

# Buyback of own shares for the purpose of a capital reduction

## Trading on a separate line on SIX Swiss Exchange

### Results of the share buyback program from 11 March 2020 to 10 March 2023 and legal basis

In the period from 11 March 2020 to 10 March 2023, Novartis AG, Lichtstr. 35, Basel («Novartis») acquired a total of 214,083,168 registered shares for around CHF 17.448 billion via a separate trading line on the SIX Swiss Exchange. This corresponds to 8.9% of the share capital and voting rights currently entered in the commercial register. The cancellation of these shares has been or will be proposed at the Annual General Meetings.

On 7 March 2023, the Annual General Meeting of Novartis resolved to authorize the Board of Directors, in addition to the remaining authorization of CHF 6.5 billion, to carry out further share buybacks up to a maximum total value of CHF 10 billion in the period from the Annual General Meeting 2023 to the Annual General Meeting 2026 at its discretion.

In order to be able to carry out future buybacks, in each case within the scope of the authorisations granted by the General Meetings of Novartis, the Board of Directors of Novartis has decided to launch a new share buyback program, under which a maximum of 10% of the own registered shares can be repurchased over the next 3 years via a separate trading line in accordance with International Reporting Standard on the SIX Swiss Exchange (the «**Buyback program**»).

The equity capital of Novartis is currently CHF 1,201,860,626.00, divided into 2,403,721,252 registered shares, each with a par value of CHF 0.50.

Capital reductions of the registered shares repurchased under the buyback program will be proposed at future annual general meetings.

The ADSs of Novartis, which are listed on the New York Stock Exchange, are not part of this buyback program.

### Trading on a separate line on SIX Swiss Exchange

Only Novartis can act as a buyer on the separate trading line (security number 3.845.941) and acquire its own registered shares via the bank that has been mandated with the share repurchase program. The trading of Novartis registered shares on the ordinary trading line (security number 1.200.526) is not affected and will continue in its normal course. Any Novartis shareholder who is willing to sell, can choose to sell registered shares on the ordinary trading line or to tender them on the separate trading line for the purpose of a future capital reduction.

Novartis is not obliged to buy its own registered shares on the separate trading line at any time; it will act as a buyer according to market conditions. The conditions set out in the TOB circular no. 1: Buyback Programmes of 27 June 2013 (Status as of 1 January 2016) will be observed.

In accordance with Article 123 (1) (c) FMIO, the maximum repurchase volume per day will be published on the following website of Novartis:

[www.novartis.com/investors/shareholder-information/share-buy-back](http://www.novartis.com/investors/shareholder-information/share-buy-back)

### Buyback price

The buyback prices and the prices on the separate trading line are based on the prices for Novartis registered shares traded on the ordinary trading line.

### Payment of the net price and delivery of the securities

Transactions on the separate trading line constitute regular stock exchange transactions. Hence, the net price (buyback price less Swiss federal withholding tax) will be paid, and the registered shares delivered, as customary, on the second trading day after the transaction date.

### Mandated bank

Novartis has given UBS AG the mandate to execute the Buyback program. UBS AG will be the sole member of the stock exchange offering bid prices for registered shares on behalf of Novartis on the separate trading line.

<b>Delegation agreement</b>	In accordance with Article 124 (2) (a) and (3) FMIO, Novartis and UBS entered into a delegation agreement, according to which UBS shall make the repurchases independently within the defined parameters. However, in accordance with Article 124 (3) FMIO, Novartis may terminate this delegation agreement at any time without cause or modify the parameters.			
<b>Opening of the separate trading line and duration of the repurchase program</b>	Trading of registered shares of Novartis on the separate trading line on the SIX Swiss Exchange in accordance to the Buyback program will commence on 14 March 2023 and is planned to remain open until 13 March 2026.			
<b>Duty to trade on the exchange</b>	In accordance with the regulations of the SIX Swiss Exchange, off-exchange transactions are not permitted in case of share repurchases on a separate trading line.			
<b>Disclosure of transactions</b>	Novartis will publish the transactions made as part of the Buyback program on the following website: <a href="http://www.novartis.com/investors/shareholder-information/share-buy-back">www.novartis.com/investors/shareholder-information/share-buy-back</a>			
<b>Own holdings</b>	As of 10 March 2023, Novartis held 297,214,211 of its own registered shares directly and indirectly. This corresponds to 12.36% of voting rights and of the equity capital currently entered in the Commercial Register.			
<b>Shareholders with more than 3% of capital and voting rights</b>	<b><u>Name of shareholder and domicile</u></b>	<b><u>Purchase positions *)</u></b>	<b><u>in % of the current capital and voting rights</u></b>	<b><u>Information as of</u></b>
	BlackRock, Inc., New York	122,025,549	5.08%	4 January 2022
	Emasan AG, Basel	90,652,010	3.77%	30 November 2011
	*) includes registered shares, stock borrowing and comparable transactions, voting rights to exercise at one's own discretion und participation derivatives			
	Furthermore, JP Morgan Chase Bank, New York, as nominee and custodian bank for the American Depositary Receipt (ADR) program, had a position of 217,965,702 registered shares (9.07% of capital and of voting rights) as of 10 March 2023.			
<b>Taxes and deductions</b>	<p>The buyback of own shares for the purpose of capital reduction by a Swiss company qualifies as partial liquidation. The following is a summary of the main tax consequences for shareholders who sell their registered shares of Novartis on the separate trading line:</p> <p><b>1. Swiss withholding tax</b></p> <p>In the case of a partial liquidation, the difference between the repurchase price for the share and the nominal value (surplus on liquidation) is generally subject to Swiss withholding tax of 35%. The tax will be deducted from the repurchase price by Novartis or by the mandated bank for the attention of the Swiss Federal Tax Administration.</p> <p>Shareholders domiciled in Switzerland are entitled to a full refund of withholding tax if they had the right to use the shares at the time of sale of the shares and if the other necessary conditions for a refund of withholding tax are met.</p> <p>Shareholders domiciled abroad may reclaim the withholding tax in accordance with any double taxation agreement between Switzerland and their country of residence. Typically, double taxation agreements only provide for a partial refund of withholding tax.</p> <p><b>2. Direct taxes</b></p> <p>The following statements refer to the levying of direct federal taxes. As a rule, the same practice applies to cantonal and municipal taxes as to direct federal taxes.</p> <p>a) Shareholders domiciled in Switzerland</p> <ul style="list-style-type: none"> <li>- <i>Shares held as private assets:</i> In the case of shares held as private assets, the liquidation surplus (difference between the repurchase price of the shares and their nominal value) generally represents taxable return on assets.</li> <li>- <i>Shares held as business assets:</i> In the case of shares held as business assets, the principle of authoritativeness applies. This means that, depending on the income tax value, sales of shares increase or decrease the profit (or loss) that will be decisive for profit tax.</li> </ul> <p>b) Shareholders domiciled abroad Shareholders domiciled outside Switzerland for tax purposes will pay tax in accordance with the laws of the country in which they are domiciled.</p> <p>These statements do not constitute a complete presentation of possible tax consequences and do not constitute tax advice. Shareholders are advised to consult their own tax advisor regarding the tax implications of participating in the Buyback program.</p>			

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### 3. Fees and deductions

The repurchase of own shares for the purpose of a capital reduction is exempt from transfer tax for the selling shareholder. However, the SIX Swiss Exchange's fees still have to be paid.

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#### Applicable law / place of jurisdiction

Swiss law / Zurich 1, Zurich is the exclusive place of jurisdiction.

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#### Security numbers / ISINs / ticker symbols

Registered share of Novartis AG (ordinary trading line)  
of CHF 0.50 par value 1.200.526 CH0012005267 NOVN

**Registered share of Novartis AG (separate trading line)**  
**of CHF 0.50 par value 3.845.941 CH0038459415 NOVNEE**

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#### Place and date

Basel, 13 March 2023

**This advertisement is neither an issuing prospectus in the sense of Art. 652a and 1156 of the Swiss Code of Obligations nor a prospectus pursuant to Art. 35 *et seq.* FinSA.**

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