Novartis Investor Relations

Novartis Strategy and Growth Story

Vas Narasimhan, CEO
J.P. Morgan Healthcare Conference
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NOVARTIS | Reimagining Medicine

Novartis presents an attractive profile for investors

1
Clear strategy

Delivering on strategy as a focused medicines company

2
Attractive growth profile

Confident in 4%+ sales CAGR (2020 to 2026) and above peer median beyond 2026

3
Strong mid/late-stage portfolio

Breadth and depth, 20+ assets with USD ≥1bn potential, fuel further growth to 2030 and beyond

4
Platform leadership

Continue to develop leadership across technology platforms

5
Balanced capital allocation

Aims to combine investing in core business and returning excess capital to shareholders

Our strategy

Focused medicines company powered by technology leadership in R&D, world-class commercialization, global access and data science

Where to play | our focus

Strengthen our core therapeutic areas

Advance our leading technology platforms

Accelerate our 4 priority geographies

Transform Sandoz

How to win | our five priorities

Embrace operational excellence every day

Unleash the power of our people

Deliver transformative innovation

Go big on data and digital

Build trust with society

Our aspiration

Innovation power
Top 3 innovator

Returns
High 30s IM margin, attractive ROIC[1]

Growth
Consistent above peer median average growth

ESG
Global leader in material ESG factors

1. Return on invested capital.

We are delivering consistent top-line growth with margin expansion

Diversified
Healthcare Group

1996 - 2014

Focused
Medicines Company

2015 - 2021

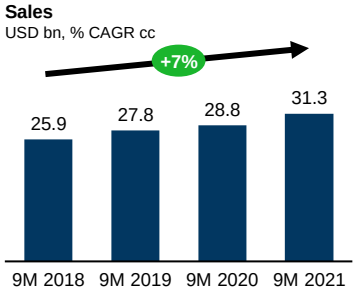
Actions 2015 – 2020

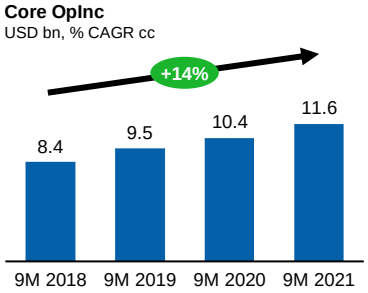
- Exit of Animal Health, Vaccines, Consumer Health
- Alcon spin | value creating, tax neutral, largest in EU market history
- Opportunistic bolt-on acquisitions

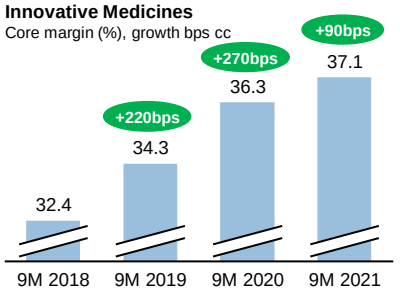
Actions 2021

- Strategic Review of Sandoz to maximize shareholder value
- Sale of Roche stake | single bilateral transaction, ~USD 21bn, no tax leakage, IRR of 10.2% in USD

Consistent strong operating performance (Innovative Medicines)







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We remain disciplined and shareholder-focused in our capital allocation

Investing in the business | **Return to shareholders**

Investments in organic business

Disciplined R&D investment into core therapeutic areas, investing ~19%-20% of IM sales[1] delivering avg 2-3 NMEs p.a. between 2018 and 2021

Growing annual dividend in CHF

Committed to maintain strong and growing dividend (in CHF), increased by CAGR 7.8% in CHF and 9.8% in USD between 1996-2020[2]

Value-creating bolt-ons

~USD 30bn M&A bolt-ons since 2018[3] (10+ deals, mean of ~USD 2bn)

Share buybacks

Announced share buyback of up to USD 15bn

1. Core R&D as a % of 3rd party sales based on 2020 IM actuals. 2. Reflecting dividend payments up to and including the business year 2020 (paid out in March 2021), converted at historic exchange rates at the respective dividend payment dates as per Bloomberg.
3. Until Q4 2021.

We have strong positions in five therapeutic areas and new technology platforms, with a diversified geographic presence

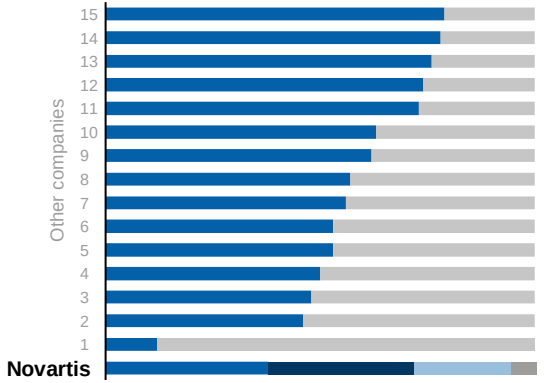
In-market and pipeline depth in 5 therapeutic areas

5	CRM, IHD, NS, ONC, HEM[1] Opportunistic in others: Ophthalmology & Respiratory
14	In-market blockbuster assets[2]
20+	Potential bn USD+ pipeline assets with approval by 2026
8%	Limited binary risk on a single product[2]
53%	Key growth drivers and launches as % of IM sales, growing 26% in Q3 2021

Strong positions in technology platforms

TPD		Advance our broad portfolio of NMEs
CELL THERAPY		Lead in next generation of CAR-Ts
GENE THERAPY		Advance next wave of assets
RLT		Expand across additional solid tumors
xRNA		Fully build up siRNA capabilities

Geographically diversified[3]



US | Low exposure to US pricing reforms[4]

EU | Maintain sales leadership

China | Sales on track to double by 2024

US | Asia, Africa, Australasia | ex-US
EU | Canada & Latin America

1. Cardio-Renal, Immunology, Neuroscience, Oncology, Hematology. 2. Based on 2020 Group sales actuals. 3. Source IQVIA Analytics Link (MIDAS database), sales numbers are estimated bottom up based on average wholesaler price and volume, and therefore deviates from net sales reported by companies in their annual reports. Includes branded and generics drugs as well as vaccines but no OTC. 4. Relative to peers. TPD: Targeted Protein Degradation, RLT: Radioligand Therapy.

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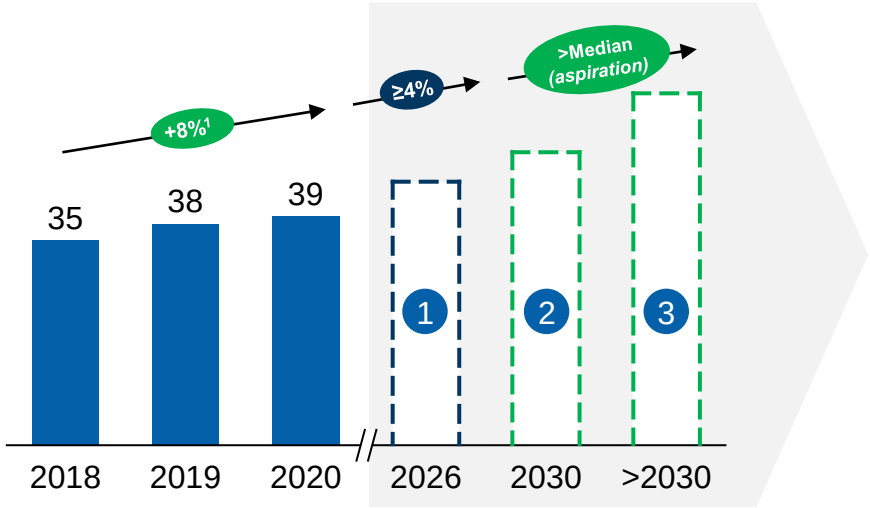
Off this strong base, we are committed to driving consistent growth to 2030 and beyond

IM sales evolution

Illustrative, USD billion, % CAGR cc



1. **2020-2026 | ≥4%**
   Focused resources on key growth brands and launches, upscaling next generation engagement models

2. **2026-2030 | >peer median**
   Double-down on internal pipeline assets to unlock their full potential and add complementary BD&L

3. **>2030 | >peer median**
   Focused investments in technology platforms while staying at the forefront of innovation in small and large molecules

1. 6% in USD

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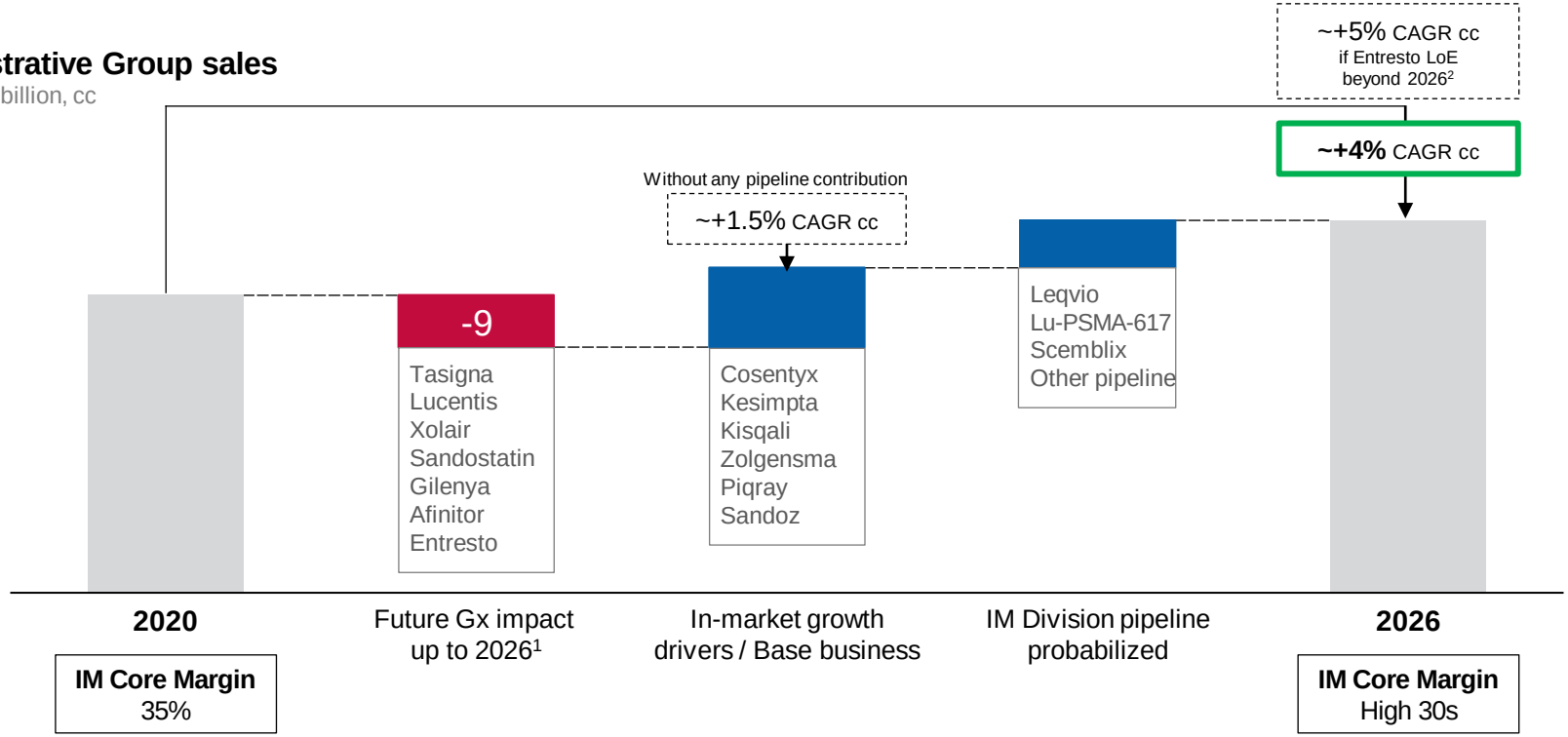
Novartis Growth Story

2020 - 2026

Confident in delivering 4%+ sales CAGR 2020 - 2026

Illustrative Group sales

USD billion, cc



Excludes potential impact from US healthcare reform. Compared to R&D Day 2021, removed Ligelizumab in CSU.

1. Estimated based on relevant patents; further extensions possible. Additional products include Promacta, Q-Family and Votrient. 2. For internal forecasting purposes we do not expect Gx in US at least until 2025.

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Six in market growth drivers with multi-billion USD sales potential

	Cosentyx®	Entresto®	zolgensma®	KISQALI®	Kesimpta®	LEQVIO®
Q3 sales annualized[1]	USD bn 5.0	USD bn 3.7	USD bn 1.5	USD bn 0.9	USD bn 0.4	USD bn nm
Q3 Growth	+22%	+44%	+28%	+27%	nm	nm
Peak sales	USD bn >7.0	USD bn >5.0	USD bn Multi-billion[3]	USD bn Multi-billion	USD bn Multi-billion	USD bn Multi-billion
CAGR 2020-2026	Low double-digit	Double digit until LoE	Low to mid teens	Low 30s[4]	nm	nm
US LoE[2]	2029+	2025-2036	2031+	2031+	2031+	2036+

USD, all growth rates in constant currencies (cc). Excludes potential impact from US HC reform.
1. Reported Q3 net sales annualized. 2. Estimated based on relevant patents; further extensions possible. 3. Including Zolgensma IT. 4. Including Kisqali adjuvant.

Leqvio®: US launch underway

FDA approved

- Effective and sustained LDL-C reduction[1] with twice a year maintenance dose administered by HCP
- Broad label covering 16m US ASCVD patients not at LDL-C goal
- Go-to-market model designed to overcome clinical barriers and address access, adherence and affordability
- Sales, reimbursement and medical teams with deep experience in the US cardiovascular market
- Robust network of AICs to provide acquisition and administration flexibility
- Value-based price per dose (USD 3,250)
- Comprehensive patient and HCP support programs available at launch to ensure timely access
- Product available from specialty distributors in early January

LDL-C – Low Density Lipoprotein Cholesterol ASCVD – Atherosclerotic Cardiovascular Disease AIC – Alternative Injection Center HCP – Healthcare Professional 1. Across the 6-month dosing interval.

Additional key 2022 launches include Scemblix® and ^{177}Lu-PSMA-617

SCEMBLIX®
(asciminib) 20 mg, 40 mg tablets

First STAMP inhibitor in 3L CML

FDA approval received in 3L CML and CML patients with T315I mutation

~25% of all CML patients addressable with current label

Potential to provide best benefit-risk profile in 1L CML

>50% of patients treated front line with imatinib

30-40% treated with 2nd generation TKIs

} develop resistance or intolerance

Initiated 1L pivotal study of asciminib vs. investigator-selected TKI (FPFV[1] achieved in Q4 2021)

^{177}Lu-PSMA-617[2]

Prognosis remains poor for patients with mCRPC[3]

2nd most diagnosed cancer in men

>80% of patients metastatic at the time of CRPC diagnosis

~10 months median OS on available treatment options

With FDA Priority Review, PDUFA[4] expected H1 2022

Submitted ^{68}Ga-PSMA-11 kit for PET imaging to FDA

Scaling community centers on RLT

EMA submission completed and approval expected in H1 2022

1. First patient first visit. 2. Product and brand name are currently under FDA review. 3. Metastatic castration-resistant prostate cancer. 4. Prescription Drug User Fee Act.

2 3

Novartis Growth Story

Beyond 2026

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Our innovative pipeline addresses unmet medical needs with a renewed focus to deliver high value assets

Scale

Projects[1]

70
NMEs

65
Phase 3 / Registration

100
Phase 1/2

Innovation

23
FDA breakthrough therapy designations in the past 6 years

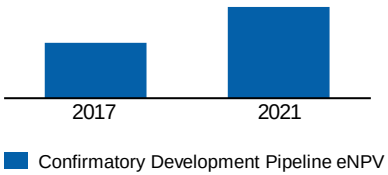
~85%
Pipeline[2] potentially first-in-class / first-in indication

>80%
Target areas of high unmet need[2]

Value

#1
NME US FDA approvals[3]

~1.5x
eNPV growth per asset since 2017[4]



Priorities

Focus on assets with **significant potential**

Early **expansion into multiple indications** (e.g., Iptacopan, Remibrutinib)

Rapid transitions to pivotal studies especially for **high value assets** (e.g. JDQ/TNO, NIS, YTB)

Early out licensure of **non-strategic internal assets**

1. As per IR Q3 2021 pipeline. 2. Confirmatory development pipeline. 3. Source: Evaluate Pharma, US NME FDA Approvals 2018 -2020. 4. Confirmatory development pipeline, IMB portfolio review May 2017 vs May 2021

20+ potential billion USD+ pipeline assets with approval by 2026

Most are supported by high strength of evidence

Selected assets

	Strength of evidence **Moderate**	Strength of evidence **High**		
Unprobabilized peak sales **USD bn / multi-bn**	**Sabatolimab** MDS; AML	**Iptacopan** PNH; C3G; IgAN; aHUS	**Kisqali** ◆ Adj. BC (+endocrine th.)	**Leqvio** ✓ Hypercholesterolemia
	NIS793 PDAC; Colorectal Cancer	**Remibrutinib** CSU; MS	**YTB323**[2] 2L DLBCL	**Cosentyx** ◆ Multiple indications
	Pelacarsen CVRR	**Zolgensma** ◆ SMA IT	**Ianalumab** Sjogren's; SLE; AIH; Lupus Nephritis	**^{177}Lu-PSMA-617** mCRPC post & pre-taxane; mHSPC
	Canakinumab Adj. NSCLC	**Ligelizumab** FA; CINDU		**Scemblix** 3L+ CML; 1L CML
	Ociperlimab[1] NSCLC			**Tislelizumab** Multiple indications
	UNR844 Presbyopia			**Piqray** ◆ PROS; HER2+ adv BC; TNBC; Ovarian cancer
	Libvatrep (SAF312) Chronic Ocular Surface Pain			
	TNO155, JDQ443[2] NSCLC; Colorectal Cancer; Combos			
Unprobabilized peak sales **up to USD 1bn**		**Lutathera** ◆ 1L G2/G3 NET	**Kymriah** ◆ r/r Follicular Lymphoma	**Beovu** ◆ DME
			Tafinlar/Mekinist ◆ Solid Tumor Agnostic	**Jakavi** ◆ SR GvHD

Most advanced and key indication(s) **approved by 2026**

- Submission
- Phase III
- Phase II
- ◆ LCM
- ✓ Approved

1. BeiGene option deal. 2. Ph3 to start in 2022.

Assets are shown in the phase of the most advanced indication (listed first). Value based on the total of the listed indication(s). Strength of evidence based on the most advanced indication: High if in Ph3 or when Ph2 results available for the same MoA in the lead indication.

Recent data releases support progression of our mid-stage pipeline

Cosentyx HS

Primary efficacy endpoint was met in both Ph3 studies SUNSHINE and SUNRISE

Iptacopan

C3G: 45% proteinuria reduction; EMA PRIME

PNH: Ph2 substantial reduction in intra- & extravascular hemolysis; FDA BTD

JDQ443

Entering Ph3 2L KRAS G12C mutant **NSCLC** in H1 2022, based on ongoing Ph1 study

Ianalumab

Sjögren's Ph2b primary endpoint met, confirming efficacy and good tolerability

Autoimmune hepatitis, SLE and **CLL** studies ongoing

Remibrutinib

Rapid and effective **CSU** disease activity control, with favorable safety in Ph2b

YTB323 / PHE885

T-Charge™ assets presented at ASH:

Anti-CD19 YTB to Ph3

Anti-BCMA PHE to Ph2

Branaplam

Potential FIC[1] for **Huntington's**

Ph2b initiated based on demonstrated PoC in pre-clinical, Ph1 (healthy volunteers) and SMA studies

Ociperlimab (TIGIT)

Currently in Ph3 trials for **NSCLC** in combination with tislelizumab[2]

Additional studies ongoing in a wide range of solid tumors

1. First-in-class. 2. Active trials conducted by BeiGene.

Recent business development activities strengthening our pipeline and platforms

GYROSCOPE
VISION FOR LIFE

Adding a one-time subretinal gene therapy that could transform care for geographic atrophy (GA), a leading cause of blindness[1]

Potential 1st therapy with sustained efficacy for broad GA population

AAV-2 gene therapy inducing expression of CFI[2] for treatment

Compelling early preclinical & clinical data of GT005 with well tolerated safety profile[3]

FDA Fast Track designation for GT005

Upcoming milestones (readouts)

Phase 1/2: **FOCUS** Oct 2022

Phase 2: **HORIZON** Oct 2022 and **EXPLORE** Feb 2023

BeiGene

Option, collaboration and license agreement for TIGIT inhibitor ociperlimab with the potential to treat a wide range of solid tumors

Early research suggests TIGIT inhibitors activity against broad range of tumors

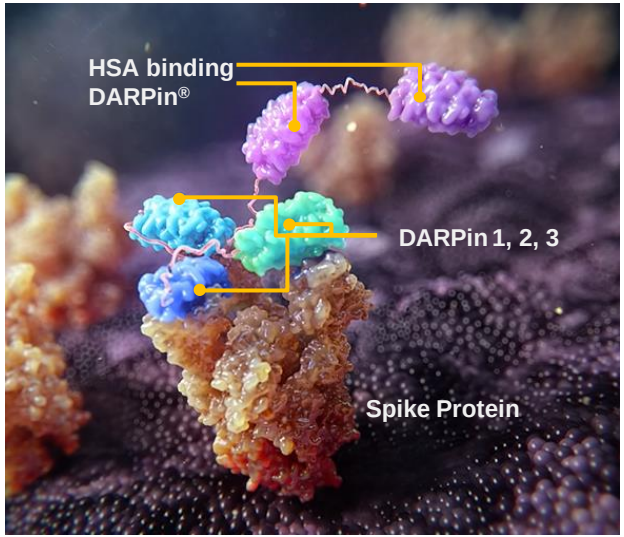
Ociperlimab adds innovative and complementary late-stage TIGIT inhibitor and potentially synergistic combinations with tislelizumab and other Novartis Oncology assets

Two Phase III trials underway in NSCLC[4] and additional studies ongoing in a wide range of solid tumors

1. Completion of the transaction is subject to customary closing conditions. Novartis and Gyroscope will continue to operate as separate and independent companies until closing. 2. Complement negative regulator complement factor.
3. Publicly presented data J Heier, Retina World Congress, November 2021. 4. Non-small cell lung cancer.

Novartis and Molecular Partners report positive results on Phase 2 EMPATHY clinical trial of ensovibep on COVID-19 patients

Ensovibep binding to spike protein (3D)



Value proposition of ensovibep

Drug description

- Three individual DARPin domains bind to three RBDs on spike protein offering high potency against all variants
- Single IV infusion to be administered within 7 days of symptom onset
- Manufacturing based on bacterial fermentation that is more easily scalable

Key clinical data

- Reduced hospitalizations, ER visits and deaths vs. placebo (RR[1] 78%)
- Faster recovery in patients
- No unexpected safety findings
- Lowest dose of 75mg was effective in viral load reduction

Pan-variant-neutralization of all VOCs, in vitro

Lineage	Wuhan Hu-1	Alpha B.1.1.7	Beta B.1.351	Gamma P.1	Delta B.1.617.2	Omicron B.1.1.529
Ensovibep IC50*	1 / 1.1	1.7 / 0.9	5 / 1.2	1.2 / 0.7	2.4 / -	2.2 / 2.1

* IC_{50} values in ng/mL in two different assays: VSV (Vesicular Stomatitis Virus) / Lentivirus Pseudo type Neutralization Assay

1. Relative risk reduction.

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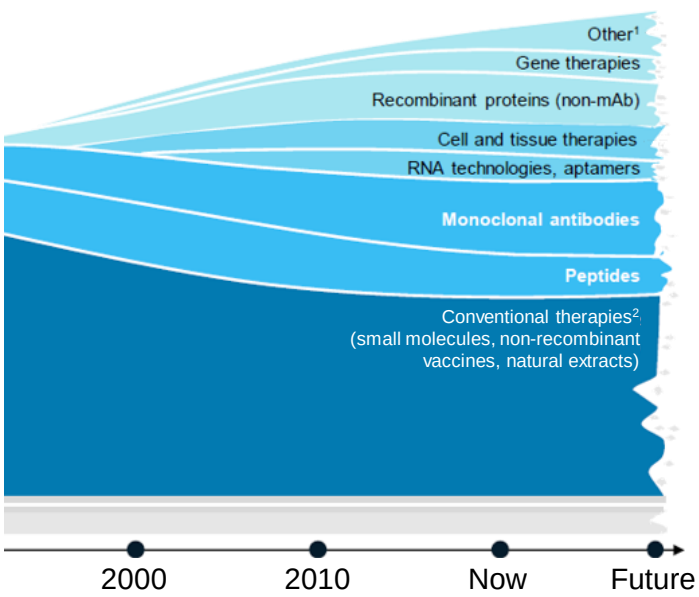
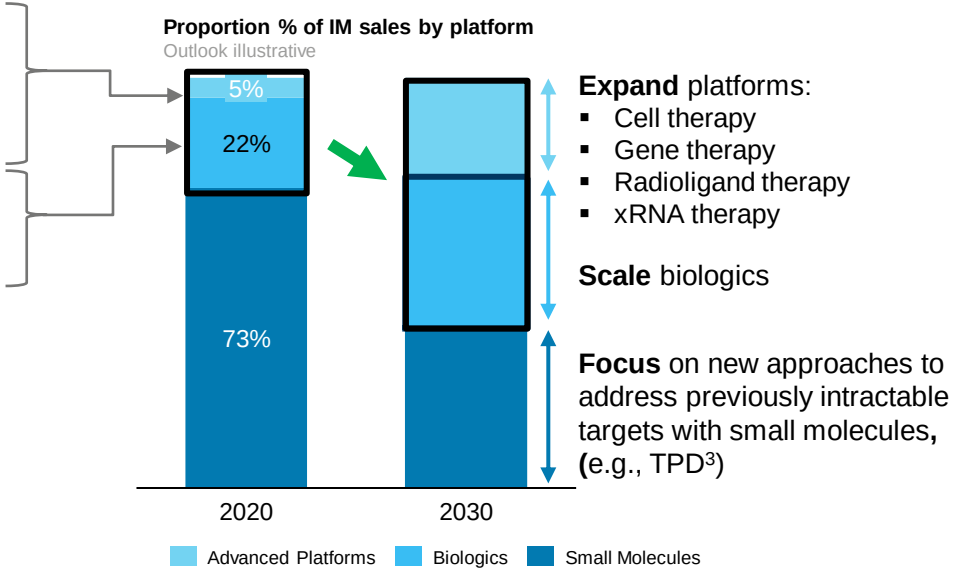
Novartis is investing to lead as the Biopharmaceutical industry shifts to new platforms

Global pipeline composition, directional technology outlook



Novartis portfolio shift towards biologics & advanced platforms



Expand platforms:
- Cell therapy
- Gene therapy
- Radioligand therapy
- xRNA therapy

Scale biologics

Focus on new approaches to address previously intractable targets with small molecules**,** (e.g., TPD[3])

1. e.g. Microbiome, Nanotechnologies, Bioelectronics, Bioengineered vaccines, Protein extracts. 2. Currently ~60% of global clinical pipeline. 3. Targeted Protein Degradation. Source: McKinsey analysis, EvaluatePharma

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We take a principled approach to selecting platforms and deploying them in our core therapeutic areas

Principles for platform investments

- Broad applicability
- Clear differentiation
- Advances disease area strategy
- Scalability
- Integration of diverse expertise
- Sustained competitive advantage

Major Novartis platforms


Chemistry & Chemical Biology | TPD[1]


Biotherapeutics | xRNA[2]


Stem-Progenitor Cell Therapy


Viral Gene Therapy


Radioligand Therapy

Applying our technology across other TAs

	Chemistry	Bio-therapeutics	Cell	Gene	RLT	xRNA
Oncology	■	■	■		■	□
Cardio-Renal	■	■		□		■
Immunology	■	■	□		□	□
Neuroscience	■	■		■		□
Ophthalmology	■	■		■		□
Respiratory	■	■		□		

■ Currently marketed products □ Potential to expand

1. Targeted Protein Degradation. 2. xRNA includes RNA targeting LMWs, ASOs, siRNA, mRNA cancer vaccines.

Continue innovating on small molecules while building a strong position in new technology platforms

	TPD	Cell	Gene	RLT	xRNA[1]
Existing commercial assets		KYMRIAH	zolgensma® LUXTURNA®	LUTATHERA®	LEQVIO®
Key focus	Unlock previously undruggable targets	Enhance potency, durability and manufacturing efficiency	Explore novel cargos, targeting, and switchable expression	Expand the indication landscape	Explore new approaches in RNA therapeutics
# of projects[2]	12	15	22	12	9
Expected next filing	**2026+**	**2024**	**2025**	**2023**	**2026+**

1 xRNA includes RNA targeting LMWs, ASOs, siRNA, mRNA cancer vaccines. 2. Exploratory to Ph1/2

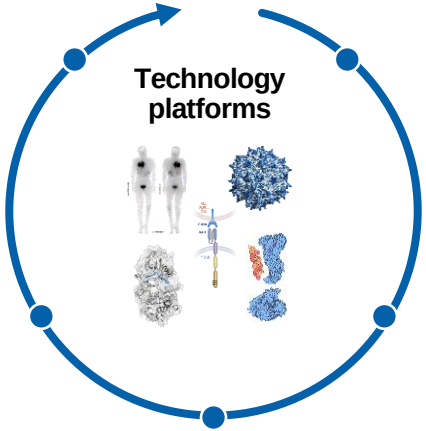
Novartis path to leadership in technology platforms

Building on the integrated technology platform strengths across our organization

Depth and breadth across platforms

~70 projects[1]

Development and regulatory experience



Manufacturing scale and expertise

Experience in commercialization

KYMRIAH
LEQVIO
LUTATHERA
LUXTURNA
zolgensma

1 Exploratory to Ph1/2

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