



Novartis AG

To the holders of American Depositary
Receipts (ADRs) of Novartis AG

Notice of Extraordinary General Meeting

JPMorgan Chase Bank, N.A., the ADS depository (the "Depository" or "JP Morgan"), has been notified that an Extraordinary General Meeting of Novartis AG will be held in Basel, Switzerland on Friday, September 15, 2023, at 10:00 CEST.

If you wish to have the Depository vote the Novartis shares underlying your ADRs on the agenda items listed below, please direct the Depository by executing the proxy materials in time.

Persons in Australia

This notice is not a "disclosure document" for the purposes of the Australian Corporations Act 2001 (Cth). Persons in Australia please refer to page 5 of the shareholder information brochure "Proposed Spin-off of Sandoz" published on www.novartis.com/egm.

Basel, August 18, 2023

Agenda

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

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

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

The Distribution is subject to the following conditions precedent:

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

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

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

Explanation

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

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

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

Explanation

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

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

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

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

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

ADR Voting

Article 5 of the Novartis Articles of Incorporation states that no person (legal or natural) shall be registered with the right to vote more than 2% of the registered share capital (held in the form of shares, ADRs or a combination of both). For purposes herein, "ADR" means an American Depositary Share, each representing one ordinary equity share of Novartis AG and evidenced by an American Depositary Receipt.

As of August 18, 2023, Novartis had a total of 2,277,477,752 shares registered in the commercial register of Basel-Stadt, Switzerland. Each ADR corresponds to one Novartis share. If your total holding (including without limitation holding through nominees) exceeds 45,549,555 Novartis shares, ADRs or a combination of both (i.e. 2% of the registered share capital), any Novartis shares and ADRs exceeding 2% of Novartis' registered share capital will have no voting rights, unless you obtain prior individual exemption from the Board of Directors of Novartis.

Registered Holders

If you are a registered holder of ADRs and properly sign, date and submit voting instructions for your Novartis ADRs, JPMorgan will provide your name, address and ADR holdings to Novartis.

Beneficial Holders

Article 5 of the Novartis Articles of Incorporation limits the registration of nominees with the right to vote to 0.5% of the registered share capital. Shareholders holding more than 0.5% (up to 2%) of the registered share capital through a nominee may only vote if the nominee discloses the name, address and the number of shares held by such shareholders.

If you submit voting instructions to your broker, bank or other nominee whose total holding exceeds 11,387,388 Novartis shares, ADRs or a combination of both (i.e. 0.5% of the registered share capital), you will be authorizing them to disclose your name, address and the number of ADRs you hold to JPMorgan and Novartis.

Voting Instructions for ADR Holders

JPMorgan reminds all eligible ADR holders that the deadline to submit voting instructions is included on the Voting Instruction Card received. Such ADR holders have the choice of either providing specific voting instructions for each agenda item or doing nothing. Those who do nothing will be deemed to have instructed JPMorgan to give a discretionary proxy to an uninstructed independent designee. Such designee has to be a shareholder of Novartis.

For further information, please see the Questions and Answers section of this document.

Disclosure

By voting through the Internet, by telephone, or by signing and returning the Voting Instruction Card, you are:

- Certifying that you were an ADR holder on August 4, 2023;
- Certifying that you, as a single person (legal or natural), do not directly or indirectly own more than 2% of Novartis AG's registered share capital (Novartis shares, ADRs or a combination of both);
- Instructing JPMorgan to vote the Novartis registered shares underlying your ADRs in the manner indicated; and
- Authorizing the disclosure to JPMorgan and Novartis of your name, address and number of ADRs held as a registered ADR holder, or as a beneficial ADR holder whose broker, bank or other nominee's total holdings exceed 0.5% of the Novartis registered share capital.

PLEASE NOTE THAT YOUR VOTING INSTRUCTIONS WILL NOT BE PROCESSED IF YOU DO NOT SIGN (IF APPLICABLE) OR COMPLETE ALL REQUIRED INFORMATION, INCLUDING YOUR NAME, ADDRESS AND ADR HOLDINGS.

Frequently Asked Questions

Q: Which ADR holders are entitled to direct JPMorgan to vote?

A: Holders of Novartis ADRs on the ADR record date for voting rights (referred to as “Record Date”) of August 4, 2023, will receive the proxy material and are entitled to direct JPMorgan, as the ADS depository, to vote.

Q: Can I attend the Extraordinary General Meeting in person?

A: ADR holders may not attend General Meetings of Novartis AG in person. ADR holders may give voting instructions to JPMorgan by mailing a Voting Instruction Card, through the Internet or on the telephone.

Q: What happens if I do nothing and do not provide any voting instructions?

A: If you do not provide voting instructions, you will be deemed to have instructed JPMorgan, as the ADS depository, to give a discretionary proxy to an uninstructed independent, who has to be a shareholder of Novartis. Such designee will vote any unvoted shares underlying the ADRs.

Q: Why does Novartis need my personal information for me to give voting instructions?

A: Novartis needs the name, address and number of ADRs held from registered ADR holders and from beneficial ADR holders when your broker, bank or other nominee’s total holdings exceed 0.5% of Novartis’ registered share capital to ensure compliance with the requirements of Article 5 of Novartis’ Articles of Incorporation.

Q: Will my vote be counted at the Extraordinary General Meeting?

A: If you have mailed your properly completed and signed Voting Instruction Card so that it is received before the voting deadline as noted on your Voting Instruction Card, or if you have properly submitted your vote by telephone or the Internet by the deadline for those voting methods as noted on your Voting Instruction Card, and, if required, you have authorized your financial institution (bank or broker) to disclose your name, address and the number of ADRs you hold as a registered ADR holder and/or as a beneficial ADR holder when your broker, bank or other nominee holdings exceed 0.5% of Novartis’ registered share capital (see “Beneficial Holders” on the previous page), JPMorgan will exercise the voting rights of the registered Novartis shares underlying your ADRs in the manner you have instructed, subject to the 2% limit of the registered share capital of Article 5 of the Novartis Articles of Incorporation (see “ADR Voting” on the previous page).

Q: Am I restricted in trading my ADRs if I register my ADRs?

A: Neither the registration of ADRs with JPMorgan (in case of registered ADRs) nor the disclosure of your name, address and ADR holding to Novartis affects the transferability of your ADRs. No trading restriction on ADRs is imposed by JPMorgan or Novartis. ADR holders may, therefore, purchase or sell their ADRs at any time, including prior to a general meeting, regardless of the Record Date. The Record Date serves only to determine the right to direct JPMorgan to vote at Novartis’ Extraordinary General Meeting.

Q: Can I vote on additional and/or new motions presented by shareholders at the Extraordinary General Meeting?

A: Agenda Item 3 of your Voting Instruction Card allows you to vote on alternative motions under the agenda items published in the Notice of Extraordinary General Meeting and/or motions relating to additional agenda items according to Article 704b of the Swiss Code of Obligations proposed at the Extraordinary General Meeting as follows:

Mark the FOR Box to vote according to the motions of the Board of Directors. Mark the AGAINST Box to vote against any alternative/new motion. Mark the ABSTAIN Box to abstain from voting.

If no instruction on Agenda Item 3 is received from an ADR holder, such holder will be deemed to have instructed JPMorgan, through its Nominee or Nominees, to give a discretionary proxy to an uninstructed independent designee. Such designee has to be a shareholder of Novartis.

Q: How can I get additional information about the ADR voting process and the Extraordinary General Meeting?

A: If you are a registered ADR holder and have any questions about the ADR voting process or Novartis’ Extraordinary General Meeting, please call JPMorgan at (877) 816-5333. Beneficial holders should contact their Bank/Broker for further details regarding the Extraordinary General Meeting.