

Novartis shareholders approve the proposed 100% Spin-off of Sandoz

Sep 15, 2023

- *Shareholders approve the proposed 100% Spin-off of Sandoz, the Generics and Biosimilars business of Novartis*
- *Shareholders also approve a reduction of share capital in connection with the Spin-off*
- *Novartis shareholders and Novartis ADR holders will receive one Sandoz share for every five Novartis shares or one Sandoz ADR for every five Novartis ADRs through the distribution of a dividend-in-kind*
- *The Spin-off is planned to occur on or around October 4, 2023*

Basel, September 15, 2023 — At an Extraordinary General Meeting held today, Novartis shareholders approved the proposed 100% Spin-off of Sandoz, the Generics and Biosimilars business of Novartis.

Shareholders also approved an ordinary capital decrease of the share capital of Novartis AG in the amount of the share capital of Sandoz. This is to achieve tax neutrality of the Spin-off for Swiss withholding tax purposes and for income tax purposes for Swiss domiciled shareholders holding the shares as private assets.

This decision follows the announcement in August 2022 that Novartis intended to separate the Sandoz business to create an independent company by way of a 100% Spin-off. Novartis is confident that the Spin-off is in the best interests of shareholders, creating a European champion and a global leader in Generics and Biosimilars, and a more focused Novartis. The Spin-off is planned to occur on or around October 4, 2023.

The Spin-off will be implemented through the distribution of a dividend-in-kind of Sandoz shares to Novartis shareholders, and of Sandoz American Depositary Receipts (ADRs) to Novartis ADR holders.

Novartis shareholders and Novartis ADR holders will receive:

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

The Spin-off is expected to be tax neutral for Swiss tax and US federal income tax purposes.

“We welcome today’s decision by our shareholders to approve the Spin-off of our Generics and Biosimilars business, Sandoz, to create an independent company listed on the SIX Swiss Exchange”, said **Joerg Reinhardt, Chair of the Board of Directors of Novartis**. “With this step, both Sandoz and Novartis will be able to optimize management focus, allocate capital on business priorities, and be in a better position to create sustainable shareholder value in the future.”

- The Novartis Shareholder Information Brochure for the Sandoz Spin-off can be accessed here: [[General Meetings | novartis](#)]
- The Sandoz Listing Prospectus can be accessed here: [www.sandoz.com/prospectus]
- Click here [www.sandoz.com/sandoz-spin] to access the supplement to the Listing Prospectus and other related documents.
- For a detailed listing of the resolution presented at the 2023 Extraordinary General Meeting, please visit:

Additional Transaction Details

The proposed 100% Spin-off of Sandoz is planned to occur on or around October 4, 2023. The Novartis Shareholder Information Brochure includes an indicative timeline of the next steps for the proposed Sandoz Spin-off.

Sandoz is planned to be listed on the SIX Swiss Exchange, with an American Depositary Receipt (ADR) program in the US. The ADRs will not be listed on a US national securities exchange.

In addition to Novartis shareholder approval, completion of the proposed Sandoz Spin-off is subject to satisfaction of certain conditions, including receipt of the necessary approvals for the listing of the Sandoz shares, no event outside of the control of Novartis preventing the Spin-off and no material adverse change. There can be no assurance regarding the ultimate timing of the proposed transaction or that the transaction will be completed.

Disclaimer

This media update contains forward-looking statements within the meaning of the United States Private Securities Litigation Reform Act of 1995. Forward-looking statements can generally be identified by words such as "potential," "can," "will," "plan," "may," "could," "would," "expect," "anticipate," "look forward," "believe," "committed," "investigational," "pipeline," "launch," or similar terms, or by express or implied discussions regarding the potential completion of the announced spin-off of Sandoz; regarding whether the spin-off is in the best interests of shareholders, regarding the future commercial performance of Novartis or of a separate Sandoz business, or regarding any potential strategic benefits, synergies or opportunities as a result of the spin-off; or by discussions of strategy, plans, expectations or intentions. You should not place undue reliance on these statements. Such forward-looking statements are based on our current beliefs and expectations regarding future events and are subject to significant known and unknown risks and uncertainties. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those set forth in the forward-looking statements. There can be no guarantee that the proposed spin-off will be completed in the expected form or within the expected time frame or at all. Neither can there be any guarantee that Novartis or a separate Sandoz business will be able to realize any of the potential strategic benefits, synergies or opportunities as a result of the spin-off, within any particular time frame, or at all. Nor can there be any guarantee that shareholders of Novartis or Sandoz will achieve any particular level of shareholder returns. Neither can there be any guarantee that the spin-off of Sandoz will in fact be in the best interests of shareholders, or that Novartis or a separate Sandoz business, will be commercially successful in the future, or achieve any particular credit rating or financial results. In particular, our expectations regarding such products could be affected by, among other things: an unexpected failure to satisfy the required closing conditions, or unexpected delays in meeting these requirements; the potential that the strategic benefits, synergies or opportunities expected from the proposed spin-off may not be realized or may take longer to realize than expected; the inherent uncertainties involved in predicting shareholder returns; a failure to successfully separate Sandoz from the Novartis Group subsequent to the completion of the spin-off, or within the expected time frame; potential adverse reactions to the proposed spin-off by customers, suppliers, strategic partners or key Sandoz personnel and potential difficulties in maintaining relationships with such persons; the uncertainties inherent in research and development, including clinical trial results and additional analysis of existing clinical data; the ability of Sandoz as a standalone company to obtain or maintain proprietary intellectual property protection; regulatory actions or delays or government regulation generally; global trends toward health care cost containment, including government, payor and general public pricing and reimbursement pressures and requirements for increased pricing transparency; our ability to obtain

or maintain proprietary intellectual property protection; the particular prescribing preferences of physicians and patients; general political, economic and business conditions, including the effects of and efforts to mitigate pandemic diseases such as COVID-19; safety, quality, data integrity or manufacturing issues; potential or actual data security and data privacy breaches, or disruptions of our information technology systems, and other risks and factors referred to in Novartis AG's current Form 20-F on file with the US Securities and Exchange Commission or in the Swiss listing prospectus and any supplements filed by Sandoz with the SIX Swiss Exchange. Novartis is providing the information in this media update as of this date and does not undertake any obligation to update any forward-looking statements contained in this media update as a result of new information, future events or otherwise.

About Novartis

Novartis is reimagining medicine to improve and extend people's lives. We deliver high-value medicines that alleviate society's greatest disease burdens through technology leadership in R&D and novel access approaches. In our quest to find new medicines, we consistently rank among the world's top companies investing in research and development. About 103,000 people of more than 140 nationalities work together to bring Novartis products to nearly 800 million people around the world. Find out more at <https://www.novartis.com>

About Sandoz

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

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