383 Madison Avenue, Floor 11
New York, New York, 10179
Attention: Depository Receipts Group

E-mail address: DR_Global_CSM@jpmorgan.com

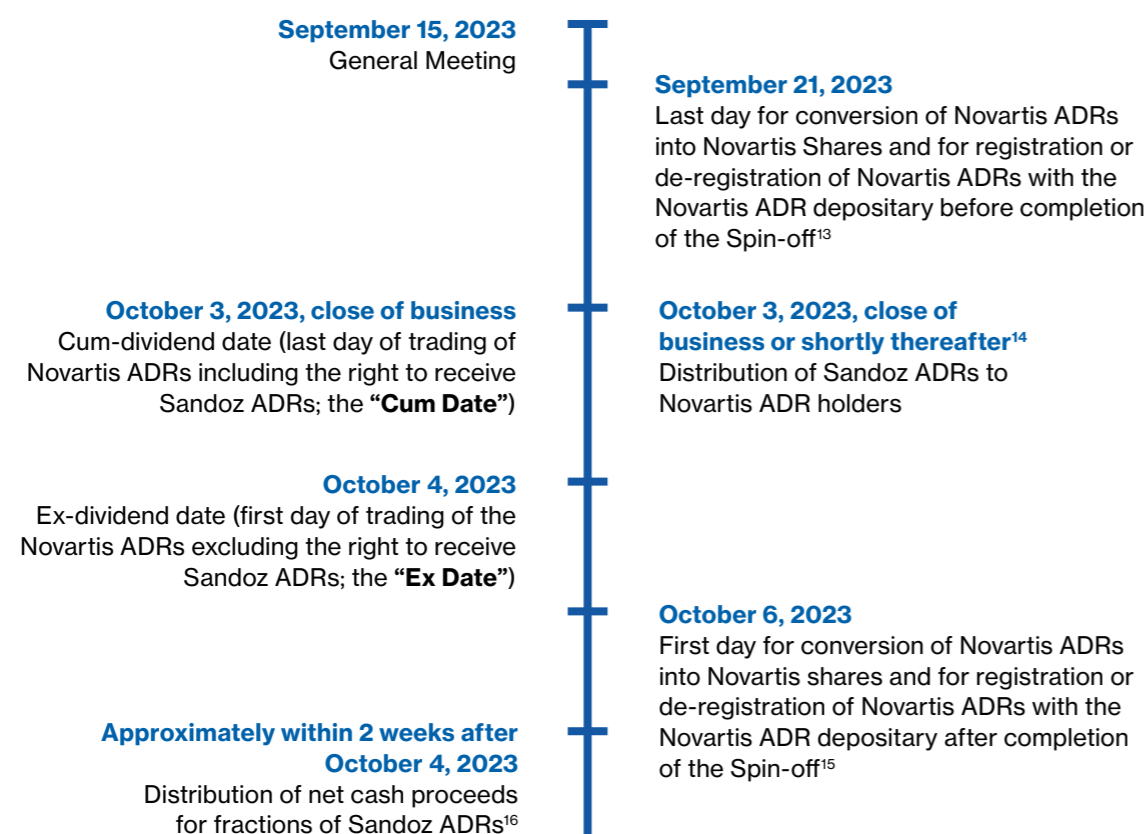


Indicative timeline for Novartis ADR holders

The Novartis Board of Directors expects that the Spin-off will occur on or around October 4, 2023. The final dates are, among other things, dependent on all conditions to the Spin-off being met within the currently expected timeframe and may therefore be subject to change. Novartis will provide updates as additional information becomes available.

At the earliest, the proposed Transaction could be completed according to the following timeline, including the following dates relevant for Novartis ADR holders:

Indicative timeline¹²



Procedure to receive Sandoz ADRs

Provided that the General Meeting approves the Spin-off Distribution and the conditions precedent are met (or, if permissible, waived by Novartis), Novartis will distribute to Novartis ADR holders (as well as holders of Novartis Shares, as described in more detail in the Shareholder Brochure), as a pro rata dividend, 1 Sandoz ADR for every 5 Novartis ADRs held or acquired and not sold or otherwise disposed of by such holders prior to the close of business on the Cum Date. JPMorgan, as the Novartis ADR depository (the “Novartis ADR Depository”), will arrange for the distribution of the Sandoz ADRs to the holders of Novartis ADRs.

If you hold or have acquired and do not sell or otherwise dispose of your Novartis ADRs prior to the close of business on the Cum Date, you will not be required to take any action. The Sandoz ADRs will not be listed on a US stock exchange and will only be quoted and traded on the US over-the-counter markets, where they are expected to start to be transferable on October 4, 2023, the Ex Date. However, we urge you to contact your custodian bank or broker for further information. Liquidity on the over-the-counter markets, especially initially following the closing of the Spin-off, may be limited. Please also consult the Sandoz Listing Prospectus, in particular section “Risk Factors”.

Holders of Novartis ADRs held in book-entry form with a bank or broker

Holders of Novartis ADRs that are held in street accounts and that are not sold or otherwise disposed of prior to the close of business on October 3, 2023, the Cum Date, are expected to be able to transfer the Sandoz ADRs which they are allotted in the Spin-off on or after October 4, 2023 through their intermediary or broker. The allocation of the Sandoz ADRs to book-entry accounts of holders of Novartis ADRs is expected to be settled on October 6, 2023 via the DTC system into the custody accounts of custodian banks or brokers that are direct participants in the DTC system. Holders should consult with their intermediary or broker concerning the date as of which they can expect to begin transferring their Sandoz ADRs.

Holders of registered Novartis ADRs

For holders of Novartis ADRs that are registered with the Novartis ADR Depository, and that are not sold or

otherwise disposed of prior to the close of business on the Cum Date, the Novartis ADR Depository will distribute a confirmation of the uncertificated holdings of Sandoz ADRs to such holders in paper mail form and such holders are expected to be able to transfer the Sandoz ADRs which they are allotted in the Spin off-on or after October 4, 2023.

Treatment of fractions

The Sandoz ADR Depository will not distribute any fractional ADRs in connection with the Spin-off. Instead, the Novartis ADR Depository, will aggregate all fractional Sandoz ADRs that Novartis ADR holders would otherwise have been entitled to receive into whole Sandoz ADRs and sell the whole Sandoz ADRs in the open market at prevailing market prices.

The aggregate net cash proceeds of such sales, net of brokerage and ADR depository fees and other costs and expenses, will be distributed pro rata to the relevant holders that would otherwise have been entitled to receive the fractional Sandoz ADRs (based on the fractional Sandoz ADR each such holder would otherwise be entitled to receive). The cash you receive in lieu of a fractional Sandoz ADR will generally be taxable to you for US federal income tax purposes and may, in certain circumstances, be taxable to you for Swiss income tax purposes. See “Tax treatment” below for more information.

Registration in the Sandoz share register and voting

Sandoz ADR holders have the rights enumerated in the Sandoz Deposit Agreement (such as the right to give voting instructions and to receive dividends). The Sandoz ADR Depository holds the Sandoz Shares underlying the Sandoz ADRs and is registered as a shareholder in the Sandoz share register. An ADR is not a share, and an ADR holder is not a shareholder of Sandoz. Each Sandoz ADR represents one Sandoz Share. Sandoz ADR holders exercise their voting rights by instructing the Sandoz ADR Depository to exercise their voting rights. The Sandoz ADR Depository will send a notice of meeting and proxy forms to such holders at the request of Sandoz.

Tax treatment

Generally, the tax treatment to Novartis ADR holders will be the same as for Novartis shareholders with respect to the Spin-off for Swiss tax and US federal income tax purposes. Please refer to the section “Overview of tax treatment for Novartis shareholders” on p. 35 in the Shareholder Brochure for more details.



Q&A for Novartis ADR holders

For general questions regarding the Spin-off, please refer to the section “Q&A” in the Shareholder Brochure. Below are questions and answers that are specific to ADR holders.

If I currently hold Novartis ADRs, what kind of Sandoz security will I receive in the Spin-off?

Sandoz intends to sponsor a Level I ADR program for the Sandoz ADRs which will be distributed to Novartis ADR holders in the Spin-off. The distribution will be subject to customary fees in accordance with the Novartis ADR program. The Sandoz ADRs will not be listed on any exchange in the US but are expected to trade in the US over-the-counter market. A registration statement on Form F-6 will be filed for the Sandoz ADRs (which will include the form of the Sandoz Deposit Agreement as an exhibit containing all of the terms and conditions of the Sandoz ADRs).

If I currently hold Novartis ADRs, what do I need to do to receive Sandoz Shares instead of Sandoz ADRs in the Spin-off?

Holders of Novartis ADRs who do not wish to receive Sandoz ADRs in the Spin-off Distribution, but instead wish to receive Sandoz Shares, will need to cancel their Novartis ADRs sufficiently in advance of the Spin-off to become a direct Novartis shareholder in Switzerland prior to the Cum Date. See “Appendix for Novartis ADR holders – Sandoz ADR program” on p. 49 above and “Appendix for Novartis ADR holders – Indicative timeline for Novartis ADR holders” on p. 50 above for more information on the expected timing.

When will Novartis ADRs cease to trade including the right to receive Sandoz ADRs?

The last day of trading of Novartis ADRs on the New York Stock Exchange including the right to receive Sandoz ADRs will be the Cum Date. This means that any Novartis ADRs that you hold or acquire and do not sell or otherwise dispose of prior to the close of business on the Cum Date will include the right to receive Sandoz ADRs. Alternatively, if you purchase a Novartis ADR on or after the Ex Date, the Novartis ADR will reflect an ownership interest solely in Novartis and will not include the right to receive any Sandoz ADRs in the Spin-off.

What happens if I sell my Novartis ADRs prior to the Spin-off?

If you sell your Novartis ADRs prior to the Cum Date, close of business, you will neither be eligible to receive Sandoz ADRs nor cash payments for fractional Sandoz ADRs.

What will happen to the Novartis ADRs following the Spin-off?

There will be no change as to the trading of Novartis ADRs after the Spin-off, they will continue to trade on the New York Stock Exchange under the ticker symbol “NVS”.

What will happen to the price of Novartis ADRs following the Spin-off?

Novartis expects the trading prices of Novartis ADRs at market opening on the Ex Date to be lower than the trading prices at market close on the Cum Date because the trading price will no longer reflect the value of the Sandoz business.

There can be no assurance that the aggregate market value of the Novartis ADRs and the Sandoz ADRs following the Spin-off will be higher or lower than the market value of Novartis ADRs if the Spin-off did not occur, i.e. the combined trading prices of one Novartis ADR and 1/5th Sandoz ADR as of the Ex Date (representing the number of Sandoz ADRs to be received per every one Novartis ADR in the Spin-off Distribution) may be equal to, greater than or less than the trading price of one Novartis ADR before the Ex Date.

What do I have to do to receive Sandoz ADRs?

Novartis ADR holders will not be required to take any action, pay any cash, deliver any other consideration, or surrender any Novartis ADRs in order to receive Sandoz ADRs.

Can I elect not to receive Sandoz ADRs?

No. Provided that the General Meeting approves the Spin-off Distribution and the conditions precedent for it are met (or waived by Novartis), each Novartis ADR holder that holds or acquires and does not sell or otherwise dispose of his or her Novartis ADRs prior to the close of business on the Cum Date will receive Sandoz ADRs (see “Procedure to receive Sandoz ADRs”, p. 51 above). Unlike the Novartis ADRs, the Sandoz ADRs will not trade on a US national securities exchange. As a result, any sales of Sandoz ADRs will need to be made on the over-the-counter market. We can provide no assurances that a liquid trading market will develop for the Sandoz ADRs.

How does the Spin-off impact conversion of Novartis ADRs into Novartis Shares?

September 21, 2023, is the last day on which Novartis ADR holders can convert their Novartis ADRs into Novartis Shares before the completion of the Spin-off and vice versa. This date would also be the last date for Novartis ADR holders to directly register or de-register their Novartis ADRs with the Novartis ADR Depository, before the completion of the Spin-off. Holders of Novartis ADRs will again be able to convert their Novartis ADRs into Novartis Shares and to directly register or de-register their Novartis ADRs with the Novartis ADR Depository after October 6, 2023.

What are the tax implications as an ADR holder?

For an overview of the tax consequences in Switzerland and the United States, please refer to section “Overview of tax treatment for Novartis shareholders” on p. 35 ff. in the Shareholder Brochure.

Shareholders and ADR holders should consult their own tax advisors regarding the specific consequences applicable to them in connection with the expected receipt of Sandoz Shares or ADRs in the Spin-off.





References

1. Indicative only; earliest possible dates in best case scenario. Novartis will provide updates as additional information becomes available.
2. Shareholders should contact their bank or broker for further information about their account and when they will be able to begin trading their Sandoz Shares.
3. Details on Sandoz ADRs will be available shortly before the Spin-off and will be published once available.
4. Expressed in GDP contribution through paid and unpaid work as a result of quality-adjusted life-years gained and number of patients reached.
5. A Generic product being defined as a unique combination of international non-proprietary name ("INN") and dosage form.
6. Estimated number of FTEs as of the date of the Spin-off.
7. Sandoz currently benefits by having ready access to Innovative Medicines products' marketing and regulatory authorizations, and therefore does not need to enter into lengthy negotiations with an independent innovator company. Novartis, in turn, also avoids lengthy negotiations with third party Generics companies and instead authorizes Generics to Sandoz directly.
8. Includes events or developments that have occurred prior to the ex-dividend date that, in the judgment of the Novartis Board of Directors, would result in 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. E.g., such risks could arise under certain circumstances if the Swiss or US tax rulings on the material tax effects of the Spin-off fail to remain effective and valid or the US tax opinions regarding certain tax effects are not able to be delivered to Novartis at the completion of the Spin-off.
9. Based on available earnings at December 31, 2022 minus a transfer to legal reserves for treasury shares.
10. No dividend was declared on treasury shares held by Novartis AG or its fully owned subsidiaries (excluding foundations).
11. For additional questions regarding the Spin-off related to ADR holders, see the "Appendix for ADR holders" included herein.
12. Indicative only; earliest possible date in best case scenario. Novartis will provide updates as additional information becomes available.
13. From September 22, 2023 up to and including the Cum Date, Novartis ADRs will trade with "due bills" representing the entitlement to receive Sandoz ADRs in the Spin-off. A Sandoz "due bill" is an instrument employed for the purpose of evidencing the obligation of a seller of Novartis ADRs during this time period to deliver such entitlement to a subsequent purchaser.
14. Novartis ADR holders should consult with their intermediary or broker concerning the date as of which they can expect to begin transferring their Sandoz ADRs.
15. There will not be any "ex-distribution" or "when-issued" trading of Sandoz ADRs before the Ex Date. This means that Sandoz ADRs will not trade separately from Novartis ADRs on the New York Stock Exchange (NYSE) and that any Novartis ADRs purchased or sold on the NYSE prior to and up to and including the Cum Date will include the right to receive Sandoz ADRs.
16. For details regarding the treatment of fractional ADRs, please refer to "Appendix for Novartis ADR holders – Treatment of fractions", p. 51.

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Alternatively, contact your bank or broker for further information

Copies of this brochure, any amendments thereto, the Articles of Association of Novartis AG and Sandoz Group AG and of the invitation to the General Meeting are available free of charge from Novartis AG, Share Registry, Forum 1-2.77, 4002 Basel, Switzerland, fax: +41 61 324 32 44, e-mail share.registry@novartis.com. This brochure and any amendments thereto are made available on the website of Novartis AG (www.novartis.com/egm and under www.sandoz.com/shareholder-brochure).