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**Information**.**B Significant changesItem 9.** The officer and Listing**9.A Offer and listing details****9.B Plan of distribution****9.C Markets****9.D Selling shareholders****9.E Dilation****9.F Expenses of the issuer****Item 10.** Additional Information**10.A Share capital****10.B Memorandum and articles of association****10.C Material contracts****10.D Exchange controls****10.E Taxation****10.F Dividends and paying agents****10.G Statement by experts****10.H Documents on display****10.I Subsidiary information****10.J Annual report to security holders****Item 11.** Quantitative and Qualitative Disclosures About Market Risk**Item 12.** Description of Securities Other than Equity Securities**12.A Debt securities****12.B Warrants and rights****12.C Other securities****12.D American Depositary SharesPART IIItem 13.** Defaults, Dividend Arrearages and Delinquencies**Item 14.** Material Modifications to the Rights of Security Holders and Use of Proceeds**Item 15.** Controls and Procedures**Item 16A. Audit Committee Financial Expert****Item 16B.** Code of Ethics**Item 16C.** Principal Accountant Fees and Services**Item 16D.** Exemptions from the Listing Standards for Audit Committees**Item 16E.** Purchases of Equity Securities by the Issuer and Affiliated Purchasers**Item 16F.** Change in Registrant's Certifying Accountant**Item 16G.** Corporate Governance**Item 16H.** Mine Safety Disclosure**Item 16I.** Disclosure Regarding Foreign Jurisdictions that Prevent Inspections**Item 16J.** Insider Trading Policies**Item 16K.** Cybersecurity**PART IIIItem 17.** Financial Statements**Item 18.** Financial Statements**Item 19.** Exhibits**I Introduction** and use of certain termsNovartis AG and its consolidated affiliates publish consolidated financial statements expressed in US dollars. Our consolidated financial statements responsive to Item 18 of this Annual Report on Form 20-F (Annual Report) are prepared in accordance with International Financial Reporting Standards Accounting Standards as issued by the International Accounting Standards Board.     tem 5. Operating and Financial Review and Prospects,    together with the sections on products in development and key development projects of our businesses (see     tem 4. Information on the Company    tem 4.B. Business overview  ), constitute the Operating and Financial Review (    lagebericht  ), as defined by the Swiss Code of Obligations.Unless the context requires otherwise, the words     we,     our,     us,      Novartis,     Group,     Company,      and similar words or phrases in this Annual Report refer to Novartis AG and its consolidated affiliates. However, each Novartis affiliate is legally separate from all other Novartis affiliate companies and manages its business independently through its respective board of directors or similar supervisory body or other top local management body, if applicable. Each executive identified in this Annual Report reports directly to other executives of the Novartis affiliate company that employs such executive, or to such company    s board of directors.In this Annual Report, references to     US dollars,     USD   or     \$   are to the lawful currency of the United States of America; references to     CHF   are to Swiss francs; references to     euro   or     EUR   are to the lawful currency of the member states of the European Union in which it is the official currency; references to the     United States   or to     SA   are to the United States of America; references to the     European Union   or to     EU   are to the European Union and its 27 member states; references to     Latin America   are to Central and South America, including the Caribbean; references to     Australia   are to Australia, New Zealand, Melanesia, Micronesia and Polynesia, unless the context otherwise requires; references to the     ECA   are to the European Commission; references to     associates   are to employees of our affiliates; references to the     SECA   are to the US Securities and Exchange Commission; references to the     FDA   are to the US Food and Drug Administration; references to the     EMA   are to the European Medicines Agency, an agency of the EU; references to the     CHMP   are to the Committee for Medicinal Products for Human Use of the EMA; references to     ADR   or     ADRS   are to Novartis American Depository Receipts; references to     ADS   or     ADSS   are to Novartis American Depository Shares; references to the     NYSE   are to the New York Stock Exchange, and references to     SIX   are to the SIX Swiss Exchange; references to     ECN   are to the Executive Committee of Novartis; references to     xRNA   are to our ribonucleic acids (RNA) technology platform; references to     GSKA   are to GlaxoSmithKline plc; references to     Roche   are to Roche Holding AG; references to     Gyrosco Therapeutics   are to Gyroscop Therapeutics Holdings plc; references to     ADACAP   are to Advanced Accelerator Applications S.A.; references to     Novartis Gene Therapies   are to Novartis Gene Therapies, Inc.; references to     Endocyte   are to Endocyte, Inc.; references to     Chinook   are to Chinook Therapeutics, Inc.; references to     DTX Pharma   are to DTX Pharma, Inc; references to     Kate Therapeutics   are to     Kate Therapeutics Inc.   and references to     MorphoSys   are to MorphoSys AG.All product names appearing in italics are trademarks owned by or licensed to Novartis. Product names identified by a       ,      are trademarks that are not owned by or licensed to Novartis and are the property of their respective owners. Certain documents and information referenced in this Annual Report are available on our website. However, the information contained on our website, or any information that may be accessed by links on our website, is not included as part of, or incorporated by reference into, this Annual Report.**4 Forward-looking statements**This Annual Report contains certain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, Section 21E of the Securities Exchange Act of 1934, as amended (the     Exchange Act  ), and the United States Private Securities Litigation Reform Act of 1995, as amended. Other written materials filed with or furnished to the SEC by Novartis, as well as other written and oral statements made to the public, may also contain forward-looking statements. Forward-looking statements can be identified by words such as     potential,     expect,     will,     plan,     pipeline,     outlook,     may,     could,     would,     anticipate,     seek,     likely,     going,     estimate,     believe,     target,     intend,     or similar terms, or by expressing implied discussions regarding potential new products, potential new indications for existing products, or regarding potential future revenues from any such products or indications; or regarding the potential outcome, or financial or other impact on Novartis, of any of the transactions described; or regarding the potential impact of share buybacks; or regarding potential future sales or earnings of Novartis or potential shareholder returns; or regarding potential future credit ratings of Novartis; or by discussions of strategy, plans, expectations or intentions. 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 forward-looking statements. You should not place undue reliance on these statements.In particular, our expectations could be affected by, among other things:**   Uncertainties concerning trends toward healthcare cost-containment, including new laws and regulations, ongoing government, payer and general public pricing and reimbursement pressures and requirements for increased pricing transparency  **Uncertainties regarding our ability to competitively discover and develop high-value medicines and new indications for our existing products in our focus therapeutic areas and technology platforms**   Uncertainties regarding the success of key products, commercial priorities and strategy, including our ability to maintain and grow our business and to replace revenue and income lost to generic, biosimilar and other competition  **Our ability to obtain or maintain proprietary intellectual property protection**   Our ability to realize the strategic benefits, operational efficiencies or opportunities expected from our external business opportunities  **Uncertainties regarding development and adoption of advanced technologies, including artificial intelligence (AI)**   Our performance on environmental, social and governance matters  **Uncertainties regarding potential significant breaches of information security or disruptions of our information technology systems and our ability to comply with cybersecurity and data privacy laws and regulations**   Uncertainties surrounding the implementation of our new IT projects and systems  **Our reliance on outsourcing key business functions to third parties**   Uncertainties regarding actual or potential legal or regulatory proceedings  **Safety, quality, data integrity or manufacturing issues**   Our ability to identify, attract, integrate, develop and retain key personnel and qualified individuals for critical roles  **Our ability to adapt to major geopolitical and macroeconomic developmentsThese risks and others are discussed in more detail in this Annual Report, including under     tem 3. Key Information    tem 3.D. Risk factors,     tem 4. Information on the Company,     tem 5. Operating and Financial Review and Prospects,    Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described in this Annual Report as anticipated, believed, estimated or expected. It is not possible to predict or identify all risk to our business. Consequently, you should not consider the foregoing to be a complete discussion of all potential risks or uncertainties. We provide the information in this Annual Report as of the date of its filing. We do not intend, and do not assume any obligation, to update any information or forward-looking statements set out in this Annual Report as a result of new information, future events or otherwise.**5Part IItem 1. Identity of Directors, Senior   Management and Advisers**Not applicable.**6Item 2. Offer Statistics and Expected Timetable**Not applicable.**7Item 3. Key Information****3.A [Reserved]****3.B Capitalization and indebtedness**Not applicable.**3.C Reasons for the offer and use of proceeds**Not applicable.**3.D Risk Factors**Our business faces significant risks and uncertainties. You should carefully consider all of the information set forth in this Annual Report and in other documents we file with or furnish to the SEC, including the following risk factors, before deciding to invest in or to maintain an investment in any Novartis securities. Our business, as well as our reputation, financial condition, results of operations, and share price, could be materially adversely affected by any of these risks, as well as other risks and uncertainties not currently known to us or not currently considered material.Strategic risksPricing, reimbursement and accessRisk descriptionPricing and reimbursement pressure, including pricing transparency and access to healthcareContext and potential impact Our business has continuously experienced significant pressures on the pricing of our products and on our ability to obtain and maintain satisfactory rates of reimbursement for our products from governments, insurers and other payers. These pressures have many sources, including growth of healthcare costs as a percentage of gross domestic product; funding restrictions and policy changes; and public controversies, political debate, investigations and legal proceedings regarding pharmaceutical pricing. Pressures on pricing may negatively impact both our product pricing and the availability of our products. In addition, we face numerous cost   containment measures imposed by governments and other payers. These include governmentat   imposed, industrywide price reductions, mandatory pricing systems, reference pricing systems, payers limiting access to treatments based on cost   benefit analyses, the importation of drugs from lower   cost countries to higher   cost countries, the shifting of the payment burden to patients through higher co   payments and co-pay accumulator programs, the limiting of physicians   ability to choose among competing medicines, the mandatory substitution of generic drugs for the patented equivalent, pressure on physicians to reduce the prescribing of patented prescription medicines, increasing pressure on intellectual property protections, and growing requirements for increased transparency on pricing. For more information on price controls, see     tem 4. Information on the Company    tem 4.B Business overview  Price controls.   Recent macroeconomic and geopolitical trends may have an impact on the likelihood of these pricing and reimbursement pressures occurring. Slow economic growth and the onset and expansion of war in certain parts of the world (which has contributed to challenges such as high energy costs and inflation) have led to increased strain on fiscal budgets in many major economies. In addition, legislative developments such as those in the US (e.g., the Inflation Reduction Act, or IRA) and in Europe (e.g., the EU Joint Health Technology Assessment and 2023 EU Pharmaceutical Legislation Update) pose potential further pressures on pricing and timelines for reimbursement in these countries as legislators seek to reduce growth in healthcare spending. These external factors may materially affect our ability to protect value-based prices to achieve and maintain an acceptable return on our investments in the research and development of our products; and may impact our ability to research and develop new products. For example, in August 2024, we acceded to a     maximum fair price   under the US IRA for our cardiovascular drug Entresto for 2026 to avoid fines or the removal of all our products from both Medicare and Medicaid. Other products of ours may be selected for the Medicare Drug Price Negotiation Program in the US or other price negotiation programs in the future.**8Key products and commercial priorities**Risk description Failure to deliver key commercial priorities and successfully launch new productsContext and potential impact Our ability to maintain and grow our business and to replace revenue and income lost to generic, biosimilar and other competition depends heavily on the commercial success of our new or existing key products. The commercial success of these products could be impacted at any time by a number of factors, including pressure from new or existing competitive products, changes in the prescribing habits of healthcare professionals, slower than expected post-launch adoption, unexpected side effects or safety signals, supply chain issues or other product shortages, pricing pressure, regulatory proceedings, changes in labeling, loss of intellectual property protection, and global pandemics. In addition, our revenue and margins could be significantly impacted by the timing and rate of commercial acceptance of new products. We operate in competitive and rapidly changing markets and could be adversely affected if we fail to keep pace with technological changes. Healthcare professionals, patients and payers may choose competitor products instead of ours for various reasons, including if they perceive them to be better in terms of efficacy, safety, cost, convenience or other reasons. The commercial success of our key products and launches in the face of increasing competition requires significant attention, management focus and resource allocation. Such competition could significantly affect the revenue from our products and our results of operations. This impact could also be compounded to the extent that such competition results in us making significant additional investments in research and development, marketing or sales. The continual development and usage of advanced technologies for new products and product enhancements is an important way in which we deliver our key commercial priorities and remain competitive. If we fail to keep pace with technological changes in our industry, including through the use of new and disruptive technologies such as artificial intelligence (AI), we may experience lower revenues and lower margins.Furthermore, from time to time, we reassess how our business is organized to help ensure that we have the optimal structure with which to execute our strategy. An inability to successfully implement new organizational structures and operating models could have a material adverse effect on our results of operations and financial condition.Research and developmentRisk descriptionFailure to competitively discover and develop innovative medicines in our core therapeutic areas and leveraging our technology platforms Context and potential impactWe engage in extensive and costly research and development activities, both through our own internal resources and through collaborations with third parties, in an effort to identify and develop new products and new indications for existing products that address unmet, ever-changing medical needs, while ensuring commercial viability and success. Our ability to grow our business and our product pipeline; to replace sales lost due to branded competition, entry of generics, or other reasons; and to bring products to market that take advantage of new and potentially disruptive technologies, including cell, gene and radiologic therapies, depends in significant part on the success of these efforts. Failure to successfully develop our pipeline products is typically the result of the inherent uncertainty of science, suboptimal clinical execution, or both. Key elements of internal execution include our ability to prioritize our investments in our highest potential value assets, optimize the transition of assets from research to development, integrate externally acquired assets in an efficient way, and execute the steps in our drug development process that enable our assets to be approved and reimbursed

time, to enable our purpose of reimagining medicine by sustainably financing our research and development. However, the strength and duration of those rights can vary significantly from product to product and from country to country, and they may be successfully challenged by third parties or governmental authorities. If we fail to obtain and maintain adequate intellectual property protection, we may not be able to prevent third parties from launching generic or biosimilar versions of our branded products or from using our proprietary technologies. Intellectual property protection relating to particular compound forms, uses, formulations, or processes may not preclude third parties from designing around our rights in order to compete with our products. Loss of intellectual property protection and the introduction of generic or biosimilar competition for a patented branded medicine in a country typically result in a significant reduction in net sales and operating income for the branded product. Such competition can occur after successful challenges to intellectual property rights or the regular expiration of the patent term or other intellectual property rights. Such competition can also result from the entry of generic or biosimilar versions of another medicine in the same therapeutic class as one of our drugs or in a competing therapeutic class, from a Declaration of Public Interest or the compulsory licensing of our intellectual property by governmental authorities, or as a result of a general weakening of intellectual property and governing laws in certain countries around the world. In addition, generic or biosimilar manufacturers may sometimes launch products at risk before the final resolution of legal proceedings concerning the infringement or validity of relevant patents or regulatory exclusivities. We also rely in all aspects of our businesses on unpatented proprietary technology, know-how, trade secrets and other confidential information, which we seek to protect through various measures, including confidentiality agreements with employees, licensees, third-party collaborators, contractors and consultants who may have had access to such information. If these agreements are breached or our other protective measures should fail, we may not be able to prevent a third party from copying or otherwise obtaining and using our trade secrets or other intellectual property without authorization, and our contractual or other remedies may not be adequate to cover our losses. Further, others may independently and lawfully develop substantially similar or identical products that circumvent our intellectual property by means of alternative designs or processes or otherwise. In addition, third parties may claim that our products or business infringes, misappropriates or otherwise violates patents or other intellectual property rights held by them. Claims of intellectual property infringement, misappropriation or other violations can be costly and time-consuming to resolve and may delay or prevent product launches. If successful, these actions may involve payment of future royalties or damages (including treble damages on US sales if we are found to have willfully infringed valid patent rights of a third party) and may also involve injunctive relief requiring the removal of one or more dosage strengths of a product from the market (or removal of a therapeutic indication from the product's approved labeling) for a period of time or throughout the life of the asserted intellectual property right. Such damages or such an injunction may have a material impact on our operating income and net sales. In any given year, we may experience a potentially significant impact on our net sales from products that have already lost intellectual property protection, as well as products that may lose protection during the year. A third party may also claim that our owned or licensed patent rights are not infringed, or are invalid or unenforceable in a litigation. The outcome following such legal assertions is unpredictable, and the loss of patent rights as a result of such assertions could result in the introduction of generic or biosimilar competition for, and reduction in sales of, the branded product covered by such patent rights. The outcome may also result in our inability to obtain fair value for the use of our patents, or to obtain an injunction preventing the unlicensed practice of our patents. In addition, intellectual property protection in certain jurisdictions outside the EU and US is weak and we face heightened risks to our intellectual property rights in these jurisdictions, including competition with generic, infringing or counterfeit versions of our products at or after launch. 10Because we may have substantially reduced marketing and research and development expenses related to products that are in their final years of exclusivity, the initial loss of protection for a product during a given year could also have an impact on our operating income for that year in an amount corresponding to a significant portion of the product's lost sales. The magnitude of the impact of generic or biosimilar competition on our income could depend on a number of factors. These include, with respect to income in a given year, the time of year at which the generic or biosimilar competitor is launched; the ease or difficulty of manufacturing a competitor product and obtaining regulatory approval to market it; the number of generic or biosimilar competitor products approved, including whether, in the US, a single competitor is granted an exclusive marketing period; whether an authorized generic is launched; the geographies in which generic or biosimilar competitor products are approved, including the strength of the market for generic or biosimilar pharmaceutical products in such geographies, and the comparative profitability of branded pharmaceutical products in such geographies; and our ability to successfully develop and launch new products for patients that may also offset the income lost to generic or biosimilar competition. For more information on the patent and generic competition status of our products, see 4. Information on the Company's 4.3 Business Overview 4.4 Intellectual property. 4.5 Alliances, acquisitions and integration Risk description Failure to identify, execute or realize the expected benefits from our external business opportunities Context and potential impact As part of our strategy as a focused innovative medicines company, we routinely evaluate external opportunities that could strengthen our portfolio by acquiring and divesting products, entering businesses or entering into strategic alliances and collaborations. Additionally, strategic deals with new technology platforms and early-stage companies contribute to our innovation. For example, in 2024, we closed the acquisitions of MorphoSys AG, Mariana Oncology and Kate Therapeutics, and entered into several strategic partnerships for the development and commercialization of innovative products across our core therapeutic areas. This strategy relies on our ability to identify strategic external business opportunities, which may be limited, including assessing the value of early-stage companies ahead of competition, and to close transactions with third parties on mutually acceptable terms. The market for clinical-stage assets and cutting-edge technology platforms within our core therapeutic areas is highly competitive and we may be unsuccessful in acquiring businesses or assets or entering into strategic partnerships that may complement our existing portfolio. Once the key terms of a strategic transaction have been agreed with a third party, we may not be able to complete the transaction as the result of, among other things, disagreement on the contractual terms or negative due diligence results. In addition, we cannot be sure that pre-transaction due diligence will identify all possible issues that might arise during and after the transaction. Our efforts on such transactions can also divert management's attention from our existing businesses and pursuing multiple transactions at the same time may impact our ability to efficiently conduct appropriate levels of pre-transaction technical due diligence, and to consummate such transactions. After a transaction is closed, efforts to develop and commercialize acquired or licensed products, to integrate the acquired business or to achieve expected synergies may fail or may not fully meet expectations. This may occur due to difficulties in retaining key personnel, customers and suppliers; failure to obtain marketing approval or reimbursement within expected timeframes or at all; differences in corporate culture, standards, controls, processes and policies; or other factors. Transactions can also result in liabilities being incurred that were not known at the time of acquisition, or the creation of tax or accounting issues. Acquired businesses are not always in full compliance with legal, regulatory or Novartis standards, including, for example, current Good Manufacturing Practices (cGMP) or cGCP standards, which can be costly and time-consuming to remediate. Furthermore, our strategic alliances and collaborations with third parties may not achieve their intended goals and objectives within expected time frames, or at all. For more information about recent business acquisitions, see 18. Financial Statements 2. Note 2. Significant acquisitions of businesses and spin-off of Sandoz business. 4.6 Similarly, we cannot ensure that we will be able to successfully divest or spin off businesses or other assets that we have identified for this purpose; or that any completed divestment or spin-off will achieve the expected strategic benefits, operational efficiencies or opportunities; or that the divestment or spin-off will ultimately maximize shareholder value. Environmental, social and governance matters Risk description Failure to meet rapidly evolving environmental, social and governance expectations Context and potential impact Increasingly, in addition to financial results, companies are being scrutinized by various stakeholders for their performance on a variety of environmental, social and governance (ESG) matters, which can impact the long-term sustainability of a company's performance. An inability to successfully perform on ESG matters and to meet heightened and sometimes conflicting stakeholder expectations could result in negative impacts on our reputation, recruitment, retention, operations, financial results and share price. Topics related to large societal changes such as social inequity, access to medicines and climate change are increasingly important to a wide range of our stakeholders. For example, a variety of organizations measure the performance of companies on ESG topics, and the results of these assessments are widely publicized. In addition, investments in funds that specialize in companies that perform well in such assessments are popular, and major institutional investors have publicly emphasized the importance of such ESG measures in making their investment decisions. Our actions related to ESG topics may, in the long term, impact our operations and ability to achieve our strategic goals, and ultimately could have a potential negative impact on the value of Novartis. We actively manage a broad range of ESG matters, taking into consideration their expected impact on the sustainability of our business over time, and the potential impact of our business on society and the environment. Our Sustainability & ESG Office, under guidance of the ESG Committee of the Executive Committee of Novartis, is tasked with developing our ESG strategy and tracking our performance against our ESG targets. Considering the fast pace of change of external expectations, including a range of upcoming regulations, there can be no certainty that we will manage such issues successfully, that the ESG standards we currently use to measure our performance against will remain the same, or that we will successfully meet society's or investors' expectations. Failure to meet rapidly evolving regulatory requirements, investor and societal expectations could also result in litigation or regulatory actions, which could have a material adverse impact on our reputation, recruitment, retention, operations, financial results, and share price. Additionally, partners in our value chain that we do not control may not comply with ESG commitments and goals we set for ourselves, which may have a negative impact on our business. Sandoz spin-off Risk description We may not successfully achieve our goals related to our separation from Sandoz and our failure to do so may have an adverse impact on our business Context and potential impact In 2023, we completed the separation of Sandoz, our generics and biosimilars division, into a new Swiss publicly traded independent company, by way of a 100% spin-off. In connection with the Sandoz separation, we entered into a separation and distribution agreement and various other agreements. These agreements govern the separation and distribution and the relationship between Novartis and Sandoz going forward, including with respect to the allocation of assets and liabilities between Novartis and Sandoz. The agreements also provide for the performance of services by each company for the benefit of the other company for a period of time. The terms, scope and/or duration of these agreements could negatively impact our ability to pursue other strategic business interests as we will have to devote resources and capacity to fulfill our obligations that we may prefer to direct elsewhere. If we or Sandoz are unable to satisfy our respective obligations under these agreements, we could incur losses or experience operational challenges or difficulties. These agreements could also lead to disputes over the performance of obligations under these agreements or the allocation of our respective resources. For example, during the term of these agreements, we may have less flexibility to optimize our biologic manufacturing for our own products (or those of other third parties). In addition, pursuant to these agreements, we will perform technical development services for Sandoz, which may involve certain proprietary know-how. While we intend to retain the personnel involved in our technical research and development and to protect our trade secrets, provision of such services might create the incremental potential for the disclosure or misuse of such proprietary know-how, particularly in connection with technology transfer at the end of such arrangements. Further, if the spin-off does not generally qualify as a tax-neutral transaction for Swiss and US federal income tax purposes, we, our shareholders, or both, could be subject to significant tax liabilities. The spin-off is intended to qualify for tax-neutral treatment for us and our shareholders for Swiss and US federal income tax purposes. If, however, the spin-off fails to qualify as tax-neutral for Swiss and US federal income tax purposes, we, our shareholders, or both, could recognize taxable gain with respect to the spin-off, resulting in Swiss and US income, withholding and capital gains tax consequences. In particular, if the spin-off does not qualify as tax neutral for Swiss and US federal income tax purposes, our shareholders who received shares of Sandoz in the spin-off as part of the separation would be subject to tax as if they had received a taxable distribution equal to the fair market value of such shares. Operational risks Cybersecurity and data protection Risk description Cybersecurity breaches, data loss and catastrophic loss of IT systems Context and potential impact We are heavily dependent on critical, complex and interdependent information technology (IT) systems, including internet-based systems to support our business processes. We also outsource significant parts of our IT infrastructure to third-party providers, including those who provide AI services and technology, and currently use these providers to perform business-critical IT services for us. We are therefore vulnerable to cybersecurity attacks and incidents on such networks and systems, whether our own or those of the third-party providers that we contract, and we have experienced, and may in the future experience, such cybersecurity threats and attacks. Cybersecurity threats and attacks take many forms, and the size, age and complexity of our IT systems make them potentially vulnerable to external and internal security threats; outages; malicious intrusions and attacks; cybercrimes, including state-sponsored cybercrimes; malware; ransomware; misplaced data, lost data or data errors; programming or human errors; or other similar events. We may not be able to anticipate all types of security threats, and we may not be able to implement preventive measures effective against all such security threats. The risk of such threats and attacks has increased, in part due to the rise of AI, and as virtual and remote working have become more common, and sensitive data is accessed by employees working in less secure, home-based environments. In addition, due to 12our reliance on third-party providers, we have experienced, and may in the future experience, interruptions, delays or outages in IT service availability due to a variety of factors outside of our control, including technical failures, natural disasters, fraud, or security attacks experienced by or caused by third-party providers. Interruptions in the service provided by these third parties could affect our ability to perform critical tasks. A significant information security or other event, such as a disruption or loss of availability of one or more of our IT systems, whether managed by us or a third-party service provider, has previously and could in the future negatively impact important business processes, such as the conduct of scientific research and clinical trials, the submission of data and information to health authorities, our manufacturing and supply chain processes, our shipments to customers, our compliance with legal obligations, and communication between employees and with third parties. In the ordinary course of business, we collect, store and transmit confidential information (including but not limited to intellectual property, proprietary business information and personal information). IT issues have previously led to, and could in the future lead to, the compromise of trade secrets, confidential information or other intellectual property that could be sold and used by competitors to accelerate the development or manufacturing of competing products; the compromise of personal financial and health information; and the compromise of IT security data such as usernames, passwords and encryption keys, as well as security strategies and information about network infrastructure, which could allow unauthorized parties to gain access to additional systems or data. In addition, malfunctions in software or medical devices that make significant use of IT could lead to a risk of direct harm to patients. The costs related to significant security breaches or disruptions could be material and any cybersecurity insurance that we may have in place may not cover such expenses. If the information technology systems of our third-party providers become subject to disruptions or security breaches, we may have insufficient recourse against such third parties and we may have to expend significant resources to mitigate the impact of such an event, and to develop and implement protections to prevent future events of this nature from occurring. The occurrence of any of the events described above in the future could disrupt our business operations and result in enforcement actions or liability, including potential government fines and penalties, claims for damages, and shareholder litigation or allegations that the public health, or the health of individuals, has been harmed. Any significant events of this type could require us to expend significant resources beyond those we already invest to remediate any damage, to further modify or enhance our protective measures, and to enable the continuity of our business. Talent and external workforce management Risk description Inability to identify, attract, develop and retain qualified talent for critical roles or to effectively manage our external workforce could hinder our growth and result in increased information security, data and legal compliance risks Context and potential impact We rely on identifying, attracting, developing and retaining a diverse, highly skilled workforce across our business and functions to achieve our objectives. If we are unable to sustain our supply of key personnel including senior members of our scientific and management teams, high-quality researchers and development specialists and skilled employees with key capabilities in key markets our ability to achieve our major business objectives may be adversely affected. In addition, our brand and reputation could be negatively impacted. The market for skilled talent has become increasingly competitive, and we anticipate this trend will persist in the long term. We face a challenge to attract and retain top talent in several areas, including biology, immunology, chemistry, clinical development, drug manufacturing, data, digital and IT, oncology, and advanced therapy platforms (i.e., gene and cell therapy, radioligand therapy and xRNA) and to maintain and strengthen our employer reputation. In addition, many pharmaceutical and biotechnology companies, universities and research centers, and government entities with significant capital are not only competing with us to attract the same skilled talent but are also aggressively pursuing our experienced talent. Additionally, if the performance of our leadership and management fail to build upon our capabilities, the results could be suboptimal performance of our teams and misalignment with strategic goals, and could hinder our ability to attract, develop and retain qualified talent in critical roles. Furthermore, if we are unable to retain and engage key talent of companies that we acquire and integrate, we may not be able to realize the full value of these acquisitions. In recent years, we have adopted new ways of working that include location flexibility and increasingly recruiting from a global pool of talent. However, the success of our business continues to depend on having employees who possess local knowledge of, and experience in, our key markets. The external talent supply is especially limited in many of the geographies that are expected to be sources of growth for us. In the US,

China and several other markets, the geographic mobility of talent is decreasing, as they find ample career opportunities available closer to home. Additionally, if we are unable to manage our external workforce effectively it could lead to suboptimal access to external capabilities, limited cost management, reduced engagement, increased IT and compliance risks, and impaired strategic decision-making. The risks associated with the challenging talent market will be exacerbated if we are unable to retain and effectively develop employees, or to maintain an internal pipeline with critical skills, experiences, and leadership to deliver our business priorities. As a result, development, engagement, motivation, succession planning and performance rewards for our critical talent are essential to achieving our business priorities.

**13**Strategic technology programs implementationRisk descriptionFailure to successfully implement our IT strategy may disrupt our core business processesContext and potential impactWe rely on various IT systems to operate our complex global business and several of our current IT systems are reaching the end of their useful life, which could cause disruptions to our operational stability. As a result, we are implementing several companywide IT programs to replace and consolidate outdated IT systems and to simplify and standardize our processes, systems and tools, and create a unified data marketplace. Implementation and operation of these new systems involves certain risks, including the potential for a failure of the new systems to operate as expected; a failure to properly integrate new systems with other systems we use; delays in adopting and scaling new systems; potential loss of data or information; a failure of, or potential issues with, systems related to our payment and procurement processes; compliance issues; and cost overruns and delays. Our inability to timely and successfully implement our IT strategy may prevent us from materializing expected business benefits or capitalizing on opportunities and could lead to business disruptions, cost inefficiencies and potential exposure to legal, regulatory and reputational risks as our internal controls could be negatively affected. Any disruptions or malfunctions of new systems could cause critical information to be delayed, lost, defective, corrupted, or rendered inadequate or inaccessible, which could negatively impact our operations, the effectiveness of our internal controls and financial condition.

**Legal, regulatory, ethics and compliance**Risk description Challenges posed by evolving legal and regulatory requirements, innovative and disruptive technologies, and societal expectations regarding ethical behaviorContext and potential impactWe are subject to an extensive and complex framework of laws and regulations across the jurisdictions in which we operate. The laws and regulations relevant to the healthcare industry and applicable to us are broad in scope, are subject to change, and have evolving interpretations, which could require us to incur substantial costs associated with compliance or to alter one or more of our business practices. For example, we have been, are currently, and may in the future be, subject to various significant legal proceedings, such as private party litigation, government investigations and law enforcement actions worldwide. These types of matters may take various forms based on evolving government enforcement and private party litigation priorities, and could include, among other things, matters pertaining to: pricing; bribery and corruption; trade regulation and embargo legislation; product liability; commercial disputes; employment and wrongful discharge; antitrust and competition; securities; government benefit programs; reimbursement; rebates; healthcare fraud; sales and marketing practices; insider trading; occupational health and safety; environmental regulations; tax; cyber and data security; use of technologies, including AI; data privacy; regulatory interactions; disclosure compliance; and intellectual property. Such matters can involve civil or criminal proceedings and can retroactively challenge practices previously considered to be legal. There is also a risk that governance of our medical and patient support activities, and of our interactions with governments, public officials/institutions, healthcare professionals, healthcare organizations and patient organizations may be inadequate or fail, or that we may undertake activities based on improper or inadequate scientific justification. New requirements may also be imposed on us due to changing government and societal expectations regarding the healthcare industry, and acceptable corporate behavior generally. For example, we are faced with laws and regulations requiring changes in how we do business, including with respect to disclosures concerning our interactions with healthcare professionals, healthcare organizations and patient organizations. These laws and regulations include requirements that we disclose payments or other transfers of value made to healthcare professionals and organizations, as well as information relating to the costs and prices for our products, which represent evolving standards of acceptable corporate behavior. These requirements may cause us to incur significant costs, including substantial time and additional resources, that are necessary to bring our interactions with healthcare professionals and organizations into compliance with these evolving standards. There is also an increased risk of noncompliance with applicable laws and regulations as we pursue new strategies and make organizational changes that may cause responsibilities for compliance matters to become unclear. An actual or alleged failure to comply with the law or with heightened public expectations could lead to substantial liabilities, fines, penalties or other losses that may not be covered by insurance adequately or at all.

**Legal proceedings and investigations are inherently unpredictable, and significant judgments sometimes occur.** Consequently, we may in the future incur judgments that could involve large payments, including the potential repayment of amounts allegedly obtained improperly, and other penalties, including treble damages. In addition, such legal proceedings and investigations, even if meritless, may affect our reputation, may create a risk of potential exclusion from government reimbursement programs in the US and other countries, and may lead to civil litigation or criminal exposure. As a result, we have in the past and may again in the future enter into major settlements of such claims without bringing them to final legal adjudication, despite having potentially significant defenses against them, to limit the risks they pose to our business and reputation. Such settlements may require us to pay significant sums of money and to enter into corporate integrity or similar agreements, which are intended to regulate company behavior for extended periods. From time to time, we may also initiate challenges to laws or regulations that we believe are illegal or unconstitutional. The result of such litigation we may pursue is inherently uncertain and may negatively impact our business and reputation.

**14**In addition, regardless of the outcome of any legal proceedings, such proceedings are costly and time-consuming and require significant attention from our management and could therefore have a material adverse effect on our business, financial condition, and results of operations.

**For information on significant legal matters pending against us, see** [afoItem 18. Financial Statementsafo](#)“Note 20. Provisions and other nonafo current liabilitiesafo and afoItem 18. Financial Statementsafo”Note 27. Commitments and contingent liabilities.afo

**External partner risk management and human rights**Risk description Failure to maintain adequate governance and risk oversight over external partner relationships, and failure of external partners to meet their contractual, regulatory or other obligationsContext and potential impactWe rely on external partners for the performance of certain key business functions and services, including, among others, research and development, manufacturing operations and warehousing and distribution, certain finance functions, sales and marketing activities and data management. Many of our external partners do not have internal compliance systems or resources comparable to ours. As a result, our investment and efforts in relation to external partner management include focusing on risk management and the oversight of such external partners. Our reliance on external partners poses certain risks, including the misappropriation of our intellectual property, the failure of the external partner to comply with our standards, including regulatory standards; societal expectations; environmental, anti-bribery and human rights standards and regulations; quality assurance requirements; unexpected supply disruptions; breach of our agreement by the external partner; and the unexpected termination or nonrenewal of our agreement by the external partner. Any of these risks could result in legal claims or proceedings, liability under applicable laws or significant regulatory penalties, and could disrupt our operations and have a negative impact on our reputation.

**In addition, governments require us, and the public may expect us, to take responsibility for and report on compliance with various human rights, responsible sourcing and environmental practices, as well as other actions of our external partners around the world. Ultimately, if external partners fail to meet their obligations to us, we may lose our investment in the relationship with the external partners or fail to receive the expected benefits of our agreements with such external partners. While we aim to identify and assess any risk of harm to society caused by our external partnersafo” operations, should any of these external partners fail to comply with the law or our standards, or should they otherwise act inappropriately while performing services for us, we could be held responsible for their acts, our reputation may suffer, and penalties could be imposed on us.**

**Manufacturing and product quality**Risk description Inability to ensure proper controls in product development and product manufacturing, and failure to comply with applicable regulations and standardsContext and potential impactThe development and manufacture of our products is complex and heavily regulated by governmental health authorities around the world, which may vary by country. Healthcare systems, healthcare providers and patients rely on us to meet the highest quality standards. Regardless of whether our products and the related raw materials are developed and manufactured at our own manufacturing sites or by third parties, we must ensure that all development, manufacturing, quality and supply processes comply with regulatory requirements, as well as our own quality standards in order to deliver novel therapies while ensuring patient safety. Failure to comply with regulatory requirements may result in warning letters, suspension of manufacturing, seizure of products, injunctions, product recalls, failure to secure product approvals, debarment, or harm to patients or our reputation. In recent years, global health authorities have substantially intensified their scrutiny of manufacturersafo” compliance with regulatory requirements. Any significant failure by us or our third-party suppliers to comply with regulatory requirements, or with health authoritiesafo” expectations, may create the need to suspend clinical trials, suspend manufacturing, shut down production facilities or production lines, and recall clinical or commercial products. Additionally, we may acquire new companies or technology platformsafo that may not fully comply with regulatory requirements or expectations, which may pose legal, financial and reputation risks for us post-acquisition. A failure to fully comply with regulatory requirements could also lead to a delay in the approval of new products, an inability to ship or import our products, and significant penalties and reputational harm.

**In addition, the technically complex manufacturing processes required to manufacture many of our products increase the risk of both production failures and product recalls, and can increase the cost of producing our goods. Some of our products require a supply of highly specialized raw materials, such as cell lines, tissue samples, bacteria, viral strains and radioisotopes. In addition, we manufacture and sell a number of sterile products, biologic products and products that involve advanced therapy platforms, such as gene and cell therapy, radioligand therapy, and xRNA, all of which are particularly complex and involve highly specialized manufacturing technologies. For more information, see** [afoItem 4. Information on the Companyafo](#)“Item 4.B. Business overviewafo”Production.afo

**As a result, even slight deviations at any point in their production processes or in the materials used have led to, and may in the future lead to, production failures or recalls.**

**15**Supply chainRisk descriptionInability to maintain continuity of product supplyContext and potential impactMany of our products are produced using technically complex manufacturing processes and require a supply of highly specialized raw materials. For some of our products and raw materials, we may rely on a single source of supply. In addition, we manufacture and sell a number of sterile products, biologic products, and products that involve advanced therapy platforms, such as gene and cell therapy, radioligand therapy, and xRNA, all of which are particularly complex and involve highly specialized manufacturing technologies. Due to this complexity, there is a risk of production and supply of critical raw materials failures, which may result in supply interruptions or product recalls due to manufactured products not meeting required specifications.

**In addition, due to the inherent complexities of our manufacturing processes and the supply chains for advanced therapy platforms, we are required to plan our production activities and purchase of materials well in advance. If we suffer from third-party raw material shortages, underestimate market demand for a product, or fail to accurately predict when a new product will be approved for sale, then we may not be able to produce sufficient product to meet demand. These issues could be made worse during a pandemic, or as a result of macroeconomic factors or geopolitical events, such as military actions and wars in certain parts of the world, and could lead to a sudden increase in demand for selected medicinal products, resulting in the short-term unavailability of critical materials; logistical and supply challenges that may lead to our inability to ship products from one location to another due to restrictions imposed; or our inability to properly operate a manufacturing site due to restrictions imposed.**

**Our or our suppliersafo” inability to manage such issues could lead to shutdowns, product shortages, or to us being entirely unable to supply products to patients for an extended period of time. Furthermore, as our products are intended to promote the health of patients, such shortages or shutdowns could harm our reputation and have led to, and could continue in the future to lead to, significant losses of sales revenue, potential litigation or allegations that the public health, or the health of individuals, has been harmed.**

**Data privacy**Risk description Noncompliance with personal data protection laws and regulationsContext and potential impactWe operate in an industry that relies on the collection, processing, analysis and interpretation of large sets of patientsafo” and other individualsafo” personal information, including via social media and mobile technologies. The operation of our business requires data to flow to our third-party contractors’ systems and across the borders of numerous countries in which there are different, potentially conflicting, and frequently changing, data privacy laws in effect. Examples of such laws include: the EU General Data Protection Regulation (GDPR); Brazilafo”s General Personal Data Protection Law; the Personal Information Protection Law in China; and different comprehensive consumer privacy laws in multiple US states. Such laws impose stringent requirements on how we and third parties with whom we contract collect, share, export, protect or otherwise process personal information, and provide for significant penalties for noncompliance. Security breaches of our systems or those of our third-party contractors, or other failures to protect the data we collect from misuse or breach by third parties, could expose such personal information to unauthorized persons which could result in legal claims or proceedings, liability under applicable data privacy laws and significant regulatory penalties, and which could disrupt our operations and have a negative impact on our reputation.

**Events involving the substantial loss or unlawful access or disclosure of personal information, use of personal information without a legal basis, or other privacy violations could give rise to significant liability, reputational harm, damaged relationships with business partners, and potentially substantial monetary penalties and other sanctions under laws enacted or being enacted around the world. Such events could also lead to restrictions on our ability to use personal information and/or transfer personal information across country borders, which could interfere with critical business operations. In addition, there is a trend of increasing divergence of data privacy legal frameworks, not only across these frameworks but also within individual legal frameworks themselves. This divergence may increase compliance costs, constrain the implementation of global business processes and may lead to different approaches on the use of health data for scientific research, which may have a negative impact on our business and operations.**

**Falsified medicines**Risk description Impact of falsified medicines on patient safety, and reputational and financial harm to us and our productsContext and potential impact We continue to be challenged by the vulnerability of distribution channels to falsified medicines, which, as defined by the World Health Organization, include counterfeit, stolen, tampered and illegally diverted medicines. Falsified medicines pose patient safety risks and can be seriously harmful or life-threatening. Reports of adverse events related to falsified medicines and increased levels of falsified medicines in the healthcare system affect patient confidence in genuine medicines and in healthcare systems in general. These events could also cause us substantial reputational and financial harm, and potentially lead to litigation if the adverse event from a falsified medicine is mistakenly attributed to our products. Stolen or illegally diverted medicines that are not properly stored and are later sold through unauthorized channels could adversely impact patient safety, our reputation and our business. Furthermore, there is a direct financial loss when falsified medicines replace sales of our products, or our products are recalled following the discovery of falsified products.

**16**Emerging risksGeopolitical developmentsRisk description Impact of geo- and socio-political threatsContext and potential impact Geopolitical and social tensions and conflicts, such as government shutdowns, changes in government administrations, sovereign risks, acts of war or aggression and terrorist activities, have both a direct and indirect impact on the pharmaceutical industry and our operations. As a result of such tensions conflicts, certain countries have adopted or may in the future adopt additional, protectionist measures including the imposition of tariffs. Tariffs that are intended to shield domestic markets from foreign competition and the possibility of additional trade restrictions, such as export controls, could have a material impact on our business. If tariffs or export controls on pharmaceutical products or active pharmaceutical ingredients (APIs) were increased in certain parts of the world, our supply chain and flow of our products could be immediately disrupted. There is also an additional risk that aggressive monetary and fiscal policies by governments and central banks to curb inflation may prompt market-specific recessions and raise the cost-of-living, further putting pressure on pricing and cost containment for the pharmaceutical industry.

**Collectively, unstable geo- and socio-political conditions could, among other things, disturb the international flow of goods and increase the costs and difficulties of international transactions. This could potentially impact our ability to develop and supply our products to patients in an undisrupted fashion, and further erode reimbursement mechanisms for our medicines.**

**Macroeconomic developments**Risk description Impact of macroeconomic developmentsContext and potential impact Our business may be impacted by deteriorating macroeconomic and financial conditions directly affecting us, our suppliers, payers and consumers. Given that patients, in many countries, directly pay a sizable and increasing portion of their own healthcare costs, there is a risk that patients may cut back on prescription drugs due to financial constraints. Negative macroeconomic developments may also adversely affect the ability of payers, as well as our distributors, customers, suppliers, and service providers, to pay for our products or to buy necessary inventory or raw materials, and to perform their obligations under agreements with us. Weakening growth, unstable market conditions and rising debt service costs may also increase the credit risk of our counterparties. Although we make efforts to monitor the financial condition and liquidity of these third parties, our ability to do so is limited, and some of them may become unable to fulfill their obligations in a timely manner or may even become insolvent. These risks may be elevated with respect to our interactions with fiscally challenged government payers, or with third parties with substantial exposure to such payers. At the same time, significant changes, and potential future volatility in financial markets, the consumer and business environment, the competitive landscape, and the global political and security landscape make it increasingly difficult for us to predict our revenues and earnings, which may impact the success of our mid- and long-term planning.

**Asset price**

corrections in financial markets may also result in lower returns on our financial investments. In addition, pricing pressures in developed markets resulting from efforts to reduce the cost of healthcare (e.g., the US IRA, which targets drug prices) may have a negative impact on our revenue and our net sales. In addition, inflation may have an impact on our operating costs in the form of higher prices for supplies, energy, raw materials, wages, and capital, which could reduce our net income. Uncertainties around future central bank and other economic policies in the US and EU, including elevated interest rates, government shutdowns, debt ceilings or government funding, could also impact world trade. Sudden increases in economic, currency or financial market volatility in different countries, such as appreciation of the US dollar, have also impacted, and may continue to have an unpredictable impact on our business, or results of operations, including the conversion of our operating results into our reporting currency, the US dollar, as well as the value of our investments in our pension plans. For more information about the effect of price controls on our business, see “Item 4. Information on the Company” “Item 4.Bâ€”Business overviewâ€”Price controls.” See also “Item 5. Operating and Financial Review and Prospects” “Item 5.B Liquidity and capital resourcesâ€”Effects of currency fluctuations,” “Item 5. Operating and Financial Review and Prospects” “Item 5.B Liquidity and capital resourcesâ€”Condensed consolidated balance sheets,” “Item 18. Financial Statements” “Note 15. Trade receivables” and “Item 18. Financial Statements” “Note 28. Financial instruments” “â€” additional disclosures.â€”Climate changeRisk descriptionFailure to manage physical and transition risks from climate change Context and potential impactWe are exposed to a broad range of climate risks such as transition risks (e.g., regulatory frameworks, carbon pricing, and the cost of and access to capital) and physical risks (e.g., heat, water scarcity, rising sea levels, and flooding from severe weather events), which could vary in magnitude and impact across different countries. Climate change has triggered, and may continue to trigger, the adoption of new regulatory requirements across the globe, such as in Switzerland, the EU, the United Kingdom, or Australia, as well as rapidly evolving societal expectations. As a result, we may be required to increase our investment in technology to reduce our energy use, water use and greenhouse gas emissions. In addition, legislative and regulatory action, both current and in the future, includes or could include, carbon 17pricing, climate risk-related disclosures, and changes in zoning or building codes to increase climate resilience. As a result, the combined impact of these transition risks could increase our direct operating costs or be passed on to us through the impact on our supply chain. Further, any failure to achieve climate-related commitments we have made in the past, or that we make in the future, in the expected timeframe, or at all, could result in negative impacts on our reputation, our operations, and the price of our shares. Climate change has created, and will continue to create, physical risks to our business and our supply chain. Some of our production facilities and supplier locations that depend on the availability of significant water supplies are located in areas where fresh water is increasingly scarce. Other facilities and suppliers are located in areas that, due to increasingly violent weather events, rising sea levels, or both, are increasingly at risk of substantial damage. In regions where such a risk is present, this has an impact not only on our own operations but also our distributed supply chain. Such events may result in the loss of life, increased costs, business interruptions, destruction of facilities, and disruption to healthcare systems that patients use to access our medicines. Tax laws and developmentsRisk descriptionChanges in tax laws or their applicationContext and potential impactOur multinational operations are taxed under the laws of the countries and other jurisdictions in which we operate. Changes in tax laws or in their application could lead to an increased risk of international tax disputes and an increase in our effective tax rate, which could adversely affect our financial results. The integrated nature of our worldwide operations can produce conflicting claims from tax authorities in different countries as to the profits to be taxed in the individual countries, including potential disputes relating to the prices our subsidiaries charge one another for intercompany transactions, known as transfer pricing. Most of the jurisdictions in which we operate have double tax treaties with other foreign jurisdictions, which provide a framework for mitigating the impact of double taxation on our revenues and capital gains. However, mechanisms developed to resolve such conflicting claims are largely untried and can be expected to be very lengthy. Accruals for tax contingencies are made based on experience, interpretations of tax law, and judgments about potential actions by tax authorities. However, due to the complexity of tax contingencies, the ultimate resolution of any tax matter may result in payments materially different from the amounts accrued. In 2019, the Organization for Economic Co-operation and Development (OECD) launched a new initiative on behalf of the G20 to minimize profit shifting by working toward a global tax framework that ensures that corporate income taxes are paid where consumption takes place, in addition to introducing a global standard on minimum taxation combined with new tax dispute resolution processes. This project achieved OECD political consensus in October 2021, and the detailed principles are still under discussion by the OECD and political leaders. The implementation of certain of these new OECD principles began in 2024 in certain countries, including Switzerland. However, some countries already announced postponement to 2025 while others have not taken any implementation steps so far. Once changes to the tax laws in any jurisdiction in which we operate are enacted or substantially enacted, we will be subject to the OECD minimum tax regime, the aim of which is to bring the total amount of taxes paid on our profit in a given jurisdiction up to a minimum rate of 15%. In June 2023, the Swiss public voted to approve an amendment to the Swiss Constitution that provides the legal basis for the implementation of an OECD compliant minimum tax in Switzerland. In December 2023, the Swiss Federal Council partially implemented the OECD 15% minimum tax for the financial year 2024 in the form of a qualified domestic top-up tax (QDMTT), which will be assessed on certain qualifying profits earned by companies domiciled in Switzerland. This QDMTT will not be applied to qualifying profits earned by a companyâ€™s affiliates domiciled in tax jurisdictions outside of Switzerland. In September 2024, the Swiss Federal Council announced implementation of the income inclusion rule in 2025 as a next step to further align with the new OECD global agreed standards. The timing and specific provisions of any further tax regulations remain subject to assessments in political and technical forums at both a federal and cantonal level. Due to the ongoing discussion in many countries on the implementation and additional guidance from the OECD, the full impact of the OECD minimum tax project on our financial position, income statement and cash flows in the longer term cannot currently be estimated as the OECD continues to issue additional guidance aimed at providing more clarity on the application of the new global standards. On September 12, 2023, the EU Commission published two draft directives relating to international tax. The draft Business in Europe: Framework for Income Taxation (BEFIT) directive provides common rules for determining the corporate tax base for EU-based entities that are part of a group with global consolidated revenues above EUR 750 million. The BEFIT proposal includes provisions for a formula-driven allocation of profits between relevant EU member states which would then be subject to the corporate income tax rate of the respective member state. The draft transfer pricing directive aims to harmonize transfer pricing rules within the EU consistent with the OECD Transfer Pricing Guidelines. It also clarifies processes for relieving double taxation within the EU. Both draft directives require unanimous agreement among EU member states before they can be further implemented. In the US, the IRA was signed into law on August 16, 2022. The IRA creates a 15% corporate alternative minimum tax on the profits of corporations whose average annual adjusted financial statement income exceeds USD 1.0 billion. The IRA also includes a one percent excise tax on certain corporate stock repurchases. Additionally, the IRA also contains provisions that affect tax-exempt entities, including tax credit opportunities to encourage investment in clean energy and expanded incentives for energy-efficient construction by tax-exempt entities. 18While we have taken steps to comply with the evolving tax initiatives of the OECD, the US and the EU, and we will continue to do so, significant uncertainties remain as to the outcome of our efforts. For more information, see “Item 18. Financial Statements” “â€”Note 6. Income taxes” and “Item 18. Financial Statements” “â€”Note 12. Deferred tax assets and liabilities.”â€”General risksIndebtednessRisk descriptionOur indebtedness could adversely affect our operationsContext and potential impactAs of December 31, 2024, we had USD 21.4 billion of nonâ€”current financial debt, and USD 8.2 billion of current financial debt. Our current and longâ€”term debt requires us to dedicate a portion of our cash flow to service interest and principal payments and, if interest rates rise, this amount may increase. As a result, our existing debt may limit our ability to use our cash flow to fund capital expenditures, to engage in transactions, or to meet other capital needs, or otherwise may place us at a competitive disadvantage relative to competitors that have less debt. Our debt could also limit our flexibility to plan for and react to changes in our business or industry, and increase our vulnerability to general adverse economic and industry conditions, including changes in interest rates or a downturn in our business or the economy. We may also have difficulty refinancing our existing debt or incurring new debt on terms that we would consider to be commercially reasonable, if at all. Goodwill and intangible assetsRisk descriptionGoodwill and intangible assets resulting in significant impairment chargesContext and potential impactWe carry a significant amount of goodwill and other intangible assets on our consolidated balance sheet, including, in particular, substantial goodwill and other intangible assets obtained through acquisitions, including most recently through our acquisitions of Chinook Therapeutics, MorphoSys AG, Mariana Oncology and Kate Therapeutics. As a result, we have incurred, and may in the future incur further, significant impairment charges if the fair value of the intangible assets and the groupings of cash-generating units containing goodwill would be less than their carrying value on our consolidated balance sheet at any point in time. We regularly review our intangible and tangible assets for impairment, including identifiable intangible assets and goodwill. If one or more events occur that would cause us to revise our estimates and assumptions used in analyzing the value of our goodwill and other intangible assets, such revision could result in an impairment charge in the period in which it occurs. Any significant impairment charges could have a material adverse effect on our results of operations and financial condition. In 2024, for example, we recorded goodwill and intangible asset impairment charges of USD 1.4 billion. For a detailed discussion about how we determine whether an impairment has occurred, what factors could result in an impairment, and the impact of impairment charges on our results of operations, see Item 18. Financial Statements” “â€”Note 1. Accounting policies” and “Item 18. Financial Statements” “â€”Note 11. Goodwill and intangible assets other than goodwill.”â€”Foreign currency exchange ratesRisk descriptionNegative effect on financial results due to foreign currency exchange rate fluctuationsContext and potential impactChanges in exchange rates between the US dollar, which is our reporting currency, and other currencies has previously resulted in, and in the future may result in significant increases or decreases in our reported sales, costs and earnings as expressed in US dollars, and in the reported value of our assets, liabilities and cash flows. In addition to ordinary market risk, there is a risk that countries could take affirmative steps that could significantly impact the value of their currencies. Such steps could include unconventional monetary policies, tariffs and potential withdrawals by countries from common currencies. In addition, countries facing local financial difficulties, including countries experiencing high inflation rates, and highly indebted countries facing large capital outflows, may impose controls on the exchange of foreign currency. Currency exchange controls and sanctions could limit our ability to distribute retained earnings from our local affiliates, or to pay intercompany payables due from those countries. Despite measures undertaken to reduce or hedge against foreign currency exchange risks, as a significant portion of our earnings and expenditures are in currencies other than the US dollar, including expenditures in Swiss francs that are significantly higher than our revenue in Swiss francs, any such exchange rate volatility may negatively and materially impact our results of operations and financial condition, and may impact the reported value of our net sales, earnings, assets and liabilities. In addition, the timing and extent of such volatility can be difficult to predict. Furthermore, depending on the movements of particular foreign exchange rates, we may be materially adversely affected at a time when the same currency movements are benefiting some of our competitors. For more information on the effects of currency fluctuations on our consolidated financial statements and on how we manage currency risk, see “Item 5. Operating and Financial Review and Prospects” “Item 5.B Liquidity and capital resourcesâ€”Effects of currency fluctuations” and “Item 18. Financial Statements” “â€”Note 28. Financial instruments” “â€” additional disclosures.â€”19Key customersRisk descriptionConcentration among our key customersContext and potential impactA significant portion of our global sales is made to a relatively small number of drug wholesalers, retail chains and other purchasing organizations. For example, our three most important customers globally accounted for approximately 17%, 13% and 7%, respectively, of net sales from continuing operations in 2024. The largest trade receivables outstanding were for these three customers, amounting to 19%, 12% and 7%, respectively, of the trade receivables at December 31, 2024. Historically, there has been a trend of consolidation among our customer base, which may continue in the future. As a result, we are exposed to a concentration of credit risk among our key customers. If one or more of our major customers experienced financial difficulties, the effect on us would be considerable, and could include a substantial loss of sales and an inability to collect amounts owed to us. Environmental mattersRisk descriptionImpact of environmental liabilitiesContext and potential impactThe environmental laws of various jurisdictions impose actual and potential obligations on us to investigate and remediate contaminated sites, including in connection with activities in the past by businesses that are no longer part of Novartis. In some cases, these remediation efforts may take many years. While we have set aside provisions for known worldwide environmental liabilities that are probable and estimable, there is no guarantee that additional costs will not be incurred beyond the amounts for which we have provided in our consolidated financial statements. If environmental contamination resulting from our facility operations, business activities or products adversely impacts third parties or if we fail to properly manage the safety of our facilities, including the safety of our employees and contractors, and the environmental risks, we may face substantial one-time and recurring costs and other penalties, and be required to increase our provisions for environmental liabilities. Furthermore, our headquarters and a number of our major production and research facilities are located near earthquake fault lines in Basel, Switzerland. Other major facilities are located near major earthquake fault lines in various locations around the world. A major earthquake could result in loss of life, business interruptions and the destruction of our facilities. See also “Item 4. Information on the Company” “Item 4.D Property, plants and equipment” and “Item 18. Financial Statements” “â€”Note 20. Provisions and other nonâ€”current liabilities.”â€”Pension plansRisk descriptionInaccuracies in the assumptions and estimates used to calculate our pension plan and other post-employment obligationsContext and potential impactWe sponsor pension and other post-employment benefit plans in various forms that cover a significant portion of our current and former employees. For post-employment plans with defined benefit obligations, we are required to make significant assumptions and estimates about future events in calculating the expense and the present value of the liability related to these plans. These include assumptions about the discount rates we apply to estimate future defined benefit obligations and net periodic pension expense, as well as rates of future pension increases. In addition, our actuarial consultants provide our management with historical statistical information, such as withdrawal and mortality rates in connection with these estimates. Assumptions and estimates that we use may differ materially from the actual results we experience due to changing market and economic conditions, higher or lower withdrawal rates, and longer or shorter life spans of participants, among other factors. Depending on events, such differences could have a material effect on our total equity, and may require us to make additional contributions to our pension funds. For more information on obligations under retirement and other post-employment benefit plans and underlying actuarial assumptions, see “Item 18. Financial Statements” “â€”Note 24. Post-employment benefits for employees.”â€”20Item 4. Information on the Company4.A History and development of NovartisNovartis AGNovartis AG was incorporated on February 29, 1996, under the laws of Switzerland as a stock corporation (â€”Aktiengesellschaft”) with an indefinite duration. On December 20, 1996, our predecessor companies, Cibaâ€”Geigy AG and Sandoz AG, merged into this new entity, creating Novartis. We are domiciled in and governed by the laws of Switzerland. Our registered office is located at the following address: Novartis AGLichtstrasse 35CHâ€”4056 Basel, SwitzerlandTelephone: +41â€”61â€”324â€”1111Website: www.novartis.comNovartis AG, our Swiss holding company, owns, directly or indirectly, all of our significant operating companies. For a list of our significant operating subsidiaries, see “Item 18. Financial Statements” “â€”Note 31. Novartis principal subsidiaries and associated companies.”â€”For a description of important corporate developments since January 1, 2022, see “Item 18. Financial Statements” “â€”Note 2. Significant acquisitions of businesses and spin-off of Sandoz business.”â€”For information regarding the Companyâ€™s material commitments for capital expenditures, see “Item 5. Operating and Financial Review and Prospects” “Material contractual obligations and commitments.”â€”The SEC maintains an internet site at <http://www.sec.gov> that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC.4.B Business overviewOverviewNovartis is an innovative medicines company, engaged in the research, development, manufacturing, distribution, marketing and sale of a broad range of innovative pharmaceutical medicines. Our purpose is to reimagine medicine to improve and extend peopleâ€™s lives by leveraging our scientific expertise to find new ways to treat and cure disease. Our strategy is to focus on high-value, innovative medicines that alleviate societyâ€™s greatest disease burdens through technology leadership in R&D and novel access approaches. To support our strategy, we have clear focus areas where we commit most of our time, energy and resources. These core therapeutic areas are cardiovascular, renal and metabolic; immunology; neuroscience; and oncology. For more information about our strategy, see “Item 5. Operating and Financial Review and Prospects” “Overview.”â€”Our strategy.â€”In 2024, Novartis achieved net sales from continuing operations of USD 50.3 billion, and net income from continuing operations amounted to USD 11.9 billion. Headquartered in Basel, Switzerland, we employed 75,883 fullâ€”time equivalent employees as of December 31, 2024. Our products are sold in approximately 120 countries around the world. Our operations are organized into the following five organizational units: â€”Biomedical Research is our innovation engine, focused on creating new ways of fighting disease and turning scientific breakthroughs into new medicines with the potential to change lives.â€”Development oversees the development of potential new medicines through clinical trials to confirm their safety and efficacy, and steers the way to regulatory approval for use by patients.â€”Operations manufactures and delivers our medicines to customers, while also overseeing the global functions of IT, procurement and real estate services.â€”The two commercial units, US and International, focus on their respective geographic areas. They work with customers to provide innovative medicines and

services that improve treatment options and raise the quality of care for patients. These organizational units are supported by our global functions in areas such as corporate affairs, ethics, risk and compliance, finance, legal, internal audit, people and organization and strategy and growth. For more information about our Development unit, see [Research and development](#)“Development program” below. For more information about our Operations unit see [Item 4.D Property, plants and equipment](#) and [Item 18. Financial Statements](#)“Note 3. Operating segment and Note 4. Revenues and geographical information.”21Key marketed productsThe following summaries describe certain Novartis key marketed products in certain indications. These products are listed according to year-end net sales. Some of them have lost patent protection or are otherwise subject to generic competition, while others are subject to patent challenges by potential generic competitors (see [Intellectual property](#) for general information on intellectual property and regulatory data protection, and for more information on the status of patents and exclusivity for certain key marketed products). While we typically seek to sell our marketed products throughout the world, not all products and indications are available in every country. The indications described in these summaries may therefore vary by country. In addition, a product may be available under different brand names depending on country and indication. [Entresto](#) (sacubitril/valsartan) is an oral, first-in-class angiotensin receptor-neprilysin inhibitor. Entresto enhances the protective effects of a hormone system called the natriuretic peptide system, and simultaneously suppresses the harmful effects of a hormone system called the renin-angiotensin-aldosterone system. It is approved: [In the US](#), the EU and other countries to treat adults who have symptomatic chronic heart failure with reduced ejection fraction (HFrEF). HFrEF is a disease in which the heart cannot pump blood efficiently [In the US](#) and other countries to treat adult patients with chronic heart failure with preserved ejection fraction (HFpEF). HFpEF is a disease in which the heart’s main pumping chamber (left ventricle) becomes stiff and unable to fill properly with blood [In the US](#), the EU and other countries to treat children and adolescents aged 1 year and older who have symptomatic chronic heart failure with left ventricular systolic dysfunction [In China](#), Japan and other countries to treat adult patients with essential hypertension (abnormally high blood pressure that is not the result of a medical condition) [Cosentyx](#) (secukinumab) is an injectable, fully human monoclonal antibody that selectively inhibits interleukin-17A (IL-17A), a cytokine involved in several immunological diseases. It is approved in the US, the EU and other countries to treat: [Adults and children aged 6 years and older with moderate-to-severe plaque psoriasis](#) (this indication is also approved in China). Psoriasis is a debilitating systemic inflammatory disease that is characterized by the appearance of raised, red patches on the skin [Adults with active non-radiographic axial spondyloarthritis \(nr-axSpA\)](#). nr-axSpA is a long-term inflammatory disease that is characterized by chronic back pain and is not visible on X-rays [Adults and children \(aged 2 years and older in the US and 6 years and older in the EU\)](#) with active psoriatic arthritis (PSA). PSA is a type of progressive inflammatory arthritis that results in swollen and painful joints and tendons, which can cause structural damage to the bones and joints [Adults with active ankylosing spondylitis \(AS\)](#). AS is a progressive inflammatory disease that is characterized by chronic back pain, is generally visible on X-rays, and can cause structural damage to the bones and joints [Children \(aged 4 years and older in the US and 6 years and older in the EU\)](#) with active enthesitis-related arthritis (ERA) and children (aged 2 years and older in the US and 6 years and older in the EU) with active juvenile psoriatic arthritis (JPsA). ERA and JPsA are subtypes of juvenile idiopathic arthritis. If left untreated, they can lead to high levels of pain and disability [Adults with moderate to severe hidradenitis suppurativa \(HS\)](#). HS is a chronic skin disease that causes recurring boil-like lumps that may burst into open wounds and cause irreversible scarring, often in the most intimate parts of the body [An intravenous formulation of Cosentyx is approved in the US for the treatment of adults with active PSA, AS and nr-axSpA](#). [Kesimpta](#) (ofatumumab) is an anti-CD20 monoclonal antibody that enables the targeted depletion of B-cells, specifically in lymph nodes. Kesimpta is the only B-cell treatment for relapsing multiple sclerosis that is self-administered once-monthly via the Sensoready autoinjector pen, following three weekly starter doses. It is approved: [In the US](#) to treat adults with relapsing forms of multiple sclerosis, including clinically isolated syndrome, relapsing-remitting multiple sclerosis and active secondary progressive multiple sclerosis. Multiple sclerosis is a disease in which the immune system attacks the protective covering of nerves (known as myelin) [In the EU](#) to treat adults with relapsing forms of multiple sclerosis with active disease defined by clinical or imaging features (i.e., relapse, disability, or lesions detected by MRI scans) Approved indications vary across other countries. Ofatumumab was originally developed by Genmab and licensed to GlaxoSmithKline (GSK). Novartis obtained the rights to ofatumumab from GSK across all indications. [Kisqali](#) (ribociclib) is a selective oral cyclin-dependent inhibitor of kinases 4 and 6 (CDK4/6) and two enzymes involved in the control of cell cycle progression. Kisqali is approved in the US, the EU and other countries to treat: [Pre-, peri- and postmenopausal women, and men \(US and other countries\)](#), with locally advanced or metastatic hormone receptor-positive (HR+)/human epidermal growth factor receptor 2-negative (HER2-) breast cancer, in combination with an aromatase inhibitor as initial endocrine-based therapy. HR+/HER2- breast cancer is the most common subtype of breast cancer [Pre-, peri- \(EU\) and postmenopausal women, and men \(US\)](#), with locally advanced or metastatic HR+/HER2- breast cancer, in combination with fulvestrant, as a first- or second-line therapy [Adults with HR+/HER2- stage II and III early breast cancer at high risk of recurrence, as an adjuvant treatment in combination with an aromatase inhibitor \(US\)](#) [Patients with HR+/HER2- early breast cancer at high risk of recurrence, as an adjuvant treatment in combination with an aromatase inhibitor \(EU\)](#) Kisqali was developed by our Biomedical Research organizational unit (formerly the Novartis Institutes for BioMedical Research) under a research collaboration with Astex Pharmaceuticals. [Promacta/Revolade](#) (eltrombopag) is an once-daily oral thrombopoietin receptor agonist that works by stimulating bone marrow cells to produce platelets. It is approved in the US, the EU and other countries to treat: [Adults with immune thrombocytopenia \(ITP\)](#) in patients who have had an insufficient response to or have failed previous therapies. ITP is a bleeding disorder caused by an unusually low number of platelets [Adults with Thrombocytopenia in patients with chronic hepatitis C](#) to allow them to initiate and maintain interferon-based therapy [Patients with severe aplastic anemia \(SAA\)](#). SAA is a condition in which the body does not produce enough blood cells [Promacta/Revolade is marketed under a research, development and license agreement between Novartis and RPI Finance Trust \(dba Royalty Pharma\)](#), as assignee of Ligand Pharmaceuticals. [Tafinlar + Mekinist](#) (dabrafenib + trametinib) is an oral combination therapy. Tafinlar and Mekinist are kinase inhibitors of the BRAF and MEK1/2 proteins, respectively, approved in combination to treat patients who have certain types of cancer with a change in the BRAF gene (called a BRAF V600 mutation), including: [Adults in the US](#), the EU and other countries with unresectable or metastatic melanoma with a BRAF V600 mutation. Melanoma is a form of skin cancer; unresectable melanoma cannot be removed with surgery and metastatic melanoma has spread to other parts of the body. Tafinlar and Mekinist are also approved as single agents for this indication [Adults in the US](#), the EU and other countries with stage III melanoma with a BRAF V600 mutation as an adjuvant treatment (following surgery) [Adults in the US](#), the EU and other countries with advanced non-small cell lung cancer (NSCLC) with a BRAF V600 mutation. NSCLC is the most common type of lung cancer [Adults and children aged 1 year and older in the US and other countries with unresectable or metastatic solid tumors with a BRAF V600E mutation whose cancer has progressed following prior treatment and who have no satisfactory alternative treatment options](#) [Children aged 1 year and older in the US](#), the EU and other countries with low-grade glioma with a BRAF V600E mutation who require systemic therapy. Low grade gliomas are tumors that develop from brain cells. Approved indications and pharmaceutical forms vary by country. Tafinlar is provided in capsules and dispersible tablets. Mekinist is provided in tablets and powder for oral solution. Novartis has worldwide exclusive rights to develop, manufacture and commercialize trametinib granted by Japan Tobacco Inc. [Adults with Jakavi](#) (ruxolitinib) is an oral inhibitor of the JAK1 and JAK2 tyrosine kinases. It is the first JAK1/JAK2 inhibitor approved in the EU and other countries to treat: [Adults with myelofibrosis \(MF\)](#), including primary myelofibrosis, post-polycythemia vera myelofibrosis and post-essential thrombocythemia myelofibrosis. MF is a rare blood cancer characterized by abnormal blood cell production and scarring in the bone marrow, which can lead to an enlarged spleen [Adults with polycythemia vera \(PV\)](#) who are resistant or intolerant to a medication called hydroxyurea. PV is a rare blood cancer in which the bone marrow produces too many red blood cells, resulting in serious problems like clots [Patients aged 12 years and older with acute or chronic graft-versus-host disease \(GvHD\)](#) and who have had an inadequate response to corticosteroids or other systemic therapies. GvHD occurs in stem-cell transplant patients when donor cells see the recipient’s healthy cells as foreign and attack them [Novartis licensed ruxolitinib from Incyte Corporation for development and commercialization in the indications of oncology, hematology and GvHD outside the US](#). Incyte Corporation markets ruxolitinib as Jakafi® in the US. [Tasigna](#) (nilotinib) is a twice-daily oral tyrosine kinase inhibitor that acts by blocking the BCR-ABL protein. It is approved in the US, the EU and other countries to treat: [Adults with Philadelphia chromosome-positive chronic myeloid leukemia \(Ph+ CML\)](#) in the chronic and/or accelerated phase who are resistant or intolerant to existing treatment. Ph+ CML is a cancer that starts in the blood-forming cells of bone marrow [Newly diagnosed adults and children with Ph+ CML in the chronic phase](#) [Xolair](#) (omalizumab) is an injectable prescription medicine and the only approved antibody designed to target and block immunoglobulin E (IgE). It is approved in the US, the EU and other countries to treat: [Adults and children aged 6 years and older with moderate-to-severe, or severe, persistent allergic asthma](#) [Adults and children aged 12 years and older with chronic spontaneous urticaria/chronic idiopathic urticaria \(hives\)](#) [Adults with nasal polyps or severe chronic rhinosinusitis with nasal polyps \(CRSwNP\)](#). CRSwNP is a chronic inflammation of the nose and the sinuses with the presence of benign lesions (nasal polyps) on the lining of the nasal sinuses or nasal cavity Approved indications and pharmaceutical forms vary by country. Xolair is provided as lyophilized powder for reconstitution, and as liquid formulation in a pre-filled 23syringe and pre-filled pen. Novartis co-promotes Xolair with Genentech in the US and shares a portion of operating income, but Novartis does not record any US sales. Novartis records all sales of Xolair outside the US. [Adults with Ilaris](#) (canakinumab) is an injectable, selective, high-affinity, fully human monoclonal antibody that inhibits interleukin-1 beta (IL-1 beta), a key cytokine in the inflammatory pathway. It is approved in the US, the EU and other countries to treat patients with certain debilitating rare autoinflammatory disorders, including: [Adults and children with periodic fever syndromes](#). Periodic fever syndromes are a set of rare disorders characterized by recurrent episodes of illness, with fever as the main symptom [Adults with Still’s disease](#), including systemic juvenile idiopathic arthritis and adult-onset Still’s disease. Still’s disease is a disorder that causes fevers, rash and joint pain [Adults with acute gouty arthritis \(a non-rare indication\)](#). Gouty arthritis is a type of arthritis characterized by pain, redness, tenderness and swelling in one or more joints Approved indications vary by country. [Adults with Pluvicto](#) (lutetium 177Lu) vipivotide tetraxetan) is an intravenous radioligand therapy combining a targeting compound (a ligand) with a therapeutic radionuclide (a radioactive particle, in this case lutetium-177). Pluvicto delivers beta radiation selectively to PSMA-positive cells and the surrounding cells while minimizing off-target effects. It is approved in the US, the EU and other countries to treat: [Adults with prostate-specific membrane antigen-positive metastatic castration-resistant prostate cancer \(PSMA-positive mCRPC\)](#), a type of advanced cancer that has spread to other parts of the body (metastatic). These patients have already been treated with other anticancer treatments (androgen receptor pathway inhibition and taxane-based chemotherapy) [Sandostatatin SC](#) (octreotide acetate for injection) and Sandostatatin LAR (octreotide acetate for injectable suspension) are somatostatin analogs approved in the US, the EU and other countries to treat: [Adults with acromegaly that is inadequately controlled by surgery or radiotherapy](#). Acromegaly is a chronic disease caused by the oversecretion of growth hormone [Patients with certain symptoms associated with carcinoid tumors and other types of functional gastrointestinal and pancreatic neuroendocrine tumors](#) Sandostatatin LAR is also approved in the EU and other countries to treat patients with advanced neuroendocrine tumors of the midgut or of unknown primary tumor origin. [Zolgensma](#) (onasemnogene apegarvec) is a one-time intravenous gene therapy designed to address the genetic root cause of spinal muscular atrophy (SMA) by replacing the function of the missing or nonworking SMN1 gene. Zolgensma delivers a new working copy of the human SMN gene into a patient’s cells. It is approved in the US, the EU and other countries to treat: [Babies and young children who have SMA with biallelic mutations in the SMN1 gene](#). SMA is a rare, genetic neuromuscular disease resulting in the progressive and irreversible loss of motor neurons, affecting muscle functions, including breathing, swallowing and basic movement Approved indications vary by country. [Adults with Lucentis](#) (ranibizumab) is a humanized, high-affinity antibody fragment that binds to vascular endothelial growth factor A (VEGF-A), a protein that can cause the growth of blood vessels in the eye, potentially leading to vision loss. Lucentis is an anti-VEGF therapy that is injected into the eye. It is approved in the EU and other countries to treat patients with certain eye conditions, including: [Adults with neovascular \(wet\) age-related macular degeneration \(AMD\)](#). Wet AMD develops when abnormal blood vessels grow under the macula and leak blood and other fluids in the back of the eye, which damages the macula [Adults with proliferative diabetic retinopathy](#), moderately severe to severe non-proliferative diabetic retinopathy, and/or visual impairment due to diabetic macular edema. These conditions are complications of diabetes [Adults with visual impairment due to macular edema secondary to retinal vein occlusion \(branch RVO or central RVO\)](#). Retinal vein occlusion is a blockage of the branch or central retinal veins, which carry blood away from the retina Approved indications vary by country. Lucentis is licensed from Genentech, and Novartis holds the rights to commercialize the product outside the US. Genentech holds the rights to commercialize Lucentis in the US. [Adults with Legvio](#) (inclisiran) is the first and only approved small-interfering RNA therapy to reduce LDL cholesterol, a risk factor for atherosclerotic cardiovascular disease (ASCVD), which is caused by plaque buildup in the arteries. Legvio is administered by a healthcare professional twice a year as an injection, except in the year of treatment where, following an initial dose, another dose is required after three months. It is approved: [In the EU and other countries to treat adults with primary hypercholesterolemia \(heterozygous familial and non-familial\) or mixed dyslipidemia as an adjunct to diet](#). Legvio is used in combination with a statin or statin with other lipid-lowering therapies in patients unable to reach LDL cholesterol goals with the maximum tolerated dose of a statin, or alone or in combination with other lipid-lowering therapies in patients who are statin-intolerant or for whom a statin is contraindicated. Primary hypercholesterolemia and mixed dyslipidemia are disorders characterized by high levels of fats (lipids) in the blood [Adults in the US](#) to treat adults with primary hyperlipidemia, including heterozygous familial hypercholesterolemia (HeFH), as an adjunct to diet and statin therapy to reduce LDL cholesterol. Primary hyperlipidemia, also known as high cholesterol, is characterized by high levels of fats in the blood [Novartis obtained global rights to develop, manufacture and commercialize Legvio under a license and collaboration agreement with Alnylam Pharmaceuticals, Inc.](#) [Adults with Lutathera](#) (lutetium Lu 177 dotate/lutetium (177Lu) oxodotreotide) is an intravenous targeted radioligand therapy approved in the US, the EU and other countries to treat: [Adults with somatostatin receptor-positive gastroenteropancreatic neuroendocrine tumors \(GEP-NETs\)](#). GEP-NETs are rare tumors found in the digestive tract Approved indications vary by country. [Adults with Scemblix](#) (asciminib) is an oral kinase inhibitor that works by binding to a part of the BCR-ABL protein called the ABL myristoyl pocket. It is approved: [In the EU and other countries to treat adults with Philadelphia chromosome-positive chronic myeloid leukemia \(Ph+ CML\)](#) in the chronic phase (CP) who have previously been treated with two or more tyrosine kinase inhibitors (TKIs). Ph+ CML is a cancer that starts in the blood-forming cells of bone marrow [In the US](#) to treat both newly diagnosed, and previously treated adults with Ph+ CML in CP [Adults in the US and other countries to treat adults with Ph+ CML in the chronic phase with the T3151 mutation](#). The T3151 mutation causes resistance to most available TKI therapies and, as a result, patients with this mutation would otherwise have limited treatment options [Adults with Fabhala](#) (iptacopan) is an oral Factor B inhibitor of the alternative complement pathway, a part of the innate immune system involved in triggering inflammation and fighting infections. It is approved: [In the US](#), the EU and other countries to treat adults with paroxysmal nocturnal hemoglobinuria (PNH). PNH is a rare chronic blood disorder in which red blood cells are susceptible to premature destruction by the complement system [In the US](#), for the reduction of proteinuria in adults with primary immunoglobulin A nephropathy (IgAN) at risk of rapid disease progression (generally UPCR ≥1.5 g/g). IgAN is a progressive, rare disease in which the immune system attacks the kidneys, which can cause glomerular inflammation and proteinuria Compounds in developmentThe following table provides an overview of key projects currently in the Confirmatory Development stage and may also describe certain projects in the Early Development stage. Projects typically enter Confirmatory Development and become the responsibility of our Development organizational unit during Phase II testing. (For more information about our drug development program, see [Research and development](#)“Development program.”) Projects are listed in alphabetical order by compound code, or by product name where applicable. Included are projects seeking to develop potential uses of new molecular entities as well as potential additional indications or new formulations for already marketed products. The table below, entitled [Adults with Legvio](#) (inclisiran) is the first and only approved small-interfering RNA therapy to reduce LDL cholesterol, a risk factor for atherosclerotic cardiovascular disease (ASCVD), which is caused by plaque buildup in the arteries. Legvio is administered by a healthcare professional twice a year as an injection, except in the year of treatment where, following an initial dose, another dose is required after three months. 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Intrathecal injection 2021 2025/IIIBeovu brolucizumab VEGF inhibitor Diabetic retinopathy Global Health Intravitreal injection 2024 RegistrationCoartem artether + lufefantrine PGH-1 (artemisinin combination therapy) Malawi, uncomplicated (<5 kg patients) Global Health Oral 2024 Registration 1Cosentyx secukinumab ILâ€17A inhibitor Giant cell arteritis Immunology Subcutaneous injection 2021 2025/IIIA Polymyalgia rheumatica Immunology Subcutaneous injection 2023 2026/IIIDAK539A 2 pelabresib BET inhibitor Myelofibrosis Oncology Oral 2024 TBD / IIIEVX811 atrasentan ETA receptor antagonist IgA nephropathy Cardiovascular, Renal and Metabolic Oral 2024 US registrationFabhalla(LNP023) iptacopan CFB inhibitor C3 glomerulopathy Cardiovascular, Renal and Metabolic Oral 2024 US, EU registrationA 1C-MPGN Cardiovascular, Renal and Metabolic Oral 2023 â€%Y2028/IIIA Atypical hemolytic uremic syndrome Oncology Oral 2021 â€%Y2028/IIIA Myasthenia gravisA 3 Neuroscience Oral 2024 2027/IIIFUB523 zigakibart Anti-APRIL monoclonal antibody IgA nephropathy Cardiovascular, Renal and Metabolic Subcutaneous injection 2023 2027/IIIKAE609 cipargamin PfATP4 inhibitor Malaria, uncomplicated Global Health Oral 2017 â€%Y2028/IIA Malaria, severe Global Health Intravenous infusion 2022 â€%Y2028/IIIKLU156 ganapladice + lufefantrine Non-artemisinin plasmodium falciparum inhibitor Malaria, uncomplicated Global Health Oral 2024 2026/IIILEqvio iclisiran siRNA (regulation of LDL-C) Secondary prevention of cardiovascular events in patients with elevated levels of LDL-C Cardiovascular, Renal and Metabolic Subcutaneous injection 2018 2027/IIIA Primary prevention cardiovascular risk reduction Cardiovascular, Renal and Metabolic Subcutaneous injection 2023 â€%Y2028/IIILOU064 remibrutinib BTK inhibitor Chronic spontaneous urticaria Immunology Oral 2021 2025/IIIA Chronic inducible urticaria Immunology Oral 2023 2026/IIIA Multiple sclerosis Neuroscience Oral 2021 2027/IIIA Myasthenia gravisA 3 Neuroscience Oral 2024 â€%Y2028/IIILutathera lutetium Lu 177 dotatate/ lutetium (177Lu) oxodotreotide Radioligand and therapy targeting SSTR Gastroenteropancreatic neuroendocrine tumors, 1st line in G2/3 tumors Oncology Intravenous infusion 2024 EU registrationLXE408 TBD Proteasome inhibitor Visceral leishmaniasis Global Health Oral 2022 â€%Y2028/IIIPlvictio lutetium Lu 177 vipivotide tetraxetan/ lutetium (177Lu) vipivotide tetraxetan Radioligand therapy targeting PSMA Metastatic castration-resistant prostate cancer, pre-taxane Oncology Intravenous infusion 2024 US registrationA Metastatic hormone-sensitive prostate cancer Oncology Intravenous infusion 2021 2025/IIIA Oligometastatic prostate cancerA 3 Oncology Intravenous infusion 2024 â€%Y2028/IIITQJ230 pelacarsen ASO targeting lipoprotein(a) Secondary prevention of cardiovascular events in patients with elevated levels of lipoprotein(a) Cardiovascular, Renal and Metabolic Subcutaneous injection 2019 2026/IIIA 1A Submission will use the MAGHP procedure in Switzerland to facilitate rapid approvals in the developing countries who are included in the MAGHP procedureA 2A Entered confirmatory development following the acquisition of MorphoSys AGA 3A Project added to selected development projects table in 2024 â€€ entered Confirmatory Development26Compound/product Common name Mechanism of action Potential indication Category Formulation/ route of administration Year project entered current development phase Planned filing dates/current phaseVAY736 inalunabm BAFF-R inhibitor Lupus nephritis Immunology Subcutaneous injection 2022 â€%Y2028/IIIA SJÂgrenâ€™s syndrome Immunology Subcutaneous injection 2022 2026/IIIA Systemic lupus erythematosus Immunology Subcutaneous injection 2023 â€%Y2028/IIIA Systemic sclerodermaA 3 Immunology Subcutaneous injection 2024 â€%Y2028/IIIA Immune thrombocytopenia, 1st line Oncology Intravenous infusion 2023 2027/IIIA Immune thrombocytopenia, 2nd line Oncology Intravenous infusion 2023 2027/IIIA Warm autoimmune hemolytic anemia (wAIIA) Oncology Intravenous infusion 2022 2027/IIIVioice alpelisib PI3K-alpha inhibitor Lymphatic malformations Oncology Oral 2023 â€%Y2028/IIITYB323 rapcabtagene autoleucel CD19 CAR-T Severe refractory lupus nephritis/ systemic lupus erythematosus Immunology Intravenous infusion 2023 â€%Y2028/IIA High-risk large B-cell lymphoma, 1st line Oncology Intravenous infusion 2023 â€%Y2028/IIIA Systemic sclerodermaA 3 Immunology Intravenous infusion 2024 â€%Y2028/IIA MyositisA 3 Immunology Intravenous infusion 2024 â€%Y2028/IIA 1A Submission will use the MAGHP procedure in Switzerland to facilitate rapid approvals in the developing countries who are included in the MAGHP procedureA 2A Entered confirmatory development following the acquisition of MorphoSys AGA 3A Project added to selected development projects table in 2024 â€€ entered Confirmatory DevelopmentProjects removed from the development table since 2023Compound/product Potential indication Change ReasonFabhalla IgA nephropathy CommercializedKisqali Hormone receptor-positive (HR+)/human epidermal growth factor receptor 2-negative (HER2-) early breast cancer (adjuvant) Commercialized Scemblix Chronic myeloid leukemia, 1st line CommercializedXolair Food allergy CommercializedCosentyx Rotator cuff tendinopathy Removed Development discontinuedCFZ533 SJÂgrenâ€™s syndrome Removed Development discontinuedJQ0443 Non-small cell lung cancer (monotherapy and/or combination therapy) Removed Development discontinued LNA043 Osteoarthritis Removed Development discontinuedDQCE31 Food allergy Removed Development discontinuedXBXB750 Hypertension Removed Development discontinuedPrincipal marketsNovartis sells products in approximately 120 countries worldwide. Net sales are primarily concentrated in the US and Europe. The following table sets forth aggregate net sales by region for each of the last three years: 2024 net sales 2023 net sales 2022 net sales USD millions % USD millions % USD millions %United States 21Â 146 42 17Â 959 40 15Â 935 38Europe 15Â 557 31 14Â 997 33 14Â 371 34Asia, Africa, Australasia 10Â 021 20 9Â 308 20 8Â 978 21Canada and Latin America 3Â 593 7 3Â 176 7 2Â 922 7Total 50Â 317 100 45Â 440 100 42Â 206 100Of which in established marketsA 1 37Â 371 74 33Â 725 74 31Â 386 74Of which in emerging growth marketsA 1 12Â 946 26 11Â 715 26 10Â 820 26A 1A Emerging growth markets comprise all markets other than the established markets of the US, Canada, Western Europe, Japan, Australia and New Zealand. Novartis definition of Western Europe includes Austria, Belgium, Finland, France, Germany, Greece, Iceland, Ireland, Italy, Luxembourg, Malta, The Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, and the United Kingdom.Many of our products are used for chronic conditions that require patients to continue dosing of the product over long periods of time, ranging from months to years. However, certain of our marketed products and development projects, such as cell and gene therapies, are administered only once. Net sales of the vast majority of our products are not subject to material changes in seasonal demand.27ProductionOur primary goal is to ensure the uninterrupted and timely supply of medicines that meet all product specifications and quality standards, and that are produced in the most cost-effective and sustainable manner. The manufacturing of our products is highly regulated by governmental health authorities around the world, including the US Food and Drug Administration (FDA) and European Medicines Agency (EMA). In addition to regulatory requirements, many of our products involve technically complex manufacturing processes or require highly specialized raw materials.We manufacture our products across the following technologies at facilities worldwide: large molecules, small molecules, cell and gene therapy, xRNA therapy and radioligand therapy (see also â€€œâ€Item 4.D Property, plants and equipmentâ€). We are continuing to integrate ADACAP manufacturing sites into our existing manufacturing and supply structure for radioligand therapies. In addition, we generate contract manufacturing sales from chemistry, biotherapeutics, xRNA and cell and gene therapy, including fill and finish activities, which we include under â€€œestablished brandsâ€ in our consolidated financial statements (see â€€œItem 18. Financial Statementsâ€Note 4. Revenues and geographic informationâ€).In our manufacturing network, we maintain stateâ€of-theâ€art processes, with quality as a priority, and require our suppliers to adhere to the same high standards we expect from our own people and processes. These processes include chemical and biological syntheses; radioisotope handling; sterile processing, including CAR-T cell processing; gene modification and delivery; and formulation and packaging. We are constantly working to improve our existing manufacturing processes, develop new and innovative technologies, and review and adapt our manufacturing network to maintain quality in our manufacturing processes and supply of products to customers and patients.We produce raw materials for manufacturing inâ€house or purchase them from third-party suppliers. Where possible, we maintain multiple supply sources so that the business is not dependent on a single or limited number of suppliers. However, our ability to do so may at times be limited by regulatory or other requirements. We monitor market developments that could have an adverse effect on the supply of essential materials. Our suppliers of raw materials are required to comply with applicable regulations and Novartis quality standards. Because the manufacturing of our products is complex and highly regulated by governmental health authorities and other regulators, uninterrupted supply cannot be guaranteed. If we or our third-party suppliers fail to comply with applicable regulations, then there could be a product recall or other disruption to our production activities. We have experienced supply interruptions for our products in the past, and there can be no assurance that supply will not be interrupted again in the future. For more information on the risks related to the manufacturing of our products, see â€€œItem 3. Key Informationâ€Item 3.D Risk factorsâ€Manufacturing and product qualityâ€Inability to ensure proper controls in product development and product manufacturing, and failure to comply with applicable regulations and standards.â€We have implemented a global manufacturing strategy to maximize business continuity in case of such events. Marketing and salesAlthough specific distribution patterns vary by country, Novartis generally sells its prescription drugs primarily to drug wholesalers, retailers, private health systems, government agencies, managed care providers, pharmacy benefit managers, and government-supported healthcare systems. We reach healthcare professionals and patients in many markets and across our core therapeutic areas through integrated channels including field force operations, patient support programs and Novartis-owned digital platforms. We have 19A 135 full-time equivalent field force employees, as of December 31, 2024, including supervisors and administrative personnel. These trained representatives present the therapeutic benefits and risks of our products to physicians, pharmacists, hospitals, insurance groups, managed care organizations and other healthcare professionals. In the US, Novartis advertises certain products via digital and traditional media channels, including the internet, television, newspapers and magazines. Novartis also pursues coâ€promotion or coâ€marketing opportunities as well as licensing and distribution agreements with other companies in various markets. The marketplace for healthcare is constantly evolving. Customer groups beyond prescribers have increasing influence on treatment decisions and guidelines, while patients continue to become more informed stakeholders in their healthcare decisions and look for solutions to meet their changing needs. Novartis is responding by adapting our business practices to engage appropriately with patients, customer groups and other stakeholders, including by delivering innovative solutions to drive education, access and improved patient care. The growing number of soâ€called â€œspecialtyâ€ drugs in our portfolio, such as Cosentyx and Kesimpta, has resulted in increased engagement with specialty pharmacies. Because many of these drugs require special handling and administration, we are rolling out patient support programs across our priority markets that serve as a central resource for onboarding, education and support to help patients navigate their healthcare.In the US, the US Centers for Medicare & Medicaid Services (CMS) is the largest single payer for healthcare services as a result of continuing changes in healthcare economics and an aging population. In addition, both commercial and government-sponsored managed care organizations continue to be among the largest groups of payers for healthcare services in the US. In other countries, national health services are often the only significant payer for healthcare services. In an effort to control prescription drug costs, almost all managed care organizations and national health services use formularies that list specific drugs that may be reimbursed and/or the level of reimbursement for each drug. Managed care organizations and national health services also use costâ€benefit analyses to determine whether or not newly approved drugs will be added to a formulary and/or the level of reimbursement for that drug, and to determine whether or not to continue to reimburse existing drugs.28We have dedicated teams that actively seek to optimize patient access, including formulary positions, for our products.The trend toward consolidation among distributors and retailers of our products continues in the US and internationally, both within and across countries. This has increased our customersâ€™ purchasing leverage and resulted in increased pricing pressure on our products. Moreover, we are exposed to increased concentration of credit risk as a result of the consolidation among our customers. Drug pricing is an increasingly prominent issue in many countries as healthcare spending continues to rise. This issue has received significant attention in the US, especially with the passage of the Inflation Reduction Act (see â€€œâ€Price controlsâ€ for more information). At Novartis, we aim to enable patient access through innovative pricing and access initiatives in the US, Europe and other markets. These include contract structures such as pay-over-time and outcome-based agreements.CompetitionThe global pharmaceutical market is highly competitive. We compete against other major international corporations that have substantial financial and other resources, as well as against smaller companies that operate regionally or nationally. Competition within the industry is intense and extends across a wide range of activities, including pricing, product characteristics, customer service, sales and marketing, and research and development.Like other companies selling patented pharmaceuticals, Novartis faces challenges from companies selling competing patented products. Generic forms of our products may follow the expiration of intellectual property protection or regulatory exclusivities, and generic companies may also gain entry to the market through successfully challenging our intellectual property rights and exclusivities. We use appropriate, legally permissible measures to defend those rights and exclusivities (see also â€€œâ€Intellectual propertyâ€ below). There is ongoing consolidation in the pharmaceutical industry. At the same time, new entrants are looking to use their expertise to establish or expand their presence in healthcare. Technology companies, for instance, are seeking to benefit from the increasing importance of data and data management in our industry, including the use of artificial intelligence.Research and developmentThe discovery and development of a new drug usually requires approximately 10 to 15Â years from the initial research to bringing a drug to market. This includes approximately six to eight years from PhaseA I clinical trials to market entry. At each of these steps, there is a substantial risk that a therapeutic candidate will not meet the requirements to progress further. In such an event, we may be required to abandon the development of a potential therapy in which we have made a substantial investment.We manage our research and development expenditures across our entire portfolio in accordance with our strategic priorities. We make decisions about whether or not to proceed with development projects on a projectâ€byâ€project basis. These decisions are based on the projectâ€™s potential to meet a significant unmet medical need or to improve patient outcomes, the strength of the science underlying the project, and the potential of the project (subject to the risks inherent in pharmaceutical development) to generate significant positive financial results for the Company. Once a management decision has been made to proceed with the development of a therapeutic candidate, the level of research and development investment required will be driven by many factors. These include the medical indications for which it is being developed, the number, sequence and timing of indications being pursued, whether the therapeutic candidate is of a chemical or biological nature, the stage of development, and the level of evidence necessary to demonstrate clinical efficacy and safety. Research programOur research and early development program is conducted by our Biomedical Research organizational unit, which is the innovation engine of Novartis. This unit is responsible for the discovery and first clinical evaluation of new medicines that bring value for patients and the Company. This requires hiring and retaining highly talented employees, focusing on fundamental disease mechanisms that are relevant across different disease areas, continuously improving technologies for drug discovery and potential therapies, working with patients to understand their diseases and the potential benefits of therapies, forming close alliances with clinical and commercial colleagues, and establishing strategic external alliances.We have 5Â 582 fullâ€time-equivalent scientists, physicians and business professionals at Biomedical Research sites in Basel, Switzerland; Cambridge, Massachusetts; East Hanover, New Jersey; San Diego, California; and Emeryville, California. They contribute to research in our core therapeutic areas of cardiovascular, renal and metabolic diseases; neuroscience; oncology; and immunology, among others. Research at the Friedrich Miescher Institute focuses on basic genetic and genomic research, and our Global Health Disease Area (formerly the Novartis Institute for Tropical Diseases) focuses on discovering new medicines to fight tropical diseases, including malaria and cryptosporidiosis. All drug candidates go through clinical trials to enable an early assessment of the safety and efficacy of the drug while collecting basic information on how the drug moves through the body and is tolerated, and adhering to the guidance for early clinical testing set forth by health authorities. When assessments are favorable, our Development organizational unit conducts confirmatory trials on the drug candidates to generate data that can be submitted to regulatory authorities to secure approval for patient use.29Development programOur Development organizational unit oversees and executes drug development activities in our core therapeutic areas, working collaboratively with Biomedical Research, our commercial units and other parts of the Company on our overall pipeline strategy. It includes centralized functions such as Regulatory Affairs, Medical Affairs and Global Clinical Operations, and has 12Â 773 fullâ€time equivalent employees worldwide. The traditional model of clinical development consists of three phases:PhaseA I: The first clinical trials of a new compound â€€ generally performed in a small number of healthy human volunteers or patients (e.g., in oncology) â€€ to assess the drugâ€™s safety profile, including the safe dosage range. These trials also determine how a drug is absorbed, distributed, metabolized and excreted, and the duration of its action.PhaseA II: Studies performed with patients who have the target disease, with the aim of continuing the PhaseA I safety assessment in a larger group, assessing the efficacy of the drug in the patient population, and determining the appropriate doses for further evaluation.PhaseA III: Largeâ€scale studies with up to several thousand patients, which aim to establish the safety and efficacy of the drug in specific indications for regulatory approval. PhaseA III trials may also be used to compare a new drug against a current standard of care to evaluate the overall benefitâ€risk relationship of the new medicine.In each of these phases, physicians monitor consenting volunteers or patients closely to assess the safety and efficacy of a potential new drug or indication.Although we use this traditional model, we take a flexible and efficient approach based on close collaboration across R&D, enabling Development teams to initiate later-stage planning in parallel with early evaluations and research teams to better support later-stage activities. Our development process consists of two stages: Early Development to build confidence in the overall properties of the compound, followed by Confirmatory Development to confirm the concept in large numbers of patients. Early development consists of both Phase I studies in healthy volunteers as well as Phase Ib and Phase II studies in patients. This work includes a careful review of safety and tolerability, understanding of whether the drug is modulating the target of interest, and understanding of dose response and early evidence of disease efficacy. Biomedical Research conducts these trials and if this evaluation is positive, the drug moves to the Confirmatory Development stage and becomes the responsibility of Development.

Confirmatory Development has elements of traditional Phaseâ€”II/III testing and includes trials aimed at confirming the safety and efficacy of the drug in the given indication, leading up to submission of a dossier to health authorities for approval. This stage can also include trials that compare the drug to the current standard of care for the disease in order to evaluate the drugâ€™s overall benefit-risk profile. Further, with new treatment approaches such as gene therapy for rare diseases, elements of Early and Confirmatory Development may be combined and suffice for registration under certain conditions such as high unmet medical need and clinical data showing highly favorable benefit-risk profiles. In these cases, additional post-approval studies may be required by the regulatory authorities to continue to gather important data to further support approval. The vast amount of data that must be collected and evaluated makes clinical testing the most timeâ€”consuming and expensive part of new drug development. The next stage in the drug development process is to seek registration for the new drug. For more information, see â€œRegulation.â€”The Innovation Management Board (IMB), chaired by our Chief Executive Officer, drives our R&D portfolio strategy. The IMB endorses new early- and late-stage development projects, strategic plans and portfolio-related priorities. It oversees our drug development budget; approves major project phase transitions; and makes key decisions, such as when to submit regulatory applications to health authorities or when to discontinue projects. IMB members include representatives from the Executive Committee of Novartis (ECN) and senior management with expertise in different fields. To support our R&D strategy, we are investing in AI and other technologies that have the potential to enhance and accelerate the delivery of innovative medicines to patients. We are working with partners on scalable projects in early-stage research and in clinical development to help improve our decision-making and generate actionable insights across our core therapeutic areasâ€”from designing new compounds to predicting drug safety and conducting clinical trials. In addition, we are continuously adapting our organizational setup to drive a leading and sustainable R&D performance, by building future capabilities across our Development organization and accessing global talent pools. Alliances and acquisitions Novartis enters into business development agreements with other pharmaceutical and biotechnology companies and with academic and other institutions to develop new products and access new markets. We license products that complement our current product line and are appropriate to our business strategy. We focus on strategic alliances and acquisition activities for key disease areas and indications that we expect to be growth drivers in the future. We review products and compounds we are considering licensing, using the same criteria that we use for our own internally discovered drugs. In May 2024, Novartis acquired Mariana Oncology, a US based, preclinical biotechnology company focused on developing novel radioligand therapies across a range of solid tumors. The acquisition brings a robust portfolio of RLT programs, including MC-339, an actinium-based RLT being investigated in small cell lung cancer. In May 2024, Novartis acquired an 89.7% interest in MorphoSys AG, a German based biopharmaceuticals company, which owns the following assets: pelabresib (late-stage BET inhibitor for myelofibrosis) and tulimemetostat (early-stage dual EZH2 and EZH1 inhibitor for solid tumors or lymphomas). In October 2024, Novartis completed the acquisition of the remaining outstanding 30shares of MorphoSys AG, making MorphoSys AG a wholly-owned subsidiary of Novartis. Additionally in October 2024, Novartis acquired Kate Therapeutics, Inc., a US based, preclinical biotechnology company focused on developing adeno-associated viruses (AAV)-based gene therapies to treat genetically defined muscle and heart diseases. For more information about recent business acquisitions, see â€œItem 18. Financial Statementsâ€”Note 2. Significant acquisitions of businesses and spin-off of Sandoz business.â€”RegulationThe international pharmaceutical industry is highly regulated. Regulatory authorities around the world administer numerous laws and regulations regarding the testing, approval, manufacturing, importing, labeling and marketing of drugs, and review the safety and efficacy of pharmaceutical products. Extensive controls exist on the nonâ€”clinical and clinical development of pharmaceutical products. These regulatory requirements, and the implementation of them by local health authorities around the globe, are a major factor in determining whether a substance can be developed into a marketable product, and the amount of time and expense associated with that development. Health authorities, including those in the US and the EU, have high standards of technical evaluation. The introduction of new pharmaceutical products generally entails a lengthy approval process. Products must be authorized or registered prior to marketing, and such authorization or registration must subsequently be maintained. In recent years, the registration process has required increased testing and documentation for the approval of new drugs, with a corresponding increase in the expense of product introduction. To register a pharmaceutical product, a registration dossier containing evidence establishing the safety, efficacy and quality of the product must be submitted to regulatory authorities. Generally, a therapeutic product must be registered in each country in which it will be sold. In every country, the submission of an application to a regulatory authority does not guarantee that approval to market the product will be granted. Although the criteria for the registration of therapeutic drugs are similar in most countries, the formal structure of the necessary registration documents and the specific requirements, including risk tolerance, of the local health authorities can vary significantly from country to country. Even if a drug is registered and marketed in one country, the registration authority in another country may request additional information from the pharmaceutical company prior to registration or even reject the product. A drug may be approved for different indications in different countries. The registration process generally takes between six months and several years, depending on the country, the quality of the data submitted, the efficiency of the registration authorityâ€™s procedures, and the nature of the product. Many countries provide for accelerated processing of registration applications for innovative products of particular therapeutic interest. In recent years, the US and the EU have made efforts to harmonize registration requirements in order to achieve shorter development and registration times for medical products. However, the requirement in many countries to negotiate selling prices or reimbursement levels with government regulators and other payers can substantially extend the time until a product may finally be available to patients. The following provides a summary of the regulatory processes in the principal markets served by our affiliates: United States In the US, applications for drug registration are submitted to and reviewed by the FDA. The FDA regulates the testing, manufacturing, labeling and approval for marketing of pharmaceutical products intended for commercialization in the US. The FDA continues to monitor the safety of pharmaceutical products after they have been approved for sale in the US market. The pharmaceutical development and registration process is typically intensive, lengthy and rigorous. When a pharmaceutical company has gathered data that it believes sufficiently demonstrates a drugâ€™s safety, efficacy and quality, the company may file a New Drug Application (NDA) or Biologics License Application (BLA), as applicable, for the compound. The NDA or BLA must contain all the scientific information that has been gathered about the compound. This typically includes information regarding the clinical experiences of patients tested in the drugâ€™s clinical trials. A Supplemental New Drug Application (sNDA) or Supplemental Biologics License Application (sBLA) must be filed for new indications and dosage forms for a previously approved drug. Once an application is submitted, the FDA assigns reviewers from its staff, including experts in biopharmaceutics, chemistry, clinical microbiology, pharmacology/toxicology, and statistics. After a complete review, these content experts provide written evaluations of the NDA or BLA. These recommendations are consolidated and are used by senior FDA staff in its final evaluation of the NDA or BLA. Based on that final evaluation, the FDA then either approves the NDA or BLA, or provides a â€œcomplete responseâ€”letter if the NDA or BLA application is not approved. If not approved, the letter will state the specific deficiencies in the NDA or BLA that need to be addressed. The company making the application must then submit an adequate response to the deficiencies in order to restart the review procedure. Once the FDA has approved an NDA, BLA, sNDA or sBLA, the company can make the new drug available for physicians and other healthcare providers to prescribe. The drug owner must submit periodic reports to the FDA, including any cases of adverse reactions. For some medications, the FDA requires additional postâ€”approval studies (Phase IV) to evaluate longâ€”term effects or to gather information on the use of the product under specified conditions. Throughout the life cycle of a product, the FDA requires compliance with standards relating to good laboratory, clinical and manufacturing practices. The FDA also requires compliance with rules pertaining to the manner in which we may promote our products. 31 European Union In the EU, there are three main procedures for application for authorization to market pharmaceutical products in more than one EU member state at the same time: the centralized procedure, the mutual recognition procedure and the decentralized procedure. It is also possible to obtain a national authorization for products intended for commercialization in a single EU member state only. The procedure used for first authorization must continue to be followed for subsequent changes, e.g., to add an indication for a licensed product. Under the centralized procedure, applications are made to the EMA for an authorization that is valid for the European Union (all member states). The centralized procedure is mandatory for all biotechnology products; new chemical entities in cancer, neurodegenerative disorders, diabetes, AIDS, autoimmune diseases and other immune dysfunctions; advanced therapy medicines, such as gene therapy, somatic cell therapy and tissue-engineered medicines; and orphan medicines (medicines for rare diseases). It is optional for other new chemical entities, innovative medicinal products, and medicines for which authorization would be in the interest of public health. When a pharmaceutical company has gathered data that it believes sufficiently demonstrates a drugâ€™s safety, efficacy and quality, the company may submit an application to the EMA. The EMA then receives and validates the application, and the specialized committee for human medicines, the CHMP, appoints a rapporteur and coâ€”rapporteur to review it. They use experts from their countries to carry out the assessment but can also draw on expertise from other member states (â€œmultinational teamâ€”). The entire review cycle must be completed within 210 days, although there are â€œclock stopsâ€”to allow the company to respond to questions set forth in the rapporteur and coâ€”rapporteurâ€™s assessment report and agreed with the CHMP. The first clock stop is at Day 120 and the clock restarts on Day 121, when the companyâ€™s complete response is received by the EMA. If there are further aspects of the dossier requiring clarification, the CHMP will issue further questions at Day 180, and may also request an oral explanation, in which case the sponsor must not only respond to the further questions but also appear before the committee to justify its responses. On Day 210, the CHMP will take a vote to recommend the approval or nonâ€”approval of the application, and their opinion is transferred to the European Commission (EC). The final EC decision under this centralized procedure is a single decision that is applicable to all member states. This decision occurs 60 days, on average, after a positive CHMP recommendation. Under both the mutual recognition procedure (MRP) and the decentralized procedure (DCP), the assessment is led by one member state, called the reference member state (RMS), which then liaises with other member states, known as the concerned member states. In the MRP, the company first obtains a marketing authorization in the RMS, which is then recognized by the concerned member states within 90 days. In the DCP, the application is done simultaneously in the RMS and all concerned member states. During the DCP, the RMS drafts an assessment report within 120 days. Within an additional 90 days, the concerned member states review the application and can issue objections or requests for additional information. On Day 90, each concerned member state must be assured that the product is safe and effective, and that it will cause no undue risks to the public health. Once an agreement has been reached, each member state grants national marketing authorizations for the product. After receiving the marketing authorizations, the company must submit periodic safety reports to the relevant health authority (EMA for the centralized procedure, national health authorities for DCP or MRP). In addition, pharmacovigilance measures must be implemented and monitored, including the collection, evaluation and expedited reporting of adverse events, and updates to risk management plans. For some medications, post-approval studies (Phase IV) may be imposed to complement available data with additional data to evaluate long-term effects (called a Post-Approval Safety Study, or PASS) or to gather additional efficacy data (called a Post-Approval Efficacy Study, or PAES). European marketing authorizations have an initial duration of five years. The holder of the marketing authorization must actively apply for its renewal after this first five-year period. As part of the renewal procedure, the competent authority performs a full benefitâ€”risk review of the product. Should the authority conclude that the benefitâ€”risk balance is no longer positive, the marketing authorization can be suspended or revoked. Once renewed, the marketing authorization is valid for an unlimited period, unless it is determined that the product must be further monitored for safety reasons. In this case, the authority may require another renewal at 10 years. If the holder does not apply for renewal, the marketing authorization automatically lapses. Any marketing authorization that is not followed within three years of its granting by the actual placing on the market of the corresponding medicinal product ceases to be valid. Price controls In most of the markets where we operate, the prices of pharmaceutical products are subject to both direct and indirect price controls and to drug reimbursement programs with varying price control mechanisms. Due to increasing political pressure and governmental budget constraints, we expect these mechanisms to remain robust â€”and potentially even be strengthened â€”and to have a continued negative influence on the prices we are able to charge for our products. Direct governmental efforts to control prices United States The Inflation Reduction Act of 2022 (IRA), signed into law in August 2022, mandates that eligible Medicare Part B and Part D drugs participate in what the statute calls the Drug Price Negotiation Program (Program); redesigned the Medicare Part D benefit, including a USD 2.4 billion out-of-pocket cap for Medicare beneficiaries going into effect in 2025; and imposed penalties for Medicare drugs that increase in price faster than the rate of inflation. Under the Program, the US government will set Medicare prices for selected products it has defined as single-sourced small-molecule drugs that have been on the market for seven years following FDA approval as well as single-sourced biologics that have been on the market for 11 years after FDA approval, and will become effective for selected drugs two years later (nine years after FDA approval for eligible small molecules and 13 years after FDA approval for eligible biologics). Medicare drugs with the highest total cost to the US government are selected for the Program as they become eligible. Exemptions include orphan drugs with a designation for one rare disease or condition, drugs with a total cost to Medicare of less than USD 200 million, and plasma-derived drugs. The IRA will be implemented as follows: â€” 10 eligible Medicare Part D drugs in 2026 â€” An additional 15 eligible Medicare Part D drugs in 2027 â€” An additional 15 eligible combined Medicare Part B and Part D drugs in 2028 â€” An additional 20 eligible combined Medicare Part B and Part D drugs in 2029 â€” An additional 20 eligible combined Medicare Part B and Part D drugs each year after 2029 On August 29, 2023, the US government released the list of the first 10 drugs to be subject to the Program, and Entresto was one of the selected products. Novartis has completed the process of participating because manufacturers that refuse to participate are subject to an excise tax of up to 95% of sales. Novartis has filed a lawsuit against the US Department of Health and Human Services (HHS) and the US Centers for Medicare & Medicaid Services because we believe the IRAâ€™s drug price-setting provisions are unconstitutional and will have long-lasting negative consequences for patients by limiting access to medicines now and in the future (for more information, see â€œItem 18. Financial Statementsâ€”Note 20. Provisions and other non-current liabilitiesâ€”). We also expect to be affected by other provisions of the IRA, such as price increase penalties for Medicare drugs, and new mandatory rebates on eligible Medicare Part D sales. In addition, as of December 31, 2024, 24 US states had passed legislation intended to impact pricing or requiring manufacturers to report price increases to states, with eight of these states also allowing for drug affordability (i.e., price control) review boards. The disclosure requirements vary by state. Many states require multiple types of reporting, including for new drug applications, new drug launches, prior notice of price increases, and quarterly or annual reporting. Europe In Europe, our operations are subject to significant price and marketing regulations. Many governments are introducing healthcare reforms in a further attempt to curb increasing healthcare costs. In some member states, these include reforms to permit the reimbursed use of off-label medicines, despite the presence of licensed alternatives on the market. In the EU, governments influence the price of pharmaceutical products through their control of national healthcare systems that fund a large part of the cost of such products to patients. The downward pressure on healthcare costs in general in the EU, particularly with regard to prescription drugs, is intense. Increasingly strict analyses are applied when evaluating the entry of new products, and as a result, access to innovative medicines is limited based on strict costâ€”benefit assessments. In addition, prices for marketed products are referenced within member states and across international borders, further impacting individual EU member state pricing. Member states also collaborate to enhance pricing transparency and have started conducting joint health technology assessments, joint pricing negotiations and/or joint purchasing. As an additional control for healthcare budgets, some EU countries have passed legislation to impose further mandatory rebates for pharmaceutical products and/or financial clawâ€”backs on the pharmaceutical industry. The calculation of these rebates and clawâ€”backs may lack transparency in some cases and can be difficult to predict. Regulations favoring generics and biosimilars In response to rising healthcare costs, most governments and private medical care providers have established reimbursement schemes that favor the substitution of more expensive brandâ€”name pharmaceuticals by generic pharmaceuticals. All US states have generic substitution statutes. These statutes permit or require the dispensing pharmacist to substitute a less expensive generic drug instead of an original drug. Other countries, including many European countries, have similar laws. We expect that the pressure for generic substitution will continue to increase. In addition, the US, the EU and other jurisdictions are increasingly introducing laws and regulations encouraging the development of biosimilar versions of biologic drugs, which can also be expected to have an impact on pricing. Crossâ€”border sales Price controls in one country can have an impact in other countries as a result of crossâ€”border sales. In the EU, products that we have sold to customers in countries with stringent price controls can be legally resold to customers in other EU countries at a lower price than the price at which the product is otherwise available in the importing country (known as parallel trade). In North America, products that we have sold to customers in Canada â€”which has relatively stringent price controls â€”are sometimes resold into the US, again at a lower price than the price at which the product is otherwise sold in the US. Reimportation from Canada and other countries into the US for commercial purposes is currently illegal. An exception is that states may seek approval from the Secretary of HHS to establish a Canadian drug importation program. Seven US states (Colorado, Florida, Maine, New Hampshire, New Mexico, Texas and Vermont) have enacted laws authorizing the establishment of such a program. However, the Secretary of the HHS must approve each state importation plan before it can be implemented. As of December 31, 2024, Florida is the only state to receive FDA approval for a

importation plan, but has not yet implemented it. We expect that pressures on pricing in the aggregate, would enable us to earn an adequate return on our investment in that product. 33Intellectual propertyIntellectual property (IP) rights, including patents, trademarks, copyrights, know-how, and trade secrets, as well as regulatory-based protections, are essential to our business as an innovative medicines company and protect our innovation and investments in research and development, manufacturing, and marketing of our products. PatentsPatents may cover a product itself, including the product's active ingredient or other ingredients and its formulation. Patents may also cover processes for manufacturing a product, including processes for manufacturing intermediate substances used in the manufacture of the product. In addition, patents may cover particular uses of a product, such as its use to treat a particular disease, or its dosage regimen. Further, patents may cover tests for certain diseases or biomarkers which can improve patient outcomes when administered with certain drugs as well as assays, research tools, and other techniques used to identify new drugs. United StatesIn the US, an issued patent will generally receive a term of 20 years from the earliest application filing date and may be eligible for potential patent term adjustments if there are delays in prosecution of the patent by the United States Patent and Trademark Office (USPTO). A US pharmaceutical patent may also be eligible for a patent term extension (PTE) given that the development of a pharmaceutical product and its review by the FDA can take an extended period of time. PTE provides an extension of patent term to compensate for the time taken to conduct clinical trials and for the FDA's review process. The PTE may only extend the patent term for a maximum of five years and may not extend the patent term beyond 14 years from regulatory approval. For a patent to be eligible for PTE, the patent must claim the product, a method of using the product, or a method of manufacturing the product. In addition, only one patent may be extended for any product. European UnionPatent applications in Europe may be filed in the European Patent Office (EPO) or in the patent offices of particular countries. The term of a patent granted by the EPO or an EU country's patent office is 20 years from the earliest application filing date. A patent issued by the EPO may also become a Unitary Patent, enforceable in multiple countries in the EU. Given that the development of a pharmaceutical product and its review by health authorities in the EU can take an extended period of time, a pharmaceutical patent in the EU may be eligible for a patent term extension that is called a supplementary protection certificate (SPC). An SPC may only extend the term of a patent for a maximum of five years, and may not extend the term of the patent beyond 15 years from the date of the first EU marketing authorization for the product covered by the patent. There is no unified procedure among countries in the EU for obtaining an SPC and SPCs must be applied for and granted on a country-by-country basis. Whether we are granted PTEs or SPCs, and the duration thereof, may depend upon many factors, including whether we have exercised due diligence during the product testing phase or regulatory review process, have applied for the extension within applicable deadlines, and satisfied all other applicable requirements. Moreover, the applicable time period or the scope of patent protection afforded could be less than we request. RDP and market exclusivityIn addition to patent protection, various countries provide regulatory-based protection, including regulatory data protection (RDP) and/or other market exclusivities, for a prescribed period of time. RDP provides exclusivity that precludes a potential competitor from filing a regulatory application that relies on the sponsor's clinical trial data, or that precludes the regulatory authority from approving the application for a set period of time. United StatesA new small-molecule active pharmaceutical ingredient receives five years of RDP, during which time a competitor generally may not obtain final approval of an application to the FDA based on a sponsor's clinical data. A new biologic active pharmaceutical ingredient receives 12 years of regulatory-based market exclusivity, during which time a competitor generally may not market the same or similar drug. The FDA may also request that a sponsor conduct pediatric studies and, in exchange, it will grant an additional six-month period of pediatric market exclusivity if the sponsor makes a timely submission of the reports of the pediatric studies in response to the FDA's written request. The sponsor must also have a patent-based and/or regulatory-based exclusivity period for the product to which the pediatric market exclusivity is appended. Orphan drug exclusivity (ODE) provides seven years of market exclusivity for drugs designated by the FDA as orphan drugs, meaning drugs that treat rare diseases affecting fewer than 200,000 people in the US. During this period, a potential competitor generally may not market the same or similar drug for the same indication even if the competitor's application does not rely on data from the sponsor. European UnionA new pharmaceutical ingredient receives eight years of data protection, during which a competitor cannot rely on the relevant data; a further period of two years of market exclusivity, during which the data can be used to support applications for marketing authorization but a competitive product cannot be launched; and a possible one-year extension of the market exclusivity period if, during the initial eight-year data exclusivity period, the sponsor registered a new therapeutic indication with a significant clinical benefit. ODE provides for 10 years of market exclusivity, during which time an application for the same or similar medicine for the same indication will not generally be accepted or granted. Under certain circumstances, this exclusivity can be extended with a two-year pediatric extension. 34Third-party patents and challenges to intellectual propertyThird parties can challenge our IP, including patents, PTEs, SPCs, RDP, and marketing exclusivities (such as pediatric extensions and ODE), through various proceedings. For example, patents in the US can be challenged in the USPTO through various proceedings, including inter partes review (IPR) and post-grant review (PGR) proceedings. They may also be challenged through patent infringement litigation under the Abbreviated New Drug Application (ANDA) provisions of the Hatch-Waxman Act or under the Biologics Price Competition and Innovation Act (BPCIA). In the EU, patents may be challenged through oppositions in the EPO, revocation actions before the Unified Patent Court, or national patents may be challenged in national courts or national patent offices. The outcomes of such challenges can be difficult to predict. In addition to directly challenging our IP rights, in some circumstances a competitor may be able to market a generic version of one of our products by, for example, designing around our patents or marketing the generic product for non-patent-protected indications, or filing a separate New Drug Application (NDA) under the Hatch-Waxman Act (typically referred to as a 505(b)(2) application). Despite RDP, a competitor could opt to incur the costs of conducting its own clinical trials and preparing its own regulatory application and avoid our RDP altogether. There is a risk that some countries may seek to impose limitations on or seek not to recognize the availability of IP rights for pharmaceutical products, or limit the extent to which such rights may be enforced. Additionally, even though we may own, co-own or in-license patents protecting our products, and conduct freedom-to-operate analyses, a third party may nevertheless assert that one of our products infringes or otherwise violates a third-party patent or other intellectual property right for which we do not have a license, seeking remedies such as monetary damages or an injunction against our continued marketing of the product. As a result, there can be no assurance that our IP rights will protect our products or that we will be able to avoid adverse effects from the loss of IP protection or from third-party patents or other intellectual property rights in the future. For more information on the risks related to IP, see Item 3. Key InformationItem 3.D Risk factorsIntellectual propertyExpiry, assertion or loss of intellectual property protectionIntellectual property protection for certain key marketed products and compounds in developmentThe following chart lists our key marketed products together with the year in which, unless otherwise indicated, the basic composition of matter (CoM) patent protection (including granted PTEs, granted SPCs, and granted pediatric exclusivity periods) or regulatory exclusivity (for example, RDP or ODE), whichever lasts longer, is currently estimated to expire in the US and EU. We also sell these products in other countries, but do not include exclusivity loss on a country-by-country basis, which may vary considerably from the estimated loss in the US and EU. Generally, the dates in the table below for each of the products are estimated only for the purpose of business or financial planning. Moreover, where applicable, we provide information regarding current challenges involving the patents or regulatory exclusivities expiring on the listed dates. In addition, we may own, co-own, control, or have rights to additional, later-expiring patents relating, for example, to compound forms, methods of treatment or use, formulations, devices, processes, product-by-process, synthesis, purification, and assays. We may also be seeking or may have been granted forms of regulatory exclusivity that may expire later than the dates shown below. These later-expiring patents or RDP may or may not protect our products from generic or biosimilar competition after the date specified. It is not possible to predict with certainty the length of patent or regulatory-based market exclusivity for any of our products because of the complex interaction between patent and regulatory forms of exclusivity and inherent uncertainties regarding IP litigation. There can be no assurance that a particular product will receive patent or regulatory-based market exclusivity for the full period of time that we estimate, or at all, and the products listed below may face generic or biosimilar competition in the US or EU earlier than the dates listed below. See Item 3. Key InformationItem 3.D Risk factorsIntellectual propertyExpiry, assertion or loss of intellectual property protectionAdditional information. 35Product Year of Expiration (US) Year of Expiration (EU) Entresto 2025 2 2026 Cosentyx 2029 2030 Kesimpta 2031 CoM patent expired 3 Kisqali 2031 4 2032 Promacta/Revolade CoM patent expired 2025 Tafinlar 2030 2029 Mekinist 2027 2029 Use of Mekinist with Tafinlar or Tafinlar with Mekinist 2031 2030 Jakavi N/A 2027 Xolair N/A CoM patent expired 3 Tasigna CoM patent expired CoM patent expired Ilaris CoM patent expired 3 2025 Pluvicto 2034 5 2034 5 Zolgensma 2033 2033 Leqvio 2034 5 2035 Scemblix 2033 5 2037 Lutathera 2025 6 2027 Fabhalta 2034 5 2034 5 1A SPC expiry dates are listed when an SPC has been granted in at least one of the following European markets: France, Germany, Italy, Spain, and the United Kingdom. 2A Certain patents (including those expiring in 2025, 2026, and 2036) are being challenged in ANDA proceedings by generic manufacturers. In January 2025, the U.S. Court of Appeals for the Federal Circuit issued a decision confirming the validity of a combination patent expiring in July 2025 (with pediatric exclusivity). 3A There is no generic or biosimilar competition for this product in this market. 4A A CoM patent expiring in 2031 and other patents are being challenged in ANDA proceedings against generic manufacturers. 5A We have applied for a PTE or SPC which is pending. 6A ODE is not challenged, but formulation patents (expiring in 2038 or 2039 (with pediatric exclusivity)) are being challenged in patent proceedings against manufacturers having FDA applications referencing Lutathera. Established BrandsLucentis faces generic competition in the EU. For Sandostatin SC, there is generic competition in the US and the EU. For Sandostatin LAR, there is generic competition in the US and in most EU countries. Compounds in developmentWe provide certain patent information for non-marketed compounds in development that have been submitted to the FDA and/or the EMA for registration but have not yet been approved by either agency. For these products, Novartis will seek all appropriate RDP, will continue to seek additional intellectual property protection for significant product developments, and will apply for PTEs and SPCs in keeping with the great importance we attach to intellectual property. TrademarksOur products are sold under brand names and logos which are generally protected as trademarks and/or through related intellectual property rights. Trademark registrations are for fixed, but renewable, terms and protection is provided, depending on the country, for as long as the trademark is registered and/or in use. Protecting our trademarks is of material importance to us. 4 Organizational structureOrganizational structureSee Item 4. Information on the CompanyItem 4.A History and development of NovartisItem 4. Information on the CompanyItem 4.B Business overviewItem 4. OverviewItem 4. Significant subsidiariesSee Item 18. Financial StatementsItem 31. Novartis principal subsidiaries and associated companiesItem 36.4.D Property, plants and equipmentOur principal executive offices are located in Basel, Switzerland. We operate through a number of affiliates that have offices, research and development facilities, and production sites throughout the world. We generally own our facilities or have entered into long-term lease arrangements for them. Some of our principal facilities are subject to mortgages and other security interests granted to secure certain debts. Our Operations organizational unit manages the production, quality and supply chain of our products through a network of 33 manufacturing sites, as well as through external suppliers, and warehouse and distribution centers. In addition, our Operations organizational unit also manages non-production real estate owned or leased by Novartis around the world. The following table sets forth our major headquarters and most significant production, research and development, and administrative facilities. See also Item 4.B Business overviewItem 4. ProductionItem 4. A discussion of our manufacturing processes. Major facilitiesLocation Size of site (in square meters) Major activityBasel, Switzerland 481,448 Global Company headquarters; International organizational unit headquarters; research and development; production of drug substances and drug intermediatesKundl and Schaftenan, Austria 480,000 Production of biotechnological products, active drug substances and nucleic acids, drug products and finished products; product developmentEast Hanover, New Jersey, US 258,180 US organizational unit headquarters; research and developmentCambridge, Massachusetts, US 179,939 Research and developmentMenges, Slovenia 166,591 Production of small molecules and large molecules drug substances and drug intermediates; Research and development for BiologicsShanghai, China 105,614 China country headquarters; research and developmentStein, Switzerland 64,700 Production of sterile vials, pre-filled syringes and ampoules; capsules and tablets; active pharmaceutical ingredients; and cell and gene therapiesHuningue, France 41,000 Production of drug substances for clinical and commercial supplyDurham, North Carolina, US 15,794 Manufacture, package and release commercial Zolgensma product and certain clinical development activitiesSchweizerhalle, Switzerland 8,880 Manufacture of small-interfering RNA (siRNA) drug substance for LeqvioIndianapolis, Indiana, US 8,230 Manufacture, package and release clinical and commercial Pluvicto and Lutathera product for US and Canada.Ivrea, Italy 2,780 Galenic development and manufacture, package and release of radioligand therapy products in oncology (clinical & commercial) Pluvicto and Lutathera productAs our product portfolio evolves, the Company is adapting our manufacturing capacity and capabilities to meet our changing needs, shifting from high-volume products toward lower-volume, customized and personalized medicines. As of December 31, 2024, we have closed, exited, consolidated or sold 7 Novartis manufacturing sites post 2021. We continue expanding our capacity in new technologies such as cell culture, biopharmaceutical manufacturing and radioligand therapy, including the investment in in-house production of isotopes critical for production of radioligand therapies. We are leveraging innovation to increase the reliability and productivity of our manufacturing network, including using data and digital technologies. We continue to seek opportunities to manage our production facilities as efficiently as possible, optimize external spend, and simplify and standardize across our manufacturing network to help us increase our cost competitiveness and optimize the value of our products. At the same time, we are working to improve our environmental sustainability, for example by reducing energy, waste disposal and water consumption at our sites by making our manufacturing processes more efficient, introducing new technologies, and switching to clean and renewable energy solutions. For a description of the impact of environmental matters, see Item 3. Key InformationItem 3.D Risk factorsItem 3. Environmental, social and governance mattersItem 3. Failure to meet rapidly evolving environmental, social and governance expectationsItem 3. EnvironmentalItem 3. D Risk factorsItem 3. Environmental mattersItem 3. Impact of environmental liabilitiesItem 3. and Item 3. Key InformationItem 3. D Risk factorsItem 3. Climate changeItem 3. Failure to manage physical and transition risks from climate changeItem 3. See also Item 18. Financial StatementsItem 20. Provisions and other non-current liabilitiesItem 37. Item 4A. Unresolved Staff CommentsNot applicable. 38Item 5. Operating and Financial Review and Prospects5.A Operating resultsThis operating and financial review should be read together with our consolidated financial statements in this Annual Report, which have been prepared in accordance with International Financial Reporting Standards (IFRS) Accounting Standards as issued by the International Accounting Standards Board (see Item 18. Financial Statements). Item 5. Operating and Financial Review and Prospects5.A with the sections on our compounds in development and selected development projects (see Item 4. Information on the CompanyItem 4.B Business overview) constitute the Operating and Financial Review (Lagebericht), as defined by the Swiss Code of Obligations. The discussion of our operating and financial review and prospects for the years ended December 31, 2023 and December 31, 2022 can be found in Item 5. Operating and Financial Review and ProspectsItem 5.A. Operating resultsItem 5. Results of operationsItem 5. Financial year 2023 compared with 2022Item 5. Our Annual Report on Form 20-F filed on January 31, 2024. OverviewNovartis is an innovative medicines company engaged in the research, development, manufacturing, distribution, marketing and sale of a broad range of innovative pharmaceutical

of Sandoz business, and the 18. Financial Statements Note 27. Commitments and contingent liabilities. Our business environmentProgress in science and technology raises the possibility of new types of medicines and more efficient drug discovery. At the same time, many people struggle to access healthcare, while aging populations are putting pressure on healthcare systems. The major trends currently shaping our business environment include: Scientific progress is opening new paths to treat disease. Rapid progress in medical science is creating opportunities for new types of treatments. These advances highlight the importance of investment in R&D, including in next-generation technologies such as radioligand therapies and gene and cell therapies. Demand for high-quality healthcare continues to rise. Demand for medicines in areas such as cancer, cardiovascular disease and immunology continues to grow in key markets. The US and EU markets are expanding. China is growing rapidly, while spending in Japan is forecast to remain stable. Healthcare systems are under strain. In many countries, healthcare systems are under pressure. Long-term factors such as aging and lifestyle changes have led to a significant rise in noncommunicable illnesses such as cancer, diabetes and heart disease. The policy landscape is changing. Evolving legislation and regulations are changing how governments pay for medicines. In the US, the IRA will impose price controls on select drugs in the Medicare program. The EU is revising the legislative framework for medicines, with the aim of improving access and affordability, while China has rolled out a volume-based procurement program to reduce prices for eligible medicines. Key InformationItem 3.D Risk factorsPricing, reimbursement and accessPricing and reimbursement pressure, including pricing transparency and access to healthcare, and Key InformationItem 3.D Risk factorsMacroeconomic developmentsImpact of macroeconomic developments.The market for healthcare is evolving. Customer groups have increasing influence on treatment decisions and guidelines, while patients continue to become more informed stakeholders in their healthcare decisions and look for solutions to meet their changing needs. Access to medicines remains a challenge. Many people around the world struggle to access healthcare and medicines. The issue is linked to demographic, social and economic challenges such as aging, poverty and inequality, as well as to structural issues such as limited healthcare infrastructure, shortages of trained healthcare workers, and the cost of healthcare and medicines. Improving access requires a holistic approach that acknowledges these complex factors and relies on stakeholder collaboration and partnerships. AI is poised to reshape the industry. Across the biopharmaceutical industry, we are beginning to realize the benefits of new technologies such as AI in automating processes and generating insights that could help us design new compounds, predict drug safety or speed up drug discovery. The extent to which companies can harness this potential will depend on their ability to aggregate and analyze large volumes of anonymized health data. See Key InformationItem 3.D Risk factorsResearch and developmentFailure to competitively discover and develop innovative medicines in our core therapeutic areas and leveraging our technology platforms. Healthcare systems aim to build climate resilience. Healthcare systems are aiming to build climate resilience, with 45 countries committing to net-zero carbon emissions in their health systems, according to the WHO. At the same time, climate change and nature loss continue to have adverse effects on human health, mainly from malnutrition, malaria, diarrhea and heat stress, with respiratory illnesses also on the rise due to air pollution. See Key InformationItem 3.D Risk factorsClimate changeFailure to manage physical and transition risks from climate change.Our strategyWe focus on four core therapeutic areas with strong growth potential and high unmet patient needs: cardiovascular, renal and metabolic; immunology; neuroscience; and oncology. This focus enables us to build depth in these therapeutic areas, leveraging our scientific expertise to find new ways to treat and cure disease, intervene earlier in disease pathophysiology, and improve quality of life for patients. We focus our exploratory research work in these core therapeutic areas, but also look beyond them, recognizing that cultivating a robust pipeline and remaining on the leading edge of scientific discovery requires a slightly wider aperture in early research. We are investing in technology platforms that we expect will deliver future high-value medicines. We focus on two established platforms (chemistry and biotherapeutics) plus three advanced platforms (radioligand therapy (RLT), xRNA, and gene and cell therapy) that will play an important role in delivering transformative new medicines. We focus on priority marketsUS, Germany, China and Japanwhich together account for most of the expected growth in global healthcare spending over the next five years. Although these are our priority markets, we maintain a strong presence in other markets worldwide. To support our focus areas, we have three strategic priorities: Deliver high-value medicines to accelerate growth. We aim to increase growth, driven by continued strong momentum in our existing portfolio of medicinesincluding Entresto, Cosentyx, Kisqali, Kesimpta, Scemblix, Pluvicto and Leqvioand key upcoming launches. Over the longer term, we expect growth will come through delivering high-value medicines that sustain and replace our existing growth drivers. Our R&D strategy focuses on an end-to-end approach, covering research, development and commercialization. We concentrate resources on priority programs to maximize early-stage potential and ensure effective late-stage execution. We also focus on life-cycle management by enhancing the evidence base for key brands. We increase our chances of discovering new medicines by collaborating with outside researchers and biotech companies. Our network consists of academic and industry alliances working on joint research and drug discovery. Embed operational excellence to deliver returns. In an increasingly competitive environment, we are simplifying processes and reducing costs to become more efficient and effective in our decision-making and to free up resources for investment in new medicines. Our goal is to continue making attractive returns to shareholders while creating value for patients, healthcare systems and society. In our manufacturing sites, we are expanding capacity in strategic focus areas such as biopharmaceuticals and advanced technology platforms. For example, we are investing to expand our platform for RLT, a type of precision nuclear medicine that requires quick delivery to patients, since the activity of the radioisotope it contains diminishes over time. To ensure product quality, we maintain a quality management system for our medicines in compliance with requirements from health authorities and other regulators. We are also switching more of our production to renewable energy and reducing the environmental footprint of our sites. Strengthen our foundations. We continue to invest in the foundations of our long-term success. We have made progress in strengthening our culture to attract and retain talent, while developing artificial intelligence capabilities across our value chain and continuing to build trust with stakeholders and society. 40Results of operations Key figures1(USD millions unless indicated otherwise) Year ended Dec 31, 2024 Year ended Dec 31, 2023 Change in USD % Change in constant currencies %Net sales from continuing operations 50A 317 454 440 11 212Other revenues 1A 405 1A 220 15 15Cost of goods sold -12A 827 -12A 472 -3 -3Gross profit from continuing operations 38A 895 34A 188 14 16Selling, general and administration -12A 566 -12A 517 0 -1Research and development -10A 022 -11A 371 12 12Other income 1A 175 1A 772 -34 -34Other expense -2A 938 -2A 303 -28 -26Operating income from continuing operations 14A 544 9A 769 49 55Return on net sales (%) 28.9 21.5Loss from associated companies -38 -13 -192 -179Interest expense -1A 006 -855 -18 -21Other financial income and expense 140 222 -37 -9Income before taxes from continuing operations 13A 640 9A 123 50 55Income taxes -1A 701 -551 -209 -221Net income from continuing operations 11A 939 8A 572 37 45Net income from discontinued operations before gain on distribution of Sandoz Group AG to Novartis AG shareholders 422 nm nmGain on distribution of Sandoz Group AG to Novartis AG shareholders 5A 860 nm nmNet income from discontinued operations 6A 282 nm nmNet income 11A 939 14A 854 nm nmBasic earnings per share from continuing operations (USD) 5.92 4.13 43 49Basic earnings per share from discontinued operations (USD) 3.02 nm nmTotal basic earnings per share (USD) 5.92 7.15 nm nmNet cash flows from operating activities from continuing operations 17A 619 14A 220 24Non-IFRS measuresA 2Free cash flow from continuing operationsA 2 16A 253 13A 160 24A 1A For information on continuing operations and discontinued operations, refer to the Overview section above in this Item 5 and "Item 18. Financial Statements"Note 1. Accounting policies ", "Item 18. Financial Statements"Note 2. Significant acquisitions of businesses and spin-off of Sandoz business"Distribution of Sandoz Group AG to Novartis AG shareholders," and "Item 18. Financial Statements"Note 29. Discontinued operations."A 2A For an explanation of non-IFRS measures and reconciliation tables, see "A Non-IFRS measures as defined by Novartis."nm = not meaningfulCompany overviewNet sales from continuing operations were USD 50.3 billion, up 11% in USD reported terms and 12% measured in constant currencies (cc)1 to remove the impact of exchange rate movements. Net sales growth was driven by volume growth of 14 percentage points. Generic competition had a negative impact of 2 percentage points and pricing was flat. Sales in the US were USD 21.1 billion (+18%) and in the rest of the world USD 29.2 billion (+6%, +8% cc).Sales growth was mainly driven by continued strong performance from Entresto (USD 7.8 billion, +30%, +31% cc), Cosentyx (USD 6.1 billion, +23%, +25% cc), Kesimpta (USD 3.2 billion, +49%, +49% cc), Kisqali (USD 3.0 billion, +46%, +49% cc), Pluvicto (USD 1.4 billion, +42%, +42% cc) and Leqvio (USD 754 million, +112%, +114% cc), partly offset by erosion due to generic competition, mainly for Lucentis and Gilenya, and the XidraA divestment and the impact of generic competition on Gilenya. In Europe (USD 15.6 billion, +4%, +5% cc), sales growth was mainly driven by Entresto, Kesimpta, Pluvicto and Kisqali, partly offset by erosion due to generic competition, mainly for Lucentis and Gilenya. Sales in emerging growth markets2 were USD 12.9 billion (+11%, +15% cc), including USD 3.9 billion of sales from China (+19%, +21% cc).Operating income from continuing operations was USD 14.5 billion (+49%, +55% cc), mainly driven by higher net sales, lower impairments, amortization and 41 restructuring charges, partly offset by prior-year one-time income from legal matters and higher R&D investments. Operating income margin was 28.9% of net sales, increasing 7.4 percentage points (+8.1 percentage points cc).Net income from continuing operations was USD 11.9 billion (+39%, +45% cc), mainly driven by higher operating income from continuing operations, partly offset by higher income taxes, mainly resulting from higher income before taxes from continuing operations in the current year and non-recurring tax benefits in the prior year. Basic earnings per share from continuing operations was USD 5.92 (+43%, +49% cc), growing faster than net income, benefitting from lower weighted average number of shares outstanding. Net cash flows from operating activities from continuing operations amounted to USD 17.6 billion, compared with USD 14.2 billion in 2023. This increase was mainly driven by higher net income from continuing operations, adjusted for non-cash items and other adjustments, including divestment gains, lower payments out of provisions and lower income taxes paid, mainly due to the timing of income tax payments, partly offset by unfavorable changes in working capital and higher net interest paid and other financial payments. Free cash flow1 from continuing operations amounted to USD 16.3 billion (+24% USD), compared with USD 13.2 billion in 2023, driven by higher net cash flows from operating activities from continuing operations. We also present our core results1, which exclude the impact of amortization of intangible assets, impairments, business acquisitions, divestments, and other significant items, including restructuring and related items, to help investors understand our underlying performance. Core operating income from continuing operations was USD 19.5 billion (+19%, +22% cc), mainly driven by higher net sales, partly offset by higher R&D investments. Core operating income margin from continuing operations was 38.7% of net sales, increasing 2.7 percentage points (+3.3 percentage points cc).Core net income from continuing operations was USD 15.8 billion (+17%, +21% cc), mainly due to higher core operating income. Core basic earnings per share from continuing operations was USD 7.81 (+21%, +24% cc), growing faster than core net income from continuing operations, benefitting from lower weighted average number of shares outstanding. As the Sandoz spin-off was completed on October 3, 2023, there were no operating results in 2024 related to discontinued operations. In 2023, discontinued operations net sales were USD 7.4 billion, operating income amounted to USD 265 million and net income from discontinued operations was USD 6.3 billion driven by the IFRS Accounting Standards non-cash, non-taxable, net gain on distribution of Sandoz Group AG to Novartis AG shareholders, which amounted to USD 5.9 billion. Total Company net income was USD 11.9 billion in 2024, compared with USD 14.9 billion in 2023 and basic EPS was USD 5.92 compared with USD 7.15 in prior year as the prior year included the IFRS Accounting Standards non-cash, non-taxable, net gain on distribution of Sandoz Group AG to Novartis AG shareholders, which amounted to USD 5.9 billion. Net cash flows from operating activities for total Company amounted to USD 17.6 billion and free cash flow amounted to USD 16.3 billion.1 For an explanation of non-IFRS measures and reconciliation tables, see "A Non-IFRS measures as defined by Novartis."A 2Novartis definition of emerging growth markets comprises all markets other than the established markets of the US, Canada, Western Europe, Japan, Australia and New Zealand. Novartis definition of Western Europe includes Austria, Belgium, Finland, France, Germany, Greece, Iceland, Ireland, Italy, Luxembourg, Malta, The Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, and the United Kingdom. Net sales from continuing operationsThe following table provides an overview of net sales from continuing operations by core therapeutic area and established brands.(USD millions) Year ended Dec 31, 2024 Year ended Dec 31, 20231 Change in USD % Change in constant currencies %A A Cardiovascular, renal and metabolic 8A 576 6A 390 34 36A A Immunology 9A 293 7A 798 19 21A A Neuroscience 4A 750 3A 651 30 31A A Oncology 14A 740 12A 851 15 16A A Established brands 12A 958 14A 750 -12 -11Total net sales from continuing operations 50A 317 45A 440 11 12A 1 Reclassified to conform with 2024 presentation of brands by therapeutic area and established brands.A 2A For an explanation of non-IFRS measures and reconciliation tables, see "A Non-IFRS measures as defined by Novartis."42The following table provides the top 20 product net sales from continuing operations in 2024, as well as the change compared with 2023: US Rest of world Total Brands Brand classification by therapeutic area or established brands Key indications USD m % change USD/cc1 USD m % change USD m % change USD m % change cc1Entresto Cardiovascular, renal and metabolic Chronic heart failure, hypertension 4A 052 32 7A 770 27 30 7A 822 30 31 Cosentyx Immunology Psoriasis (PsO), ankylosing spondylitis (AS), psoriatic arthritis (PsA), non-radiographic axial spondyloarthritis (nr-axSpA), hidradenitis suppurativa (HS) 3A 530 34 2A 611 11 14 6A 141 23 25 Kesimpta Neuroscience Relapsing forms of multiple sclerosis (MS) 2A 183 43 1A 041 62 65 3A 224 49 Kisqali Oncology HR+/HER2- metastatic breast cancer and early breast cancer 1A 678 63 1A 355 29 36 3A 033 46 49 Promacta/Revolade Oncology Immune thrombocytopenia (ITP), severe aplastic anemia (SAA) 1A 181 -2 1A 035 -3 1 2A 216 -2 -1 Tafinlar + Mekinist Oncology BRAF V600+ metastatic and adjuvant melanoma, advanced non-small cell lung cancer (NSCLC), tumor agnostic with BRAF mutation indication, pediatric low grade glioma (pLGG) 8A 8 7A 1A 210 7 10 2A 058 7 9 Jakavi Oncology Myelofibrosis (MF), polycythemia vera (PV), graft-versus-host disease (GVHD) 1A 936 13 15 1A 936 13 15 Tasigna Oncology Chronic myeloid leukemia (CML) 8A 8 -4 823 -15 -12 6A 71 -10 8 Xolair 2 Immunology Severe allergic disease (SAA), chronic spontaneous urticaria (CSU), nasal polyps, food allergy (FA) 1A 643 12 15 1A 643 12 15 Ilaris Immunology Auto-inflammatory (CAPS, TRAPS, HIDS/MK, FME, SJIA, AOSD, gout) 798 16 711 6 12 1A 509 11 14 Pluvicto Oncology PSMA-positive mCRPC patients post-ARPI, post-Taxane 1A 157 26 235 298 296 1A 392 42 42 Sandostatlin Group Established brands Carcinoid tumors, acromegaly 805 -3 474 -2 2 1A 279 -3 1 Zolgensma Neuroscience Spinal muscular atrophy (SMA) 435 17 779 -7 -5 1A 214 0 2 Lucentis Established brands Age-related macular degeneration (AMD), diabetic macular edema (DME), retinal vein occlusion (RVO) 1A 044 -29 -28 1A 044 -29 -28 Leqvio Cardiovascular, renal and metabolic Atherosclerotic cardiovascular disease (ASCVD) 385 88 369 146 148 754 112 114 Lutathera Oncology GEP-NETs gastroenteropancreatic neuroendocrine tumors 513 20 211 19 20 724 20 20 Xefor Group Established brands Hypertension 8 -38 695 -1 3 703 -1 2Scemblix Oncology Philadelphia chromosome-positive chronic myeloid leukemia (Ph+ CML) in chronic phase (CP); Ph+ CML in CP with the T3151 mutation 436 48 253 113 116 689 67 68 Galvus Group Established brands Type 2 diabetes (RMS) 602 -13 -6 602 -13 -6 Diovon Group Established brands Hypertension 28 -46 562 0 5 590 -4 0Top 20 brands total 18A 885 26 21A 359 11 14 40A 244 18 19Rest of portfolio 2A 261 -25 7A 812 -5 -10A 073 -10 -10Total net sales from continuing operations 21A 146 18 29A 171 6 8 50A 317 11 12A 1A For an explanation of non-IFRS measures and reconciliation tables, see "A Non-IFRS measures as defined by Novartis."A 2A Net sales from continuing operations reflect Xolair sales for all indications.43For the table providing the net sales from continuing operations by core therapeutic area and established brands for 2024 and 2023, see Item 18. Financial statements"Note 4. Revenues and geographic information."A For information about the approved indications for certain products described, see Item 4. Information on the Company"Item 4.B Business overview"Products."A Cardiovascular, renal and metabolic Net sales in the cardiovascular, renal and metabolic therapeutic area were USD 8.6 billion (+34%, +36% cc), with sales growth mainly driven by Entresto. Entresto (USD 7.8 billion, +30%, +31% cc) sustained robust, demand-led growth. In the US and Europe, Entresto penetration grew through the continued adoption of guideline-directed medical therapy in heart failure. In China and Japan, Entresto volume growth was fueled by heart failure as well as hypertension. In the US, Novartis is in ANDA litigation with generic manufacturers. Novartis successfully appealed to uphold the validity of its combination patent covering Entresto and combinations of sacubitril and valsartan, which expires in 2025 (with pediatric exclusivity). Several generics have received final approval in the US. Novartis filed a lawsuit against FDA challenging the approval of one generic ANDA, which is now on appeal. Any US commercial launch of a generic Entresto product prior to the final outcome of the combination patent litigation, or ongoing litigations involving other patents or the FDA, may be at risk of later litigation developments. Leqvio (USD 0.8 billion, +112%, +114% cc) launch in the US and other markets is ongoing, delivering a medicine with effective and consistent LDL-C reduction in two maintenance doses per year. Focus remains on increased adoption and patient adoption and continuing medical education. Leqvio is registered in more than 105 countries world-wide and commercially available in 78 countries. Novartis obtained global rights to develop, manufacture and commercialize Leqvio under a license and collaboration agreement with Alnylam Pharmaceuticals. Immunology Net sales in the immunology therapeutic area reached USD 9.3 billion (+19%, +21% cc), with sales growth mainly driven by Cosentyx. Cosentyx (USD 6.1 billion, +23%, +25% cc) sales grew mainly in the US, emerging growth markets and Europe, driven by strong demand from launches (including the HS indication and the IV formulation in the US) and volume growth in core indications (PsO, PsA, AS and nr-axSpA). Since initial approval in 2015, Cosentyx has shown sustained efficacy and a robust safety profile, treating more than 1.7 million patients across eight indications. Xolair (USD 1.6 billion, ex-US +12%, +15% cc) growth was driven mainly by emerging growth markets. Novartis co-promotes Xolair with Genentech in the US and shares a portion of revenue as operating

income but does not record any US sales. Ilaris (USD 1.5 billion, +11%, +14% cc) sales grew across most regions, led by the US. Contributors to growth include strong performance in the Periodic Fever Syndromes and Stillä™ disease indications. Neuroscience Net sales in the neuroscience therapeutic area were USD 4.8 billion (+30%, +31% cc), with sales growth mainly driven by Kesimpta. Kesimpta (USD 3.2 billion, +49%, +49% cc) sales grew across all regions driven by increased demand and strong access. Kesimpta is a high efficacy B-cell therapy, with a favorable safety and tolerability profile and an at-home self-administration for a broad population of RMS patients. Kesimpta is now approved in 90 countries with more than 130,000 patients treated. Zolgensma (USD 1.2 billion, 0%, +2% cc) sales were stable (USD) and grew slightly (cc) compared with prior year, as it continues to treat mainly incident patients in established markets. Zolgensma is now approved in 58 countries with more than 4,500 patients treated globally through clinical trials, early access programs and in the commercial setting. Aimovig (USD 0.3 billion, +17%, +18% cc) sales grew mainly in Europe driven by increased demand for migraine prevention. Novartis commercializes Aimovig ex-US and ex-Japan, while Amgen retains all rights in the US and in Japan. Oncology Net sales in the oncology therapeutic area were USD 14.7 billion (+15%, +16% cc), with sales growth mainly driven by Kisqali, Pluvicto, Scemblix and Jakavi. Kisqali (USD 3.0 billion, +46%, +49% cc) sales grew strongly across all regions, with increasing recognition of the consistently demonstrated overall survival benefit across all Ph3 clinical trials in HR+/HER2- metastatic breast cancer (mBC), as well as Category 1 preferred NCCN guidelines recommendation and highest ESMO-MCBS scores in both mBC and early breast cancer (eBC) indications. Kisqali was approved for eBC in September 2024 in the US and November 2024 in the EU. In the fourth quarter, the Kisqali US eBC launch showed promising early uptake in line with the broad population of eBC patients, including those with node-negative disease, covered in the label. Novartis is in US ANDA litigation with generic manufacturers. Promacta/Revolade (USD 2.2 billion, -2%, -1% cc) sales declined slightly following discontinued proactive promotion in most markets. Tafinlar + Mekinist (USD 2.1 billion, +7%, +9% cc) sales grew mainly in emerging growth markets, the US and Japan driven by demand in BRAF+ adjuvant melanoma, NSCLC, pediatric low-grade glioma, and tumor agnostic indications, while maintaining demand in the highly competitive BRAF+ metastatic melanoma market. Jakavi (USD 1.9 billion, +13%, +15% cc) sales grew across all regions driven by strong demand in all indications. Incyte retains all rights to ruxolitinib (Jakafi®) in the US. Tasigna (USD 1.7 billion, -10%, -8% cc) sales declined across all regions due to lower demand and increasing competition. Pluvicto (USD 1.4 billion, +42%, +42% cc) sales grew in the US and Europe. Pluvicto is the only radioligand therapy approved by the FDA for the treatment of adult patients with progressive, PSMA-positive metastatic castration-resistant prostate cancer, who have already been treated with other anti-cancer treatments (ARPI and taxane-based chemotherapy). Pluvicto is now on the market in several ex-US countries. Novartis is in patent 44litigation with a manufacturer developing a radiopharmaceutical to treat PSMA-positive prostate cancer. Lutathera (USD 0.7 billion, +20%, +20% cc) sales grew across all regions due to increased demand, and earlier line adoption (within indication) in the US and Japan. Novartis is in patent litigation with manufacturers having FDA applications referencing Lutathera. Scemblix (USD 0.7 billion, +67%, +68% cc) sales grew across all regions, demonstrating continued high unmet need for effective and tolerable treatment options for adult CML patients previously treated with two or more tyrosine kinase inhibitors, as well as initial uptake among early-line patients in the US following FDA accelerated approval in October 2024. Pigray/Vijoice (USD 0.4 billion, -11%, -11% cc) sales declined mostly in the US due to increased competition. Kymriah (USD 0.4 billion, -13%, -12% cc) sales declined across most regions, partly offset by strong performance in pediatric and young adult patients up to 25 years of age with B-cell acute lymphoblastic leukemia (pALL) in the US, and follicular lymphoma indication uptake ex-US. Fabbalta (USD 0.1 billion) launch continues in PNH globally, as well as in IgA nephropathy in the US following FDA accelerated approval in this indication in August 2024. Established Brands The established brands had net sales of USD 13.0 billion (-12%, -11% cc). Sandostat Group (USD 1.3 billion, -3%, -1% cc) sales declined slightly, primarily in the US, partly due to generics entry in the fourth quarter. Lucentis (USD 1.0 billion, ex-US -29%, -28% cc) sales declined in Europe, emerging growth markets, and Japan, mainly due to competition. Exforge Group (USD 0.7 billion, -1%, +2% cc) sales declined slightly (USD) and grew slightly (cc), with growth mainly in emerging growth markets. Galvus Group (USD 0.6 billion, -13%, -6% cc) sales declined mainly in Europe, primarily due to generic competition, partly offset by growth in emerging growth markets. Diovan Group (USD 0.6 billion, -4%, 0% cc) sales declined (USD) and remained stable (cc), as a decline in the US offset growth primarily in emerging growth markets. Gilenya (USD 0.6 billion, -40%, -39% cc) sales declined due to competition, mainly in the US and Europe. Operating income from continuing operations (USD millions unless indicated otherwise) Year ended Dec 31, 2024 Year ended Dec 31, 2023 Change in USD % Change in constant currencies %1Gross profit from continuing operations 38A 895 34A 188 14 16Selling, general and administration -12A 566 -12A 517 0 -1Research and development -10A 022 -11A 371 12 12Other income 1A 175 1A 772 -34 -34Other expense -2A 938 -2A 303 -28 -26Operating income from continuing operations 14A 544 9A 769 49 55Return on net sales (%) 28.9 21.5A 1A For an explanation of non-IFRS measures and reconciliation tables, see "â€œNon-IFRS measures as defined by Novartis."Operating income from continuing operations was USD 14.5 billion (+49%, +55% cc), mainly driven by higher net sales from continuing operations lower impairments, amortization and restructuring charges, partly offset by prior-year one-time income from legal matters and higher R&D investments. Operating income margin from continuing operations was 28.9% of net sales from continuing operations, increasing 7.4 percentage points (+8.1 percentage points cc). Other revenue as a percentage of net sales from continuing operations increased by 0.1 percentage points (0.1 percentage points cc). Cost of goods sold as a percentage of net sales from continuing operations decreased by 1.9 percentage points (2.3 percentage points cc). R&D expenses as a percentage of net sales from continuing operations decreased by 5.1 percentage points (5.4 percentage points cc). SG&A expenses as a percentage of net sales from continuing operations decreased by 2.5 percentage points (2.8 percentage points cc). Other income and expense as a percentage of net sales from continuing operations decreased the margin by 2.2 percentage points (2.5 percentage points cc).45Non-IFRS measure Core operating income from continuing operations 1(USD millions unless indicated otherwise) Year ended Dec 31, 2024 Year ended Dec 31, 2023 Change in USD % Change in constant currencies %Core gross profit from continuing operations 41A 872 37A 959 10 12Core selling, general and administration -12A 564 -12A 489 -1 -1Core research and development -9A 302 -8A 600 -8 -8Core other income 273 392 -30 -30Core other expense -785 -890 12 13Core operating income from continuing operations 19A 494 16A 372 19 22Core return on net sales (%) 38.7 36.0A 1A For an explanation of non-IFRS measures and reconciliation tables, see "â€œNon-IFRS measures as defined by Novartis."The adjustments made to operating income from continuing operations to arrive at core operating income from continuing operations amounted to USD 5.0 billion (compared with USD 6.6 billion in the prior year). For more information, see "â€œNon-IFRS measures as defined by Novartisâ€œ"2024 and 2023 reconciliation from IFRS Accounting Standards results to non-IFRS core results.â€œCore operating income from continuing operations was USD 19.5 billion (+19%, +22% cc), mainly driven by higher net sales from continuing operations, partly offset by higher R&D investments. Core operating income margin from continuing operations was 38.7% of net sales from continuing operations, increasing 2.7 percentage points (+3.3 percentage points cc). Core other revenue as a percentage of net sales from continuing operations increased by 0.1 percentage points (cc). Core cost of goods sold as a percentage of net sales from continuing operations increased by 0.3 percentage points (cc). Core R&D expenses as a percentage of net sales from continuing operations decreased by 0.7 percentage points (cc). Core SG&A expenses as a percentage of net sales from continuing operations decreased by 2.6 percentage points (cc). Core other income and expense as a percentage of net sales from continuing operations increased the margin by 0.2 percentage points (cc).Research and developmentThe following table provides an overview of the continuing operations reported research and development expense and the non-IFRS measure core research and development expense1:(USD millions unless indicated otherwise) Year ended Dec 31, 2024 Year ended Dec 31, 2023 Change in USD % Change in constant currencies %1Research and exploratory development -4A 027 -3A 640 -11 -10Conformity development -5A 995 -7A 731 22 22Total research and development expense -10A 022 -11A 371 12 12A A Research and development as % of net sales from continuing operations 19.9 25.0Non-IFRS measuresCore research and exploratory development1 -3A 370 -2A 988 -13 -12Core conformity development1 -5A 932 -5A 612 -6 -6Total core research and development expense -9A 302 -8A 600 -8 -8A A Core research and development as % of net sales from continuing operations 18.5 18.9A 1A Core research and development expense exclude impairments, amortization and certain other items. For an explanation of non-IFRS measures and reconciliation tables, see "â€œNon-IFRS measures as defined by Novartis."A A A A A A Research and exploratory development expenses increased by 11% (-10% cc) to USD 4.0 billion. Conformity development expenses amounted to USD 6.0 billion, decreasing by 22% (+22% cc) versus prior year mainly due to lower impairments from discontinuation of early stage development projects. Research and development as a percentage of net sales from continuing operations decreased by 5.1 percentage points to 19.9% of net sales from continuing operations. Total core research and development expenses amounted to USD 9.3 billion, increasing by 8% (-8% cc) versus prior year mainly due to higher investments in recently acquired assets. Core research and development as a percentage of net sales from continuing operations decreased by 0.4 percentage points (+0.7 percentage points cc) to 18.5% of net sales from continuing operations.46Non-operating income and expense The term "â€œnon-operating income and expenseâ€œ includes all income and expense items outside operating income from continuing operations. The following table provides an overview of non-operating income and expense from continuing operations:(USD millions unless indicated otherwise) Year ended Dec 31, 2024 Year ended Dec 31, 2023 Change in USD % Change in constant currencies %1Operating income from continuing operations 14A 544 9A 769 49 55Loss from associated companies -38 -13 -192 -179Interest expense -1A 006 -855 -18 -21Other financial income and expense 140 222 -37 -9Income before taxes 13A 640 9A 123 50 55Income taxes -1A 701 -551 -209 -221Net income from continuing operations 11A 939 8A 572 39 45Net income from discontinued operations before gain on distribution of Sandoz Group AG to Novartis AG shareholders 422 nm nmGain on distribution of Sandoz Group AG to Novartis AG shareholders 5A 860 nm nmNet income from discontinued operations 6A 282 nm nmNet income 11A 939 14A 854 nm nmBasic earnings per share from continuing operations (USD) 5.92 4.13 43 49Basic earnings per share from discontinued operations (USD) 3.02 nm nmTotal basic earnings per share (USD) 5.92 7.15 nm nmA 1A For an explanation of non-IFRS measures and reconciliation tables, see "â€œNon-IFRS measures as defined by Novartis."nm = not meaningful Interest expense and other financial income and expenseInterest expense amounted to USD 1.0 billion compared with USD 855 million in the prior year mainly due to an increase in financial debts. Other financial income and expense amounted to an income of USD 140 million, broadly in line with the prior-year. Income taxesThe tax rate was 12.5% compared with 6.0% in the prior year period. The current year tax rate was favorably impacted by the effect of changes in uncertain tax positions and other items that mostly offset. The prior year tax rate was favorably impacted by the effect of tax benefits from the write-down of investments in subsidiaries, non-taxable net gains on unrealized foreign currency results, recognition of deferred tax assets on prior years tax loss carry-forwards, non-taxable income related to legal matters, and other items including impact of tax rate changes. Excluding these impacts, the current year tax rate would have been 15.0% compared with 15.3% in the prior year period. The decrease from the prior year was mainly the result of a change in profit mix, partially offset by the impact of a tax charge related to the expansion of products included in the Swiss patent box regime, and the impact of a Pillar Two tax charge in Switzerland. Net income from continuing operationsNet income from continuing operations was USD 11.9 billion (+39%, +45% cc), mainly driven by higher operating income from continuing operations, partly offset by higher income taxes, mainly resulting from higher income before taxes from continuing operations in the current year and non-recurring tax benefits in the prior year. Earnings per share from continuing operationsBasic earnings per share from continuing operations was USD 5.92 (+43%, +49% cc), growing faster than net income from continuing operations, benefiting from lower weighted average number of shares outstanding.47Non-IFRS measure Core non-operating income and expense1The following table provides an overview of the non-IFRS measure core non-operating income and expense from continuing operations:(USD millions unless indicated otherwise) Year ended Dec 31, 2024 Year ended Dec 31, 2023 Change in USD % Change in constant currencies %Core operating income from continuing operations 19A 494 16A 372 19 22Core loss from associated companies -12 -13 8 18Core interest expense -1A 006 -855 -18 -21Core other financial income and expense 295 430 -31 -27Core income before taxes from continuing operations 18A 771 15A 934 18 21Core income taxes -3A 016 -2A 488 -21 -25Core net income from continuing operations 15A 755 13A 446 17 21Core basic EPS from continuing operations (USD) 7.81 6.47 21 24A 1A For an explanation of non-IFRS measures and reconciliation tables, see "â€œNon-IFRS measures as defined by Novartis."Core interest expense and other financial income and expenseCore interest expense amounted to USD 1.0 billion compared with USD 855 million in the prior year mainly due to an increase in financial debts. Core other financial income and expense amounted to an income of USD 295 million compared with an income of USD 430 million in the prior year, mainly due to lower interest income and higher currency losses. Core income taxesThe core tax rate (core taxes as a percentage of core income before tax) was 16.1% and 15.6% in the prior year. The increase from the prior year was mainly the result of a change in profit mix and the impact of a tax charge related to the expansion of products included in the Swiss patent box regime, and the impact of a Pillar Two tax charge in Switzerland. Core net income from continuing operationsCore net income from continuing operations was USD 15.8 billion (+17%, +21% cc), mainly due to higher core operating income from continuing operations. Core earnings per share from continuing operationsCore basic earnings per share from continuing operations was USD 7.81 (+21%, +24% cc), growing faster than core net income from continuing operations, benefiting from lower weighted average number of shares outstanding. Discontinued operationsDiscontinued operations include the Sandoz, generic pharmaceuticals and biosimilars division and certain corporate activities attributable to Sandoz prior to the spin-off up to the distribution date of October 3, 2023 and certain other expenses related to the spin-off. Included in 2023 is also the IFRS Accounting Standards non-cash, non-taxable net gain on the distribution of Sandoz Group AG to Novartis AG shareholders of USD 5.9 billion, representing mainly the excess amount of the IFRS Accounting Standards distribution liability, which is the estimated fair value of the Sandoz business distributed to Novartis AG shareholders, over the then carrying value of Sandoz business net assets. There were no operating results for 2024 related to discontinued operations. In 2023, discontinued operations net sales were USD 7.4 billion, operating income amounted to USD 265 million and net income from discontinued operations was USD 6.3 billion driven by the IFRS Accounting Standards non-cash, non-taxable, net gain on distribution of Sandoz Group AG to Novartis AG shareholders, which amounted to USD 5.9 billion. For further information, see "â€œItem 18. Financial Statementsâ€œ"Note 1. Accounting policies; Note 2. Significant acquisitions of businesses and spin-off of Sandoz businessâ€œ"Distribution of Sandoz Group AG to Novartis AG shareholders and â€œ"Note 29. Discontinued operations.â€œTotal CompanyTotal Company net income was USD 11.9 billion in 2024, compared with USD 14.9 billion in 2023 and basic EPS was USD 5.92 compared to USD 7.15 in prior year as the prior year included the IFRS Accounting Standards non-cash, non-taxable, net gain on distribution of Sandoz Group AG to Novartis AG shareholders, which amounted to USD 5.9 billion. Net cash flows from operating activities for total Company amounted to USD 17.6 billion and free cash flow amounted to USD 16.3 billion.48Factors affecting comparability of year-on-year results of operationsSignificant transactionsThe comparability of the year-on-year results of our operations for the total Company can be significantly affected by acquisitions and divestments. As part of our long-term strategy to focus Novartis as a leading medicines company, we announced and/or completed several acquisitions and divestments during 2024 and 2023. A detailed description of significant transactions in 2024 and 2023 can be found in "â€œItem 18. Financial Statementsâ€œ"Note 2. Significant acquisitions of businesses and spin-off of Sandoz business.â€œInternal control over financial reportingThe Companyâ€œ" s management has assessed the effectiveness of internal control over financial reporting. The Companyâ€œ" s independent registered public accounting firm also issued an opinion on the effectiveness of internal control over financial reporting. Both the Companyâ€œ" s management and its independent registered public accounting firm concluded that the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2024. For more information, see "â€œItem 15. Controls and Procedures.â€œ"Approach to risk managementSee "â€œItem 6. Directors, Senior Management and Employeesâ€œ"Item 6.C Board practicesâ€œ"Corporate governanceâ€œ"Information and control systemsâ€œ"Risk managementâ€œ and "â€œItem 18. Financial Statementsâ€œ"Note 28. Financial instruments â€œ" additional disclosures.â€œ49Non-IFRS measures as defined by NovartisNovartis uses certain non-IFRS Accounting Standards metrics when measuring performance, especially when measuring current-year results against prior periods, including core results, constant currencies and free cash flow. These are referred to by Novartis as non-IFRS measures. Despite the use of these measures by management in setting goals and measuring the Companyâ€œ" s performance, these are non-IFRS measures that have no standardized meaning prescribed by IFRS Accounting Standards. As a result, such measures have limits in their usefulness to investors. Because of their non-standardized definitions, the non-IFRS measures (unlike IFRS Accounting Standards measures) may not be comparable to the calculation of similar measures of other companies. These non-IFRS measures are presented solely to permit investors to more fully understand how the Companyâ€œ" s management assesses underlying performance. These non-IFRS measures are not, and should not be viewed as, a substitute for IFRS Accounting Standards measures, and should be viewed in conjunction with the consolidated financial statements prepared in accordance with IFRS Accounting Standards. As an internal measure of Company performance, these non-IFRS measures have limitations, and the Companyâ€œ" s performance management process is not solely restricted to these metrics. Core resultsThe Companyâ€œ" s core results â€œ" including core operating income, core net income and core earnings per share â€œ" 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, impact of IAS Standards 29 â€œ"Financial reporting in Hyperinflationary Economiesâ€œ to other financial income and expense, and certain acquisition- and divestment-related items. The following items that exceed a threshold of

USDA 25 million are also excluded: integration- and divestment-related income and expenses; dismantling 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 USDA 25 million threshold. Novartis believes that investor understanding of the Company's performance is enhanced by disclosing core measures of performance, since core measures exclude items that can vary significantly from year to year, they enable better comparison of business performance across years. For this same reason, Novartis uses these core measures in addition to IFRS Accounting Standards measures and other measures as important factors in assessing the Company's performance. The following are examples of how these core measures are used:

In addition to monthly reports containing financial information prepared under IFRS Accounting Standards, senior management receives a monthly analysis incorporating these non-IFRS core measures. Annual budgets are prepared for both IFRS Accounting Standards measures and non-IFRS core measures. As an internal measure of Company performance, the core results measures have limitations, and the Company's performance management process is not solely restricted to these metrics. A limitation of the core results measures is that they provide a view of the Company's operations without including all events during a period, such as the effects of an acquisition, divestment, or amortization/impairments of intangible assets, impairments to property, plant and equipment and restructurings and related items. Constant currencies

Changes in the relative values of non-US currencies to the US dollar can affect the Company's financial results and financial position. To provide additional information that may be useful to investors, including changes in sales volume, we present information about our 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 consolidated income statement excluding the impact of fluctuations in exchange rates. The impact of translating the income statements of consolidated entities from their non-USD functional currencies to USD. The impact of exchange rate movements on the major transactions of consolidated entities performed in currencies other than their functional currency. We calculate constant currency measures by translating the current year's foreign currency values for sales and other income statement items into USD (excluding the IAS Standards 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. We use these constant currency measures in evaluating the Company's performance, since they may assist us in evaluating our ongoing performance from year to year. However, in performing our evaluation, we also consider equivalent measures of performance that are not affected by changes in the relative value of currencies.

Growth rate calculation

For ease of understanding, Novartis uses a sign convention for its growth rates such that a reduction in operating expenses or losses compared with the prior year is shown as a positive growth. Free cash flow

Novartis defines free cash flow as net cash flows from operating activities less purchases of property, plant and equipment. Management believes that this definition provides a performance measure that focuses on core operating activities, and also excludes items that can vary significantly from year to year, thereby enabling better comparison of business performance across years. Free cash flow is a non-IFRS measure, which means it should not be interpreted as a measure determined under IFRS Accounting Standards. Free cash flow is not intended to be a substitute measure for net cash flows from operating activities as determined under IFRS Accounting Standards. Free cash flow is presented as additional information because management believes it is a useful supplemental indicator of the Company's ability to operate without reliance on additional borrowing or use of existing cash. Free cash flow is a measure of the net cash generated that is available for investment in strategic opportunities, returning to shareholders and for debt repayment. Additional information

Net debt

Novartis calculates net debt as current financial debts and derivative financial instruments plus non-current financial debt less cash and cash equivalents and marketable securities, commodities, time deposits and derivative financial instruments. Net debt is presented as additional information because it sets forth how management monitors net debt or liquidity and management believes it is a useful supplemental indicator of the Company's ability to pay dividends, to meet financial commitments, and to invest in new strategic opportunities, including strengthening its balance sheet. For the table that shows the Company's net debt, see "Item 5.B Liquidity and capital resources."

Company liquidity, financial debts and net debt

Reconciliation from IFRS Accounting Standards results to non-IFRS measure core results

The following tables provide an overview of the reconciliation from IFRS Accounting Standards results to non-IFRS measure core results:

2024 and 2023 reconciliation from IFRS Accounting Standards results to non-IFRS measure core results

Total Company (USD millions unless indicated otherwise)

2024 2023

IFRS Accounting Standards operating income from continuing operations 144 544 94 769

Amortization of intangible assets 34 174 34 730

Impairments 1 1

Intangible assets 14 401 34 044

1A Property, plant and equipment related to the company-wide rationalization of manufacturing sites 18 54 1A Other property, plant and equipment 9 39

Total impairment charges 14 428 34 088

Acquisition or divestment of businesses and related items 4A - Income -458 -174 4A - Expense 483 149

Total acquisition or divestment of businesses and related items, net 25 -25

Other items 4A 1A Divestment gains -45 -225 4A 1A Financial assets - fair value adjustments 45 105 4A 1A Restructuring and related items 4A - Income -123 -229 4A - Expense 487 1A 180A 4A 1A Legal-related items 4A - Income -608 4A - Expense 89 66 4A 1A Additional income -183 -602 4A 1A Additional expense 53 123

Total other items 323 -190

Total adjustments 44 950 64 603

Core operating income from continuing operations 194 494 164 372

% of net sales 38.7% 36.0%

Loss from associated companies -38 -13

Core adjustments to loss from associated companies, net of tax 26

Interest expense -1A 006 -855

Other financial income and expense 140 222

Core adjustments to other financial income and expense 155 208

Income taxes, adjusted for above items (core income taxes) -3A 016 -2A 488

Core net income from continuing operations 154 755 134 446

Core net income from discontinued operations 1 889

Core net income 154 755 144 335

Core net income attributable to shareholders of Novartis AG 154 755 144 335

Core basic EPS from continuing operations (USD) 2 7.81 6.47

Core basic EPS from discontinued operations (USD) 1, 2 0.43

Core basic EPS (USD) 2 7.81 6.90

1A For details on discontinued operations reconciliation from IFRS Accounting Standards net income to core net income, refer to page 55. 2A Core earnings per share (EPS) is calculated by dividing core net income attributable to shareholders of Novartis AG by the weighted average number of shares used in the basic EPS calculation outstanding in a reporting period.

520224 and 2023 reconciliation from IFRS Accounting Standards results to non-IFRS measure core results

Total Company 2024 (USD millions unless indicated otherwise)

IFRS Accounting Standards results

Amortization of intangible assets

1 Impairments

2 Acquisition or divestment of businesses and related items

3 Other items

4 Core results

Gross profit from continuing operations 384 895 24 965 -9 21 414 872

Operating income from continuing operations 144 544 34 174 14 428 25 323 194 494

Income before taxes from continuing operations 134 640 34 174 14 428 25 504 184 771

Income taxes 5 -1A 701 -592 -74 -8 -641 -3A 016

Net income from continuing operations 114 939 154 755

Net income 114 939 154 755

Basic EPS from continuing operations (USD) 6 5.92 7.81

Basic EPS (USD) 6 5.92 7.81

The following are adjustments to arrive at core gross profit from continuing operations

Cost of goods sold -12A 827 2A 965 -9 21 -9A 850

The following are adjustments to arrive at core operating income from continuing operations

Selling, general and administration -12A 566 2 -12A 564

Research and development -10A 022 209 500 23 -12 -9A 302

Other income 1A 175 -1 -458 -443 273

Other expense -2A 938 938 460 755 -785

The following are adjustments to arrive at core income before taxes from continuing operations

Loss from associated companies -38 26 -120

Other financial income and expense 140 155 295A 1A Amortization of intangible assets: cost of goods sold includes the amortization of acquired rights to currently marketed products; research and development includes the amortization of acquired rights to scientific infrastructure and technologies

2A Impairments: cost of goods sold and research and development include net impairment charges related to intangible assets; other income and other expense include net impairment charges related to property, plant and equipment; other expense also includes a goodwill impairment

3A Acquisition or divestment of businesses and related items, including integration charges: research and development and other expense include integration cost charges; other income includes divestment gains; other income and other expense include transitional service-fee income and expenses related to the Sandoz distribution, and adjustments to provisions

4A Other items: cost of goods sold, selling, general and administration, research and development, other income and other expense include restructuring income and charges related to the initiative to implement a new streamlined organizational model, the company-wide rationalization of manufacturing sites and other net restructuring charges and related items; cost of goods sold and research and development also include contingent consideration adjustments; other income and other expense include adjustments to environmental provisions, fair value adjustments on financial assets, a fair value adjustment on a contingent receivable and other costs and items; other income also includes divestment gains; other expense includes legal related items and a curtailment adjustment; loss from associated companies includes a divestment adjustment related to the sale of an investment in associated companies; other financial income and expense includes the impact of IAS Standards 29 "Financial Reporting in Hyperinflationary Economies" for subsidiaries operating in hyperinflationary economies, currency devaluation losses, an adjustment related to the gain on sale of financial assets and interests on tax related items

5A Taxes on the adjustments between IFRS Accounting Standards and core results, for each item included in the adjustment, take into account the tax rate that will finally be applicable to the item based on the jurisdiction where the adjustment will finally have a tax impact. Generally, this results in amortization and impairment of intangible assets other than goodwill and acquisition-related restructuring and integration items having a full tax impact. There is usually a tax impact on other items, although this is not always the case for items arising from legal settlements in certain jurisdictions. Adjustments related to income from associated companies are recorded net of any related tax effect. Due to these factors and the differing effective tax rates in the various jurisdictions, the tax on the total adjustments of USD 5.1 billion to arrive at the core results before tax amounts to USD 1.3 billion and the average tax rate on the total adjustments was 25.6%.

6A Core earnings per share (EPS) is calculated by dividing core net income attributable to shareholders of Novartis AG by the weighted average number of shares used in the basic EPS calculation outstanding in a reporting period.

532023 (USD millions unless indicated otherwise)

IFRS Accounting Standards results

Amortization of intangible assets

1 Impairments

2 Acquisition or divestment of businesses and related items

3 Other items

4 Core results

Gross profit from continuing operations 344 188 34 319 310 142 374 959

Operating income from continuing operations 94 769 34 730 34 088 -25 -190 164 372

Income before taxes from continuing operations 94 123 34 730 34 088 -25 -18 154 934

Income taxes from continuing operations 5 -551 -677 -561 -9 -690 -2A 488

Net income from continuing operations 84 572 134 446

Net income from discontinued operations 6A 282 889

Net income 144 854 144 335

Basic EPS from continuing operations (USD) 7 4.13 6.47

Basic EPS from discontinued operations (USD) 7 3.02 0.43

Basic EPS (USD) 7 7.15 6.90

The following are adjustments to arrive at core gross profit from continuing operations

Cost of goods sold -12A 472 34 319 310 142 -8A 701

The following are adjustments to arrive at core operating income from continuing operations

Selling, general and administration -12A 517 28 -12A 489

Research and development -11A 371 411 2A 737 32 -409 -8A 600

Other income 1A 172 -10 -174 -1A 196 392

Other expense -2A 303 51 117 1A 245 -890

The following are adjustments to arrive at core income before taxes from continuing operations

Other financial income and expense 222 208 430A 1A Amortization of intangible assets: cost of goods sold includes the amortization of acquired rights to currently marketed products and other production-related intangible assets; research and development includes the amortization of acquired rights to technologies

2A Impairments: cost of goods sold, research and development, other income and other expense include net impairment charges related to intangible assets; other income and other expense includes also net impairment charges related to property, plant and equipment

3A Acquisition or divestment of businesses and related items, including restructuring and integration charges: research and development include restructuring and integration cost charges; other income includes a favorable stamp duties tax settlement related to a prior periods acquisition; other income and other expense include also transitional service-fee income and expenses related to the Sandoz distribution, restructuring and integration costs charges and reversals

4A Other items: cost of goods sold, selling, general and administration, research and development, other income and other expense include restructuring income and charges related to the initiative to implement a new streamlined organizational model, the company-wide rationalization of manufacturing sites and other net restructuring charges and related items; cost of goods sold and research and development also include contingent consideration adjustments; cost of goods sold and selling, general and administration includes also adjustments to provisions; research and development also include a write-off of prepaid expenses for a terminated development project; other income and other expense include fair value adjustments, divestment gains, losses and gains on

adjusted for non-cash items and other adjustments, including divestment gains, lower payments out of provisions and lower income taxes paid, mainly due to the timing of income tax payments, partly offset by unfavorable changes in working capital and higher net interest paid and other financial payments. In 2023, net cash flows from operating activities from discontinued operations amounted to USD 0.2 billion (2024: nil). Net cash outflows used in investing activities from continuing operations amounted to USD 7.5 billion, compared with USD 6.7 billion net cash inflows in 2023. In the current year, net cash outflows used in investing activities from continuing operations were mainly driven by USD 3.9 billion net cash outflows for acquisitions and divestments of businesses, including the acquisition of Kate Therapeutics for USD 0.4 billion; the acquisition of Mariana Oncology for USD 1.0 billion (USD 1.04 billion, net of cash acquired of USD 80 million); and the acquisition of MorphoSys for USD 2.3 billion (USD 2.5 billion, net of cash acquired of USD 0.2 billion). In addition, the cash outflows for purchases of intangible assets amounted to USD 2.4 billion; purchases of property, plant and equipment amounted to USD 1.4 billion; purchases of financial assets amounted to USD 0.2 billion and net purchases of marketable securities, commodities and time deposits amounted to USD 0.7 billion. These cash outflows were partly offset by cash inflows of USD 1.0 billion from the sale of financial assets (including USD 0.7 billion proceeds from the sale of Sandoz Group AG shares by consolidated foundations); and by USD 0.2 billion from the sale of intangible assets and property, plant and equipment. In 2023, net cash inflows from investing activities from continuing operations of USD 6.7 billion were driven by the net proceeds of USD 10.6 billion from the sale of marketable securities, commodities and time deposits; USD 2.0 billion from the sale of intangible assets (including USD 1.75 billion cash proceeds from the divestment of the *“front of eye”* ophthalmology assets to Bausch + Lomb); USD 0.3 billion from the sale of financial assets; and USD 0.2 billion from the sale of property, plant and equipment (including proceeds from the sale and leaseback of real estate). These cash inflows were partly offset by cash outflows of USD 3.6 billion for acquisitions and divestments of businesses, net (including the acquisition of Chinook Therapeutics for USD 3.1 billion, net of cash acquired of USD 0.1 billion, and the acquisition of DTx for USD 0.5 billion, net of cash acquired of USD 0.1 billion); USD 1.7 billion for purchases of intangible assets; USD 1.1 billion for purchases of property, plant and equipment; and USD 0.1 billion for purchases of financial assets. In 2023, net cash outflows used in investing activities from discontinued operations amounted to USD 1.1 billion (2024: nil). Net cash outflows used in financing activities from continuing operations amounted to USD 11.7 billion, compared with USD 17.6 billion in 2023. In the current year, net cash outflows used in financing activities from continuing operations were mainly driven by USD 8.3 billion for net treasury share transactions; USD 7.6 billion for the dividend payment; the USD 2.15 billion repayment of a US dollar bond at maturity, and the USD 0.3 billion repayments of other current financial debts. Cash outflows for MorphoSys shares purchased outside the Offer amounted to USD 0.3 billion, which included a USD 0.2 billion payment to the former remaining minority shareholders in connection with the *“squeeze-out”*. These cash outflows were partly offset by cash inflows from the issuance of bonds totaling 56USD 6.1 billion (Swiss franc denominated bonds with a notional amount of CHF 2.2 billion, equivalent to USD 2.5 billion, and US dollar denominated bonds with a notional amount of USD 3.7 billion). The change in current financial debts resulted in net cash inflows of USD 1.0 billion. In 2023, net cash outflows used in financing activities from continuing operations of USD 17.6 billion were mainly driven by USD 8.6 billion for net treasury share transactions; USD 7.3 billion for the dividend payment; USD 2.2 billion for the repayment of two EUR denominated bonds (notional amounts of EUR 1.25 billion and of EUR 0.75 billion) at maturity. Payments of lease liabilities amounted to USD 0.3 billion. These cash outflows were partly offset by cash inflows of USD 0.5 billion from the net increase in current financial debts. In 2023, net cash inflows from financing activities from discontinued operations amounted to USD 3.3 billion (2024: nil). Non-IFRS measure Free cash flow Free cash flow is a non-IFRS measure, see *“Item 5.A Operating results”*. Non-IFRS measures as defined by Novartis *“Free cash flow”* for further information. The following table is a reconciliation of the three major categories of the IFRS Accounting Standards consolidated statements of cash flows to the non-IFRS measure free cash flow: 2024 2023 (USD millions) IFRS Accounting Standards cash flow Adjustments Free cash flow IFRS Accounting Standards cash flow Adjustments Free cash flow Net cash flows from operating activities from continuing operations 17A 619 17A 619 14A 220 14A 220 Net cash flows from operating activities from discontinued operations 238 238 Total net cash flows from operating activities 17A 619 17A 619 14A 458 14A 458 A Net cash flows (used in)/from investing activities from continuing operations -7A 513 6A 147 -1A 366 6A 719 -7A 779 -1A 060 Net cash flows used in investing activities from discontinued operations -1A 123 904 -219 Total net cash flows (used in)/from investing activities -1A 7A 513 6A 147 -1A 366 5A 596 -6A 875 -1A 279 A Net cash flows used in financing activities from continuing operations -11A 742 11A 742 0 -17A 564 17A 564 0 Net cash flows from financing activities from discontinued operations 3A 286 -3A 286 0 Total net cash flows used in financing activities -2 11A 742 11A 742 0 -14A 278 14A 278 0 A Non-IFRS measure free cash flow from continuing operations 16A 253 13A 160 A Non-IFRS measure free cash flow from discontinued operations 19 Total non-IFRS measure free cash flow 16A 253 13A 179 A 1A With the exception of purchases of property, plant and equipment, all net cash flows (used in)/from investing activities from continuing operations and from discontinued operations are excluded from the free cash flow. A 2A Net cash flows (used in)/from financing activities from continuing operations and from discontinued operations are excluded from the free cash flow. A A A 57 The following table is a summary of the non-IFRS measure free cash flow: (USD millions) 2024 2023 Operating income from continuing operations 14A 544 9A 769 Reversal of non-cash items and other adjustments A A Depreciation, amortization and impairments 6A 114 8A 383 A A Change in provisions and other non-current liabilities 696 61A A A Other 817 728 Operating income from continuing operations adjusted for non-cash items 22A 171 18A 941 Dividends received from associated companies and others 1 2 Interest received and other financial receipts 489 735 Interest paid and other financial payments -971 -768 Income taxes paid -2A 258 -2A 787 Payments out of provisions and other net cash movements in non-current liabilities -1A 107 -1A 534 Change in inventories and trade receivables less trade payables -1A 261 -1A 571 Change in other net current assets and other operating cash flow items 555 1A 202 Net cash flows from operating activities from continuing operations 17A 619 14A 220 Purchases of property, plant and equipment -1A 366 -1A 060 A Non-IFRS measure free cash flow from continuing operations 16A 253 13A 160 A Non-IFRS measure free cash flow from discontinued operations A 1 19 Total non-IFRS measure free cash flow 16A 253 13A 179 A 1A In 2023, the free cash flow from discontinued operations was a cash inflow of USD 19 million, consisting of USD 238 million net cash inflows from operating activities from discontinued operations, less purchases of property, plant and equipment by discontinued operations of USD 219 million. Free cash flow from continuing operations amounted to USD 16.3 billion (+24% USD), compared with USD 13.2 billion in 2023, driven by higher net cash flows from operating activities from continuing operations. For the total Company, free cash flow amounted to USD 16.3 billion, compared with USD 13.2 billion in 2023. 58 Condensed consolidated balance sheets (USD millions) Dec 31, 2024 Dec 31, 2023 Assets Non-current assets Property, plant and equipment 9A 458 9A 514 Right-of-use assets 1A 415 1A 410 Goodwill 24A 756 23A 341 Intangible assets other than goodwill 26A 915 26A 879 Investments in associated companies 119 205 Deferred tax assets 4A 359 4A 309 Financial assets 2A 015 2A 016 Other non-current assets 3A 505 1A 199 Total non-current assets 72A 542 69A 464 Current assets Inventories 5A 723 5A 913 Trade receivables 7A 423 7A 107 Income tax receivables 133 426 Marketable securities, commodities, time deposits and derivative financial instruments 11A 998 1A 035 Cash and cash equivalents 11A 459 13A 393 Other current assets 2A 968 2A 607 Total current assets 29A 704 30A 481 Total assets 102A 246 99A 945 Equity and liabilities Total equity 44A 126 46A 750 Liabilities Non-current liabilities Financial debts 21A 366 18A 436 Lease liabilities 1A 568 1A 598 Deferred tax liabilities 2A 419 2A 248 Provisions and other non-current liabilities 4A 075 4A 523 Total non-current liabilities 29A 428 26A 805 Current liabilities Trade payables 4A 572 4A 926 Financial debts and derivative financial instruments 8A 232 6A 175 Lease liabilities 235 230 Current income tax liabilities 1A 599 1A 893 Provisions and other current liabilities 14A 054 13A 166 Total current liabilities 28A 692 26A 390 Total liabilities 58A 120 53A 195 Total equity and liabilities 102A 246 99A 945 Assets Total non-current assets of USD 72.5 billion increased by USD 3.1 billion compared with December 31, 2023. Intangible assets other than goodwill were broadly in line with December 31, 2023, mainly as the impact of the business acquisitions of Kate Therapeutics, Mariana Oncology, and MorphoSys and additions, were offset by amortization, impairments and unfavorable currency translation effects. Goodwill increased by USD 1.4 billion mainly due to the impact of the business acquisitions of Kate Therapeutics, Mariana Oncology and MorphoSys, partially offset by an impairment and unfavorable currency translation effects. Financial assets decreased by USD 0.6 billion mainly due to the sale of Sandoz Group AG shares by consolidated foundations. Other non-current assets increased by USD 2.3 billion mainly due to the increase of prepaid post-employment benefit plans. This increase is due to the pension plans in Switzerland not being required to continue to apply the IFRS Standards limitation on recognition of fund surplus (the asset ceiling) as at December 31, 2024. Property, plant and equipment, right-of-use assets, deferred tax assets and investments in associated companies were broadly in line with December 31, 2023. Total current assets of USD 29.7 billion decreased by USD 0.8 billion compared with December 31, 2023. 59 Cash and cash equivalents decreased by USD 1.9 billion mainly as cash generated through operating activities of USD 17.6 billion and net proceeds from changes in i-nancial debts of USD 4.7 billion, were offset by the USD 7.6 billion dividend payment, USD 8.3 billion for net purchases of treasury shares, USD 3.9 billion mainly for the business acquisitions of Kate Therapeutics, Mariana Oncology and MorphoSys, USD 3.6 billion for net purchases of property, plant and equipment and intangible assets, and other net cash outflows from investing and financing activities and currency effects of USD 0.8 billion. Marketable securities, commodities, time deposits and derivative i-nancial instruments increased by USD 1.0 billion. Trade receivables increased by USD 0.3 billion, mainly driven by the increase in net sales and other current assets increased by USD 0.4 billion. Income tax receivables decreased by USD 0.3 billion. Inventories were broadly in line with December 31, 2023. We consider our provisions for doubtful trade receivables to be adequate. We particularly monitor the level of trade receivables in countries deemed to have an elevated credit risk. We consider macroeconomic environment, historical experience, country and political risks, in addition to other relevant information when assessing risk. These risk factors are monitored regularly to determine any adjustments to risk classification. The majority of the past due trade receivables from elevated credit risk countries are due from local governments or from government-funded entities. Deteriorating credit, economic conditions and other factors in these elevated credit risk countries have resulted in, and may continue to result in an increase in the average time that it takes to collect these trade receivables and may require the Company to re-evaluate the expected credit loss amount of these trade receivables in future periods. As at December 31, 2024, amounts past due for more than one year were not significant in elevated credit risk countries. For a table showing an overview of the aging analysis of total trade receivables and the total amount of the provision for doubtful trade receivables as at December 31, 2024, and 2023, see *“Item 18. Financial Statements”*. Note 15. Trade receivables. *“There is also a risk that certain countries could devalue their currency. Currency exposures are described in more detail in *“Effects of currency fluctuations”*. Liabilities Total non-current liabilities of USD 29.4 billion increased by USD 2.6 billion compared with December 31, 2023. Non-current i-nancial debts increased by USD 2.9 billion mainly due to the issuance of Swiss franc denominated bonds of USD 2.5 billion (notional amount of CHF 2.2 billion), the issuance of US dollar denominated bonds with a notional amount of USD 3.7 billion and i-nancial debts acquired through the MorphoSys business acquisition of USD 0.6 billion, partly offset by the reclassi-cation of USD 3.3 billion from non-current to current i-nancial debts consisting of two US dollar denominated bonds with notional amount of USD 2.8 billion and a Swiss franc denominated bond of notional amount of CHF 0.5 billion all maturing in 2025. Provisions and other non-current liabilities decreased by USD 0.4 billion. Non-current lease liabilities and deferred tax liabilities were broadly in line with December 31, 2023. Total current liabilities of USD 28.7 billion increased by USD 2.3 billion compared with December 31, 2023. Current i-nancial debts and derivative i-nancial instruments increased by USD 2.1 billion compared with December 31, 2023, mainly due to the issuance of commercial paper notes under the US commercial paper program and the reclassi-cation of USD 3.3 billion from non-current to current i-nancial debts consisting of two US dollar denominated bonds with notional amount of USD 2.8 billion and a Swiss franc denominated bond of notional amount of CHF 0.5 billion all maturing in 2025, partly offset by the repayment of a US dollar bond at maturity of USD 2.15 billion. Trade payables decreased by USD 0.4 billion. Provisions and other current liabilities increased by USD 0.9 billion mainly driven by the increase in provisions for deductions from revenue. Current income tax liabilities decreased by USD 0.3 billion. Current lease liabilities were broadly in line with December 31, 2023. In our key countries, Switzerland and the United States, assessments have been agreed by the tax authorities up to 2020 in Switzerland and up to 2016 in the United States. Novartis believes that its total provisions are adequate based upon currently available information. However, given the inherent difficulties in estimating these liabilities, Novartis may incur additional costs beyond the amounts provided. Management believes that such additional amounts, if any, would not be material to the Company’s financial condition but could be material to the results of operations or cash flows in a given period. Equity The Company’s equity decreased by USD 2.6 billion to USD 44.1 billion compared with December 31, 2023. This decrease was mainly driven by the net income of USD 11.9 billion, actuarial gains from defined benefit plans of USD 2.0 billion (mainly due to Swiss pension plans not being required to apply the asset ceiling in 2024) and favorable impact from equity-based compensation of USD 1.1 billion being more than offset by the purchase of treasury shares of USD 8.5 billion, the cash-dividend to Novartis AG shareholders of USD 7.6 billion and unfavorable currency translation effects of USD 1.6 billion. 60 Summary of equity movements attributable to Novartis AG shareholders Number of outstanding shares (in millions) Equity attributable to Novartis AG shareholders 2024 2023 2024 USD millions 2023 USD millions Balance at beginning of year 2A 044.0 2A 044.0 2A 119.6 46A 667 59A 342 Shares acquired to be canceled -77.5 -87.5 -8A 316 -8A 369 Other share purchases -1.2 -1.6 -13A 148 Equity-based compensation plans, exercise of options and employee transactions 9.7 13.2 1A 060 1A 050 Taxes on treasury share transactions -68 14 Transaction costs, net of taxes -214 Dividends -7A 624 -7A 255 Dividend in kind to effect the spin-off of Sandoz -13A 962 Net income of the year attributable to shareholders of Novartis AG 11A 941 14A 850 Other comprehensive income attributable to shareholders of Novartis AG 592 1A 200 Changes in non-controlling interests -226 Other movements 0.1 0.3 15A 159 Balance at end of year 1A 975.1 2A 044.0 4A 046 46A 667 In 2024, Novartis repurchased a total of 77.5 million shares for USD 8.3 billion on the SIX Swiss Exchange second trading line. These purchases included 68.8 million shares (USD 7.3 billion) under the up-to USD 15 billion share buyback announced in July 2023 (with up to USD 5.4 billion still to be executed). In addition, 8.7 million shares (USD 1.0 billion) were repurchased to mitigate the impact of share deliveries under the equity-based compensation plans for employees. Furthermore, 1.2 million shares (equity value of USD 0.1 billion) were repurchased from employees. In the same period, 9.8 million shares (equity value of USD 1.1 billion) were delivered as a result of share deliveries related to employee equity-based compensation plans. Consequently, the total number of shares outstanding decreased by 68.9 million versus December 31, 2023. These treasury share transactions resulted in an equity decrease of USD 7.4 billion and a net cash outflow of USD 8.3 billion. In 2023, Novartis repurchased a total of 87.5 million shares for USD 8.4 billion on the SIX Swiss Exchange second trading line. These repurchases included 52.8 million shares (USD 4.9 billion) under the USD 15 billion share buyback (announced in December 2021 and completed in June 2023) and 23.0 million shares (USD 2.3 billion) under the new up-to USD 15 billion share buyback announced in July 2023. In addition, 11.7 million shares (USD 1.2 billion) were repurchased to mitigate the impact of share deliveries under the equity-based compensation plans for employees. Furthermore, 1.6 million shares (equity value of USD 0.1 billion) were repurchased from employees. In the same period, 13.5 million shares (equity value of USD 1.1 billion) were delivered as a result of options exercised and share deliveries related to the equity-based compensation plans for employees. Consequently, the total number of shares outstanding decreased by 75.6 million versus December 31, 2022. These treasury share transactions resulted in an equity decrease of USD 7.4 billion and a net cash outflow of USD 8.6 billion. Treasury shares As at December 31, 2024, our holding of treasury shares amounted to 214.9 million shares, or approximately 10% of the total number of issued shares. Approximately 86.0 million treasury shares were held in entities that restrict their availability for use. As at December 31, 2023, our holding of treasury shares amounted to 233.5 million shares, or approximately 10% of the total number of issued shares. Approximately 93.8 million treasury shares were held in entities that restrict their availability for use. 61 Effects of currency fluctuations We transact our business in many currencies other than the US dollar, our reporting currency. The following table provides an overview of net sales and operating expenses from continuing operations based on IFRS Accounting Standards values, for the most important currencies to the Company: 2024 2023 Currency Net sales from continuing operations % Operating expenses from continuing operations % 1 Net sales from continuing operations % Operating expenses from continuing operations % 1 US dollar (USD) 44 39 42 37 Euro (EUR) 23 23 24 20 Swiss franc (CHF) 1 18 1 22 Chinese yuan (CNY) 8 5 7 Japanese yen (JPY) 4 2 4 Canadian dollar (CAD) 2 1 2 British pound (GBP) 2 2 2 Russian ruble (RUB) 1 0 1 Brazilian real (BRL) 2 1 2 Australian dollar (AUD) 1 0 1 Other currencies 12 9 14 8 A 1A Operating expenses include cost of goods sold; selling, general and administration; research and development; other income and other expense. We prepare our consolidated financial statements in US dollars. As a result, fluctuations in the exchange rates between the US dollar and other currencies can have a significant effect on both the Company’s results of operations as well as the reported value of our assets, liabilities and cash flows. This in turn may significantly affect reported earnings (both positively and negatively) and the comparability of period-to-period results of operations. For purposes of our consolidated balance sheets, we translate assets and liabilities denominated in other currencies into US dollars at the prevailing market exchange rates as of the relevant balance sheet date. For purposes of the Company’s consolidated income and cash flow statements, revenue, expense and cash flow items in local currencies are translated into US dollars at average exchange rates prevailing during the relevant period. As a result, even if the amounts or values of these items remain unchanged in the respective local currency, changes in exchange rates have an impact on the amounts or values of these items in our consolidated financial statements. Because our expenditure in Swiss francs is significantly higher than our revenue in Swiss francs, volatility in the value of the Swiss franc can have*

a significant impact on the reported value of our earnings, assets and liabilities, and the timing and extent of such volatility can be difficult to predict. The Company manages its global currency exposure by engaging in hedging transactions where management deems appropriate, after taking into account the natural hedging afforded by our global business activity. In 2024 and 2023, we entered into various contracts that change in value with movements in foreign exchange rates, to preserve the value of assets, commitments and expected transactions. We use forward contracts and foreign currency options to hedge. For more information on how these transactions affect our consolidated financial statements and on how foreign exchange rate exposure is managed, see [â€œItem 18. Financial Statementsâ€](#) Note 1. Accounting policies, [â€œItem 18. Financial Statementsâ€](#) Note 5. Interest expense and other financial income and expense, [â€œItem 18. Financial Statementsâ€](#) Note 15. Trade receivables, [â€œItem 18. Financial Statementsâ€](#) Note 27. Commitments and contingent liabilities [â€œItem 18. Financial Statementsâ€](#) Note 28. Financial instruments [â€](#) additional disclosures. [â€œItem 6](#)2The following table sets forth the foreign exchange rates of the US dollar against key currencies used for foreign currency translation when preparing the Company's consolidated financial statements: Average for year Year-endUSD per unit 2024 2023 Change in % 2024 2023 Change in %Australian dollar (AUD) 0.660 0.665 -1 0.622 0.683 -9Brazilian real (BRL) 0.186 0.200 -7 0.162 0.206 -21Canadian dollar (CAD) 0.730 0.741 -1 0.696 0.755 -8Swiss franc (CHF) 1.136 1.113 2 1.107 1.189 -7Chinese yuan (CNY) 0.139 0.141 -1 0.137 0.141 -3Euro (EUR) 1.082 1.082 0 1.041 1.107 -6British pound (GBP) 1.278 1.243 3 1.256 1.275 -1Japanese yen (JPY (100)) 0.661 0.713 -7 0.640 0.707 -9Russian ruble (RUB (100)) 1.080 1.185 -9 0.889 1.111 -20The following table provides a summary of the currency impact on key Company figures due to their conversion into US dollars, the Company's reporting currency. For additional information on the constant currency calculation ( [â€œItem 5.A Operating resultsâ€](#)Non-IFRS measures as defined by Novartis [â€](#)Constant currencies. [â€œItem 5.A Operating resultsâ€](#)Non-IFRS measures as defined by Novartis [â€](#)Constant currencies [â€](#)Change in USD % 2024 Change in constant currencies % 2024 Percentage point currency impact 2024Net sales from continuing operations 11 12 -1Operating income from continuing operations 49 55 -6Net income from continuing operations 39 45 -6Basic earnings per share (USD) from continuing operations 43 49 -6Core operating income from continuing operations 19 22 -3Core net income from continuing operations 17 21 -4Core basic earnings per share (USD) from continuing operations 21 24 -3A nm = not meaningfulFor additional information on the effects of currency fluctuations, see [â€œItem 18. Financial Statementsâ€](#) Note 28. Financial instruments [â€](#) additional disclosures. [â€œItem 6](#)3Company liquidity, financial debts and net debtThe following table shows Company liquidity, financial debts and net debt:(USD millions) 2024 2023Non-current financial debts -21A 366 -18A 436Current financial debts and derivative financial instruments -8A 232 -6A 175Total financial debts -29A 598 -24A 611Less liquidityA A Cash and cash equivalents 11A 459 13A 393A A Marketable securities, commodities, time deposits and derivative financial instruments 1A 998 1A 035Total liquidity 13A 457 14A 428Net debt at December 31A 1 -16A 141 -10A 183A 1A For further information about the net debt measure, which is a non-IFRS measure, see [â€œItem 5.A Operating resultsâ€](#)Non-IFRS measures as defined by Novartis [â€](#)Net debt. [â€œItem 5.A Operating resultsâ€](#)Net debt as at December 31, 2024, increased to USD 16.1 billion, compared with USD 10.2 billion as at December 31, 2023.Total financial debts amounted to USD 29.6 billion as at December 31, 2024, compared with USD 24.6 billion as at December 31, 2023. Non-current i-nancial debts increased by USD 2.9 billion mainly due to the issuance of Swiss franc denominated bonds of USD 2.5 billion (notional amount of CHF 2.2 billion), the issuance of US dollar denominated bonds with a notional amount of USD 3.7 billion and i-nancial debts acquired through the MorphoSys business acquisition of USD 0.6 billion, partly offset by the reclassi-cation of USD 3.3 billion from non-current to current i-nancial debts consisting of two US dollar denominated bonds with notional amount of USD 2.8 billion and a Swiss franc denominated bond of notional amount of CHF 0.5 billion all maturing in 2025, partly offset by the repayment of a US dollar bond at maturity of USD 2.8 billion and a Swiss franc denominated bond of notional amount of CHF 0.5 billion all maturing in 2025, partly offset by the repayment of a US dollar bond at maturity of USD 2.15 billion. Novartis has a US commercial paper program under which it can issue up to USD 9.0 billion in the aggregate of unsecured commercial paper notes. Novartis also has a Japanese commercial paper program under which it can issue up to JPY 150 billion (approximately USD 1.0 billion) of unsecured commercial paper notes. Commercial paper notes totaling USD 4.1 billion under these two programs were outstanding as at December 31, 2024 (2023: USD 3.3 billion).In May 2024, Novartis replaced its existing USD 6.0 billion credit facility with a syndicate of banks (which was undrawn at its replacement date and December 31, 2023) and had a maturity date of September 2025) with a new USD 6.0 billion credit facility with a syndicate of banks. This credit facility is intended to be used as a backstop for the US commercial paper program. This facility matures in May 2029, and was undrawn as at December 31, 2024.Total liquidity decreased to USD 13.5 billion compared with USD 14.4 billion as at December 31, 2023. As of year-end 2024, Moody's Ratings rated the Company Aa3 for long-term maturities and P-1 for short-term maturities and S&P Global Ratings rated the company AA- for long-term maturities and A-1+ for short-term maturities.Liquidity and financial debt by currencyThe following table provides a breakdown of liquidity and financial debt by currency as at December 31: Liquidity in % 2024 Liquidity in % 2023 Financial debt in % 2024 Financial debt in % 2023USD 59 67 65CHF 7 7 13EUR 30 22 18JPY 2 10Other 4 4 2A 100 100 100 100A 1A Liquidity includes cash and cash equivalents and marketable securities, including debt securities, commodities and time deposits.A 2A Financial debt includes non-current and current financial debt.64Bonds In May 2024, a 10-year US dollar denominated bond of USD 2.15 billion with a coupon of 3.40% was repaid at maturity.In June 2024, five Swiss franc denominated bonds totaling CHF 2.2 billion were issued: a 3-year bond of CHF 650 million with a coupon of 1.60%, a 7-year bond of CHF 435 million with a coupon of 1.65%, a 10-year bond of CHF 645 million with a coupon of 1.75%, a 16-year bond of CHF 280 million with a coupon of 1.85% and a 25-year bond of CHF 190 million with a coupon of 1.85%.In September 2024, four US dollar denominated bonds totaling USD 3.70 billion were issued: a 5-year bond of USD 1.00 billion with a coupon of 3.80%, a 7-year bond of USD 0.85 billion with a coupon of 4.00%, a 10-year bond of USD 1.10 billion with a coupon of 4.20% and a 30-year bond of USD 0.75 billion with a coupon of 4.70%.In August 2023, a 5-year EUR denominated bond of EUR 750 million with a coupon of 0.50% was repaid at maturity.In September 2023, a 7-year EUR denominated bond of EUR 1.25 billion with a coupon of 0.125% was repaid at maturity.Liquidity/short-term fundingThe Company's liquidity amounted to USD 13.5 billion as at December 31, 2024, compared with USD 14.4 billion as at December 31, 2023. Total non-current and current i-nancial debts, including derivatives, amounted to USD 29.6 billion as at December 31, 2024, compared with USD 24.6 billion as at December 31, 2023. The debt/equity ratio increased to 0.67:1 as at December 31, 2024, compared with 0.53:1 as at December 31, 2023. The net debt increased to USD 16.1 billion as at December 31, 2024, compared with USD 10.2 billion as at December 31, 2023.We continuously track our liquidity position and asset/liability profile. This involves modeling cash flow maturity profiles based on both historical experiences and contractual expectations to project our liquidity requirements. We seek to preserve prudent liquidity and funding capabilities. We are confident that we have sufficient liquidity to support our normal business activities for the foreseeable future.Certain countries have legal or economic restrictions on the ability of subsidiaries to transfer funds to the Company in the form of cash dividends, loans or advances, but these restrictions do not have an impact on the ability of the Company to meet its cash obligations. We are not aware of any significant demands to change the level of liquidity needed to support our normal business activities. We make use of various borrowing facilities provided by several financial institutions. We also successfully issued various bonds in previous years and raised funds through our commercial paper programs. The maturity schedule of our net debt can be found in [â€œItem 18. Financial Statementsâ€](#) Note 28. Financial instruments - Additional disclosures [â€](#) Nature and extent of risks arising from financial instruments [â€](#) Liquidity risk [â€](#) Material contractual obligations and commitmentsThe Company's material contractual obligations and commitments, entered into from time to time, consist of the following: [â€](#) Non-current financial debt, including current portion (see [â€œItem 18. Financial Statementsâ€](#) Note 19. Non-current financial debt). For the table showing the maturity schedule of our current and non-current financial debt, see [â€œItem 18. Financial Statementsâ€](#) Note 28. Financial instruments [â€](#) additional disclosures [â€](#) Nature and extent of risks arising from financial instruments [â€](#) Liquidity risk [â€](#) [â€](#) Leases on assets used in operations entered into in the ordinary course of business (see [â€œItem 18. Financial Statementsâ€](#) Note 10. Right-of-use assets and lease liabilities); [â€](#) Long-term research and development agreements with various institutions and pharmaceutical companies related to intangible assets. These agreements provide for potential milestone payments by Novartis, which are dependent on successful clinical development, or meeting specified sales targets, or other conditions that are specified in the agreements (see [â€œItem 18. Financial Statementsâ€](#) Note 27. Commitments and contingent liabilities [â€](#) Research and development commitments); [â€](#) Commitments related to the acquisition of businesses and interests in intellectual property focused on key disease areas and indications that the Company expects to be growth drivers in the future (see [â€œItem 18. Financial Statementsâ€](#) Note 27. Commitments and contingent Liabilities [â€](#) Other commitments). In addition, certain business acquisition arrangements include contingent payments, which the shareholders of the acquired company are eligible to receive upon the achievement of specified milestones. For the table showing the maturity schedule of contingent consideration liabilities, see [â€œItem 18. Financial Statementsâ€](#) Note 28. Financial instruments [â€](#) additional disclosures [â€](#) Nature and extent of risks arising from financial instruments [â€](#) Liquidity risk [â€](#) [â€](#) Unfunded independent pension and other post-employment benefit plans (see [â€œItem 18. Financial Statementsâ€](#) Note 24. Post-employment benefits for employees); and [â€](#) Property, plant and equipment purchase commitments in the ordinary course of business (see [â€œItem 18. Financial Statementsâ€](#) Note 9.A Property, plant and equipment). The Company intends to fund contractual obligations and commitments related to leases, long-term research and development agreements, property, plant and equipment, and unfunded independent pension and other post-employment benefit plans with available cash and short- and long-term borrowings.655.C Research and development, patents and licensesOur research and development spending from continuing operations totaled USD 10.0 billion and USD 11.4 billion (non-IFRS measure core research and development from continuing operations USD 9.3 billion and USD 8.6 billion) for the years 2024 and 2023, respectively. Novartis has numerous products in various stages of development. For further information on these products in development, see [â€œItem 4. Information on the Companyâ€](#) Item 4.B Business overview. [â€](#) As described in the risk factors section and elsewhere in this Annual Report, our drug development efforts are subject to the risks and uncertainties inherent in any new drug development program. Due to the risks and uncertainties involved in progressing through preclinical development and clinical trials, and the time and cost involved in obtaining regulatory approvals, among other factors, we cannot reasonably estimate the timing, completion dates and costs, or range of costs, of our drug development programs, or of the development of any particular development compound (see [â€œItem 3. Key Informationâ€](#) Item 3.D Risk factors). In addition, for a description of the research and development process for the development of new drugs and our other products, and the regulatory process for their approval, see [â€œItem 4. Information on the Companyâ€](#) Item 4.B Business overview. [â€](#) Trend informationSee [â€œItem 5.A Operating resultsâ€](#), [â€œItem 5.B Liquidity and capital resourcesâ€](#) and [â€œItem 4. Information on the Companyâ€](#) Item 4.B Business overview. [â€](#) Trend information5.E Critical accounting estimates Not applicable.66Item 6. Directors, Senior Management and Employees6.A Directors and senior managementThe information set forth under [â€œItem 6. Directors, Senior Management and Employeesâ€](#) Item 6.C Board practices [â€](#) Corporate governance [â€](#) Board of Directors [â€](#) and [â€œItem 6. Directors, Senior Management and Employeesâ€](#) Item 6.C Board practices [â€](#) Corporate governance [â€](#) Executive Committee [â€](#) is incorporated by reference. 676.B CompensationDear shareholder, On behalf of the Compensation Committee of Novartis, I am pleased to present our 2024 Compensation Report.2024 company performanceNovartis delivered an excellent performance in 2024, driven by sales growth in key brands and more cost-effective operations. Compared with the prior year, net sales from continuing operations increased by 12% measured in constant currencies (cc), core operating income increased by 22% (cc) and free cash flow increased by USD 3.1 billion. Sales growth was mainly driven by Entresto, Cosentyx, Kesimpta, and Kisqali. The Company's performance led to two guidance upgrades for net sales and three for core operating income. The compensation of the members of the Executive Committee of Novartis (ECN) is largely determined by performance evaluations conducted on both a short-term basis through the Annual Incentive and a long-term basis via the Long-Term Performance Plan (LTPP).As an innovative medicines company, we consider innovation core to the value we bring to society. Innovation and certain ESG targets (e.g., access to medicines) are included in the Annual Incentive targets of all Executive Committee members. There are further innovation milestones which comprise 25% of the LTPP performance measurement. In 2024, our innovation highlights included the approval of Fabhalta in EU, China and Japan for adult patients with paroxysmal nocturnal hemoglobinuria (PNH), as well as in the US for adult patients with immunoglobulin A nephropathy (IgAN). We also received accelerated approval in the US for Scemblix for newly diagnosed patients with chronic myeloid leukemia (CML) and Kisqali was approved in the EU and US to reduce the risk of recurrence in people with early breast cancer.2024 realized compensationThe Company's performance in 2024 resulted in a total realized compensation for the CEO of CHF 19A 165A 899, of which 88.5% was made up of variable components, which comprised an Annual Incentive at 160% of target and a 2022-2024 LTPP at 158% of target. The LTPP represents the largest component of the realized compensation. The 2022-2024 LTPP cycle delivered strong results versus target, with both third-party sales CAGR (compound annual growth rate) and core operating income CAGR (both in cc) exceeding the level required for a maximum payout. Three-year sales performance from growth brands Entresto, Pluvicto, Kesimpta and Kisqali, all considerably exceeded expectations. Our bottom line was further strengthened through savings generated by our organizational transformation. Innovation performance was solid, as evidenced by the advances listed above. Our share price performance and year-on-year dividend increases resulted in a total return to shareholders of 54% over the performance cycle which ranked 5th out of our 15 global healthcare peer companies (including Novartis). In addition, the 2022-2024 LTPP cycle payout accrued a 15.5% increase in share price between grant and vesting. In line with our plan rules, an additional two-year holding period applies for the CEO (and CFO) vested shares (i.e. until January 2027). The Board of Directors did not make any discretionary adjustments to the incentive outcomes. The chart below illustrates the strong correlation between the LTPP payout over the past five years and the three-year total shareholder return (TSR), demonstrating consistent alignment with shareholders' experience. Historic LTPP payout versus TSRThe performance outcomes described above also contributed to the total aggregated realized compensation of the other ECN members which was CHF 56A 580A 414.For further details on the realized compensation, including a comparison with 2023 realized compensation, see [â€œItem 6.CEO and Executive Committee 2024 realized compensation.â€](#)Executive Committee compensation system changesAt the beginning of 2024, the Board of Directors incorporated significant changes into our executive compensation system, which were shaped with input from our shareholders as described in detail in last year's Compensation Report. These changes were strongly supported at the 2024 Annual General Meeting (AGM), for which I would like to express my appreciation. We are confident that the changes place us in a better position to attract and retain the best talent on a global scale. No further material changes were made to the 2025 Executive Committee compensation system.68Compensation Committee membership changesI would like to express my sincere gratitude to William Winters, who will step down from the Compensation Committee and the Board of Directors at the 2025 AGM, for his engagement and invaluable contributions throughout his 12-year tenure. At the 2025 AGM, we will propose to shareholders the nomination of John Young as a new member of the Compensation Committee. To facilitate his onboarding, John attended the last four Compensation Committee meetings as a guest.2025 Annual General Meeting (AGM) At the 2025 AGM, as in prior years, shareholders will be asked to vote on: [â€](#) The maximum aggregate amount of compensation for the Board of Directors from the 2025 AGM to the 2026 AGM. Board fees will remain unchanged compared with the prior term, with the exception of the annual Board Chair fee, which will be CHF 3.5 million from the 2025 AGM. [â€](#) The maximum aggregate amount of compensation for the Executive Committee for the financial year 2026, which remains the same as in the previous year. [â€](#) This 2024 Compensation Report (advisory vote), which follows the same structure as in the previous year.We trust that this Report and our 2025 Say-on-Pay brochure provide you with the information required for you to vote in a favor of the above. We continue to welcome your feedback, which is invaluable in driving improvements in our Executive Committee and Board of Directors' compensation systems and practices. A Simon Moroney, D.Phil.Chair of the Compensation Committee69Executive Committee and Board 2024 compensation at a glanceCEO pay for performance2024 Annual Incentive% of target200%150%100%50%0%MaximumPayout: 160% of targetTarget2022-2024 Long-Term Performance Plan (LTPP) cycle% of target200%150%100%50%0%MaximumTargetPayout: 158% of targetThird-party sales CAGR (200% of target)Core operating income CAGR (200% of target)Innovation (102% of target)Relative TSR (130% of target)CEO and Executive Committee total realized compensationThe 2024 total realized compensation for the CEO and Executive Committee members was CHF 75A 746A 314. For more information, see [â€œItem 6.CEO Annual Incentive balanced scorecardâ€](#), [â€œItem 6.CEO 2022-2024 LTPP cycle performance outcomesâ€](#) and [â€œItem 6.CEO and Executive Committee 2024 realized compensation.â€](#)2024 base salary 2024 pension benefits 2024 Annual Incentive 2022 - 2024 LTPP cycle Other 2024 compensation Currency Cash (amount) Amount Cash & Equity Equity (value at vesting date) Amount Total 2024 realized compensation (incl. share price movement) Vasant Narasimhan (CEO) CHF 1A 865A 483 172A 722 4A 494A 788 12A 468A 155 164A 750 19A 165A 899Aggregate realized compensation of the other 10 Executive Committee members CHF 8A 985A 234 1A 959A 918 15A 051A 053 23A 212A 440 7A 371A 770 56A 580A 414Total CHF 10A 850A 717 2A 132A 640 19A 545A 841 35A 680A 595 7A 536A 520 75A 746A 314Board compensation The total actual compensation earned by Board members in the financial year 2024 is shown in the table below. For more information, see [â€œItem 6.CEO Board member total compensation earned for the](#)

financial year 2024. CHF 2024 total compensationBoard Chair 3Ä 803Ä 7840Ä Other members of the Board 4Ä 818Ä 134Total 8Ä 621Ä 91870CEO compensation and performance2024 fixed pay and benefitsAnnual base salaryThe CEO 2024 base salary was: CHF 1Ä 872Ä 800 (2.4% salary increase effective as of March 1, 2024, in line with ordinary salary increases received by other Swiss employees).Ä Pension and other benefitsThe CEO is a member of the Novartis Swiss pension funds, which provide company contributions on the base salary and an Annual Incentive up to the legal cap on the insured salary of CHF 882Ä 000. No supplementary pension plans or savings plans are provided. The CEOÄ’s employer pension contributions represent 9.2% of the base salary.Ä 2024 CEO Annual Incentive balanced scorecard This section presents the balanced scorecard for the CEO. Financial performance is measured in constant currencies (cc) to reflect operational performance that can be influenced. Performance outcomes for compensation purposes may differ from reported numbers in accordance with our compensation adjustments policy. TargetMeasureWeight (%)Target Performance1achievementFinancial performance (cc)60Significantly aboveNet sales (USD million)244783849 755Significantly aboveCore operating income (USD million)181751219 025Significantly aboveFree cash flow as a % of net sales1830.1%32.3%Significantly above1Performance outcomes from compensation purposes are measured in cc and may differ from reported numbers in accordance with our compensation adjustments policy to consider items not known at the time of target setting e.g. favorable impacts from delayed US generic entry assumptions and M&A/BD&L deal costs.As communicated in the 2023 Compensation Report, in 2024, core operating income replaced operating income in the ECN financial measures. The Board reviewed the core adjustments made on operating income (as indicated in Item 5. Operating and Financial Review and Prospects Ä 5.Ä Operating results Ä 7. Non-IFRS measures as defined by Novartis Ä 7. Reconciliation from IFRS Accounting Standards results to non-IFRS measure core result) to arrive at the performance outcomes in the table above and decided not to make any discretionary adjustments to the pay outcomes.712024 CEO Annual Incentive balanced scorecard (continued)Ä At the start of the performance cycle, the Board sets the CEO specific targets against each of the four strategic objectives listed below. We provide here a summary of those targets that most heavily impact overall performance and their respective achievement.TargetMeasureWeight (%) / PerformanceachievementStrategic objectives40Ä AboveMaintain growth momentum and ensure successful launches (10%)Ä Core sales performance for growth drivers was 106% of the 2024 target in cc, largely driven by Cosentyx and Entresto. Ä Recent launches: Leqvio, Scemblix, LutATHERA, Fabbaltaand Pluvictoachievedcombined sales in line with 2024 target in cc.Ä EU sales grew strongly 18%, mainly driven by Entresto, Cosentyx, Kesimpta, Kisqali, Pluvictoand Leqvio, partly offset by the XiidraÄ divestment and the impact of generic competition on Gileña.Ä Achieved 110% of target sales calls across our top 8 markets. Significantly aboveDeliver pipeline and drive R&D productivity (10%)Ä Core (vs. target of 6) key approvals secured: iptacopan (Fabbalta) for PNH approved in EU, China and Japan, and for IgAN approved in the US, Kisqali for early breast cancer approved in the US and EU, as well as Scemblix 1L in the US.Ä 15 (vs. target of 10) regulatory filings submitted, including AtrasentanIgAN in US and China, Scemblix 1L in the US, China and Japan, Iptacopan C3G in US, EU, China and Japan, IgAN in China, PluvictomCRPC, pre-taxane in US and PluvictomCRPC, post-taxane in China. Remibrutinib CSU submission was delayed to early 2025.Ä 8 (vs. target of 6) new compounds transitioned into late-stage clinical development.Ä 24 complementary BD&L/M&A deals signed, including the acquisitions of MorphoSys, Mariana Oncology, Kate Therapeutics, Calypso and IFM Due; deals with PTC Therapeutics, Arvinas, PeptiDream, DrenBio, Lindy Biosciences, Baiyu, Monte Rosa Tx, Ratio Therapeutics; and a partnership with Versant to create Borealis. The acquisition of Morphosys has faced significant challenges though work is ongoing on the acquired assets.MetExecute on operational excellence & productivity (10%)Ä Core operating margin reached 38.7%, bringing us closer to achieving our 2027 aspiration of 40%.Ä Lean Digital Core, our transformation program to future-proof the processes and technologies to enable core business capabilities, was launched in Turkey and Spain, and towards deployment in Germany, Netherlands, UK and the US.Ä Workday, our Human Capital Management program was successfully launched on schedule in April.Ä eAI tools and technologies were used to generate: 3 (vs. 2 target) molecular leads, which progressed to in vivo studies, 1 (vs. 1 target) new target for ParkinsonÄ’s disease, and 10 (vs. 10 target) trial design improvements.MetStrengthen foundations (ESG / Human Capital) (10%)Ä CoreMaintained strong reputation across key external ESG indices: #1 in the 2024 Access to Medicine Index, CDPÄ’s Climate Change and Water Security Ä 6Ä ListsÄ (only company in our peer group to achieve that score), AA ratings with MSCl.Ä Core across our portfolio, our medicines reached 296 million patients in approximately 120 countries. We continued to implement a global access strategy for 100% of new medicines launched.Ä CoreCollaboration with The Max Foundation provided access to >10,000 patients across over 70 LMICs to key Novartis medicines such as Glivec, Tasigna, Scemblix, Kisqali and Femara.Ä CoreScope 1, Scope 2 and Scope 3 emissions reduced by 15% from a 2022 base year, keeping us on track for our 2040 net zero target. Water consumption and waste reduced by 9% and 17% from the prior year, respectively.AboveTotal100Overall assessment and payout for CEOAbove2024 was another strong performance exceeding external (consensus) and internal (targets) expectations. Sales, profit and free cash flow growth were strong. The focus on innovative medicines and simplification of our operations after the organizational restructuring are having a visible impact across the company. The Research and Development units performed in line with our plan with targeted project timelines acceleration across R&D, and complementary BD&L/M&A deals were signed to bolster the companyÄ’s pipeline, although the Morphosys acquisition resulted in some unexpected challenges. In view of these achievements, the Board of Directors decided on an Annual Incentive payout for the CEO amounting to CHF 4Ä 494Ä 788, which is 160% of target, within the range of 0-200%.722022-2024 LTPP cycle performance outcomes The charts below illustrate the very strong performance of the 2022-2024 LTPP cycle against target. The financial LTPP targets were recalculated to take the Sandoz spin-off into account. Given that these metrics measure the compound annual growth rate, Sandoz targets were removed for the financial years 2023 and 2024. For the relative TSR measure, the dividend in kind distribution was treated as a one-time dividend that is not reinvested. Third-party sales CAGR(25% weighting)Vesting range 0200% of targetThreshold:2.2%Target:4.2%Maximum:7.2%Actual: 9.0%Our transformation into a pure-play innovative medicines company enabled a more focused allocation of resources and operational execution on priority brands. The following brands each exceeded their 2022-2024 sales target (set at the beginning of the cycle) by over USD 1 billion:Ä CoreEntresto: we strengthened our commercial focus and excellence across our targeted geographies.Ä CorePluvicto: product supply issues were promptly addressed as a higher eligible patient pool in the US drove increased sales.Ä CoreKesimpta: streamlining our focus on neuroscience resulted in a larger share gain for the treatment of multiple sclerosis across several markets.Ä CoreKisqali: following positive results from NATALEE and MONALEESA studies, we enhanced our investment and resource allocation in this brand.Core operating income (COI) CAGR(25% weighting)Vesting range 0200% of targetThreshold:0.5%Target:4.5%Maximum:10.5%Actual: 17.5%COI CAGR outcome was equally successful reaching mid-teens growth as our strong sales performance was further strengthened by savings generated by our organizational transformation activities.Relative Total Shareholder Return (TSR)(25% weighting)Novartis position Payout rangein the peer group(%) of target)Position 12Position 35Position 68Position 915170% 200% 130% 160%80% 120%0%Actual ranking 5th = 130% of targetTSR for the 2022-2024 cycle was 53.6%. As a result, Novartis ranked No. 5 out of 15 healthcare companies (including Novartis), as our share price performance, growing dividend and spin-off of our generics business, Sandoz, generated considerable value to shareholders. Applying the payout curve directly, this resulted in a payout of 130% under this metric. Innovation(25% weighting)Innovation performance was solid, supported by 21 successful submissions across the three-year cycle, including the following highlights:Ä Coreapproval of Fabbalta for PNH in the EU, Japan and ChinaÄ Coreregulatory approval of LutATHERA in pediatric GEP-NET in the USÄ Coresubmission and accelerated approval of Scemblix 1L CML in the USÄ Coreapproval of Fabbalta IgAN in the USÄ Coresubmission of atrasentan IgAN to the FDAÄ Coresubmission of Pluvicto mCRPC, pre-taxane to the FDAAdditionally, we presented Kisqali NATALEE updated data in eBC and Renal portfolio data at ERA (Fabbalta, atrasentan, zigakibart)Based on input from the Science & Technology Committee (STC), the Board of Directors approved a payout of 102% for this metric. 2022-2024 LTPP CYCLE PayoutOverall, the Board of Directors approved a 2022-2024 LTPP cycle payout at 158% of target, within the range of 0200%. This resulted in an LTPP payout of CHF 12 468 155 for the CEO, including dividend equivalents of CHF 1 128 701 and keep-whole awards (granted in connection with the Sandoz spin-off) of CHF 727 766. The Board of Directors and the Compensation Committee did not exercise any discretion and no adjustments were made in the evaluation of performance.3rd party sales CAGR200% x 25%+COI CAGR200 % x 25%+Innovation102 % x 25%+Relative TSR130% x 25%Final vesting158% of target73Interim update regarding ongoing LTPP cycles The performance tracking against target for our ongoing LTPP performance cycles is reported below. 2023-2025 LTPP cycle After the first two years of the three-year LTPP cycle, third-party sales CAGR and core operating income CAGR are tracking significantly ahead of target, supported by the strong operational performance in financial years 2023 and 2024. Innovation is on track. At the end of 2024, the relative TSR for Novartis was in the top three of our global healthcare peer group.Performance measures TrackingThird-party sales CAGR (25%)Core operating income CAGR (25%)Innovation (25%)Relative TSR (25%)2024-2026 LTPP cycle After the first year of the three-year LTPP cycle, net sales CAGR and core operating income CAGR are ahead of target and innovation is tracking on target. At the end of 2024, the relative TSR for Novartis was fourth among our global healthcare peer group.Performance measures TrackingNet sales CAGR (25%)Core operating income CAGR (25%)Innovation (25%)Relative TSR (25%) On or ahead of target 74CEO and Executive CommitteeCEO and Executive Committee 2024 realized compensationTo aid shareholdersÄ’s understanding of the link between pay and performance, the Compensation Report discloses the realized compensation for the CEO on an individual basis, and for the other ECN members on an aggregated basis. Disclosing realized compensation means that the Annual Incentive and the LTPP are disclosed at the end of their respective performance cycles, reflecting actual payouts based on performance.The total actual payout may vary year on year depending on multiple factors, including the composition of the Executive Committee and the tenure of its members (as new members may not have equity vestings), compensation increases, payout of variable compensation based on actual performance, share price fluctuations, and dividend equivalents.The table below shows compensation for all ECN members for the financial year 2024, including base salary, pension, other benefits, 2024 Annual Incentive, 2022-2024 LTPP cycle payout, and any buyouts paid or vesting within the year. The table also includes the total 2023 realized compensation for all Executive Committee members for comparison.To determine the appropriateness of 2024 CEO and executive compensation payouts under the Annual Incentive and LTPP, the Board of Directors and the Compensation Committee reviewed managementÄ’s performance against targets set at the beginning of the cycles as described in Ä 6Ä 6Ä 2024 CEO Annual Incentive balanced scorecardÄ 6 and Ä 6Ä 6Ä 2022-2024 LTPP cycle performance outcomes.Ä 6 The incentive performance outcomes, combined with base salary and other benefits, pension, keep-whole awards (awards granted in connection with the Sandoz spin-off) and dividend equivalents, resulted in 2024 total realized compensation for the CEO of CHFÄ 19Ä 165Ä 899, an increase of 18% compared with 2023 (CHF 16Ä 248Ä 178). This increase was largely driven by the higher performance payout of the 2022-2024 LTPP cycle (158% compared with 122% payout for the 2021-2023 LTPP cycle).Realized compensation for the CEO and Executive Committee (2024 compared with 2023) 2024 2023In CHF (gross)Ä 1 CEO Other ECN2 Total CEO Other ECN3 TotalAnnual base salary 1Ä 865Ä 483 8Ä 985Ä 234 10Ä 850Ä 717 1Ä 822Ä 334 8Ä 551Ä 936 10Ä 374Ä 269Annual Incentive (performance achieved) 4Ä 494Ä 788 15Ä 051Ä 053 19Ä 545Ä 841 5Ä 075Ä 255 15Ä 449Ä 571 20Ä 524Ä 826Thereof cash 3Ä 146Ä 304 7Ä 279Ä 690 10Ä 425Ä 994 2Ä 537Ä 599 6Ä 149Ä 179 8Ä 686Ä 778Thereof equity 1Ä 348Ä 484 7Ä 771Ä 363 9Ä 119Ä 847 2Ä 537Ä 656 9Ä 300Ä 392 11Ä 838Ä 048 5LTPP (performance achieved) 12Ä 468Ä 155 23Ä 212Ä 440 35Ä 680Ä 595 6 Ä 921Ä 546 15Ä 100Ä 993 2Ä 021Ä 639 70ther paymentsÄ 8 164Ä 750 7Ä 371Ä 770 7Ä 536Ä 520 9 258Ä 918 6Ä 475Ä 697 6Ä 734Ä 615Pension benefitsÄ 10 172Ä 722 1Ä 959Ä 918 2Ä 132Ä 640 11 170Ä 125 1Ä 627Ä 708 1Ä 797Ä 833 12Total 19Ä 165Ä 899 56Ä 580Ä 414 75Ä 746Ä 314 16Ä 248Ä 178 47Ä 205Ä 005 13 63Ä 453Ä 183Ä 1Ä All compensation amounts are stated gross, before the deduction of social security contributions and income tax paid by the Executive Committee members. Amounts for Executive Committee members paid in USD were converted at a rate of USD 1.00 = CHF 0.8805, which is the same average exchange rate used in the Company’s 2024 consolidated financial statements (a similar rule applies to payments made in other currencies during the year).Ä 2Ä Aggregate realized compensation of the other 10 Executive Committee members.Ä 3Ä Aggregate realized compensation of the other 11 Executive Committee members, including a member who stepped down during the financial year 2023. For more information, see item 6B of the 2023 Annual Report.Ä 4Ä The portion of the Annual Incentive delivered in equity is rounded up to the nearest share, based on the closing share price on the grant date (January 24, 2025) of CHF 90.26 per Novartis share and USD 99.97 per ADR. At the start of the 2024 performance period, Vasant Narasimhan, Aaron Gal, Harry Kirsch, Steffen Lang and Klaus Moosmayer had met their shareholding requirement and therefore received at least 30% of their Annual Incentive in equity. All other Executive Committee members who had not yet met their shareholding requirement at the start of the 2024 performance period, received at least 50% of their Annual Incentive in equity.Ä 5Ä The portion of the Annual Incentive delivered in equity is rounded up to the nearest share, based on the closing share price on the grant date (January 24, 2024) of CHF 93.53 per Novartis share and USD 107.55 per ADR.Ä 6Ä The amount represents the underlying share value of the 397Ä 771 realized LTPP PSUs to the CEO and other Executive Committee members for the 2022-2024 LTPP cycle, including dividend equivalents for the three-year cycle of value CHF 1Ä 128Ä 701 for the CEO and CHF 2Ä 017Ä 311 for the other Executive Committee members. The taxable value is determined using the closing share price, on the day the payout factor is approved by the Board of Directors (January 24, 2025), of CHF 90.26 per Novartis share and USD 99.97 per ADR. Includes vested keep-whole shares received in connection with the Sandoz spin-off. During the course of the 2022 performance period, Victor Bulto was promoted to the Executive Committee and Shreeram Aradhye rejoined Novartis. As such, the information disclosed reflects their pro-rata 2022-2024 LTPP payout attributable to the period in which they were members of the Executive Committee. Aaron Gal, Fiona Marshall and Patrick Horber joined Novartis after the 2022-2024 LTPP awards were made, and therefore did not receive an LTPP award for the 2022-2024 LTPP cycle.Ä 7Ä Based on the closing share price of January 24, 2024 of CHF 93.53 per Novartis share and USD 107.55 per ADR for all members.Ä 8Ä Includes any other perquisites, benefits in-kind, and international assignment benefits as per the global mobility policy (e.g., housing, international health insurance, children’s school fees, tax equalization). The compensation and benefits elements related to the period after the step-down dates are also reported under Ä 6Ä 6Ä other paymentsÄ 6.Ä 9Ä In line with the buyout policy of Novartis (see “Ä 6Ä 6Ä CEO and Executive Committee: appointments”), includes 8Ä 607 vested ADRs (for a total value of USDÄ 834Ä 580), which vested partially on March 31, 2024, and partially on May 1, 2024, to Fiona Marshall to replace compensation that she forfeited when leaving her previous employer. Includes also 3Ä 116 vested RSUs and 39Ä 976 PSUs (for a total value of CHF 3Ä 955Ä 219), which vested partially on January 20, 2024, on February 1, 2024 and on January 26, 2025 as well as CHF 1 058 274 paid in cash in March 2024, to Patrick Horber to replace compensation that he forfeited when leaving his previous employer. Includes also 3Ä 050 vested RSUs (for a total value of CHFÄ 279Ä 472), which vested on February 26, 2024, to Shreeram Aradhye to replace compensation that he forfeited when leaving his previous employer.10Ä Includes social security contributions to the extent that they result in a pension entitlement. Includes also contributions to company provided pension plans.11Ä This amount is out of total social security employer contributions of CHF 3Ä 279Ä 227 and pension employer contributions of CHF 2Ä 158Ä 144 paid in 2024 for all Executive Committee members.12Ä This amount is out of total social security employer contributions of CHFÄ 1Ä 933Ä 476 and pension employer contributions of CHFÄ 1Ä 852Ä 898 paid in 2023 for all Executive Committee members.13Ä Includes CHFÄ 5Ä 975Ä 824 for the member who stepped down during 2023.75Pay for performance assessmentTo assess whether the target-setting process provided for sufficiently stringent targets in the 2022-2024 LTPP cycle, the Compensation Committee reviewed the past five LTPP payouts. It found a strong correlation between the LTPP payout and the three-year total shareholder return, as shown in the table below, demonstrating alignment with shareholdersÄ’s experience. The Committee also recognized the high variability of payouts across the years. 20201 2021 2022 2023 2024LTPP three-year cycle payout (% of target) 126% 107% 57% 122% 158%Novartis three-year TSR in USD (%Ä 2 29% 22% 6% 31% 54%)Ä 1Ä For this cycle, two LTI plans existed (with different metrics): LTPP (75% NCVA, 25% Innovation) and LTRPP (100% rTSR), which merged into one plan from 2021. Payout represents the average CEO weighted payout.Ä 2Ä The starting share price and ending share price for the TSR measure are calculated as the average of the closing share prices over the 3 months prior to December 31, with the closing prices of all trading days equally weighted to derive the average. The Board of Directors reviewed the overall 2024 incentive outcomes against the performance of the company, acknowledging the period of uncertainty at the time the targets were set, and decided that pay and performance are well aligned. As with prior years, it decided that no adjustments were required and did not apply any discretion to the 2022-2024 LTPP payout.76CEO and Executive Committee 2024 compensation at grantIn accordance with the Swiss Code of Obligations, Novartis discloses total compensation at grant value for the CEO and Executive Committee. The table below provides the following compensation information for the CEO, the CFO and the Presidents of our International and US organizations individually, while for all other ECN target pay is aggregated.Ä 6Ä 2024 base salaryÄ 6Ä Actual cash portion and portion deferred in equity of the 2024 Annual IncentiveÄ 6Ä 2024-2026 LTPP cycle awards, which are reported at target grant date value, based on the assumption that the awards will vest at 100% achievement, excluding any share price movement and dividend equivalents that may be accrued over the performance cycle. The future payout will be determined only after the performance cycle concludes in three years (i.e., at the end of 2026), with a performance factor of 0% to 200% of the target valueÄ 6Ä Other payments for 2024, which include other benefits, either paid in cash or granted in equity during the yearÄ 6Ä 2024 pension benefitsÄ 6Ä Total 2024 and total 2023 compensation at grant, for comparative purposesThe highest-paid individual in 2024 was Vasant Narasimhan, CEO of Novartis.The CEO 2024 compensation at grant increased compared with 2023 mainly due to the CEO LTPP target increase from 325% to

400%, effective 2024-2024 LTPP cycle, as communicated in the 2023 Compensation Report, which received strong support from shareholders. The compensation at grant for all Executive Committee members is lower compared with 2023 (CHF 62Ä 887Ä 204 versus CHF 68Ä 365Ä 598) mainly due to a reduction in the number of members reported (in 2023, one member stepped down, compared with none in 2024). Compensation at grant value for the CEO and Executive Committee (2024 compared with 2023) In CHF (gross)1 Annual base salary 2024 Annual Incentive (performance achieved)2 2024-2026 LTPP cycle PSUs (target amount)3 Other equity/PSUs (number) Total 2024 Total 2023Vasant Narasimhan 1Ä 865Ä 483 4Ä 494Ä 788 7Ä 491Ä 285 164Ä 750 172Ä 72Ä 14Ä 189Ä 029 13Ä 270Ä 952Victor Bulto 874Ä 838 1Ä 690Ä 570 2Ä 201Ä 34Ä 742Ä 432 257Ä 848 5Ä 767Ä 033 5Ä 159Ä 769Patrick Horber 1Ä 000Ä 000 2Ä 0Ä 0Ä 0Ä 028 2Ä 500Ä 057 174Ä 940 177Ä 773 5Ä 892Ä 798 6Ä 684Ä 992 8Ä 899Ä 838 1Ä 130Ä 067 1Ä 996Ä 791 2Ä 949Ä 749 13Ä 415 176Ä 533 6Ä 266Ä 55Ä 6Ä 527Ä 912Other ECN members 5Ä 980Ä 329 9Ä 323Ä 664 13Ä 706Ä 862 413Ä 171 1Ä 347Ä 764 30Ä 771Ä 790 31Ä 124Ä 272Subtotal 10Ä 850Ä 717 19Ä 545Ä 841 28Ä 849Ä 298 1Ä 508Ä 708 2Ä 132Ä 640 62Ä 887Ä 204 62Ä 767Ä 536Member who stepped down - - - - - 5Ä 598Ä 062Subtotal - - - - - 5Ä 598Ä 062Total 10Ä 850Ä 717 19Ä 545Ä 841 28Ä 849Ä 298 1Ä 508Ä 708 2Ä 132Ä 640 62Ä 887Ä 204 68Ä 365Ä 598Ä 1Ä All compensation amounts are stated gross, before the deduction of social security contributions and income tax paid by the Executive Committee members. Amounts for Executive Committee members paid in USD were converted at a rate of USD 1.00 = CHF 0.8805, which is the same average exchange rate used in the Company's 2024 consolidated financial statements (a similar rule applies to payments made in other currencies during the year).Ä 2Ä The portion of the Annual Incentive delivered in equity is rounded up to the nearest share, based on the closing share price on the grant date (January 24, 2025) of CHF 90.26 per Novartis share and USD 99.97 per ADR. For the Annual Incentive split between cash and equity, see "Ä Realized compensation for the CEO and Executive Committee (2024 compared with 2023)".Ä 3Ä The amounts represent the underlying share value of the target number of PSUs granted to Executive Committee members for the three-year performance cycle, based on the closing share price on the grant date (January 24, 2024) of CHF 93.53 per Novartis share and USD 107.55 per ADR for all members.Ä 4Ä Includes any other perquisites, benefits in-kind and international assignment benefits as per the global mobility policy (e.g., housing, international health insurance, children's school fees, tax equalization).Ä 5Ä Includes social security contributions to the extent that they result in a pension entitlement. Includes also contributions to company provided pension plans. This amount is out of total social security employer contributions of CHF 3Ä 279Ä 227 and pension employer contributions of CHF 2Ä 158Ä 144 paid in 2024 for all Executive Committee members.Ä 6Ä Compensation at grant for the 11 Executive Committee members.Ä 7Ä Compensation at grant for the 12 Executive Committee members, including Marie-France Tschudin who stepped down during the financial year 2023. For more information, see item 6B of the 2023 Annual Report.Ä 8Ä In line with the CompanyÄ™s buyout policy (see Ä CEO and Executive Committee: appointmentsÄ), Patrick Horber received in 2023 buyout awards of CHFÄ 1Ä 058Ä 274 in cash to be paid out in March 2024 as well as CHFÄ 3Ä 084Ä 694 in PSUs subject to LTPP performance conditions, and CHFÄ 2Ä 292Ä 624 in RSUs, both of which will vest between 2024 and 2026, in lieu of the Annual Incentive and LTI that he forfeited when leaving his previous employer.77Number of equity instruments granted to the CEO and Executive Committee (2024 compared with 2023) Variable compensation1 2024 Annual Incentive (performance achieved) equity (number)2 2024-2026 LTPP cycle PSUs (target amount)3 Other equity/PSUs (number) Total 2024 Total 2023Vasant Narasimhan 1Ä 940 80Ä 095 - 95Ä 035 96Ä 815Victor Bulto 9Ä 603 23Ä 246 - 32Ä 849 34Ä 412 Patrick Horber 11Ä 301 26Ä 730 - 38Ä 031 63Ä 690 4Ä 899 Harry Kirsch 1Ä 4Ä 380 31Ä 538 - 45Ä 918 58Ä 528Other ECN members 51Ä 302 146Ä 220 - 197Ä 522 5 207Ä 812Subtotal 101Ä 526 307Ä 829 - 409Ä 355 461Ä 257Members who stepped down - - - - 39Ä 208Subtotal - - - - 39Ä 208Total 101Ä 526 307Ä 829 - 409Ä 355 500Ä 465Ä 1Ä The values of these awards are reported in the table "Ä Compensation at grant value for the CEO and Executive Committee."Ä 2Ä Vested shares, restricted shares and/or RSUs granted under the Annual Incentive for the 2024 performance period.Ä 3Ä Target number of PSUs granted under the LTPP for the 2024-2026 performance cycle.Ä 4Ä In line with the CompanyÄ™s buyout policy (see Ä CEO and Executive Committee: appointmentsÄ), Patrick Horber received buyout awards of 36Ä 129 PSUs subject to LTPP performance conditions, and 26Ä 852 RSUs, both of which will vest between 2024 and 2026, to replace compensation that he forfeited when leaving his previous employer.Ä 5Ä For the other seven active members at December 31, 2024.Ä 6Ä Marie-France Tschudin stepped down from the Executive Committee on September 15, 2023, and ended her contractual notice period on September 30, 2024. The LTPP grant for the 2023-2025 performance cycle, included in the table above, will vest at the end of the performance cycle on a pro-rata basis subject to the plan rules.78Additional disclosures and other statutory informationFixed and variable compensation The following table summarizes the annual base salary and variable compensation at grant for the financial year 2024 for the CEO and Executive Committee. Annual base salary Variable compensation1 Vasant Narasimhan 13.3% 86.7%Victor Bulto 15.9% 84.1%Patrick Horber 17.5% 82.5%Harry Kirsch 18.6% 81.4%Other ECN membersÄ 2 20.3% 79.7%Total 17.9% 82.1Ä 1Ä See the table Ä Compensation at grant value for the CEO and Executive CommitteeÄ with regard to the disclosure principles of variable compensation.Ä 2Ä For the other seven active members at December 31, 2024. Other payments to Executive Committee membersÄ During 2024 (like 2023), no other payments or waivers of claims other than those set out in the tables (including the footnotes) contained in this Compensation Report were made to Executive Committee members or to Ä persons closely linkedÄ to them. Executive Committee compensation approved byÄ shareholders The total compensation dispensed by the Company in 2024 is within the Say-on-Pay budget approved by the shareholders at the 2023 AGM (CHF 90Ä 000Ä 000). Payments to former Executive Committee membersÄ Under the employment contracts of Executive Committee members and in line with the CompanyÄ™s LTI plan rules, payments were made to 8 former members. Of these payments, CHFÄ 8Ä 281Ä 897 (CHFÄ 8Ä 725Ä 507 in 2023) relate to the vesting of LTI awards. In addition, contractual amounts totaling CHFÄ 1Ä 913Ä 169 (CHFÄ 5Ä 028Ä 812 in 2023). In 2024, there were no payments made in relation to tax equalization on variable compensation granted during international assignments/commuter arrangements (CHFÄ 221Ä 718 in 2023). In 2024, the highest paid former Executive Committee member was Marie-France Tschudin who received CHF 6Ä 195Ä 281 (comprising the base salary, the Annual Incentive, realized LTI and other benefits). In 2023, John Tsai was the highest paid former Executive Committee member, receiving CHFÄ 3Ä 537Ä 225. No other payments (or waivers of claims) were made to former Executive Committee members or to Ä persons closely linkedÄ to them during 2024 (like 2023). Persons closely linkedÄ Ä Persons closely linkedÄ, a definition used throughout the Annual Report, are (i) their spouse or equivalent, (ii) their children (under 18 years of age), (iii) any legal entities that they own or otherwise control, and (iv) any legal or natural person who is acting as their fiduciary. Malus and clawback Consistent with our Ä CEO and Executive Committee compensation philosophy and system,Ä in 2024 there was no legal or factual basis on which to exercise malus or clawback for current or former Executive Committee members. Award and delivery of equity to Novartis employeesÄ During 2024, 10.0 million restricted shares (or ADRs), RSUs and target PSUs were granted, and 9.6 million Novartis vested shares (or ADRs) were delivered to Novartis employees under various equity-based participation plans. Current unvested equity instruments held by employees represent 0.93% of issued shares (based on a total of 1.8 million restricted shares, 15.5 million RSUs and 3.1 million target PSUs). Novartis delivers treasury shares to employees to fulfill these obligations and aims to offset the dilutive impact from its equity-based participation plans. Note 26 to the CompanyÄ™s audited consolidated financial statements The total expense for the year for compensation awarded to Executive Committee, using IFRS Accounting Standards measurement rules, is presented in Note 26 to the CompanyÄ™s audited consolidated financial statements.79Shares, ADRs and other equity rights owned by Executive Committee members as at December 31, 20241 (compared with prior year) The following table shows, in alphabetical order after the CEO, the total number of shares, ADRs and other equity rights owned by the CEO and the other Executive Committee members and Ä persons closely linkedÄ to them as at December 31, 2024. At this date, no members of the Executive Committee, either individually or together with Ä persons closely linkedÄ to them, owned 1% or more of the outstanding shares or ADRs of Novartis. As at December 31, 2024, all members who had served at least five years on the Executive Committee had met or exceeded their personal Novartis share ownership requirements. Vested shares and ADRs1 Unvested shares and other equity rights2 Equity ownership level as a multiple of annual base salary3 Unvested target PSUs (e.g., LTPPÄ 4 Total as at December 31, 2024 Total as at December 31, 2023Vasant Narasimhan 352Ä 526 75Ä 885 20x 21Ä 942 642Ä 353 497Ä 334Shreeram Aradhye - 22Ä 059 2x 57Ä 918 79Ä 977 37Ä 096Victor Bulto 6Ä 841 28Ä 324 3x 48Ä 293 83Ä 458 62Ä 090Aharon Gal 30Ä 160 13Ä 626 4x 21Ä 151 64Ä 937 93Ä 763Karen Hale 31Ä 313 26Ä 726 5x 63Ä 576 121Ä 615 72Ä 190Patrick Horber 24Ä 038 38Ä 862 5x 53Ä 086 115Ä 986 49Ä 644Harry Kirsch 40Ä 163 35Ä 770 34x 101Ä 25Ä 545Ä 187 460Ä 964Robert Kowalski 425 22Ä 009 2x 47Ä 779 70Ä 213 47Ä 535Steffen Lang 94Ä 227 29Ä 05Ä 12x 64Ä 981 188Ä 262 202Ä 520Fiona Marshall 4Ä 444 48Ä 453 4x 38Ä 161 91Ä 058 66Ä 517Klaus Moosmayer 33Ä 664 15Ä 283 6x 39Ä 550 88Ä 497 68Ä 142Subtotal 985Ä 801 356Ä 051 749Ä 691 2Ä 091Ä 543 1Ä 808Ä 327Ä 1Ä Includes holdings of persons closely linked to Executive Committee members (see definition "Ä Persons closely linked").Ä 2Ä Includes unvested shares and ADRs as well as other equity rights applicable for the determination of equity amounts for the share ownership requirements, as per the definition "Ä CEO and Executive Committee: share ownership requirements." Also includes unvested keep-whole awards received in connection with the Sandoz spin-off.Ä 3Ä The multiple is calculated based on the full-year annual base salary and the closing share price as at the end of the 2024 financial year. The share price and ADR price on the final trading day of 2024 was CHF 88.70 and USD 97.31, respectively.Ä 4Ä The target number of PSUs is disclosed pro-rata to December 31, 2024, unless the award qualified for full vesting under the relevant plan rules. Also includes unvested keep-whole awards received in connection with the Sandoz spin-off.80CEO and Executive Committee compensation philosophy and systemCompensation philosophyOur compensation philosophy aims to ensure that we attract and retain outstanding Executive Committee members and reward them according to their success in implementing the Company strategy, as well as their contribution to Company performance and long-term value creation. The main elements of our compensation philosophy are set out in the table below. Pay for performanceÄ Variable compensation is tied directly to the achievement of strategic Company targetsShareholder alignmentÄ Our incentives are significantly weighted toward long-term equity-based plansÄ Measures under the Long-Term Incentive plans are calibrated to promote the creation of shareholder valueÄ Executive Committee members are expected to build and maintain substantial shareholdingsBalanced rewardsÄ Balanced set of measures to create sustainable valueÄ Mix of targets based on financial metrics, strategic objectives, and performance versus our competitorsBusiness ethicsÄ The Novartis Values and Behaviors are an integral part of our compensation systemÄ They underpin the assessment of overall performance for the Annual IncentiveCompetitive compensationÄ Total compensation must be sufficient to attract and retain key global talentÄ Overarching emphasis on pay for performanceApproach to market benchmarkingÄ Significant competition continues to exist for top executive talent with deep expertise and the requisite competencies and proven performance within the pharmaceutical and biotechnology industries. For this reason, external peer compensation data is one of a number of key reference points considered by the Board of Directors and the Compensation Committee when making decisions on executive pay, to help ensure that the compensation system and levels at Novartis remain competitive. Novartis is committed to transparency in its benchmarking practices, including the disclosure of its healthcare peer group to shareholders on an annual basis. The Compensation Committee believes in a rigorous approach to peer group construction and maintenance. Furthermore, it believes that using a consistent set of global peers that is similar to Novartis in size and scope of operations enables shareholders to evaluate compensation year on year and make pay-for-performance comparisons. Although Novartis is headquartered in Switzerland, more than a third of its sales come from the US market, and the US therefore represents a significant talent pool for the recruitment of executives by the Company. The Compensation Committee uses a pay comparator group of global healthcare companies to ensure that Novartis is able to attract and retain key talent globally. To ensure European and local practices are fully taken into account, the Compensation Committee also uses a cross-industry peer group of Europe-headquartered multinational companies of a similar size and scope. Following an extensive review in 2024, both peer groups remain unchanged compared with 2023.global healthcare peer companiesAbbVieAmgenAstraZenecaBiogen Bristol-Myers SquibbEli Lilly & Co.Gilead SciencesGlaxoSmithKlineJohnson & JohnsonMerck & Co.Novo NordiskPfizerRocheSanofiEuropean peer companiesAnheuser-Busch InBevAstraZenecaBayerBMWGlaxoSmithKlineÄ™ OrÄ™alMerck KGAA NestlÄ™Ä™ Novo NordiskReckitt BenckiserRocheSiemensSanofiUnilever81Components of CEO and Executive Committee compensationÄ The compensation of the CEO and Executive Committee is comprised of fixed pay, including an annual base salary, pension and other benefits, in addition to a variable annual incentive and long-term incentive, which are entirely performance based.Fixed pay and benefitsAnnual base salaryÄ The annual base salary is based on the individualÄ™s role, skills and experience. It is reviewed on an annual basis based on an external benchmark for the role, the performance of the individual, business performance and the external environment, salary increases across the Company and market movements.Ä Pension and other benefitsÄ Pension and other benefits are provided to the Executive Committee members on the same terms as to all other employees based on local country practices and regulations. No supplementary pension plans or savings plans are provided. Ä Pension and other benefits do not constitute a significant proportion of total compensation. Ä Globally the Company operates both defined benefit and defined contribution pension plans (see also Note 24 to the CompanyÄ™s consolidated financial statements). Ä Novartis may provide other benefits according to local market practice. These include the provision of a company car, tax and financial planning, and insurance benefits.Ä 2024 Annual IncentivePLAN OVERVIEWTarget Annual Incentive On-target opportunitiesÄ CEO: 150% of annual base salary.Ä Other Executive Committee members: 80% to 120% of annual base salary.Performance measuresÄ An Annual Incentive balanced scorecard containing:Ä Financial performance measures (60% weighting) related to the Company Ä Strategic objectives (40% weighting)Ä The balanced scorecard targets and achievements of the CEO are detailed in Ä 2024 CEO Annual Incentive balanced scorecard.Ä Ä The balanced scorecards for individual Executive Committee members include the same company financial targets (60% weighting) as well as individual qualitative and quantitative targets (40% weighting).Ä Values and Behaviors are a key component of the Annual Incentive and are embedded in our culture. As such, members of the Executive Committee are expected to demonstrate these to the highest standards.Target settingÄ Financial targets are set at the beginning of each financial year and align with the strategic plan proposed by management to the Board of Directors for approval.Ä The strategic objectives are aligned with the most important priorities in any performance year.Payout rangesÄ The payout schedule for the Annual Incentive incorporates performance against financial and strategic objectives. The payout range is 0% to 200% of on-target opportunity based on performance, as shown below:PERFORMANCEPAYOUT (% of on-target)Outstanding170% 200%Exceeds expectations130% 160%Meets expectations80% 120%Partially meets expectations40% 70%Below expectations0%Payout formulaPayout vehicleÄ At the end of the performance period, 50% is paid in cash, and the remaining 50% is delivered in Novartis equity (restricted shares or RSUs) deferred for three years. If the shareholding requirement is met, the portion of the Annual Incentive that is mandatorily deferred in equity is reduced to 30%.Ä Executives may choose to receive all or part of the cash portion of their Annual Incentive in Novartis shares or American Depositary Receipts (ADRs; US only) that will not be subject to forfeiture conditions. In the US, awards may also be delivered in cash under the US deferred compensation plan.Dividend rights, voting rights and settlementÄ Novartis restricted shares and ADRs carry voting rights and dividends during the vesting period. Ä RSUs are of equivalent value but do not carry voting rights and dividends during the vesting period. Following the vesting period, settlement of RSUs is made in unrestricted Novartis shares or ADRs. Annual base salaryxTarget incentive % = Target Annual IncentiveAnnual base salaryxTarget incentive %xPayout factor (% of target: 0%200%)=Realized Annual Incentive822022Ä™ 2024 LTPP cyclePLAN OVERVIEWAward vehiclePerformance share units (PSUs) are granted at the beginning of the three-year performance cycle and vest at the end of the cycle to the extent that performance conditions have been met. At the time of vesting, they are converted into Novartis shares.PSUs carry dividend equivalents that are paid in shares at the end of the cycle.Grant formula At the start of the performance cycle, PSUs are granted under the LTPP, as follows:Target opportunity Ä CEO: 325% of annual base salaryÄ Other Executive Committee members: between 180% and 260% of annual base salaryPerformance measuresÄ Third-party sales CAGR (25%)Ä Core operating income CAGR (25%)Ä Innovation (25%)Ä Relative TSR (25%)Target settingFinancial targets: Targets for third-party sales CAGR and core operating income CAGR are set based on the three-year strategic plan of the Company. Innovation: Development targets are based on targeted filings communicated at the start of each three-year performance cycle, weighted 70%. For cycle 2022-2024, Biomedical Research targets consider the expected Net Present Value (eNPV) of programs transitioning to late-stage clinical development. Effective 2024-2026 LTPP cycle, given the earlier involvement from our commercial and strategy and growth business areas, all projects transitioning to late-stage clinical development have strategic value and are therefore scored equally.Payout rangeFinancial targets: When assessing performance, achievements for threshold, target and maximum payout are defined for each metric, and a payout curve is applied to determine the corresponding payout between 0200% against target.Innovation: At the end of the cycle, the Compensation Committee determines, following input from the STC, the payout factor based on the number of relevant clinical milestones achieved against the target score.Relative TSR: Performance on TSR is assessed relative to our global healthcare peer group, as outlined below. A three-month averaging method is used for both the start and the end of the performance cycle. Companies are then ranked in order of highest to lowest TSR in USD. No payout for below median TSR applies.The Board of Directors may use its discretion on each metric, including deciding on the payout within the ranges where appropriate. In doing so, it takes into consideration factors such as the underlying assumptions of the targets set at the beginning of the cycle, overall economic conditions, currency fluctuations and other unforeseeable

situations.Payout formulaStep 1Annual base salaryxTarget incentive %=Grant valueStep 2Grant value/Share price=Target number of PSUsGlobal healthcare peer groupAbbVieAmgenAstraZenecaBiogenBristol-Myers SquibbEli Lilly & CoGilead SciencesGlaxoSmithKlineJohnson & JohnsonMerck & Co.Novo NordiskPfizerRocheSanofiNovartis position Payout rangein the peer group(% of target)Position 1 2Position 3 5Position 6 8Position 9 15170% 200% 130% 160%80% 120%0%Target number of PSUsxPayout factor÷Dividend equivalents=Realized PSUs83CEO and Executive Committee share ownership requirements CEO and Executive Committee members are required to own a minimum multiple of their annual base salary in Novartis equity as set out in the table below. The Compensation Committee reviews compliance with the share ownership guideline on an annual basis. FunctionOwnership levelAdditional holding requirementsTime for achieving levelEquity included in determinationCEO CFOOther ECN members6 x annual base salary3 x annual base salaryEquity vesting under the LTTP for a minimum of two years after the vesting dateNoneWithin five years of hire or promotion. In the event of a substantial rise or drop in the share price, the Board of Directors may, at its discretion, amend the time period accordingly.â€¢Vested and unvested Novartis shares or ADRs, and RSUs acquired under Novartis compensation plans (unvested PSUs excluded)â€¢Other shares and vested options of Novartis shares or ADRs that are owned directly or indirectly by â€¢Persons closely linkedâ€¢ to an Executive Committee memberCEO and Executive Committee: appointmentsElement of compensationPolicyLevelThe overall package should be market-competitive to enable the recruitment of global executive talent with deep expertise and competencies.The Compensation Committee may appoint individuals who are new to a role on an annual base salary (and/or incentives) that is below the market level, with a view to increase this toward market level over a period of three to four years as an individual develops in the role.If the scope of an existing Executive Committee memberâ€™s role changes significantly during the year, the Compensation Committee may make adjustments to the individualâ€™s base salary (and/or incentives) in consideration of the benchmark of the new role and the Executive Committee appointments compensation policy.Annual base salaryThis prudent approach ensures pay levels are merit-based, with increases dependent on strong performance and proven ability in the role over a sustained period.IncentivesThe compensation package will normally include the key compensation elements and incentive opportunities in line with those offered to current Executive Committee members.In exceptional circumstances, higher incentive opportunities than those offered to current Executive Committee members may be provided at the Compensation Committeeâ€™s discretion.Performance measures may include business-specific measures tailored to the specific role.Pension and other benefitsNewly appointed Executive Committee members are eligible for the local country pension plan and other benefits in line with the wider employee group.BuyoutsThe Compensation Committee seeks to balance the need to offer competitive compensation opportunities to acquire the talent required by the business with the principle of maintaining a strong focus on pay for performance.As such, when an individual forfeits variable compensation as a result of an appointment at Novartis, the Compensation Committee may offer replacement awards to compensate the commercial equivalent value or fair value of payments and awards forfeited by the individual, in such form as the Compensation Committee considers appropriate, taking into account relevant factors.Relevant factors include the expected value of the forfeited award, the replacement vehicle (i.e., cash, restricted share units, restricted shares or performance share units), whether the award is contingent on meeting performance conditions or not, the timing of forfeiture (i.e., Novartis mirrors the blocking or vesting period of the forfeited award) and the lever conditions, in case the recruited individual leaves Novartis prior to the end of the blocking or vesting period.International mobility If individuals are required to relocate or be assigned away from their home location to take up their position, relocation support may be provided in line with our global mobility policies (e.g., relocation support, tax equalization). This includes ongoing US state income tax liabilities on behalf of US citizens locally employed outside the US who have US workdays and therefore, US state taxable compensation that generates a US state tax liability.84CEO and Executive Committee: termination arrangementsElementsRetirement, termination by the Company for reasons other than performance or conduct, and change of controlVoluntary resignationTermination by the Company for misconduct or poor performanceDeath or long-term disabilityAnnual Incentive for period between start of notice and termination datePro-rata Annual Incentive is paid to reflect the portion of the year the individual was employed.Annual Incentive is fully forfeited.Pro-rata Annual Incentive is paid to reflect the portion of the year the individual was employed.Unvested equity: mandatory deferral of Annual Incentive into restricted shares/ restricted share units (RSUs)Awards are released on the original blocking end date. Is subject to forfeiture in the event that a leaver joins a competitor company before the original vesting date.Unvested restricted shares and restricted share units (RSUs) are forfeited.Accelerated vesting is applied.Unvested equity: voluntary deferral of Annual Incentive into restricted shares/RSUs/American Depository Receipts (ADRs) (ADRs applicable for US employees only)Awards are not subject to forfeiture during the deferral period. Unvested equity: Long-Term Incentive performance share units (PSUs)Awards vest on the regular vesting date, subject to performance, on a pro-rata basis for time spent with the Company during the performance cycle. Is subject to forfeiture in the event that a leaver joins a competitor company before the vesting date.All of the award is forfeited.Accelerated vesting at target is applied.Unvested equity: Buyouts or previous equity grants in restricted shares/ restricted share units (RSUs)Accelerated vesting is applied to equity pro-rated until last date of employment.All of the award is forfeited.Accelerated vesting is applied.Further details are provided in in our â€¢Risk Management principles.â€¢Malus and clawback policyAny incentive compensation paid to Executive Committee members is subject to malus and clawback rules. This means that the Board of Directors for the CEO, and the Compensation Committee for the other Executive Committee members, may decide â€¢ subject to applicable law â€¢ to retain any unpaid or unvested incentive compensation (malus), or to recover incentive compensation that has been paid or vested in the past (clawback). This applies in cases where the payout has resulted from a violation of laws or conflicts with internal management standards, including Company and accounting policies, as well as with US Securities and Exchange Commission (SEC) Rule requirements. This principle applies to both the short-term Annual Incentive and all long-term incentive plans.85CEO and Executive Committee performanceA management To foster a high-performance culture, the Company applies a performance management process based on quantitative and qualitative criteria. The CEO and the other Executive Committee members are subject to a formal three-step process, which consists of objective setting, performance evaluation and compensation determination. This process is explained in the chart below.Performance targets are generally set before the start of the relevant performance cycle. A rigorous framework is in place for establishing targets to ensure they are suitably robust, challenging and aligned with the strategic priorities of the Company.The key factors taken into account when setting targets include:â€¢ Internal and external market expectations â€¢ The strategic priorities of Novartisâ€¢ Regulatory factors (e.g., new launches, patent expiries)â€¢ Investment in capital expenditureâ€¢ Novartis Values and BehaviorsThe targets are challenged at multiple stages before they are ultimately approved by the Board of Directors. In line with good governance practices, the Compensation Committee works to set targets that are ambitious and challenging but do not encourage undue risk-taking. Following the end of the performance cycle, the Board of Directors and the Compensation Committee consider performance against the targets originally set. The CEO and Executive Committee members are not present while the Board of Directors and the Compensation Committee discuss their individual performance evaluations and determine their individual compensation. Prior to determining the final outcome, related factors such as performance relative to peers, wider market conditions, general industry trends and best practice are used to inform the overall performance assessment. Objective settingâ€¢The CEO proposes his targets to the Board Chair; they are then reviewed and approved by the Board of Directors.â€¢For other Executive Committee members, targets for their business units or functions are initially discussed with the CEO and subsequently approved by the Board of Directors.Performance evaluationâ€¢The CEOâ€™s performance against the individual balanced scorecard is assessed by the Board of Directors.â€¢For Executive Committee members, the CEO discusses each memberâ€™s performance (assessed against their individual balanced scorecard) with the Board Chair before making recommendations to the Board of Directors for final determination.â€¢Periodic assessments, including at the mid-year stage, ensure progress is suitably tracked.Compensation determination â€¢A recommendation for the CEOâ€™s variable pay is made by the Compensation Committee to the Board of Directors for final determination.â€¢For the LTTP financial measuresâ€™ payout schedules, a formulaic approach applies, and the Compensation Committee can also exercise judgment to ensure there is appropriate alignment between payout levels and overall performance achieved. The same principle of discretion applies to the relative TSR and innovation performance measures.â€¢The CEOâ€™s recommendations for other Executive Committee members are considered and approved by the Compensation Committee, after which the Board of Directors is notified of the outcomes.86Executive Committee 2025 compensation Each year, we collaborate with our independent external advisors to benchmark the compensation levels of the Executive Committee members and assess the competitiveness of their total target compensation. 2025 compensation increases have been made after taking into account demonstrated performance and ability in role as outlined in â€¢CEO and Executive Committee: appointments.â€¢ In accordance with our policy to increase total target compensation towards a more market competitive level over a period of three to four years as an individual develops in the role, we have made the following changes effective 2025: Victor Bulto, President, USMR, Bulto, appointed in April 2022, delivered strong results with significant overperformance across key brands and launches for Cosentyx HS, Fabhalta, Scemblix, and Kisqali. Mr. Bulto will receive a 3.5% increase in annual base salary and a 30 ppts increase in LTTP target, as a percentage of annual base salary.Patrick Horber, President, InternationalMr. Horber, appointed in December 2023, demonstrated notable successes across key International geographies, delivering nearly USD 1 billion sales above target. Mr. Horber will receive a 3.5% increase in annual base salary and a 30 ppts increase in LTTP target, as a percentage of annual base salary.Following a strong performance, a further four Executive Committee members, who assumed their role in the last four years, will receive an increase in annual base salary between 1.6-6.0%, and/or a 10 ppts increase in their Annual Incentive and/or LTTP target, as a percentage of annual base salary.All other Executive Committee members, including the CEO, will receive ordinary base salary increases received by other employees in their country of employment (1.6% for Switzerland and 3.5% for US), effective March 1, 2025. Their Annual Incentive and LTTP targets remain unchanged.Pay practice for other employeesThe Board of Directors is committed to ensuring fair and competitive compensation practices across the entire organization. Recent such examples include an approved global budget of over USD 384 million for salary adjustments during 2025, maintaining our existing Equal Pay International Coalition (EPIC) and Living Wage commitments globally, starting a new global program to implement our renewed EPIC commitments in view of the EU Directive and expanding our all-employee share purchase plan which is now available to employees in over 50 countries globally. More details can be found in the Novartis in Society Integrated Report 2024.87Board compensationBoard member total compensation earned for the financial year 2024 (compared with 2023) Positions as per December 31 Share-based compensation Board membership Audit and Compliance Committee Compensation Committee Governance, Sustainability and Nomination Committee Science & Technology Committee Risk Committee Cash (CHF) (A) Shares (CHF) (B) Shares (number)1 Social security (CHF) (C)2 Total 2024 (CHF) (A)+(B)+(C)3 Total 2023 (CHF)Joerg Reinhardt Board Chair 1Â 900Â 000 1Â 900Â 000 20Â 078 3Â 784 3Â 803Â 784 3Â 803Â 784Simon Moroney Vice-Chair Chair â€¢ 230Â 000 230Â 000 2Â 430 - 460Â 000 460Â 000 Patrice Bula Lead Independent Director â€¢ Chair 205Â 000 205Â 000 2Â 166 3Â 784 784 413Â 784 413Â 784Nancy C. Andrews â€¢ â€¢ â€¢ 180Â 000 180Â 000 1Â 902 - 360Â 000 360Â 000Ton Buechner â€¢ â€¢ Chair 35Â 000 385Â 000 3Â 278 4Â 675 424Â 675 424Â 675Elizabeth Doherty â€¢ Chair â€¢ 225Â 000 225Â 000 2Â 377 - 450Â 000 450Â 000Bridgette Heller â€¢ â€¢ â€¢ 215Â 000 215Â 000 2Â 271 - 430Â 000 430Â 000Daniel Hochstrasser â€¢ â€¢ â€¢ 195Â 000 195Â 000 2Â 059 4Â 675 394Â 675 376Â 341Frans van Houten â€¢ â€¢ â€¢ 113Â 750 276Â 250 2Â 551 - 390Â 000 394Â 675Ana de Pro Gonzalo â€¢ â€¢ â€¢ 195Â 000 195Â 000 2Â 059 - 390Â 000 390Â 000Charles L. Sawyers â€¢ â€¢ â€¢ 180Â 000 180Â 000 1Â 902 - 360Â 000 360Â 000William T. Winters â€¢ â€¢ â€¢ 360Â 000 3Â 804 - 360Â 000 360Â 000John D. Young â€¢ Chair 4 â€¢ 192Â 500 192Â 500 1Â 977 - 385Â 000 304Â 675Subtotal 3Â 866Â 250 4Â 738Â 750 48Â 854 16Â 918 8Â 621Â 918 8Â 591Â 717Â 1A The amounts shown represent the gross number of shares delivered to each Board member in 2024 for the respective Board memberâ€™s service period. The number of shares reported in this column represent: (i) the second and final equity installment delivered in February 2024 (based on the closing share price of February 1, 2024 of CHF 90.54) for their service from the 2023 AGM to the 2024 AGM; and (ii) the first of two equity installments delivered in July 2024 (based on the closing share price of July 15, 2024 of CHF 99.10) for their service from the 2024 AGM to the 2025 AGM. The second and final equity installment for their service from the 2024 AGM to the 2025 AGM will take place in February 2025.Â 2Â Includes social security contributions to the extent that they result in a pension entitlement.Â 3Â All amounts are before the deduction of social security contributions and income tax paid by the Board members.Â 4Â From March 5, 2024.Â 5Â Includes the compensation earned by Andreas von Planta, who stepped down at the 2023 AGM.Compensation approved and dispensed In CHF Board of DirectorsCompensation earned during the financial year 2024 A 8Â 621Â 918Compensation earned for the period January 1 to February 28, 2024 (2 months) B 1Â 435Â 009Compensation to be earned for the period from January 1 to February 29, 2025 (2 months) C 1Â 437Â 820Total compensation earned for the period from the 2024 AGM to the 2025 AGM A+B+C 8Â 624Â 729Amount approved by shareholders at the 2024 AGM 8Â 780Â 000Compensation dispensed by the Company within the approved amount Yes88Shares, ADRs and share options owned by Board members The total number of vested Novartis shares and ADRs owned by members of the Board of Directors and â€¢persons closely linkedâ€¢ to them as at December 31, 2024, is shown in the table below. As at this date, no members of the Board, either individually or together with â€¢persons closely linkedâ€¢ to them, owned 1% or more of the outstanding shares (or ADRs) of Novartis. As at that date, no members of the Board of Directors held any share options to purchase Novartis shares. Number of shares at December 31, 20241.2 Number of shares at December 31, 2023Joerg Reinhardt 675Â 414 655Â 414 336Simon Moroney 7Â 814 55Â 992Patrice Bula 13Â 406 11Â 240Nancy C. Andrews 11Â 962 10Â 536Ton Buechner 26Â 236 22Â 958Elizabeth Doherty 16Â 625 14Â 843Bridgette Heller 7Â 917 6Â 214Daniel Hochstrasser 4Â 883 2Â 824Frans van Houten 18Â 878 17Â 115Ana de Pro Gonzalo 3Â 966 2Â 422Charles L. Sawyers 18Â 919 17Â 493William T. Winters 33Â 489 30Â 777John D. Young 2Â 070 682Total 841Â 579 798Â 432Â 1Â Includes holdings of persons closely linked to Board members (see definition "â€¢persons closely linked").Â 2Â Each share provides entitlement to one vote.Â A Â A Â A Â A Â A Additional disclosures and other statutory informationOther payments to Board members During 2024 (like 2023), no payments (or waivers of claims) other than those set out in the Board member compensation table titled â€¢Board member total compensation earned for the financial year 2024â€¢ (including in the table footnotes) were made to current members of the Board or to â€¢persons closely linkedâ€¢ to them.Payments to former Board members During 2024 (like 2023), no payments (or waivers of claims) were made to former Board members or to â€¢persons closely linkedâ€¢ to them.Note 26 to the Groupâ€™s audited consolidated financial statements The total expense for the year for compensation awarded to Board members, using IFRS Accounting Standards measurement rules, is presented in Note 26 to the Groupâ€™s audited consolidated financial statements.89Board compensation philosophy and fee structurePhilosophy and benchmarkingAligned with market practice in Switzerland, the Board of Directors sets compensation for its members at a level that allows for the attraction of high-caliber individuals, including both Swiss and international members, who have global experience.Given their focus on corporate strategy, supervision and governance, Board members do not receive variable compensation. Each year at the AGM, shareholders are requested to approve, in a binding vote, the total compensation of the Board of Directors until the following AGM.The Board of Directors sets the level of compensation for its Chair and other members to be in line with relevant benchmark companies, including other large Switzerland-based multinational companies such as ABB, Holcim, Nestl , Richemont, Roche, Swiss Re, UBS and Zurich Insurance. This peer group, which remains the same as last year, was chosen due to the comparability of Swiss legal requirements, including broad personal and individual liabilities under Swiss law (and criminal liability under Swiss rules regarding board and executive committee compensation related to the Swiss Code of Obligations), and under US law, where applicable (due to the Companyâ€™s secondary listing on the New York Stock Exchange). To ensure independent decision-making, the peer group used for the Board of Directors is different to that used for the Executive Committee. Each year, the Board of Directors reviews the compensation of its members, including the Board Chair, based on a proposal by the Compensation Committee and advice from its independent advisor, including relevant benchmarking information. The Board Chairâ€™s contract and the Board of Directors compensation policy do not provide for any termination-related payments.Share ownership requirements for Board members To ensure their interests are aligned with those of shareholders the Board Chair is required to own a minimum of 30Â 000 Novartis shares, and other members of the Board of Directors are required to own at least 5Â 000 Novartis shares, within five years of having joined the Board of Directors.Board members are prohibited from hedging or pledging their ownership positions in Novartis shares that are part of their guideline share ownership requirement and are required to maintain this requirement for 12 months after having retired from the Board of Directors. As at December 31, 2024, all current and former members of the Board of Directors who were required to meet the minimum share ownership requirements did so. Board  fee structureThe AGM 2024-2025 annual fee rates for Board membership and additional functions are included in the table below. These were approved by the Board of Directors and remain unchanged from the prior term. Aggregate Board compensation is aligned with other large Swiss companies.Board members receive only fixed compensation and do not receive additional fees for attending meetings. Fees paid are at least 50% in Novartis shares (up to 100% at the choice of each Board member) and the remainder is paid in cash. Board members bear the full cost of their employee social security contributions, if any.For 2024, the Board Chair voluntarily waived the increase in compensation to which he is contractually entitled.AGM 2024-2025 annual fee CHF 000sBoard Chair 3Â 800Board membership

280Vice-Chair 50Lead Independent Director 20Chair of the Audit and Compliance Committee 130Chair of the Compensation Committee 90Chair of the following committees:â€¢ Governance, Nomination and Corporate Responsibilities Committeeâ€¢ Science & Technology Committeeâ€¢ Risk Committee 70Membership of the Audit and Compliance Committee 70Membership of the following committees:â€¢ Compensation Committeeâ€¢ Governance, Nomination and Corporate Responsibilities Committeeâ€¢ Science & Technology Committeeâ€¢ Risk Committee 40Board members do not receive any company pension, insurance or other benefits, unless mandated by local legislation. Novartis will pay mandatory employer contributions for the incoming Board Chair as required by law, should his nomination be approved at the 2025 AGM.AGM 2025-2026 changesThe Board of Directors approved an annual Board Chair compensation of CHF 3.5 million effective from the 2025 AGM, which is in line with our peer group median. No further changes will be made to the Board fees from the 2025 AGM to the 2026 AGM.90Compensation governance Legal frameworkThe Swiss Code of Obligations and the corporate governance guidelines of the SIX Swiss Exchange require listed companies to disclose certain information about the compensation of board and executive committee members, their equity participation, and loans made to them. This Annual Report fulfills that requirement in addition to being in line with the principles of the Swiss Code of Best Practice for Corporate Governance of the Swiss Business Federation (economyuisse). For more information, see â€œâ€¢ Corporate Governanceâ€¢ in Section 6C of this Annual Report.Compensation decision-making authoritiesAuthority for decisions related to compensation is governed by the Articles of Incorporation, Board Regulations and the Compensation Committee Charter, which are all published on the Company website: www.novartis.com/investors/company-overview/corporate-governance. The Compensation Committee serves as the supervisory and governing body for compensation policies and plans within Novartis, and has overall responsibility for determining, reviewing and proposing compensation policies and plans for approval by the Board of Directors in line with the Compensation Committee Charter. The discussions and conclusions of each committee meeting are delivered to the full Board of Directors. A summary of the compensation decision-making authorities is set out below.Approval process for key compensation decisions CEO Board Chair Compensation Committee Board of Directors AGMExecutive Compensation CEOÂ Â Performance target setting and assessmentÂ Â Individual compensationOther EC membersÂ Â Performance target setting and assessmentÂ Â Individual compensationAll Executive CommitteeÂ Â A Maximum aggregate amount of fixed and variable long-term compensation Binding voteBoard CompensationBoard of DirectorsÂ Â A Fee structure for individual roles on the Board of DirectorsÂ Â A Maximum aggregate amount of compensation for the next term of office Binding voteOther Board members, Executive Committee and other employeesÂ Â A Compensation report Advisory voteÂ Â A Compensation policy and principlesÂ Â A Variable short-term and long-term compensation payout factors for the Group Propose Endorse Approve91Committee member independenceThe Compensation Committee is composed exclusively of members of the Board of Directors who meet the independence criteria set forth in the Board Regulations. From the 2024 AGM, the Compensation Committee consisted of the following four members: Simon Moroney (as Chair), Patrice Bula, Bridgette Heller, and William Winters. William Winters will step down from the Board and Compensation Committee at the 2025 AGM. John Young will be proposed for nomination to the Compensation Committee at the 2025 AGM. Role of the Compensation Committeeâ€¢s independent advisorThe independent external compensation advisor supports the Compensation Committee in determining the design and implementation of compensation and benefits. In 2024, the Compensation Committee retained Mitul Shah of Deloitte LLP, who was appointed in July 2022, as its independent compensation advisor. The independent advisor from Deloitte LLP and his respective team that advised and supported the Compensation Committee are not responsible or rewarded for work on senior compensation beyond support provided to the Compensation Committee and the People & Organization function.Meetings held in 2024 and self-evaluationIn 2024, the Compensation Committee held six formal meetings. For the approval of the Board of Directors, in line with prior years, it collaborated with the Science & Technology Committee to review and endorse the innovation targets and achievements of the 2024 Annual Incentive and the 2022-2024 LTPP. The Compensation Committee conducted a self-evaluation in 2024.Risk management principlesThe Compensation Committee, with support from its independent compensation advisor, reviews market trends in compensation, and changes in corporate governance rules and best practices. Together with the Risk Committee, it also reviews the Novartis compensation systems to ensure that they do not encourage inappropriate or excessive risk-taking, and instead encourage behaviors that support sustainable value creation. A summary of the risk management principles is outlined below.RISK MANAGEMENT PRINCIPLESâ€¢ Rigorous performance management process, with approval of targets and evaluation of performance of the CEO by the Board of Directorsâ€¢ Balanced mix of short-term and long-term variable compensation elementsâ€¢ Novartis Values and Behaviors are a key component of the Annual Incentive and are embedded in our cultureâ€¢ Clawback and malus principles apply to all elements of the variable compensationâ€¢ Performance-vesting Long-Term Incentives only, with three-year cycles â€¢ All variable compensation is capped at 200% of targetâ€¢ Contractual notice period of 12Â monthsâ€¢ Post-contractual non-compete period is limited to a maximum of 12 months from the end of employment. Resulting compensation, if applicable, will not exceed the average annual compensation (annual base salary plus Annual Incentive) of the previous three financial yearsâ€¢ Good and bad leaver provisions apply to variable compensation of leaversâ€¢ No severance payments or change-of-control clausesâ€¢ Share ownership requirements; no hedging or pledging of Novartis share ownershipâ€¢ No loans granted to current or former members of the Executive Committee and the Board of Directors or to â€¢Persons closely linkedâ€¢ to them 92Mandates outside the Novartis GroupAccording to article 34 of the Articles of Incorporation (https://www.novartis.com/investors/company-overview/corporate-governance), limitations apply to mandates outside the Novartis Group for Board members and Executive Committee members (see â€¢â€¢Item 6.C Board Practices-Board of Directors-Mandates outside the Novartis Groupâ€¢ and â€¢â€¢Item 6.C Board Practices-Executive Committee-Mandates outside the Novartis Groupâ€¢). The following external mandates are subject to these limitations and are therefore presented in the Compensation Report.Board Members Joerg Reinhardt Swiss Re AG, Switzerland â€¢ Member of the BoardNancy C. Andrews Charles River Laboratories International, Inc., US â€¢ Member of the Boardâ€¢ Chair of the Science and Technology CommitteeMaze Therapeutics, Inc., USâ€¢ Member of the BoardTon BuechnerBurkhardt Compression AG, Switzerland â€¢ Board Chairâ€¢ Chair of the Strategy and Sustainability CommitteeSwiss Prime Site AG, Switzerland â€¢ Board Chairâ€¢ Chair of the Sustainability CommitteeTonality Holding AG, Switzerland (private holding)\*â€¢ DirectorBandinerra GmbH, Switzerland (private holding)\*â€¢ ManagerGreat Ape Aviation GmbH, Switzerland (private holding)\*â€¢ ManagerPatrice BulaSchindler AG, Switzerland â€¢ Vice Chair of the BoardFroneri Lux Topco Sarl, Luxembourgâ€¢ Board ChairEuropean Pizza Group TopCo Sarl, Luxembourg â€¢ Board ChairNew Tiger LLC, USâ€¢ Member of the Boardâ€¢ Chair of the ESG CommitteeElizabeth (Liz) DohertyCorbion NV, Netherlands â€¢ Member of the Boardâ€¢ Chair of the Audit CommitteeRoyal Philips NV, Netherlands â€¢ Member of the Supervisory Boardâ€¢ Chair of the Audit CommitteeFreya Holdco S.Â r.l., Luxembourg â€¢ Member of the Advisory CommitteeBridgette HellerAramark, US â€¢ Member of the BoardDexCom, Inc., US â€¢ Member of the BoardIntegral Ad Science Inc., US â€¢ Member of the BoardNewmanâ€¢s Own Inc., USâ€¢ Member of the BoardDaniel Hochstrasser Daniel Hochstrasser AG, Switzerlandâ€¢ Board Chairâ€¢ CEOFrans van HoutenAbsci Corporation, US â€¢ Board Chair â€¢ Chair of Nominating and Corporate Governance Committee Castor EDC, NLâ€¢ Board ChairSynthesis Health Inc. USâ€¢ Member of the BoardFvH Capital BV, NL (private family holding)â€¢ DirectorAffidea Group BV, NL â€¢ Member of the BoardSimon MoroneyBiotals NV, Belgium â€¢ Board Chairâ€¢ Chair of the Remuneration and Nomination CommitteeAna de Pro GonzaloMobico Group PLC, UK â€¢ Member of the BoardSTMicroelectronics NV, Switzerland â€¢ Member of the Supervisory Boardâ€¢ Chair of the Audit CommitteeCharles Sawyers â€¢William Winters Standard Chartered Bank plc., UK â€¢ Member of the Boardâ€¢ CEOJohn YoungArvinas Inc, US â€¢ Member of the Board â€¢ Chair of the Compensation Committee Johnson Controls International plc., Ireland â€¢ Member of the BoardExecutive Committee members Steffen LangBachem Holding AG, Switzerland â€¢ Board memberOther Executive Committee members â€¢ in listed companies 2024 new mandate vs. 2023 \* under common ownership 93(This page has been left blank intentionally.)94(This page has been left blank intentionally.)956.C Board practicesCorporate governance Framework Novartis is committed to effective corporate governance, and our corporate governance framework is intended to support sustainable financial performance and long-term value creation for our shareholders, patients, employees and other stakeholders based on our Values and Behaviors.Novartis AG is subject to and compliant with the laws and regulations of Switzerland (in particular Swiss company and securities law, SIX Swiss Exchange rules and the Swiss Code of Best Practice for Corporate Governance) and the securities laws of the United States, including New York Stock Exchange (NYSE) listing standards applicable to foreign public issuers of securities. The Novartis corporate governance principles are described in key governance documents, in particular in our Articles of Incorporation and the Organizational Regulations of Novartis AG (â€¢â€¢Board Regulationsâ€¢) (www.novartis.com/investors/company-overview/corporate-governance). The Governance, Sustainability and Nomination Committee (GSNC) regularly reviews both the corporate governance principles and the key governance documents against evolving best practice standards and new developments in line with our commitment to maintaining the highest standards. Our leadership structureGovernance bodies General Meeting of ShareholdersApproves operating and financial review, Novartis Group consolidated financial statements, and financial statements of Novartis AG; decides appropriation of available earnings and dividends; approves compensation of Board and Executive Committee; elects Board members, Board Chair, Compensation Committee members, Independent Proxy and external auditor; adopts and modifies Articles of IncorporationExternal auditorProvides opinion on compliance of Novartis Group consolidated financial statements and the financial statements of NovartisAG with applicable standards and Swiss law, on compliance of the Compensation Report with applicable law, and on effectiveness of internal controls over financial reporting.Board of DirectorsAudit and Compliance CommitteeCompensation CommitteeGovernance, Sustainability and Nomination CommitteeRISK CommitteeSCIENCE & TECHNOLOGYCommitteeSets strategic direction of Novartis, appoints and oversees key executives, approves major transactions and investments, adopts and modifies Board RegulationsExecutive CommitteeResponsible for operational management of Novartis96Group structure and shareholdersGroup structureNovartis AG and Group companiesNovartis AG, the Groupâ€¢s holding company, is a corporation organized under Swiss law with issued registered shares and registered office at Lichtstrasse 35, CH-4056 Basel, Switzerland. The principal subsidiaries and associated companies of the Novartis Group are shown in â€¢â€¢Item 18. Financial Statementsâ€¢Note 31. Novartis principal subsidiaries and associated companies.â€¢Organizational structureNovartis is an innovative medicines company. Its five organizational units represent parts of the Company along the research and development/production/commercialization continuum. These are Biomedical Research, Development, Operations and the two commercial units â€¢ US and International â€¢ which focus on their respective geographic areas. ShareholdingsListed companies belonging to the Novartis Group Novartis owns 70.68% of Novartis India Ltd., with its registered office in Mumbai, India, and a listing on the BSE (formerly known as the Bombay Stock Exchange) (ISIN INE234A01025, symbol: HCBAB). The total market value of the 29.32% free float of Novartis India Ltd. was USDÂ 77.7 million on December 31, 2024, using the quoted market share price at year-end. Applying this share price to all shares of Novartis India Ltd, the market capitalization of the whole company was USD 265.0 million, and that of the shares owned by Novartis was USD 187.3 million.ShareholdersSignificant shareholdersAccording to the Share Register, as of DecemberÂ 31, 2024, the following registered shareholders, including nominees and the American Depositary Share (ADS) depositary, held more than 2% of the total share capital, with the right to vote all their shares based on exemptions granted by the Board (see â€¢â€¢â€¢Item 6.C Board practicesâ€¢Shareholder participationâ€¢Voting rights, restrictions and representationâ€¢Registration restrictionsâ€¢):\* % holding of share capital Dec 31, 2024Shareholders registered for their own account.UBS Fund Management (Switzerland) AG, Basel 5.3Eman AG, BaselÂ 1 4.1Credit Suisse Funds AG, ZurichÂ 2Â 1.4 According to a disclosure notification filed with Novartis AG and the SIX Swiss Exchange, the beneficial owner of the shares registered for Eman AG is Sandoz â€¢ Fondation de Famille, Liechtenstein.Â 2Â Credit Suisse Funds AG merged into UBS Fund Management (Switzerland) AG on April 30, 2024. % holding of share capital Dec 31, 2024Shareholders registered as nominees:Nortrust Nominees Ltd., London 3.5The Bank of New York Mellon, New York 2.8Â 1.4 Through The Bank of New York Mellon, Everett 1.3Â 1.4 Through The Bank of New York Mellon, New York 1.0Â 1.4 Through The Bank of New York Mellon, SA/NV, Brussels 0.5Shareholder acting as American Depositary Share (ADS) depositary:JPMorgan Chase Bank, N.A., New York 8.0According to a disclosure notification filed with NovartisÂ AG, Norges Bank (Central Bank of Norway), Oslo, held 2.3% of the share capital but was not registered in the Share Register as of DecemberÂ 31, 2024. According to a disclosure notification filed with NovartisÂ AG and the SIX Swiss Exchange, BlackRockÂ AG Inc., NewÂ York, held between 5% and 10% but was registered with less than 2% of the share capital as of DecemberÂ 31,Â 2024.Disclosure notifications pertaining to shareholdings filed with Novartis AG and the SIX Swiss Exchange are published on the latterâ€¢s electronic publication platform: www.ser-ag.com/en/resources/notifications-market-participants/significant-shareholders.html. Â \* 9.7% of the share capital is held as treasury shares by Novartis AG or its fully owned subsidiaries (including Swiss foundations controlled by Novartis AG). Percentages in the two tables below are calculated on the basis of 2Â 189Â 930Â 497 ordinary shares including such treasury shares.97Duty to make an offerAccording to the Swiss Federal Act on Financial Infrastructures, anyone who â€¢ directly, indirectly or acting in concert with third parties â€¢ acquires equity securities exceeding 33.3% of the voting rights of a company (whether or not such rights are exercisable) is required to make an offer to acquire all listed equity securities of that company. A company may raise this threshold up to 49% of the voting rights (â€¢â€¢opting upâ€¢) or may, under certain circumstances, waive the threshold (â€¢â€¢opting outâ€¢). Novartis AG has not adopted any such measures.Cross shareholdingsNovartis AG has no cross shareholdings in excess of 5% of capital, or voting rights with any other company.Overview on shareholder structureThe following tables relate only to registered shareholders and cannot be assumed to represent the entire investor base because nominees and JPMorgan Chase Bank, N.A., as ADS depositary, are registered as shareholders for a large number of beneficial owners.As of December 31, 2024, Novartis AG had approximately 186Â 000 registered shareholders. Number of registered shareholders/sharesAs of December 31, 20241 Number of registered shareholders % of share capitalâ€¢100 391 042 0.10101â€¢1Â 000 108Â 290 1.971Â 001â€¢10Â 000 35Â 269 4.4110Â 001â€¢100Â 000 2Â 986 3.42100Â 001â€¢1Â 000Â 000 428 5.901Â 000Â 001â€¢5Â 000Â 000 57 5.545Â 000Â 001 or more 24.341Total registered shareholders/sharesÂ 2 186Â 096 55.48Unregistered shares 44.52Total 100.00Â 1Â At the record date of the 2024 Annual General Meeting of Shareholders (AGM), unregistered shares amounted to 22.8%.Â 2Â Including 9.7% of the share capital held as treasury shares by Novartis AG or its fully owned subsidiaries (including Swiss foundations controlled by Novartis AG).Registered shareholders by typeAs of December 31, 2024 Shareholders in % Shares in %Individual shareholders 96.94 20.47Legal entitiesÂ 1 3.03 45.14Nominees, fiduciaries and ADS depositary 0.03 34.39Total 100.00 100.00Â 1Â Excluding 9.7% of the share capital held as treasury shares by Novartis AG or its fully owned subsidiaries (including Swiss foundations controlled by Novartis AG).Registered shareholders by country1As of December 31, 2024 Shareholders in % Shares in %Belgium 0.10 1.04Canada 0.03 0.57France 2.11 0.51Germany 5.94 2.12Ireland 0.58 0.65Luxembourg 0.06 1.00Sweden 0.08 0.57SwitzerlandÂ 2 84.80 56.50United Kingdom 0.70 10.89United States 0.22 23.85Other countries 5.38 2.30Total 100.00 100.00Â 1Â Registered shares held by nominees are shown in the country where the company/affiliate entered in the Share Register as shareholder has its registered office.Â 2Â Excluding 9.7% of the share capital held as treasury shares by Novartis AG or its fully owned subsidiaries (including Swiss foundations controlled by Novartis AG). 98Capital structureShare capitalAs of December 31, 2024, the share capital amounted to CHFÂ 1Â 073Â 065Â 943.53 fully paid-in and divided into 2Â 189Â 930Â 497 registered shares with a nominal value of CHFÂ 0.49 each. Shares are listed on the SIX Swiss Exchange (ISIN CH0012005267, symbol: NOVN) and on the New York Stock Exchange (NYSE) in the form of American Depositary Receipts (ADRs) representing American Depositary Shares (ADSS) (ISIN US66987V1098, symbol: NVS).No conditional capital exists as of December 31, 2024 nor has a capital band been introduced in the Companyâ€¢s Articles of Incorporation.Shares, participation certificates, non-voting equity securities, profit-sharing certificatesShares are issued as uncertificated securities (in the sense of the Swiss Code of Obligations) and as book entry securities (in terms of the Swiss Act on Intermediated Securities). All shares have equal voting rights and carry equal entitlements to dividends. No participation certificates, non-voting equity securities (Genusscheine) or profit-sharing certificates have been issued.Convertible securities and optionsNovartis AG has not issued convertible or exchangeable bonds, warrants, options or other securities granting rights to shares, other than certain instruments granted under or in connection with equity-based participation plans of employees.Limitation on transferabilityNo transferability restrictions are imposed on shares (for registration restrictions, see â€¢â€¢â€¢Item 6.C Board practicesâ€¢Shareholder participationâ€¢Voting rights, restrictions and representationâ€¢Registration restrictionsâ€¢). The registration of shareholders in the Share Register or in the ADR register kept by JPMorgan Chase Bank, N.A., does not affect the tradability of shares or ADRs. Changes to share capitalAGM Shareholder decision Shares canceled Average repurchase share price (CHF)12022 â€¢â€¢ Capital reduction by CHFÂ 15.35 million (from CHF 1Â 217Â 210Â 460.00 to CHF 1Â 201Â 860Â 626.00) â€¢ Authorization of the Board to repurchase shares up to a maximum of CHFÂ 10 billion between the 2022 AGM and the 2025 AGM 2 30Â 699Â 668 81.82 2023 â€¢ Capital reduction by CHFÂ 63.12 million (from CHFÂ 1Â 201Â 860Â 626.00 to CHF 1Â 138Â 738Â 876.00) â€¢ Authorization of the Board to repurchase shares up to a maximum of CHFÂ 10 billion between the 2023 AGM and the 2026 AGM 3 126Â 243Â 500 81.56 2024 â€¢ Capital reduction by CHFÂ 42.90 million (from CHFÂ 1Â 115Â 964Â 098.48 to CHFÂ 1Â 073Â 065Â 943.53) 87Â 547Â 255 86.36Â 4 EGM Shareholder decision2023 â€¢ Capital reduction by CHFÂ 22.77 million (from CHFÂ 1Â 138Â 738Â 876.00 to CHFÂ 1Â 115Â 964Â 098.48) by reducing the par value of each share from CHFÂ 0.50 to CHFÂ 0.49Â 5 AGM Proposal to the shareholders Shares to be canceled Average repurchase share price (CHF)12025 â€¢â€¢ Capital reduction by CHFÂ 37.98 million (from CHFÂ 1Â 073Â 065Â 943.53 to CHF 1Â 035Â 086Â 714.83)

â€¢ Authorization of the Board to repurchase shares up to CHFÂ 10 billion between the 2025 AGM and the 2028 AGM 4 77Â 508Â 630 94.23 1Â 1Â All shares were repurchased on the SIX Swiss Exchange second trading line.Â 2Â In addition to the remaining authorization from the 2021 AGMÂ 3Â In addition to the remaining authorization from the 2022 AGMÂ 4Â In addition to the remaining authorization from the 2023 AGM99Key Novartis share data 2024 2023 2022Issued shares 2Â 189Â 930Â 497 2Â 277Â 477Â 752 2Â 403Â 721Â 252Treasury sharesÂ 1 214Â 841Â 249 233Â 443Â 766 284Â 112Â 195Outstanding shares at December 31 1Â 975Â 089Â 248 2Â 044Â 033Â 986 2Â 119Â 609Â 057Weighted average number of shares outstanding 2Â 018Â 281Â 520 2Â 076Â 794Â 140 2Â 181Â 180Â 341Â 1Â Approximately 86 million treasury shares (2023: 94 million 2022: 99 million) are held in Novartis entities that restrict their availability for use.Per-share information1 2024 2023 2022Basic earnings per share from continuing operations (USD) 5.92 4.13 2.77Diluted earnings per share from continuing operations (USD) 5.87 4.10 2.76Net cash flows from operating activities from continuing operations (USD) 8.73 6.85 5.98Year-end equity for Novartis AG shareholders (USD) 22.30 22.83 28.00Dividend (CHF)Â 2 3.50 3.30 3.20Dividend (USD)Â 3 3.87 3.76 3.51Â 1Â Calculated on the weighted average number of shares outstanding, except year-end equity.Â 2Â 2024: proposal to shareholders for approval at the AGM on March 7, 2025.Â 3Â Translated into US dollars at the December 31, 2024, rate of USD 1.107 to the Swiss franc. This translation is an example only, and should not be construed as a representation that the Swiss franc amount represents, or has been or could be converted into US dollars at that or any other rate. 2023 and 2022, dividends are translated into US dollars at the Bloomberg Market System Rate on the payment date.Key ratios â€¢ December 31 2024 2023 2022Price/earnings ratioÂ 1 16.6 14.1 28.3Dividend yield (%)Â 1 3.9 3.9 3.8Â 1Â Based on the Novartis share price at December 31 of each yearKey data on ADRs issued in the US 2024 2023 2022Year-end ADR price (USD) 97.31 100.97 90.72HighÂ 1 120.89 105.13 93.75LowÂ 1 92.57 80.03 74.61Number of ADRs outstanding Â 2 174Â 267Â 912 189Â 633Â 312 225Â 435Â 680Â 1Â Â 1Â Based on daily closing pricesÂ 2Â The depositary, JPMorgan Chase Bank, N.A., holds one Novartis AG share for every ADR issued.Share price (CHF) 2024 2023 2022Year-end share price 88.70 84.87 83.59HighÂ 1 102.70 93.87 87.82LowÂ 1 84.52 74.62 73.98Year-end market capitalization (USD billions) Â 2 193.9 206.3 191.5Year-end market capitalization (CHF billions) Â 2 175.2 173.5 177.2Â 1Â Â 1Â Based on daily closing pricesÂ 2Â Market capitalization is calculated based on the number of shares outstanding (excluding treasury shares). Market capitalization in USD is based on the market capitalization in CHF converted at the year-end CHF/USD exchange rate.100Shareholder participation Shareholder engagementShareholder engagement is fundamental to our commitment to governance and transparency, and the feedback we receive during these engagements helps us create long-term and sustainable value.We concentrate our outreach efforts on our largest 100 shareholders â€¢ portfolio managers, buy-side professionals, stewardship teams and ESG analysts â€¢ who represent approximately 60% of our ownership. While the Board Chair, CEO and CFO, together with Investor Relations, are accountable for ensuring effective shareholder engagement, other senior managers from within and outside the Executive Committee also participate in the meetings. We conduct regular outreach to investors throughout the year. Types of engagements (select examples):â€¢ AGM and quarterly results webcastsâ€¢ Bank conferences and management roadshowsâ€¢ â€¢ Meet Novartis Managementâ€¢ capital markets event â€¢ Pipeline updates i.e. ASCO investor event, Renal Portfolio Update webinar â€¢ Governance roadshow and teleconferencesâ€¢ Board Chairâ€™s meetings with Swiss, US and UK investorsâ€¢ Annual ESG investor event, captioned â€¢ Impact and Sustainabilityâ€¢ Topics discussed with shareholders during 2024:ACCELERATE Growth AND RETURNSâ€¢ Growth drivers (including Entresto, Cosentyx, Kesimpta, Kisqali and Pluvicto)â€¢ Replacement powerâ€¢ Innovation milestones (i.e. Scemblix, Fabbalta, Kisqali)â€¢ Policy and pricing environmentDELIVER THROUGH OPERATIONAL EXCELLENCEâ€¢ Progress on financial, strategic and operational performanceâ€¢ Return on R&D investmentsâ€¢ Capital allocation strategyâ€¢ New organizational modelSTRENGTHEN FOUNDATIONSâ€¢ Strong governance and focus on key ESG factorsâ€¢ Enabling access to medicines with the Novartis Access Principles â€¢ Progress on ESG targets: including carbon, water, waste, gender balance in management Compensation AND Governance: â€¢ Diversity of the Board, the Executive Committee, and the Companyâ€¢ Board renewal, succession planning and evaluationâ€¢ The linking of the compensation system to performance and strategic prioritiesVoting rights, restrictions and representationRegistrationShareholders have the right to vote and to execute all other rights as granted under Swiss law and the Articles of Incorporation (see, in particular, articles 17 and 18 of the Articles of Incorporation).Each share registered with the right to vote by the third business day before the General Meeting entitles the holder to one vote at General Meetings. Article 5, paragraph 2 of the Articles of Incorporation provides that to be registered with voting rights, shareholders must declare that they acquired the shares in their own name and for their own account. According to article 5, paragraph 3 of the Articles of Incorporation, the Board may register nominees with the right to vote. The Share Register is a non-public register subject to statutory confidentiality and data privacy. The Articles of Incorporation are available at [www.novartis.com/investors/company-overview/corporate-governance](http://www.novartis.com/investors/company-overview/corporate-governance).Registration restrictionsArticle 5, paragraph 2 of the Articles of Incorporation provides that no shareholder shall be registered with the right to vote for more than 2% of the share capital. Given that shareholder representation at General Meetings has traditionally been comparatively low in Switzerland, Novartis AG considers registration restrictions necessary to prevent a minority shareholder from dominating a General Meeting. The Board may, upon request, grant an exemption. Considerations include if the shareholder supports our goal of creating sustainable value and has a long-term investment horizon. Exemptions are in force for the registered shareholders listed in â€¢ Item 6.C Board practicesâ€¢ Group structure and shareholdersâ€¢ Significant shareholders.â€¢ An exemption also applies to Norges Bank (Central Bank of Norway), Oslo, which as of December 31, 2024, was not registered but held 2.3% according to a disclosure notification filed with Novartis AG. No further exemptions were requested in 2024. The same restrictions indirectly apply to ADR holders. Article 5, paragraph 3 of the Articles of Incorporation provides that no nominee shall be registered with the right to vote for more than 0.5% of the registered share capital. The Board may, upon request, grant an exemption from this restriction if the nominee discloses the names, addresses and number of shares of the persons for whose account it holds 0.5% or more of the registered share capital. Exemptions are in force for the nominees listed in â€¢ Item 6.C Board practicesâ€¢ Group structure and shareholdersâ€¢ Significant shareholders.â€¢ and for the nominee Citibank, London, which in 2015 requested an exemption, but as of December 31, 2024, was not registered in the Share Register. The same restrictions indirectly apply to ADR holders.101According to article 5, paragraph 4 of the Articles of Incorporation, shareholders, ADR holders, or nominees who are linked to each other or who act in concert to circumvent registration restrictions are treated as one person or nominee for the purposes of the restrictions on registration.The registration restrictions may be changed by resolution of the General Meeting, with approval of at least two-thirds of the votes represented at the meeting.The Articles of Incorporation are available at [www.novartis.com/investors/company-overview/corporate-governance](http://www.novartis.com/investors/company-overview/corporate-governance).Attendance, Representation and WEB PORTALRegistered shareholders will receive a personal invitation letter to the General Meetings with an access code to log in to our web portal, and â€¢ if the shareholder did not use the web portal in the past â€¢ a printed invitation brochure and a registration/proxy form. By returning the registration/proxy form or using the web portal, shareholders can order an admission ticket for the General Meeting or appoint a representative of their choice by means of a written proxy or the Independent Proxy to vote their shares on their behalf.If the Independent Proxy is appointed, shareholders can also give voting instructions on agenda items or on alternative or additional motions related to the agenda items either (i) following the recommendations of the Board for such alternative or additional motions; or (ii) opposing such alternative or additional motions. They can also abstain from voting.ADR holdersADRs have the rights enumerated in the deposit agreement (such as the right to give voting instructions and to receive dividends). The ADS depositary of Novartis AG â€¢ JPMorgan Chase Bank, N.A., New York â€¢ holds the shares underlying the ADRs and is registered as a shareholder in the Share Register. An ADR is not a share, and an ADR holder is not a Novartis AG shareholder. Each ADR represents one share. ADR holders exercise their voting rights by instructing the depositary to exercise their voting rights. The ADS depositary exercises the voting rights for registered shares underlying ADRs for which no voting instructions have been given by providing a discretionary proxy to an uninstruted independent designee. Such designee must be a shareholder.Annual General Meeting (AGM)Convening The AGM must be held within six months of the end of our financial year (December 31), and normally takes place in late February or early March. According to article 12a of the Articles of Incorporation ([www.novartis.com/investors/company-overview/corporate-governance](http://www.novartis.com/investors/company-overview/corporate-governance)), the Board may foresee that shareholders who cannot be present at the venue of the AGM may exercise their rights through electronic means. The Board may at any time until June 30, 2028 also order that the AGM be held electronically without a venue. Extraordinary General Meetings may be requested by the Board, the external auditor, or shareholders representing at least 5% of the share capital.AgendaShareholders representing shares with an aggregate nominal value of at least CHFÂ 1 million may request that an item be included in a General Meeting agenda. Such requests must be made in writing at least 45 days before the meeting, specifying the requested item and proposal. If an explanatory statement is to be included in the notice of meeting, it must be submitted within the same period, and formulated in a short, clear and concise manner.PowersAccording to article 17 of the Articles of Incorporation ([www.novartis.com/investors/company-overview/corporate-governance](http://www.novartis.com/investors/company-overview/corporate-governance)), the following powers are vested exclusively in the General Meeting:â€¢ Adoption and amendment of the Articles of Incorporationâ€¢ Election and removal of the Board Chair, the Board and Compensation Committee members, the Independent Proxy and the external auditorâ€¢ Approval of the management report, the consolidated financial statements and the report on non-financial mattersâ€¢ Approval of the financial statements of Novartis AG, and the decision on the appropriation of available earnings shown on the balance sheet, in particular with regard to dividends (including any repayment of the statutory capital reserves and the approval of interim dividends and the interim financial statements required for such purpose)â€¢ Approval of the maximum aggregate compensation of the Board (from one AGM until the next AGM) and of the Executive Committee (for the financial year following the AGM). If the maximum aggregate amount of compensation already approved by the AGM is not sufficient to cover the compensation of newly appointed or promoted Executive Committee members, Novartis may use up to 40% of the amount last approved for the newly appointed or promoted Executive Committee membersâ€¢ Discharge of Board and Executive Committee membersâ€¢ Delisting of the shares of Novartis AGâ€¢ Decisions on other matters that are reserved by law or by the Articles of Incorporation (e.g., advisory vote on the Compensation Report) to the General Meeting 1 In accordance with the statement by the Board issued on February 10, 2023, Novartis commits to submitting the corresponding authorization again to a shareholder vote at the 2025 Annual General Meeting, regardless of the time limitation stipulated in the Articles of Incorporation.102Statutory QuorumsThe General Meeting passes resolutions and elections with an absolute majority of the votes represented at the meeting. However, under article 18 of the Articles of Incorporation ([www.novartis.com/investors/company-overview/corporate-governance](http://www.novartis.com/investors/company-overview/corporate-governance)), the approval of two-thirds of the votes represented at the meeting is required for: â€¢ An alteration of the purpose of Novartis AGâ€¢ The consolidation of shares, unless the approval of all affected shareholders is requiredâ€¢ An increase of the share capital out of equity, by contributions in kind by way of set-off against a receivable and the grant of special rightsâ€¢ An increase of the share capital out of equity, by contributions in kind by way of set-off against a receivable and the grant of special rightsâ€¢ A restriction or cancellation of rights of options to subscribe â€¢ The introduction of a conditional capital or a capital bondâ€¢ An implementation of restrictions on the transfer of registered shares, and the removal of such restrictionsâ€¢ The creation of shares with increased voting powersâ€¢ The change of the currency of the share capitalâ€¢ The introduction of the deciding vote for the presiding officer at the General Meeting of Shareholdersâ€¢ A provision in the Articles of Incorporation allowing to hold the General Meeting of Shareholders abroadâ€¢ The delisting of the shares of Novartis AGâ€¢ A change of the registered office of Novartis AGâ€¢ The introduction of an arbitration clause in the Articles of Incorporation â€¢ The merger, split or transformation of Novartis AG under the Merger Act (subject to mandatory provisions)â€¢ The dissolution of Novartis AG103Board of DirectorsComposition (as per December 31, 2024)BOARD Chair: J. ReinhardtVice-Chair: S. Moroney lead independent Director: P. BulaN. AndrewsT. BuechnerE. DohertyB. HellerD. HochstrasserF. van HoutenA. de Pro GonzaloC. SawyersW. WintersJ. YoungAudit and Compliance CommitteeE. Doherty (Chair)T. BuechnerB. HellerD. Hochstrasser F. van HoutenA. de Pro GonzaloCompensation CommitteeS. Moroney (Chair)P. BulaB. HellerW. WintersGovernance, Sustainability and Nomination CommitteeP. Bula (Chair)B. HellerD. HochstrasserC. SawyersW. WintersRisk CommitteeT. Buechner (Chair)N. AndrewsE. DohertyA. de Pro Gonzalo J. Young Science & Technology CommitteeJ. Young(Chair)N. AndrewsF. van HoutenS. MoroneyC. SawyersElection and term of officeBoard members (including the Board Chair) and Compensation Committee members are elected individually by shareholders at the General Meeting for a one-year term of office. The term of office expires at the end of the next AGM.According to article 20, paragraph 3 of the Articles of Incorporation, a member shall not serve on the Board for more than 12 years. Under special circumstances and if deemed to be in the best interest of the Company, the Board may recommend exceptions to the shareholders ([www.novartis.com/investors/company-overview/corporate-governance](http://www.novartis.com/investors/company-overview/corporate-governance)).The term limit supports our commitment to renew the Board on an ongoing basis and follows international best practice. Succession planningThe GSNc prepares and reviews succession plans for the Board on an annual basis. These plans are discussed by the Board in private meetings. A search for a new Board member is launched â€¢ normally with the support of a professional executive search company â€¢ with individual selection criteria defined based on the evolving needs of the Company and a continuing focus on diversity, skills and experience. The set of competencies (further explained in â€¢ Item 6.C Board practicesâ€¢ Board of Directorsâ€¢ Board skillsâ€¢) and a balance between continuity of experience and fresh perspectives are also important criteria for the GSNc when evaluating new candidates. Candidates are interviewed by the Board Chair, members of the GSNc, other Board members, and members of the Executive Committee. The GSNc then makes a recommendation to the full Board, and the Board ultimately decides who should be proposed for election at the upcoming AGM.IndependenceAll Board members â€¢ including the Board Chair â€¢ are non-executive and independent, pursuant to applicable corporate governance rules and Novartis independence criteria, which are outlined in Appendix II to the Board Regulations ([www.novartis.com/investors/company-overview/corporate-governance](http://www.novartis.com/investors/company-overview/corporate-governance)). In particular, no Board member is or was a member of the management of Novartis AG or of any other Novartis Group company in the last three financial years up to December 31, 2024, or has or had, a significant business relationship with Novartis AG or with any other Novartis Group company. The independence of Board members is assessed annually. Each Board member completes an independence questionnaire that is reviewed by the GSNc. The GSNc then submits a proposal to the full Board, and the Board determines the independence status of each Board member.The Board members are also subject to procedures to avoid conflicts of interest which are outlined in the Board Regulations ([www.novartis.com/investors/company-overview/corporate-governance](http://www.novartis.com/investors/company-overview/corporate-governance)). Based on such procedures, Simon Moroney did not participate in any discussions regarding the acquisition of MorphoSys AG and did not have access to any underlying documents.104DiversityNovartis is dedicated to fostering an inclusive Board where individuals from all genders and ethnic backgrounds can thrive and contribute their unique insights. A diverse Board ensures that the appropriate balance of skills, expertise, experience, and cultural background is represented to discharge its responsibilities and to support long-term value creation for shareholders, patients, employees and other stakeholders.Diversity remains a critical focus area for the Board, and the GSNc continuously examines opportunities to further increase the Boardâ€™s diversity when identifying new Board member candidates. The GSNc considers gender, age, nationality, ethnicity and viewpoints, professional background, and expertise in its selection process. Regarding gender diversity, the Board pledges to sustain its efforts to achieve 50% representation of both genders in the composition of the Board, within a range of +/- 10%.Diversity profileNationality1WAmerican27%WSwiss23%WBritish11.5%WDutch11.5%WGerman11.5%WSpanish7.5%WIrish4%WNNew Zealander4%GenderWMale69%WFemale31%AgeW55â€¢ 6023%W61â€¢ 6546%W>6531TenureW<3Â y23%W3â€¢ 6Â y23%W7â€¢ 9Â y31%W>9Â y231Please note that six Board members have dual nationalities. Each of these nationalities is counted as a half in the above chart.Board skillsUpon proposal by the GSNc, the Board has determined a diverse set of competencies for its members that aligns with our status as a listed company, as well as our business portfolio, geographic reach and culture. Within this set of competencies, Board members were asked to identify their most relevant skills based on their educational background, professional experience and personal achievements. The GSNc assesses the set of competencies as well as the individual skills annually to ensure that an appropriate balance of skills, expertise, experience and diversity is represented on the Board.To learn more about our Board members and their individual skills, see â€¢ Item 6.C Board practicesâ€¢ Board of Directorsâ€¢ Members of the Board of Directors.â€¢ Board skill distributionMedicine/healthcare/R&D54%7/13Environmental, social 31%4/13and governance (ESG)Data/digital23%3/13Leadership/management 85%11/13Finance/accounting54%7/13Law/regulatory/risk management69%9/13105Members of the Board of DirectorsJoerg Reinhardt, Ph.D.Chair since 2013 | Nationality: German | Year of birth: 1956Joerg Reinhardt is a healthcare industry veteran whose career spans nearly 40 years. After receiving his doctorate in pharmaceutical sciences, Mr. Reinhardt joined Sandoz Pharma Ltd., a predecessor to Novartis, in 1982. He held a number of senior leadership positions at Novartis, including Chief Operating Officer and Head of the Vaccines and Diagnostics Division. Additionally, he led Bayer HealthCare AG as chair of the board of management and the executive committee from 2010 to 2013. Professional experience â€¢ Chair of the board of management and the executive committee, Bayer HealthCare AG, Germany (2010â€¢ 2013)â€¢ Chief Operating Officer, Novartis AG, Switzerland (2008â€¢ 2010)â€¢ Head of the Vaccines and Diagnostics Division, Novartis AG, Switzerland (2006â€¢ 2008)â€¢ Various managerial positions at Sandoz Pharma Ltd. and Novartis AG, Switzerland (1982â€¢ 2006) Mandates Current:â€¢ Board member, Swiss Re AG, Switzerlandâ€¢ Chair of the board of trustees, Institute of Molecular and Clinical Ophthalmology Basel

2023)Education& Doctorate in pharmaceutical sciences, Saarland University, Germany key skills& Medicine/healthcare/R&D & A Environmental, social and governance (ESG) & A Leadership/management & A Law/regulatory/risk management & A Simon Moroney, D.Phil.Board member since 2020 | Vice-Chair since 2022 | Nationality: German/New Zealander | Year of birth: 1959& Co-founder and CEO of MorphoSys AG, Simon Moroney played a central role in establishing the company as a force in the field of therapeutic antibodies, with one of the broadest pipelines of drug candidates in the industry. Mr. Moroney holds both a doctorate and a Master&™s degree in chemistry.Professional experience & Co-founder and CEO, MorphoSys AG, Germany (1992& Research associate, Department of Pharmacology, University of Cambridge, UK (1991&1992& Assistant professor, Department of Chemistry, University of British Columbia, Canada (1989&1990)Mandates & Chair of the board of directors and the remuneration and nomination committee, Biotalys NV, BelgiumEducation& Doctorate in chemistry, University of Oxford, UK& Master&™s degree in chemistry, University of Waikato, New ZealandKey skills& Medicine/healthcare/R&D & A Environmental, social and governance (ESG) & A Leadership/management & A Law/regulatory/risk management & A 106Nancy C. Andrews, M.D., Ph.D.Board member since 2015 | Nationality: American/Swiss | Year of birth: 1958Nancy C. Andrews has extensive experience as a physician, scientist, professor and senior administrator at leading academic institutions and hospitals. Her distinguished career spans more than 30 years, with leadership roles at both Harvard Medical School and the Duke University School of Medicine. Since 2023, Dr. Andrews is credited with conducting research that led to advances in understanding iron biology and iron diseases.Professional experience & Professor in residence of pediatrics, Harvard Medical School, US (2023-present)& Executive vice president and chief scientific officer, Boston Children&™s Hospital, US (2021&present)& Dean emerita, Duke University School of Medicine, and vice chancellor emerita for academic affairs, Duke University, US (2017&present)& Dean, Duke University School of Medicine, and vice chancellor for academic affairs, Duke University, US (2007&2017)& Professor of pediatrics, pharmacology and cancer biology, Duke University, US (2007&2021)& Dean for basic sciences and graduate studies, Harvard Medical School, US (2003&2007)& Director, Harvard/MIT M.D.-Ph.D. Program, US (1999&2003)& Biomedical research investigator, Howard Hughes Medical Institute, US (1993&2006)Mandates Current:& Board member and chair of the science and technology committee, Charles River Laboratories International Inc., US& Board member, Maze Therapeutics Inc., US& Home secretary (since July 2023) and council member, National Academy of Sciences, US& Past:& Chair, American Academy of Arts and Sciences, US (2017 &2023)& Member of the executive committee of the corporation, Massachusetts Institute of Technology, US (2019-2022)& Council member, National Academy of Medicine, US (2013&2019)& Member of the scientific management review board, National Institutes of Health, US (2014&2019)& Chair, Burroughs Wellcome Fund, US (2011&2019)Education& Doctor of medicine, Harvard Medical School, US& Doctorate in biology, Massachusetts Institute of Technology, US& Master&™s and bachelor&™s degrees in molecular biophysics and biochemistry, Yale University, US& Key skills& Medicine/healthcare/R&D & A Leadership/management Ton Buechner Board member since 2016 | Nationality: Dutch/Swiss | Year of birth: 1965Ton Buechner is an engineer by training who started his career in the oil and gas construction industry. Before becoming the CEO of Sulzer AG, he held several divisional leadership roles at the company and worked in markets including Asia. Mr. Buechner most recently served as CEO and chair of the executive board of AkzoNobel NV, where he introduced industry-leading ESG policies.Professional experience & CEO and chair of the executive board, AkzoNobel NV, Netherlands (2012&2017)& CEO, Sulzer AG, Switzerland (2007&2011)& President, Sulzer Pumps, Switzerland (2003&2006)& President, Sulzer Turbomachinery Services, Switzerland (2000&2002)& Various managerial positions at Sulzer AG, China and Switzerland (1994&2000)Mandates Current:& Chair of the board of directors and the strategy and sustainability committee, Burckhardt Compression AG, Switzerland& Chair of the board of directors and the sustainability committee, Swiss Prime Site AG, Switzerland& Member of advisory committee to the Ministry of Economic Affairs and Climate Policy (&oeAdviescommissie Maatwerkafspraken Verduurzaming Industrie&oe), Netherlands& Past:& Member of the presidential and shareholder committees, Voith GmbH & Co. KGaA, Germany (2014&2020)& Member of the supervisory board, Voith GmbH & Co. KGaA, Germany (2014&2018)Education& Master of business administration, IMD business school, Switzerland& Master&™s degree in civil engineering, Delft University of Technology, Netherlands& Key skills& Environmental, social and governance (ESG) & A Leadership/management & A Finance/accounting & A Law/regulatory/risk management & A 107Patrice Bula Board member since 2019 | Lead Independent Director since 2022 | Nationality: Swiss | Year of birth: 1956Patrice Bula has 40 years of global management experience and is a leader in the consumer goods industry across established and emerging markets. He has served in various senior roles at Nestlé SA, including as general manager of its businesses in China, Germany and South Africa. Most recently, he successfully led the Nestlé Group&™s brand strategies, digital marketing transformation and Nespresso business.Professional experience & Executive vice president and head of strategic business units, marketing, sales and Nespresso, Nestlé SA, Switzerland (2011&2021)& Market head of the Greater China region, Nestlé SA, Switzerland (2007&2011)& Market head of Germany, Nestlé SA, Switzerland (2003&2007)& Head of the confectionery and biscuits strategic business unit, Nestlé SA, Switzerland (2000&2003)& Various managerial positions at Nestlé SA, Switzerland (1980&2000)Mandates Current:& Board member and vice chair, Schindler AG, Switzerland& Board chair, European Pizza Group Topco Sarl, Luxembourg& Board chair, Froneri Lux Topco Sarl, Luxembourg & Board member and chair of the ESG committee, New Tiger LLC, US& Past:& Co-chair (2020&2021) and board member (2015&2021), Cereal Partners Worldwide SA, Switzerland (Nestlé representative)& Board member, Froneri Lux Topco Sarl, Luxembourg (Nestlé representative) (2016&2020)& Board member, Bobst Group SA, Switzerland (2017&2019)& Chair, Blue Bottle Coffee Inc., US (Nestlé representative) (2017&2019)& Chair, Nestlé Nespresso SA, Switzerland (Nestlé representative) (2011&2019)& Board member, Hsu Fu Chi Food Companies, China (Nestlé representative) (2011&2019) Education& Program for executive development, IMD business school, Switzerland& Master&™s degree in economic sciences, HEC Lausanne, Switzerland& Key skills Environmental, social and governance (ESG) & A Data/digital & A Leadership/management & A Finance/accounting & A Elizabeth (Liz) Doherty Board member since 2016 | Nationality: British/Irish | Year of birth: 1957 | Audit Committee Financial ExpertElizabeth (Liz) Doherty is an expert in finance and accounting who has broad operational experience in international consumer and retail businesses. She began her career in internal audit at Unilever PLC and has held senior finance and accounting roles there and at other companies including Tesco PLC and Reckitt Benckiser Group PLC.Professional experience & CFO (interim), Cognita Schools Ltd., UK (2014&2015) & CFO and board member, Reckitt Benckiser Group PLC, UK (2011&2013) & CFO (interim), City Inn, UK (2010)& CFO, Brambles Ltd., Australia (2007&2009)& Group international finance director, Tesco PLC, UK (2001&2007)& Various managerial positions at Unilever PLC, UK (1981&2001)Mandates Current:& Board member and chair of the audit committee, Corbion NV, Netherlands& Member of the supervisory board and chair of the audit committee, Royal Philips NV, Netherlands& Member of the advisory committee, Freya Holdco S.Á.r.l., Luxembourg& Past:& Advisor, Affinity Petcare SA and GB Foods SA, Spain (2017&2023)& Board member, Dunelm Group PLC, UK (2013&2019)& Board member, HM Courts & Tribunals Service, UK (2015&2019)& Board member, Ministry of Justice, UK (2015&2019)& Board member, Delhaize Group, Belgium (2013&2016)& Board member, Nokia Corp., Finland (2013&2016) Education& Fellow, Chartered Institute of Management Accountants, UK& Bachelor&™s degree in liberal studies in science (physics), University of Manchester, UK& Key skills& Leadership/management & A Finance/accounting & A Law/regulatory/risk management108Bridgette Heller Board member since 2020 | Nationality: American | Year of birth: 1961Bridgette Heller has proven experience in the standalone divisions of companies such as Johnson & Johnson, Merck & Co. Inc. and Danone SA, and has served on the audit committees of ADT Corp. and Tech Data Corp. During her career, she has overseen the performance of CFOs and made decisions on strategic R&D priorities. Ms. Heller is an advocate for diversity, equity and inclusion, and traveled globally to reinforce Danone&™s commitment to infant and maternal health, inclusive diversity, an equitable workforce for women, and sustainable communities. She is co-founder and CEO of the Shirley Proctor Puller Foundation, an education and youth empowerment nonprofit, and devotes much of her time to strengthening education and sustainability in an underserved community in the US.Professional experience & Co-founder and CEO, Shirley Proctor Puller Foundation, US (2019&present)& EVP and president of specialized nutrition, Danone SA, Netherlands (2017&2019)& EVP of early life nutrition, Danone SA, Netherlands (2016&2019)& EVP and president of consumer care, Merck & Co. Inc., US (2010&2015)& Global president of the baby global business unit, Johnson & Johnson, US (2007&2009)& President of the US baby, kids and wound care business and of global innovation development, Johnson & Johnson, US (2005&2007)& Managing partner, Heller Associates: Ideas for Growth Inc., US (2004&2005)& CEO, Chung&™s Gourmet Foods, US (2003&2004)& Various managerial positions at Kraft Foods Inc., US (1985&2003)Mandates Current:& Board member, Aramark, US& Board member, Dexcom Inc., US& Board member, Integral Ad Science Inc., US& Board member, Newman&™s Own Inc., US& Member of the advisory board, Kellogg School of Management at Northwestern University, US& Member of the board of trustees, Northwestern University, US& Board member, Newman&™s Own Foundation, US& Board member, Shirley Proctor Puller Foundation, US& Past:& Board member, Tech Data Corp., US (2016&2020)& Board member, ADT Corp., US (2012&2016)& Board member, Girls Inc., US (2002&2014)Education& Master&™s degree in marketing and management policy, Kellogg School of Management at Northwestern University, US& Bachelor&™s degree in economics and computer studies, Northwestern University, US& Key skills& Medicine/healthcare/R&D & A Environmental, social and governance (ESG) & A Data/digital & A Leadership/management & A Finance/accounting & A Law/regulatory/risk managementDaniel Hochstrasser Board member since 2022 | Nationality: Swiss | Year of birth: 1960Daniel Hochstrasser is an independent dispute resolution specialist practicing in Zurich, Switzerland. He led B&R & Karrer, one of the leading Swiss law firms, from 2011 to 2021 as CEO/Senior Partner. In addition, he was the head of the firm&™s dispute resolution practice for 15 years. He frequently represented parties in complex disputes arising from matters such as M&A transactions, industrial and infrastructure projects, and license, distribution and development agreements, particularly in the pharmaceutical industry. He has published extensively on arbitration and litigation, and lectures at the University of Zurich and the University of St. Gallen in Switzerland.Professional experience & Attorney-at-law, Daniel Hochstrasser AG, Switzerland (since January 2023)& Attorney-at-law and partner, B&R & Karrer AG, Switzerland (1993&December 2022)& Senior partner and chair of the board of directors, B&R & Karrer AG, Switzerland (2011-2021)& Lawyer, District Court of Affoltern, Court of Appeals/Court of Cassation of Zurich, Switzerland (1987&1992)& In-house lawyer, Staubli SA, France (1986&1987)Mandates Current:& Chair of the board of directors, Daniel Hochstrasser AG, Switzerland& Board member, Finland Arbitration Institute, Finland& Vice president, ICC Court of Arbitration, France& Member of the Ethics Court, Zurich Bar Association, Switzerland& Past:& Chair of the board of directors, B&R & Karrer AG, Switzerland (2011-2021)& Member, ICC Court of Arbitration, France (2015-2021)& Member of the Court, Swiss Arbitration Chambers, Switzerland (2004&2014) Education& Master of laws (LL.M.), Cornell Law School, US& Bar examination, Switzerland& Licentiatius iuris, University of Zurich, Switzerland& Key skills& Law/regulatory/risk management109Frans van Houten Board member since 2017 | Nationality: Dutch | Year of birth: 1960Frans van Houten is passionate about purpose-driven innovation, entrepreneurship and business transformation to drive customer value and competitiveness. Under his leadership as CEO of Royal Philips, the company transformed into a leading health technology solutions company, leveraging data and informatics to improve healthcare provider results, and became a forerunner across ESG dimensions, having become carbon neutral in its operations since 2020 and recycling over 90% of its waste. Mr. van Houten was an initiator of the World Economic Forum Compact for Responsive and Responsible Leadership as well as founder and co-chair of the Platform to Accelerate the Circular Economy.Professional experience & CEO and chair of the executive committee and the board of management, Royal Philips NV, Netherlands (2011&2022)& CEO Interim management, ING Group NV, Netherlands (2009&2010)& CEO and chair of the management board, NXP Semiconductors NV (formerly Philips Semiconductors NV), Netherlands (2004&2009)& Various managerial positions at Royal Philips Electronics NV, Netherlands (1986&2004) Mandates Current:& Board chair, Absci Corporation, US& Board chair, Castor EDC, Netherlands& Board member, Affidea Group, Netherlands&amp

€ US bio-pharmaceutical representative, UK Government Life Sciences Council, UK (2007-2021)â€¢ Board member, National Committee for US China Relations, US (2014-2017)â€¢ Board member, European Federation of Pharmaceutical Industries and Associations (EFPIA), Belgium (2012-2017)Educationâ€¢ Master of business administration, University of Strathclyde, UKâ€¢ Bachelorâ€¢ degree in biological sciences, University of Glasgow, UKKey skillsâ€¢ Medicine/healthcare/R&D /A A Leadership/management /A A Finance/accounting /A A Law/regulatory/risk management /A Corporate SecretaryCharlotte Pamer-Wieser, Ph.D.Honorary ChairmanDaniel Vasella, Ph.D.1 Mr. Vasella does not attend Board meetings and is not provided with Board documents.112Self-assessmentThe Board and its committees conduct a self-assessment once a year, covering topics including Board composition, purpose, scope and responsibilities; succession planning; Board processes and governance; interaction between the Board and the Executive Committee; Board meetings and pre-reading material; team effectiveness; and Board Chair and peer evaluation. Every third year, this process is conducted by an independent external consultant. The 2023 review was undertaken by the consulting firm Egon Zehnder and its results discussed with the Board of Directors and separately with the Executive Committee during the first half of 2024, where Egon Zehnder shared key observations and recommendations. The results of the 2023 in-depth assessment determined that Novartis has a Board that is performing well and improving, where Directors are highly engaged and have a good rapport, and where there is effective succession and rejuvenation in place. Feedback from management on the Boardâ€¢ evaluation showed that the Executive Committee welcomes the interactions with the Board and its members, as well as the balanced supportive/challenging dynamics and rich discussions. The report made several recommendations for the Boardâ€¢ consideration, including preparing for the transition to a new Board Chair in 2025 and areas where the Board should focus its attention in the future.The 2024 self-assessment was conducted internally.Questionnaireâ€¢Each Board member fills out an anonymous survey, â€¢a report identifying key strengths and challenges is produced for the Board and its committees.Reviewâ€¢Based on the results, the Board Chair and the committee chairs each lead a qualitative review with their colleagues and then with the entire Board.â€¢ In addition, the Vice-Chair leads a qualitative review of the Board Chairâ€¢ performance, without the Chair being present, and then provides the Board Chair with the Boardâ€¢ feedback.Outcomeâ€¢The last self-assessment for 2024 determined that the Board and its committees are functioning effectively and efficiently.â€¢The feedback confirmed that the Board has an open culture, where different views are encouraged and respected, and that the Board is prepared to adapt and change as circumstances require.â€¢The results also identified key areas on which to focus, such as further development of Novartis strategy, sustained innovation and product pipeline, as well as the impact of the current geopolitical situation including US and China. The evaluation also showed that the Board has a key focus on supporting the Board Chair transition.TrainingsThe Board receives regular briefings and trainings on ethics, risks and compliance, ESG and other relevant topics. In 2024, each Board member completed training on the following: â€¢ The US Healthcare Ecosystem, by Adam Feinâ€¢ Adverse eventâ€¢ refresherâ€¢ Code of Ethics â€¢ External partner risk managementâ€¢ Antitrust / Fair Competitionâ€¢ Policy updatesâ€¢ â€¢ Fit to Commitâ€¢, which focused on anti-bribery, insider trading, conflicts of interest and D&Iâ€¢ Data ethics and information management, covering key cybersecurity, information management and personal information risks, including AI useOur Chief Legal Officer also provides regular updates to the Board members on developments related to insider trading laws and regulations and briefs members of the Board and the Executive Committee on an annual basis on their respective duties. In addition, the Company offers a broad range of external training to its Board members. Role of the Board and its committeesThe Board is responsible for the overall direction and oversight of management, and holds the ultimate decision-making authority, with the exception of decisions reserved for shareholders. Board members are expected to commit the time and effort required to fulfil all their Board and committee responsibilities.The Board has delegated certain duties and responsibilities to its five committees led by a Board-elected committee chair, as set out in the Board Regulations (www.novartis.com/investors/company-overview/corporate-governance). In some cases, these responsibilities are of an advisory or preparatory nature. In other cases, the committee has decision-making power that is subject to final Board approval, or the responsibilities have been fully delegated to the committee. All committees have the authority to retain external consultants.Any Board member may request a Board or committee meeting and the inclusion of an agenda item. Before meetings, Board members receive materials to help them prepare for the discussions and to inform decision-making. 11Attendance at Board and Board Committee Meetings in 2024Name Position Board Audit and Compliance Committee Compensation Committee Governance, Sustainability and Nomination Committee Risk Committee Science & Technology Committee Reinhardt Board Chair 11/15. Moroney Vice-Chair 10/11 6/6 6/6P. Bula Lead Independent Director 11/11 6/6 4/4N. Andrews Member 9/11 2/4 4/6T. Buechner Member 10/11 7/7 4/4E. Doherty Member 11/11 7/7 4/4B. Heller Member 10/11 7/7 6/6 4/4D. Hochstrasser Member 11/11 7/7 4/4F. van Houten Member 10/11 7/7 6/6A. de Pro Gonzalo Member 10/11 7/7 4/4C. Sawyers Member 10/11 4/4 5/6W. Winters Member 11/11 6/6 4/4J. Young Member 11/11 4/4 6/6Further details can be found on pages 115 â€¢ 120.114Board of DirectorsPrimary responsibilitiesâ€¢ Strategy: decides on the ultimate direction of the Companyâ€¢ business (including portfolio, markets, acquisitions and divestments), considering also key ESG aspectsâ€¢ Structure and organization: determines major changes in the Groupâ€¢ structure and organization â€¢ Culture: oversees the strategy and implementation of the corporate culture â€¢ Ethics and compliance: oversees the Companyâ€¢ ethics and compliance framework, including the approval of fundamental corporate policies such as the Novartis Code of Ethicsâ€¢ Risk management: oversees the Companyâ€¢ risk management system, the most significant risks, and how these risks are managedâ€¢ Finance: determines the Companyâ€¢ accounting system, financial controls and financial planning; and reviewsâ€¢ and approves the Annual Report (including the Compensation Report)â€¢ Non-financial reporting: reviews and approves the Company â€¢ annual reporting on non-financial mattersâ€¢ People and organization: nominates or appoints, removes, and determines responsibilities of key executives, and succession planningKey activities in 2024â€¢ Oversaw the Companyâ€¢ strategy to deliver high-value medicines that alleviate societyâ€¢ greatest disease burdens through technology leadership in R&D and novel access approachesâ€¢ Reviewed the development of the talent pipeline in the context of strengthening the Companyâ€¢ foundations and leadership benchâ€¢ Discussed longer-term Board succession planning and required profiles, including the nomination of a new Board Chair and a new Board member for election at the 2025 AGMâ€¢ Reviewed strategic considerations around mergers and acquisitions (including the acquisition of Mariana Oncology and MorphoSys), and the Companyâ€¢ larger strategic moves to drive sustainable growthâ€¢ Regularly reviewed the Companyâ€¢ overall performanceâ€¢ Discussed updates from the US, International and Operations units â€¢ Reviewed the Research Development Commercial Continuum Execution and the priorities of the different Therapeutic areas â€¢ Discussed the Companyâ€¢ ESG strategy, plans and developments, including updates on non-financial disclosure regulations and the non-financial reporting governance of the Company.â€¢ Discussed and reviewed the annual Board self-evaluation including the 2023 in-depth exercise performed by the external firm Egon Zehnderâ€¢ Discussed and assessed the geopolitical situation, with a special focus on the impact of the US electionâ€¢ Received an update on the Southern Europe, Russia & Central Europe Cluster Business and the Companyâ€¢ strategic ambitions and technology platforms in SloveniaMeetingsNumber of meetings held 11Number of members 13Approximate average duration (hours) 5:35Meeting attendance 96%The Board met 10 times in 2024. Regular meetings were held in January, April, June, August, October and December and special meetings called to deal with ad hoc matters. Board committees typically meet the day before the meeting of the full Board. The Board held virtual, hybrid and physical meetings, with participants joining in person whenever possible. J. Reinhardt (Board Chair) 11S. Moroney (Vice-Chair) 10P. Bula (Lead Independent Director) 11N. Andrews 9T. Buechner 10E. Doherty 11B. Heller 10D. Hochstrasser 11F. van Houten 10A. de Pro Gonzalo 10C. Sawyers 10W. Winters 11J. Young 11Documentsâ€¢ Articles of Incorporation of Novartis AG â€¢ Board Regulations www.novartis.com/investors/company-overview/corporate-governance115Audit and Compliance CommitteePrimary responsibilitiesâ€¢ Supervises the external auditor, and selects and nominates the external auditor for election by the shareholders (FD)\*\*â€¢ Oversees Internal Audit (FD)\*\*â€¢ Oversees accounting policies, financial controls, and compliance with accounting and internal control standards (FD)\*\*â€¢ Approves financial statements for the first three quarters of each calendar year and the corresponding financial results releases (FD)\*\*â€¢, and reviews the annual financial statements and the corresponding financial results releases (FBA)\*\*â€¢â€¢ Reviews the non-financial data contained in the Groupâ€¢ annual reporting (FBA)\*\*â€¢â€¢ Oversees compliance with laws, regulations and internal policies related to its subject matter expertise (FD)\*\*â€¢â€¢ Reviews updates with regards to Quality Assurance and patient safety twice a year and Health Safety & Environment once a year (FD)\*\*â€¢â€¢ Reviews updates from the SpeakUp Office twice a year (FD)\*\*â€¢â€¢ Reviews the Groupâ€¢ tax policy every two years (FD)\*\*â€¢â€¢ Reviews updates in closed sessions with the Chief Financial Officer, Chief Audit Officer, and external auditor (FD)\*\*Key activities in 2024â€¢ Reviewed accounting and financial reporting, focusing on areas involving significant risk or judgmentâ€¢ Reviewed non-financial reportingâ€¢ Received an update on the Companyâ€¢ approach to non-financial reporting and assurance, in joint session with GSNâ€¢ Received an update on the Novartis fraud risk management framework, including the assessment against the Committee of Sponsoring Organizations of the Treadway Commission (COSO) principlesâ€¢ Liaised with the Risk Committee to ensure adequate oversight of the Companyâ€¢ key transformation projects (Enterprise Data Governance and Management and Lean Digital Core (LDC) program)â€¢ Monitored progress on the integrated assurance approachâ€¢ Evaluated the performance of the external auditor of Novartis, KPMG, during 2024â€¢ Received reports and updates from Internal Audit; Quality; Ethics; Risk & Compliance; the SpeakUp Office; Health, Safety & Environment; and Legal, and discussed progress on identifying and remedying the root causes of any associated issues or problems.MeetingsNumber of meetings held 7Number of members 6Approximate average duration (hours) 2:33Meeting attendance 100%E. Doherty (Chair, Audit Committee Financial Expert) 7T. Buechner 7B. Heller 7D. Hochstrasser 7F. van Houten 7A. de Pro Gonzalo (Audit Committee Financial Expert) 7Documentsâ€¢ Board Committees Charter, Appendix I to the Board Regulationswww.novartis.com/investors/company-overview/corporate-governance\* A/P = advisory or preparatory task\*\* FD = fully delegated task\*\*\* FBA = task subject to final Board approval16Compensation CommitteePrimary responsibilitiesâ€¢ Designs, reviews and recommends compensation policies and programs to the Board (FBA)\*\*â€¢â€¢ Advises the Board on the compensation of Board members and the CEO (A/P)\*\*â€¢â€¢ Decides on the compensation of Executive Committee members (FD)\*\*â€¢â€¢ Prepares the Compensation Report and the Say-on-Pay brochure, and submits them to the Board for approval (FBA)\*\*Key activities in 2024â€¢ Made decisions relating to Executive Committee and wider employee compensation during the year â€¢ Determined the critical performance measures (including financial, strategic, operational, innovation and ESG) to be considered in Executive incentive plan targets â€¢ Assessed the achievement of incentive plan targets for Executive Committee membersâ€¢ Reviewed shareholder and proxy advisor feedback related to Novartis compensation practices and disclosures, in addition to those of peer companiesâ€¢ Reviewed disclosures in the Novartis Compensation Reportâ€¢ Proposed appropriate peer companies for comparisons of board and executive committee compensation, and assessed the Companyâ€¢ level of compensation against the peer groupâ€¢ Reviewed incentive plan rules to secure pay-for-performance alignment while preserving market competitivenessâ€¢ Reflected on the effectiveness of the Companyâ€¢ compensation programs in view of becoming a pure-play innovative medicines companyMeetingsNumber of meetings held 6Number of members 4Approximate average duration (hours) 1:20Meeting attendance 100%S. Moroney (Chair) 6P. Bula 6B. Heller 6W. Winters 6Documentsâ€¢ Board Committees Charter, Appendix I to the Board Regulationswww.novartis.com/investors/company-overview/corporate-governance\* A/P = advisory or preparatory task\*\* FD = fully delegated task\*\*\* FBA = task subject to final Board approval17Governance, Sustainability and Nomination CommitteePrimary responsibilitiesâ€¢ Oversees the Companyâ€¢ strategy, governance and progress on sustainability, including access to medicines and healthcare, global health, environmental sustainability, human capital management and other material ESG aspects (FBA)\*\*â€¢â€¢ Recommends corporate governance best practices to the Board (FBA)\*\*â€¢â€¢ Reviews the Articles of Incorporation and Board Regulations on a periodic basis (FD)\*\*â€¢â€¢ Reviews the composition and size of the Board and its committees as well as the skills matrix on a regular basis (FBA)\*\*â€¢â€¢ Identifies new Board member candidates and recommends to the Board whether existing Board members should stand for re-election (FBA)\*\*â€¢â€¢ Prepares and reviews succession plans for the Board Chair, the Vice-Chair, the Lead Independent Director, Boardâ€¢ members, committee members and chairs, and the CEO (FBA)\*\*â€¢â€¢ Reviews the independence of each Board member on an annual basis (FBA)\*\*â€¢â€¢ Reviews directorships and agreements of Board members for conflicts of interest, and deals with conflicts of interest (FBA)\*\*Key activities in 2024â€¢ Discussed the composition of, and the succession for, the Novartis Board and its committees on a regular basisâ€¢ Discussed benchmarking data concerning the board size, composition, diversity, and committee structure of peer companies â€¢ Discussed the new Swiss legal requirements on non-financial reporting and the corresponding shareholder vote on the 2023 report on non-financial matters at the 2024 AGMâ€¢ Received an update on the Companyâ€¢ approach to non-financial reporting and assurance, (in joint session with ACC) â€¢ Reviewed an update on ESG Strategy with a focus on trends regarding ESG disclosure regulations and environmental sustainability â€¢ Regularly reviewed updates on the ESG Scorecard to track progress against the sustainability targets for Innovation & Access, Human Capital Management, Environmental Sustainability and Ethical Standards; reviewed the 2025 ESG targetsâ€¢ Received an update on Novartis Global Health programs and pipelineâ€¢ Received an update on human capital management focused on leadership development, our company culture, and workforce diversityâ€¢ Received an update on environmental sustainability, which covered performance against the targets for climate, water, and waste; the approach to reducing scope 3 emissions (including supplier engagement); and the Novartis strategy on biodiversityâ€¢ Reviewed the companyâ€¢ performance to date, upcoming regulations and future Novartis targets on gender balance, equal pay, and pay transparencyâ€¢ Evaluated the results of the 2024 AGM as well as investor and analyst feedback from ESG and Governance roadshows held during 2024MeetingsNumber of meetings held 4Number of members 5Approximate average duration (hours) 1:31Meeting attendance 100%P. Bula (Chair) 4B. Heller 4D. Hochstrasser 4C. Sawyers 4W. Winters 4Documentsâ€¢ Board Committees Charter, Appendix I to the Board Regulationswww.novartis.com/investors/company-overview/corporate-governance\* A/P = advisory or preparatory task\*\* FD = fully delegated task\*\*\* FBA = task subject to final Board approval18Risk CommitteePrimary responsibilitiesâ€¢ Oversees the risk management system and processes (FBA)\*\*â€¢â€¢ Reviews, together with management, the prioritization and handling of risks, the risk portfolio, and actions implemented by management (FBA)\*\*â€¢â€¢ Performs deep dives into key risk areas and fosters a culture of smart risk-taking (FBA)\*\*â€¢â€¢ Reviews updates on cyber security on an annual basis (FD)\*\*â€¢â€¢ Reviews regular updates from designated risk owners as well as the Chief Ethics, Risk & Compliance Officer and/or the Head of Risk & Resilience (FD)\*\*Key activities in 2024â€¢ Received updates on Enterprise Risk Management mitigation measures and resultsâ€¢ Received an update on the artificial intelligence strategy in Biomedical Research and Development organizational unitsâ€¢ Received an update on the falsified medicines risk environment and the progress made in reducing risk for Novartis and its patients â€¢ Discussed the outcome of the Risk Intelligence Forum 2024 and emergency and crisis managementâ€¢ Reviewed the pricing reimbursement, access and regulatory process risk update for both the US and International unitsâ€¢ Analyzed opportunities and risks around talent management in key areas, including external workforce and human capital managementâ€¢ Received updates and closely monitored the strategic technology program implementations, with a special focus on the Lean Digital Core (LDC) programâ€¢ Received a deep-dive update on cyber security, including AI and data loss protection â€¢ Evaluated the risks associated with current geopolitical developments (including US election scenarios)â€¢ Received an update on the Companyâ€¢ supply chainMeetingsNumber of meetings held 4Number of members 5Approximate average duration (hours) 1:51Meeting attendance 90%T. Buechner (Chair) 4N. Andrews 2E. Doherty 4A. de Pro Gonzalo 4J. Young 4Documentsâ€¢ Board Committees Charter, Appendix I to the Board Regulationswww.novartis.com/investors/company-overview/corporate-governance\* A/P = advisory or preparatory task\*\* FD = fully delegated task\*\*\* FBA = task subject to final Board approval19Science & Technology CommitteePrimary responsibilitiesâ€¢ Monitors emerging scientific, data-related, technological and research trends and issues, and brings recommendations to the Board (FBA)\*\*â€¢â€¢ Assists the Board with setting the Companyâ€¢ strategy for science, data, technology and research (A/P)\*\*â€¢â€¢ Assists the Board with oversight and evaluation of the performance of the scientific, technological and research teams within the Company in relation to the strategy (FBA)\*\*â€¢â€¢ Reviews key portfolio developments by T/A, key research activities, and R&D performance vs. industry benchmarks (A/P)\*\*â€¢â€¢ Reviews of progress vs. goals for Research & Development.â€¢ (FD)\*\*â€¢â€¢ Reviews other matters in relation to science, data, technology and research that the committee may, at its own discretion, deem desirable in connection with its responsibilities (A/P)\*\*Key activities in 2024â€¢ Reviewed the strategy of the Neuroscience Therapeutic Areaâ€¢ Discussed the strategy of our Technical Research & Development organizational unitâ€¢ Reviewed the role of the Science & Technology Committee (STC) and approved the updated STC Charterâ€¢ Reviewed the preclinical and early clinical Portfolio Strategy of the Oncology Disease Areaâ€¢ Reviewed the preclinical and early clinical Portfolio Strategy of the Cardiovascular Metabolism Disease Areaâ€¢ Provided guidance to Merger & Acquisition (M&A) and Business Development & Licensing (BD&L) teams on scientific aspects of key dealsâ€¢ Portfolio Updates from Biomedical Research and Development; review of external landscape by Strategy & Growthâ€¢ Reviewed R&D performance metrics, including benchmarking, and the Biomedical Research and Development organizational unitsâ€¢ plans to enhance performanceâ€¢ MeetingsNumber of meetings held 6Number of members 6Approximate average duration (hours) 3:55Meeting attendance 92%J. Young (Chair) 6N. Andrews 4F. van Houten 6S. Moroney 6C. Sawyers 5Documentsâ€¢ Board Committees Charter, Appendix I to the Board Regulationswww.novartis.com/investors/company-overview/corporate-governance\* A/P = advisory or preparatory task\*\* FD = fully delegated task\*\*\* FBA = task subject to final Board approval120Board ChairThe Board Chair leads the Board to represent the

interests of all stakeholders and ensure an appropriate balance of power between the Board and the Executive Committee. In this role, the Board Chair:â€¢ Provides leadership to the Boardâ€¢ Supports and mentors the CEOâ€¢ Ensures that the Board and its committees work effectivelyâ€¢ Sets the agenda, style and tone of Board discussions, promoting constructive dialogue and effective decision-makingâ€¢ Ensures onboarding programs for new Board members, and continuous education for and specialization of all Board membersâ€¢ Ensures the Boardâ€™s annual performance evaluationâ€¢ Promotes effective relationships and communication between Board and Executive Committee membersâ€¢ Ensures effective communication with the Companyâ€™s shareholders, other stakeholders and the publicVice-Chair and LeadÂ Independent DirectorVice-ChairThe Vice-Chair has the following responsibilities:â€¢ Leads the Board in the event that, and for as long as, the Board Chair is incapacitatedâ€¢ Leads the yearly session of the Board members to evaluate the performance of the Board Chair, during which the Board Chair is not presentThe Vice-Chair also provides advice and support to the Board Chair.Lead Independent DirectorTo support adequate control mechanisms, the Board Regulations outline the role of the Lead Independent Director. The Lead Independent Director has the following responsibilities: â€¢ Chairs the sessions of the independent Board membersâ€¢ Leads the independent Board members in the event of a crisis or matter requiring their separate consideration or decisionThe roles of the Vice-Chair and the Lead Independent Director can be held by two Board members or by one Board member (combined role). The Board appointed Simon Moroney as Vice-Chair and Patrice Bula as Lead Independent Director, both roles effective as of March 4, 2022. Mandates outside the Novartis GroupAccording to article 34, paragraph 1 of the Articles of Incorporation (www.novartis.com/investors/company-overview/corporate-governance), the following limitations on mandates apply: Maximum number of mandatesMandates10Other listed companies1 4A 1A Holding a chair position of the board of directors in other listed companies counts as two mandates.According to article 34, paragraph 3 of the Articles of Incorporation (www.novartis.com/investors/company-overview/corporate-governance), the following mandates are not subject to the above-mentioned limitations: Maximum number of mandatesMandates in companies that are controlled by Novartis AG No limitMandates held at the request of Novartis AG or companies controlled by it 5â€¢Mandatesâ€¢ shall mean any membership in the board of directors, in the executive board or in the advisory board, or a comparable function under foreign law, in a company with an economic purpose. Mandates in different legal entities that are under joint control are deemed to be one mandate.For a full list of all external mandates subject to the above-mentioned limitations, please refer to the Compensation Report (see â€¢â€¢â€¢Item 6.B Compensationâ€¢Mandates outside the Novartis Groupâ€¢). 121Executive CommitteeComposition (as per December 31, 2024)Vasant (Vas) NarasimhanChief Executive OfficerShreeram AradhyaPresident, Development& Chief Medical OfficerVictor BultoPresident, USAharon (Ronny) GalChief Strategy & Growth OfficerKaren L. HaleChief Legal OfficerPatrick HorberPresident, InternationalHarry KirschChief Financial OfficerRobert (Rob) KowalskiChief People & Organization OfficerSteffen LangPresident, OperationsFiona H. MarshallPresident, BiomedicalResearchKlaus MoosmayerChief Ethics, Risk & Compliance OfficerKole of the Executive CommitteeThe Board has appointed the Executive Committee members and delegated overall responsibility for and oversight of the operational management of Novartis to them, including:â€¢ Recruiting, appointing and promoting senior managementâ€¢ Ensuring the efficient operation of the Group and the achievement of optimal resultsâ€¢ Promoting an active internal and external communications policy â€¢ Developing policies and strategic plans for Board approval, and implementing those approvedâ€¢ Submitting the following to the Board for approval: investments, divestments, transactions, contracts and litigations with a value exceeding USD 500 million, and capital market and other important financing transactions, as well as all other matters of fundamental significance to the Novartis Groupâ€¢ Preparing and submitting quarterly and annual reports to the Board and its committeesâ€¢ Informing the Board of all matters of fundamental significance to the businessesâ€¢ Dealing with any other matters delegated by the BoardThere are no contracts between Novartis and third parties whereby Novartis would delegate any business management tasks to such third parties.Chief Executive OfficerWith the support of the Executive Committee, the CEO is responsible for the operational management of Novartis. These responsibilities include effectively implementing the Company strategy, delivering financial results, and shaping a corporate culture of empowerment and responsibility to help drive innovation, performance and reputation. A In addition to other Board-assigned duties, the CEO leads the Executive Committee, and is responsible for building and maintaining an effective executive team. With the support of the Executive Committee, the CEO is responsible for:â€¢ Ensuring Novartis has the capabilities to achieve its long-term strategic objectivesâ€¢ Developing robust management succession and development plans for presentation to the Boardâ€¢ Promoting effective communication with shareholders and other stakeholdersâ€¢ Ensuring Novartis conducts its business in a legal and ethical mannerâ€¢ Developing an effective risk control framework for all business activities â€¢ Ensuring the flow of information to the Board is accurate, timely and clear122DiversityThe composition of the Executive Committee of Novartis as of December 31, 2024, in terms of nationality, gender, age and length of tenure, is shown in the following charts: Diversity profileNationality1WAmerican41%WGerman18%WSwiss18%WBritish9%WSpanish9%WIsraeli5%GenderWMale82%WFemale18%AgeW<450%W45â€¢â€¢5018%W>5082%TenureW<2Â y9%W2â€¢â€¢4, note that three Executive Committee members have dual nationalities. Each of these nationalities is counted as a half in the above chart.Mandates outside the Novartis GroupAccording to article 34, paragraph 2 of the Articles of Incorporation (www.novartis.com/investors/company-overview/corporate-governance), the following limitations on mandates apply: Maximum number of mandatesMandates6Other listed companiesÂ 1 2A 1A Holding a chair position of the board of directors in other listed companies is not allowed.According to article 34, paragraph 3 of the Articles of Incorporation (www.novartis.com/investors/company-overview/corporate-governance), the following mandates are not subject to the above-mentioned limitations: Maximum number of mandatesMandates in companies that are controlled by Novartis AG No limitMandates held at the request of Novartis AG or companies controlled by it 5â€¢Mandatesâ€¢ shall mean any membership in the board of directors, in the executive board or in the advisory board, or a comparable function under foreign law, in a company with an economic purpose. Mandates in different legal entities which are under joint control are deemed one mandate.For a full list of all external mandates subject to the above-mentioned limitations, please refer to the Compensation Report (see â€¢â€¢â€¢Item 6.B Compensationâ€¢Mandates outside the Novartis Groupâ€¢). 123Members of the Executive CommitteeVasant (Vas) Narasimhan, M.D.Chief Executive Officer since 2018 | Nationality: American | Year of birth: 1976Professional experienceâ€¢ Global Head of Drug Development and Chief Medical Officer, Novartis AG, Switzerland (2016â€¢â€¢2018)â€¢ Global Head of Development, Novartis Pharmaceuticals, Switzerland (2014â€¢â€¢2016)â€¢ Global Head of Biopharmaceuticals and Oncology Injectables, Sandoz International, Germany (2014)â€¢ Global Head of Development, Novartis Vaccines, US (2012â€¢â€¢2014)â€¢ North America Region Head, Novartis Vaccines, and US Country President, Novartis Vaccines and Diagnostics, US (2008â€¢â€¢2012)â€¢ Joined Novartis in 2005 MandatesCurrent:â€¢ Member, National Academy of Medicine, US â€¢ Board member, Pharmaceutical Research and Manufacturers of America (PhRMA), USâ€¢ Executive Committee member, Biopharmaceutical CEOs Roundtable (BCR), International Federation of Pharmaceutical Manufacturers & Associations (IFPMA), SwitzerlandPast: â€¢ Chair, Pharmaceutical Research and Manufacturers of America (PhRMA), US (2023â€¢â€¢2024)Educationâ€¢ Doctor of medicine, Harvard Medical School, USâ€¢ Masterâ€™s degree in public policy, John F. Kennedy School of Government, Harvard University, USâ€¢ Bachelorâ€™s degree in biological sciences, University of Chicago, USShreeram Aradhya, M.D.President, Development and Chief Medical Officer since May 2022 | Nationality: American | Year of birth: 1962Professional experienceâ€¢ Executive vice president & chief medical officer, Dicerna Pharmaceuticals, US (2020â€¢â€¢March 2022)â€¢ Executive vice president & chief development officer, Axcella Health, US (2019â€¢â€¢2020)â€¢ Global Head, Medical Affairs and Chief Medical Officer, Pharmaceuticals, Novartis, US & Switzerland (2017â€¢â€¢2019)â€¢ Global Head, Development Franchise, Neuroscience, and US Head, Development, Novartis, USA & Switzerland (2013â€¢â€¢2017)â€¢ Executive Global Program Head, Multiple Sclerosis, Novartis, Switzerland (2012â€¢â€¢2013)â€¢ â€¢ Head, Global Development India, Novartis, India (2011â€¢â€¢2012)â€¢ Head, Global Clinical Development & Medical Affairs, Biosimilars, Sandoz, Germany (2009â€¢â€¢2011)â€¢ Joined Novartis in 1999 holding positions of increasing responsibilityEducationâ€¢ Chief resident and teaching fellow in internal medicine, Newton Wellesley Hospital, USâ€¢ Resident in internal medicine, Newton Wellesley Hospital, USâ€¢ Fellow in nephrology, St Lukeâ€™s Roosevelt Medical Center, USâ€¢ Resident in internal medicine (M.D.), All India Institute of Medical Sciences, Indiaâ€¢ Bachelor of medicine and bachelor of surgery, All India Institute of Medical Sciences, IndiaVictor BultoPresident, US since April 2022 | Member of the Executive Committee as of May 2022 | Nationality: Spanish | Year of birth: 1978Professional experienceâ€¢ President, Novartis Pharmaceuticals Corporation, US (2019â€¢â€¢April 2022)â€¢ Vice President & Head US Immunology & Dermatology Franchise, US (2017â€¢â€¢2019)â€¢ Vice President & Head US Alcon Pharmaceuticals, US (2016â€¢â€¢2017)â€¢ Head Neuroscience Franchise, Region Europe, Novartis, Switzerland (2013â€¢â€¢2016)â€¢ Business Franchise Head Neuroscience, Novartis, Spain (2012â€¢â€¢2013)â€¢ Business Franchise Head Neuroscience/MS, Respiratory, Osteoarticular, Spain, Novartis (2010â€¢â€¢2012)â€¢ Marketing Head Respiratory, Osteoarticular, Novartis, Spain (2009â€¢â€¢2010)Mandates â€¢ Board member, Biotechnology Innovation Organization (BIO), USâ€¢ Board member, Advisory Board of the Leonard D. Schaeffer Center for Health Policy & Economics, USEducationâ€¢ Master of business administration, ESADE Business School, Spainâ€¢ Masterâ€™s degree in health economics and pharmacoeconomics, Pompeu Fabra University Spainâ€¢ Masterâ€™s degree in chemical engineering, Ramon Llull University, Spainâ€¢ Bachelorâ€™s degree of science degree in chemistry, Ramon Llull University, Spain124Aharon (Ronny) Gal, Ph.D.Chief Strategy & Growth Officer since July 2022 | Nationality: Israeli/American | Year of birth: 1966Professional experienceâ€¢ Senior analyst, US biopharmaceutical, Sanford Bernstein, US (2020â€¢â€¢June 2022)â€¢ Senior analyst, US specialty pharmaceuticals and Biotech, Sanford Bernstein, US (2016â€¢â€¢2020)â€¢ Senior analyst, US specialty pharmaceuticals and EU mid-cap pharmaceuticals, Sanford Bernstein, US, UK (2013â€¢â€¢2016)â€¢ Senior analyst, US specialty pharmaceuticals, Sanford Bernstein, US (2004â€¢â€¢2013)â€¢ Vice president, Canon US Life Sciences, US (2003â€¢â€¢2004)â€¢ Consultant, team leader, manager, The Boston Consulting Group, Inc., US, Singapore, China (1996â€¢â€¢2002)Educationâ€¢ Ph.D. in biochemistry, Massachusetts Institute of Technology, US â€¢ B.Sc. in chemistry, Emory University, USKaren L. HaleChief Legal Officer since 2021 | Nationality: American | Year of birth: 1968Professional experienceâ€¢ Vice president, deputy general counsel, AbbVie Inc., US (2019â€¢â€¢2021)â€¢ Vice president, chief ethics and compliance officer, AbbVie Inc., US (2013â€¢â€¢2019)â€¢ Vice president, litigation and legal specialty operations, AbbVie Inc., US (2013)â€¢ Divisional vice president, commercial litigation, Abbott Laboratories, US (2006â€¢â€¢2012)â€¢ Began practicing law in 1994 and joined Abbott in 1997Educationâ€¢ Bar memberships: Illinois and Virginia, USâ€¢ Juris doctor, William & Mary Law School, USâ€¢ Bachelorâ€™s degree in economics, Duke University, USPatrick Horber M.D.President, International since December 2023 | Nationality: Swiss | Year of birth: 1970Professional experienceâ€¢ Senior vice president, AbbVie, president Immunology, AbbVie, US (July 2023â€¢â€¢September 2023) â€¢ President, US commercial operations, Immunology, AbbVie, US (2020â€¢â€¢June 2023) â€¢ Vice president and head of global marketing and commercial operations, AbbVie, US (2019â€¢â€¢2020) â€¢ Vice president and managing director, AbbVie, Germany (2015â€¢â€¢2019) â€¢ Managing director, AbbVie, Switzerland (2013â€¢â€¢2015) â€¢ Managing director, Abbott, Switzerland (2012â€¢â€¢2012) â€¢ Leadership roles at headquarters and country operations, Roche (2005â€¢â€¢2012)Mandates Current:â€¢ Member of the board of the European Federation of Pharmaceutical Industries and Associations Past: â€¢ Member of the board and chair of the strategy and politics committee, Verband Forschender Arzneimittelhersteller, Germany (2016â€¢â€¢2019) â€¢ Interpharma, the association of Switzerlandâ€™s research-based pharmaceutical industry â€¢ Chair of the Executive Committee (2015â€¢â€¢2015) â€¢ Member of the Presidentâ€™s Bureau (2015â€¢â€¢2015) â€¢ Member of the Executive Committee and the Board (2013â€¢â€¢2015)â€¢ Educationâ€¢ Doctor of medicine (M.D.), University of Zurich, Switzerland Harry KirschChief Financial Officer since 2013 | Nationality: German/Swiss | Year of birth: 1965Professional experience â€¢ Chief Financial Officer Pharmaceuticals Division, Novartis Pharma AG, Switzerland (2010â€¢â€¢2013)â€¢ Chief Financial Officer of Pharma Europe, Novartis Pharma AG, Switzerland (2008â€¢â€¢2010)â€¢ Head of Business Planning & Analysis for the Pharmaceuticals Division, Novartis Pharma AG, Switzerland (2005â€¢â€¢2008) â€¢ Head Finance Global Primary Care, Novartis Pharma AG, Switzerland (2003 â€¢â€¢ 2005)â€¢ Finance positions at Procter & Gamble (1991 â€¢â€¢ 2003)Mandates Past:â€¢ Represented Novartis on the board of GlaxoSmithKline Consumer Healthcare Holdings Ltd. (2015â€¢â€¢2018)Educationâ€¢ Diploma degree in industrial engineering and economics (Diplom-Wirtschaftsingenieur), University of Karlsruhe, Germany 125Robert (Rob) KowalskiChief People & Organization Officer since September 2021 | Nationality: American | Year of birth: 1968Professional experienceâ€¢ Executive Vice President and Global Head of Regulatory Affairs (2018â€¢â€¢2021), and US Head of Global Drug Development (2009â€¢â€¢2015 and 2017â€¢â€¢2021), Novartis Pharmaceuticals Corporation, US â€¢ Ad interim President, Novartis Corporation, US (2021) â€¢ Ad interim Head of Global Drug Development and Chief Medical Officer, Novartis AG, Switzerland (2018) â€¢ Senior Vice President and Head of Regulatory Affairs, Novartis Pharmaceuticals Corporation, US (2009â€¢â€¢2015 and 2017â€¢â€¢2018)â€¢ Senior Vice President and Head of Regulatory Affairs, Novartis Pharma AG, Switzerland (2015â€¢â€¢2017)â€¢ Global Head of Country Medical Development, Novartis Pharmaceuticals Corporation, US (2010â€¢â€¢2011)â€¢ Previously held regulatory leadership roles at Schering-Plough Corporation (now Merck) and Pharmacia Corporation (now Pfizer) MandatesPast:â€¢ Member of the advisory board, Industry Pharmacists Organization, US (2015 -2024)Educationâ€¢ Doctor of pharmacy, University of Wisconsin-Madison, USâ€¢ Bachelorâ€™s degree in pharmaceutical sciences, University of Wisconsin-Madison, USSteffen Lang, Ph.D.President, Operations since April 2022 | Nationality: German/Swiss | Year of birth: 1967Professional experienceâ€¢ Global Head of Novartis Technical Operations (NTO) (2017â€¢â€¢April 2022)â€¢ Global Head of Biologics Technical Development and Manufacturing, Novartis Technical Operations, Switzerland (2015â€¢â€¢2017)â€¢ Global Head of Technical Research and Development, Novartis Pharmaceuticals, Switzerland (2009â€¢â€¢2015)â€¢ Joined Novartis in 1994 as Head of Laboratory in Research, and over the years held positions of increasing responsibility within Pharmaceuticals DevelopmentMandates â€¢ Board member, Bachem Holding AG, Switzerland Educationâ€¢ Doctorate in pharmaceutical technology, Swiss Federal Institute of Technology, Switzerland â€¢ Masterâ€™s degree in pharmaceutical sciences, University of Heidelberg, GermanyFiona H. Marshall, Ph.D.President, Biomedical Research since November 2022 | Nationality: British | Year of birth: 1964Professional experienceâ€¢ Senior vice president, head of discovery, preclinical and translational medicine, Merck & Co., US, (2021â€¢â€¢September 2022)â€¢ Vice president, global head of neuroscience, Merck & Co., US (2019â€¢â€¢2021)â€¢ Vice president, head of UK discovery research, Merck & Co., UK (2018â€¢â€¢2019)â€¢ Executive vice president and chief scientific officer, Sosei Heptares, UK (2015â€¢â€¢2018)â€¢ Chief scientific officer and founder, Heptares Therapeutics, UK (2006â€¢â€¢2018)Mandatesâ€¢ Member of the Scientific Advisory Board, SciLifeLab, Swedenâ€¢ Fellow, Royal Society, UK Academy of Medical Sciences, and Royal Society of Biology, all UKEducationâ€¢ Doctorate in neuroscience, University of Cambridge, UKâ€¢ Bachelorâ€™s degree in biochemistry, University of Bath, UKKlaus Moosmayer, Ph.D.Chief Ethics, Risk & Compliance Officer since 2018 | Nationality: German | Year of birth: 1968Professional experienceâ€¢ Chief compliance officer, Siemens AG, Germany (2014â€¢â€¢2018)â€¢ Chief counsel compliance, Siemens AG, Germany (2009â€¢â€¢2013)â€¢ Compliance operating officer, Siemens AG, Germany (2007â€¢â€¢2009)MandatesCurrent:â€¢ Board member, SwissHoldings, the Swiss federation representing Swiss-based multinational companies, Switzerlandâ€¢ Member of the executive board, Business at OECD (BIAC), Paris â€¢ Co-founder and honorary board member, European Chief Compliance and Integrity Officersâ€™ ForumPast:â€¢ Co-Chair, B20 Integrity & Compliance Taskforce under the G20 presidencies of Indonesia (2022), Italy (2021), Saudi Arabia (2020), Argentina (2018), and Chair of the Task Force under the G20 presidency of Germany (2017)â€¢ Chair of the Anti-Corruption Committee of the Business and Industry Advisory Committee (BIAC), Organization for Economic Co-operation and Development (OECD), Paris (2013â€¢â€¢2020)Educationâ€¢ First and second state examination in law, Germanyâ€¢ Doctor of jurisprudence, University of Freiburg, Germany126Information and control systems The Boardâ€™s information and control systems vis-Â-vis management include a steady flow of information from senior management; monthly financial reports; a comprehensive and integrated risk management framework; and the independent evaluation of our risk management and internal control framework by the Internal Audit function (see â€¢â€¢Item 15. Controls and Proceduresâ€¢).Information from senior managementThe Board ensures that it receives sufficient information from the Executive Committee through:â€¢ Monthly CEO reporting (encompassing progress against company targets, including financial results) and frequent communications from the CEO on current developmentsâ€¢ Executive Committee meeting minutesâ€¢ Regular meetings and teleconferences by the Board and/or Board committees with the CEO and/or other members of the Executive Committee (e.g., the CFO, the Chief Legal Officer, the Chief Ethics, Risk & Compliance Officer), and regular meetings and teleconferences with senior management (e.g., the Chief Audit Officer)â€¢ Information from Executive Committee members or other Novartis employees, and visits to Novartis sitesTo obtain an outside view, the Board and/or Board committees occasionally invite external advisors (e.g., the independent advisor of the Compensation Committee, the external auditor) to attend a meeting and/or share their observations about a specific topic.Monthly financial reportsNovartis produces comprehensive, consolidated (unaudited) financial statements on a monthly basis for the Company. These are typically available no more than 10 days after the end of the month, and include the following:â€¢ Consolidated income statement of the month and year to date, in accordance with IFRS Accounting Standards, as well as adjustments to arrive at core results that are not aligned with IFRS measures, as defined by Novartis (see â€¢â€¢Item 5. Operating and Financial Review and Prospectsâ€¢Item 5.A Operating resultsâ€¢Non-IFRS measures as defined by Novartisâ€¢). The IFRS Accounting Standards and core figures that are not aligned with IFRS measures are compared with the prior-year period and targets in both USD and on a constant currency basis.â€¢ Supplementary data on a monthly and year-to-date basis, such as free cash flow and earnings per share on a USD basis Management information related to the consolidated income statements and free cash flow is made available to Board members through the monthly CEO Report, which includes an analysis of key deviations from the prior year or

Prior to the release of each quarterly results, the Board receives the actual consolidated financial statement information and an outlook of the full-year results in accordance with IFRS Accounting Standards and core results that are not aligned with IFRS measures (as defined by Novartis), together with related commentary. Annually, during the third quarter, the Board approves the Company's strategic plan for the next three years. In the fourth quarter of the year, the Board approves the operating targets for the following year as well as the financial targets for the following three-year period, including a projected consolidated income statement in USD prepared in accordance with IFRS Accounting Standards and non-IFRS measures as defined by Novartis (core results). The Board does not have direct access to the Novartis financial and management reporting systems but can, at any time, request more detailed information.

**127Risk management**OverviewAt Novartis, our continued success depends on our ability to manage risk. Our Board has ultimate oversight of the Enterprise Risk Management (ERM) system and regularly reviews the most significant risks and how these are managed. As explained below, the Board is supported by its committees. Furthermore, our Internal Audit function provides an independent evaluation of risk management (see Item 6.C Board practices). Information and control systems. Board committees. Risk committee. Oversees the risk management system and processes. Reviews, together with management, the prioritization and handling of risks, the risk portfolio, and actions implemented by management. Performs deep dives into key risk areas and fosters a culture of smart risk-taking. Receives updates on cyber security on an annual basis. Receives regular updates from designated risk owners as well as the Chief Ethics, Risk & Compliance Officer and/or the Head of Corporate Ethics, Risk & Compliance. Audit and compliance committee. Ensures that Internal Audit plans are aligned with key risks, and that the function provides independent assurance and insights around these risks. Works closely with the Risk Committee to minimize gaps in risk coverage. Receives a semiannual presentation from the Chief Ethics, Risk & Compliance Officer. Receives a quarterly presentation from the Chief Audit Officer on progress achieved in implementing the risk-based audit plan, and key insights about audit and advisory activities. Pays particular attention to financial risk. Has closed sessions with the Chief Audit Officer and, upon request, with the Chief Ethics, Risk & Compliance Officer. Compensation committee. Works closely with the Risk Committee to ensure that the compensation system does not lead to excessive risk-taking (see 6.B Compensation). Compensation governance. Risk management principles. Executive committee of NOVARTIS. Regularly assesses risks and fosters a culture of risk awareness, in line with the Novartis Values and Behaviors and the Novartis Code of Ethics. Ethics, risk & compliance. Governs the Novartis Code of Ethics. Provides an integrated ERM framework (which is described in the following section). Governs the global compliance program within Novartis. Administers the Enterprise Policy Management and global Internal Controls framework. SENIOR LEADERS OF ORGANIZATIONAL UNITS AND GLOBAL FUNCTIONS, AT ALL LEVELS. Provide appropriate risk management within their area of responsibility. Establish adequate risk prevention and mitigation strategies when risk exposure is identified, including tracking progress and providing resources for possible actions. Assess emerging risks, trends and overall exposure as part of the ERM process. Enterprise Risk Management framework. The Ethics, Risk & Compliance (ERC) function provides an integrated ERM framework to obtain a holistic view of Company risks and drive a culture of smart risk-taking. Under the leadership of the Chief Ethics, Risk & Compliance Officer, the Corporate ERC team is responsible for the overall ERM process which is a fundamental pillar of our Integrated Assurance. This process covers, but is not limited to, risks associated with: the research, development, manufacturing, marketing and sales of products. Finance, taxes, intellectual property, compliance with law and regulations, security, product safety, technology, human resources, and health, safety and environmental protection. Business objectives and strategies, including mergers and acquisitions. External factors (e.g. risk amplifiers) such as the social, political and economic environment. The ERM process continued to evolve in 2024. The Corporate ERC team conducted risk workshops and collaborated with all risk assurance and monitoring functions to identify key risks across the Company. Each Novartis unit organized a focused risk workshop including leadership team members. In parallel, risk workshops were held in top countries by revenue and in certain focus markets. Once key risks were identified, mitigation action plans were created to address them in an effective way. The findings from these workshops were consolidated into the Novartis Risk Radar, which enables senior management, the Executive Committee and the Board to focus discussions on key risks and more closely align our corporate strategy with our risk exposure and ways of working. In 2024, the Corporate ERC team further developed the ERM framework within the Novartis Corporate ERC organization. We developed additional risk management training and launched our risk intelligence forum, an event that brought together internal and external speakers to address emerging trends and threats. We also integrated a critical scope of activities (Trade Sanctions Governance) into the Corporate ERC team. Furthermore, steady progress has been made in our Integrated Assurance journey by creating a holistic control framework linked to enterprise policies, and by further strengthening our Corporate ERC Assurance team by integrating Labor Rights and Data Privacy External Partner Audits to ensure a harmonized and coordinated monitoring process across the Company. SpeakUp Office. Our SpeakUp Office provides a safe place for employees to report potential misconduct, including the option to do so anonymously. Global Security. Global Security proactively collects and shares threat intelligence to protect Novartis from situations that may compromise the safety of people, products and assets, and/or the reputation of our organization. Global Security protects patients from counterfeit products and, as part of the SpeakUp process, performs fair and timely investigations into high-risk cases of alleged internal misconduct. It also provides personal security advice and support for Novartis executives and other employees with the utmost discretion. Internal Audit. Internal Audit Purpose and Function. The Internal Audit function supports the Board and Executive Committee by providing independent assurance. It evaluates the effectiveness, efficiency, and adequacy of processes and controls, ensuring that Novartis meets its strategic objectives, manages major risks, and complies with applicable policies, laws, and regulations. The Chief Audit Officer (CAO) reports administratively to the CEO and functionally to the Chair of the Audit and Compliance Committee (ACC). The CAO meets with the ACC at least quarterly and annually reaffirms the organizational independence of the Internal Audit function to the ACC. In 2024, Internal Audit executed a risk-based audit plan, with results reported to audited units, the Executive Committee, and the ACC. Audit findings and action plans are centralized to ensure efficient follow-up. To the right is a summary of the audits and advisory activities conducted in 2024, along with key methodology steps for managing the Internal Audit cycle. 2024 Internal Audit Activities. audits 52. advisories 24. Internal Audit cycle methodology includes: Discovery (planning): Ongoing monitoring and information gathering through continuous risk assessments, utilizing business interviews, and biannual calibration of the audit plan. The plan is reviewed and approved by the Audit Committee (ACC) every six months. Execution and Reporting: 37 engagements delivered in 2024, all linked to group risks, emerging topics and company-wide initiatives. Follow Up: Management is responsible for resolving issues, supported by Internal Audit to ensure timely closure of high-risk observations. Internal Audit performed 95% of planned activities (equating to 76 of 80 engagements) in 2024. 129 Auditors. Duration of the mandate and terms of a office. On behalf of the Board, the ACC selects and nominates an independent auditor for election at the AGM. KPMG commenced its auditing mandate for Novartis in 2022. Richard Broadbent, Auditor in charge, and Heidi Broom-Hirst, Global Audit Partner, began serving in their roles in 2022 and 2023, respectively. The ACC together with KPMG will ensure that these partners are rotated at least every five years. Auditing fees and additional fees. The ACC monitors and preapproves the fees paid to the external auditor for all audit and non-audit services. It has developed and approved a policy with clear guidelines on the engagement of the independent auditor firm. This policy is designed to help ensure that the independence of the external auditor is maintained. It limits the scope of services that the external auditor may provide to the Company, stipulating certain permissible types of audit-related and non-audit services, including tax services and other services that have been preapproved by the ACC. The ACC preapproves all other services on a case-by-case basis. The external auditor is required to report periodically to the ACC about the scope of the services it has provided to the Company and the fees for the services it has performed to date. KPMG fees for professional services related to the 12-month periods ended December 31, 2024, and December 31, 2023, are as follows: 2024 USD million 2023 USD million Audit services 25.3 26.8 Audit-related services 1.9 2.5 Tax services 0.1 0.3 Other services 0.0 0.0 Total 27.3 29.6. Audit services include work performed to issue opinions on consolidated financial statements and parent company financial statements of Novartis AG, to issue opinions related to the effectiveness of the Company's internal control over financial reporting, and to issue reports on local statutory financial statements. Also included are audit services that can generally only be provided by the statutory auditor, such as the audits of the Compensation Report, special purpose financial statement in connection with divestment transactions, information systems and the related control environment; and reviews of quarterly financial results. Audit-related services include other assurance services provided by the independent auditor but not restricted to those that can only be provided by the statutory auditor. They include services such as: limited assurance on selected sustainability information in the Novartis in Society Integrated Report, audits of pension and other employee benefit plans; audit services in connection with non-recurring transactions; assurance of the Compensation Report of Novartis; and other audit-related services. Tax services include tax compliance and assistance with historical tax matters. Other services include license fees for use of accounting and other reporting guidance databases and, in 2024, additionally procedures related to training on emerging topics and benchmarking studies. Information to the Board and the ACC. The ACC, acting on behalf of the Board, is responsible for overseeing the activities of the external auditor. In 2024, this committee held seven meetings. KPMG was invited to all of these meetings to attend the discussions on auditing matters and any other matters relevant to its audit. The ACC recommended to the Board to approve the audited consolidated financial statements and the separate parent company financial statements of Novartis AG for the year ended December 31, 2024. The Board proposed the acceptance of these financial statements for approval by the shareholders at the next AGM. The ACC regularly evaluates the performance of the external auditor and, based on this, once a year determines whether the external auditor should be proposed to the shareholders for re-election. To assess the performance of the external auditor, the ACC requests input from management and holds private meetings with the CFO and the Chief Audit Officer and, if necessary, obtains an independent external assessment. Criteria applied for the performance assessment of the external auditor include an evaluation of: its technical and operational competence; its independence and objectivity; the sufficiency of the resources it has employed; its focus on areas of significant risk to Novartis; its willingness to probe and challenge; its ability to provide effective, practical recommendations; and the openness and effectiveness of its communications and coordination with the ACC, the Internal Audit function and management. Once a year, the Auditor in charge and the Global Audit Partner report to the Board on the external auditor's activities during the current year, and on the audit plan for the coming year. On an annual basis, the external auditor provides the ACC with written disclosures required by the US Public Company Accounting Oversight Board, and the committee and the external auditor discuss the external auditor's independence from Novartis. 130 Information policy. Novartis is committed to open and transparent communication with shareholders, investors, financial analysts, customers, suppliers and other stakeholders. Novartis disseminates information about material developments in its businesses in a broad and timely manner that complies with the rules of the SIX Swiss Exchange and the NYSE. Communications. Novartis publishes this Annual Report to provide information on the Group's results and operations. Novartis discloses financial results in accordance with IFRS Accounting Standards on a quarterly basis, and issues press releases from time to time regarding business developments. Novartis publishes press releases related to financial results and material events to the US Securities and Exchange Commission (SEC) via Form 6-K. An archive containing annual reports, US SEC Form 20-F, quarterly results releases and all related materials including presentations and conference call webcasts is available at [www.novartis.com/investors](http://www.novartis.com/investors). Novartis also publishes the Novartis in Society Integrated Report, available at [www.novartis.com/reportinghub](http://www.novartis.com/reportinghub), which provides an overview of our business, strategy and performance, and describes how we create value for stakeholders and society. The Novartis in Society Integrated Report is prepared in accordance with Art. 964b of the Swiss Code of Obligations, and in alignment with recommendations and standards issued by the Integrated Reporting Framework, the Sustainability Accounting Standards Board (SASB), and the Global Reporting Initiative (GRI). The information on Board and Executive Committee compensation is outlined in the Compensation Report (see 6.B Compensation) in general, and for certain compensation information with respect to our Board that is responsive to Item 6.C.2 of Form 20-F, see 6.C Compensation. Board compensation philosophy and fee structure. Philosophy and benchmarking. Please also refer to articles 29-35 of the Articles of Incorporation ([www.novartis.com/investors/company-overview/corporate-governance](http://www.novartis.com/investors/company-overview/corporate-governance)). No change-of-control or "golden parachute" clauses benefit Board members, Executive Committee members, or other members of senior management. Employment contracts with Executive Committee members are either for a fixed term not exceeding one year or for an indefinite period with a notice period not exceeding 12 months, and do not contain commissions for the acquisition or transfer of enterprises or severance payments. No loans or credits are granted to Board and Executive Committee members. Information contained in reports and releases issued by Novartis is only correct and accurate at the time of release. Novartis does not update past releases to reflect subsequent events, and advises against relying on them for current information. Investor Relations. Investor Relations manages the Company's interactions with the international financial community. Several events are held each year to provide institutional investors and analysts with various opportunities to learn more about Novartis. Investor Relations is based at the Company's headquarters in Basel. Part of the team is located in the US to coordinate interaction with US investors. More information is available at [www.novartis.com/investors](http://www.novartis.com/investors). Website information. Topic Information. Share capital. Articles of Incorporation of Novartis AG <https://www.novartis.com/sites/novartiscom/files/statuten-en.pdf>. Novartis key share data [www.novartis.com/investors/share-data-analysis](http://www.novartis.com/investors/share-data-analysis). Shareholder rights. Articles of Incorporation of Novartis AG [www.novartis.com/investors/company-overview/corporate-governance](http://www.novartis.com/investors/company-overview/corporate-governance). Annual General Meeting of Shareholders. Annual General Meeting of Shareholders [www.novartis.com/investors/shareholder-information/annual-general-meeting](http://www.novartis.com/investors/shareholder-information/annual-general-meeting). Board Regulations [www.novartis.com/investors/company-overview/corporate-governance](http://www.novartis.com/investors/company-overview/corporate-governance). Novartis code for senior financial officers. Novartis Code of Ethical Conduct for CEO, ECN and Senior Financial Officers of Novartis [www.novartis.com/investors/company-overview/corporate-governance](http://www.novartis.com/investors/company-overview/corporate-governance). Novartis in Society Integrated Report. Novartis in Society Integrated Report [www.novartis.com/reportinghub](http://www.novartis.com/reportinghub). Novartis Annual Report and Form 20-F. Novartis Annual Report and Form 20-F [www.novartis.com/reportinghub](http://www.novartis.com/reportinghub). Novartis Financial Data. Novartis Financial Data [www.novartis.com/investors/financial-data](http://www.novartis.com/investors/financial-data). Press releases. Press releases [www.novartis.com/news/news-archive?type=media](http://www.novartis.com/news/news-archive?type=media). Email service [www.novartis.com/news/stay-up-to-date](http://www.novartis.com/news/stay-up-to-date). Additional information (including event calendar, registered office, contact and email addresses, phone numbers, etc.) Novartis Investor Relations [www.novartis.com/investors](http://www.novartis.com/investors). The information on our website is not, and shall not be deemed to be, a part of this Annual Report or incorporated herein. 131 Quiet periods. According to our Global Insider Policy, employees who have access to material non-public information on a regular basis are designated as Continuing Insiders and are banned from trading in Novartis securities during quiet periods. Limited exemptions for the expiry of options or warrants within a quiet period apply. Our quarterly quiet periods commence on the first trading day of each calendar quarter and end at the beginning of the first trading day after the subsequent release of the quarterly and/or annual results. In 2024, the following quiet periods applied: January 1, 2024 until (and including) January 31, 2024; April 1, 2024 until (and including) April 23, 2024; July 1, 2024 until (and including) July 18, 2024; October 1, 2024 (and including) October 29, 2024. 132 Employees. The table below sets forth the breakdown of the total year-end number of our full-time equivalent employees by main category of activity and geographic area for the past three years. For the year ended December 31, 2024 (full-time equivalents) Marketing and sales Research and development Production and supply Operations1 General and administration TotalUSA 5A 179 5A 083 1A 323 591 427 12A 603Canada and Latin America 1A 707 413 336 1A 062 173 3A 691Europe 7A 908 8A 923 11A 823 3A 993 1A 505 34A 152Asia/Africa/Australasia 12A 327 4A 204 2A 717 5A 514 675 25A 437Total 27A 121 18A 623 16A 199 11A 160 2A 780 75A 883A For the year ended December 31, 2023 (full-time equivalents) Marketing and sales Research and development Production and supply Operations1 General and administration TotalUSA 5A 219 5A 194 1A 310 659 464 12A 846Canada and Latin America 1A 732 461 327 1A 019 182 3A 721Europe 8A 426 8A 519 11A 811 4A 035 1A 668 34A 459Asia/Africa/Australasia 12A 347 4A 061 2A 718 5A 182 723 25A 031Total 27A 724 18A 235 16A 166 10A 895 3A 037 76A 057A For the year ended December 31, 2022 (full-time equivalents) Marketing and sales Research and development Production and supply Operations1 General and administration TotalUSA 6A 003 5A 358 1A 740 825 599 14A 525Canada and Latin America 2A 678 514 809 1A 071 270 5A 342Europe 14A 078 10A 483 18A 781 5A 028 2A 483 50A 853Asia/Africa/Australasia 15A 856 4A 841 3A 841 5A 513 932 30A 983Total 38A 615 21A 196 25A 171 12A 437 4A 284 101A 703A A Thereof continuing operations 2A 30A 420 18A 681 1A 826 12A 437 3A 313 79A 677A A Thereof discontinued operations 2A 8A 195 2A 515 10A 345 971 22A 026A 1A relates to full time equivalent employees (FTEs) from our Operations unit, excluding the Operations units' production and supply FTEs 2A Continuing operations include the retained business activities of Novartis, comprising the innovative medicines business and continued corporate activities. Discontinued operations include the Sandoz generic pharmaceuticals and biosimilars division and certain corporate activities attributable to Sandoz prior to the spin-off up to the distribution date of October 3, 2023. A significant number of our employees are represented by unions or works councils. We have not experienced any material work stoppages in recent years, and we consider our employee relations to be good. 133E Share ownershipThe information set forth under 6. Directors, Senior Management and Employees 6. Directors, Senior Management and Employees 6. Compensation CEO and Executive Committee Additional disclosures and other statutory information Shares, ADRs and other equity rights owned by Executive Committee members as at December 31, 2024 (compared with prior year) and under 6. Directors, Senior Management and Employees 6. Compensation Board compensation Shares, ADRs and share options owned by Board

membersâ€ is incorporated by reference. For more information on our equity-based participation plans, see the information set forth under â€œItem 18. Financial Statementsâ€NoteÂ 25. Equityâ€based participation plans for employees,â€ which is incorporated by reference.6.F Disclosure of a registrantâ€™s action to recover erroneously awarded compensationNot applicable.134Item 7. Major Shareholders and Related Party Transactions7.A Major shareholdersNovartis shares are widely held. As of DecemberÂ 31, 2024, Novartis had approximately 186Â 000 shareholders listed in the Share Register of Novartis, representing approximately 55.5% of issued shares. Based on the Novartis Share Register and excluding treasury shares, approximately 56.5% of the shares registered by name were held in Switzerland, and approximately 23.9% were held in the US. Approximately 20.5% of the shares registered in the Share Register were held by individual investors, while approximately 45.1% were held by legal entities, excluding 9.7% of our share capital held as treasury shares by Novartis AG or its fully owned subsidiaries (including Swiss foundations controlled by Novartis AG), and 34.4% were held by nominees, fiduciaries and the ADS depository. Based on the Share Register, we believe that we are not directly or indirectly owned or controlled by another corporation or government, or by any other natural or legal persons. There are no arrangements that may result in a change of control.As December 31, 2024, the following shareholders held more than 5% of the total share capital of Novartis: Ordinary shares beneficially owned as of Dec 31, 2024 % share capital beneficially owned as of Dec 31, 20241BlackRock, Inc. 139Â 392Â 071 7.1 2UBS Fund Management (Switzerland) AG 115Â 988Â 883 5.9Â 1Â 1A Calculated on the basis of 1 975 089 248 ordinary shares outstanding as of December 31, 2024, excluding shares held as treasury shares by Novartis AG or its fully owned subsidiaries (including Swiss foundations controlled by Novartis AG).Â 2Â This information is based solely on the Schedule 13G filed by BlackRock, Inc. on February 2, 2024 with the SEC.As of DecemberÂ 31, 2024, no other shareholder held more than 5% of our share capital.The Articles of Incorporation provide that no shareholder shall be registered with the right to vote shares comprising more than 2% of the registered share capital. The Board of Directors may, upon request, grant an exemption from this restriction. See â€œItem 6. Directors, Senior Management and Employeesâ€Item 6.C Board practicesâ€Shareholder participationâ€Voting rights, restrictions and representationâ€Registration restrictionsâ€for additional information. 7.B Related party transactionsThe information set forth under â€œItem 18. Financial Statementsâ€NoteÂ 26. Transactions with related partiesâ€ is incorporated by reference. 7.C Interests of experts and counselNot applicable.135ItemÂ 8. Financial Information8.A Consolidated statements and other financial informationSee â€œItem 18. Financial Statements.â€Dividend policySubject to the dividend policy described below, our Board of Directors expects to recommend the payment of a dividend in respect of each financial year. If approved by our shareholders at the relevant annual shareholdersâ€™ meeting, the dividends will be payable shortly following such approval. Any shareholder who purchases our shares before the exâ€dividend date and holds the shares until that date shall be deemed to be entitled to receive the dividends approved at that meeting. Dividends are reflected in our financial statements in the year in which they are approved by our shareholders.Our dividend policy is to pay a growing annual dividend in Swiss francs per share. This policy is subject to our financial conditions and outlook at the time, the results of our operations, and other factors.The Board will propose a dividend of CHFÂ 3.50 per share to the shareholders for approval at the Annual General Meeting to be held on March 7, 2025. Because we pay dividends in Swiss francs, exchange rate fluctuations will affect the US dollar amounts received by holders of ADRs. For the amount of dividends we paid in the past three years, see â€œItem 18. Financial Statementsâ€Note 18. Equity.â€ Disclosure pursuant to SectionÂ 219 of the Iran Threat ReductionÂ and Syria Human Rights Act (ITRA)At Novartis, our purpose is to reimagine medicine to improve and extend peopleâ€™s lives, regardless of where they live. This includes the compliant sale of medicines and other healthcare products worldwide. To help us fulfill this mission, we have for many years maintained a branch office located in Iran.As of OctoberÂ 18, 2010, a nonâ€US Novartis affiliate entered into a nonâ€binding Memorandum of Understanding (MoU) with the Ministry of Health and Medical Education of the Islamic Republic of Iran. Pursuant to the MoU, the Iranian Ministry of Health acknowledges certain benefits that may apply to sales of certain of our medicines by thirdâ€party distributors in Iran. These include fastâ€track registration, market exclusivity, endâ€user subsidies, and exemptions from customs tariffs. Novartis receives no payments from the Iranian Ministry of Health under the MoU, and the MoU creates no obligations on the part of either Novartis or the Iranian Ministry of Health.From time to time, including in 2024, certain Novartis nonâ€US affiliates made payments to government entities in Iran related to patents, trademarks and exit fees. From time to time, including in 2024, certain Novartis nonâ€US affiliates enter into agreements with hospitals, research institutes, medical associations and universities in Iran to provide grants and sponsor congresses, seminars and symposia, and with doctors and other healthcare professionals for consulting services, including participation in advisory boards and investigator services for observational (nonâ€interventional) studies. Some hospitals and research institutes are owned or controlled by the government of Iran, and some doctors and healthcare professionals are employed by hospitals that may be public or governmentâ€owned.Because we have operations in Iran, including employees, we obtain services and have other dealings incidental to our activities in that country, including paying taxes and salaries either directly or indirectly through a service provider, and obtaining office rentals, insurance, electricity, water and telecommunications services, office and similar supplies, and customsâ€related services from Iranian companies that may be owned or controlled by the government of Iran. In addition, from time to time, representatives of our non-US affiliates participate in meetings with Iranian officials to discuss issues relevant to our business and the pharmaceutical industry.Certain Novartis non-US affiliates maintain local accounts at banks that are, as of November 5, 2018, on the Specially Designated Nationals and Blocked Persons List (SDN List). These non-US affiliates make local transactions for employee payroll and local vendor payment purposes. These transactions are conducted for the purpose of facilitating the provision of medicine to Iran, in line with the humanitarian exceptions contained in Section 11 of Executive Order 13902 and other applicable sanctions legal authorities. No transactions are made with an Iranian financial institution designated on the SDN List in connection with Iranâ€™s support for international terrorism or proliferation of weapons of mass destruction. 8.B Significant changesNone.136ItemÂ 9. The Offer and Listing9.A Offer and listing detailsOur ordinary shares are listed in Switzerland on the SIX Swiss Exchange under the symbol â€œNOVN.â€ Our ADSs, each representing one ordinary share, are traded on the New York Stock Exchange under the symbol â€œNVS.â€9.B Plan of distributionNot applicable.9.C MarketsSee â€œItem 9.A Offer and listing details.â€9.D Selling shareholdersNot applicable.9.E DilutionNot applicable.9.F Expenses of the issueNot applicable.137ItemÂ 10. Additional Information10.A Share capitalNot applicable.10.B Memorandum and articles of associationThe following is a non-exhaustive summary of certain provisions of our Articles of Incorporation (â€œArticlesâ€); the Board Regulations; and Swiss law, particularly the Swiss Code of Obligations (â€œSwiss COâ€), and is qualified in its entirety by reference to the Articles and the Board Regulations, which are an exhibit to the FormÂ 20â€F, and to Swiss law.10.B.1 Company purposeNovartis AG is registered in the commercial register of the canton of Baselâ€Stadt, Switzerland, under number CHEâ€103.867.266. Our business purpose, as stated in ArticleÂ 2 of the Articles, is to hold interests in enterprises in the area of healthcare or nutrition. We may also hold interests in enterprises in the areas of biology, chemistry, physics, information technology or related areas. We may acquire, mortgage, liquidate or sell real estate and intellectual property rights in Switzerland or abroad. In pursuing our business purpose, we strive to create sustainable value.10.B.2 DirectorsAccording to our Articles, the Board of Directors (â€œBoardâ€) consists of a minimum of eight and a maximum of 16 members. The members of the Board (including the Board Chair) are elected individually by the General Meeting of Shareholders (â€œGeneral Meetingâ€) for a one-year term of office lasting until the completion of the next Annual General Meeting of Shareholders (â€œAGMâ€).(a) A Board resolution requires the affirmative majority of the votes cast. According to our Board Regulations, a member of our Board (â€œDirectorâ€) may not participate in decisions and resolutions on matters that affect, or reasonably might affect, the Directorâ€™s interests or the interests of a person close to the Director (but the Director may participate in the discussion). (b) Compensation of the Directors is subject to the approval of the aggregate amounts of such compensation by a shareholdersâ€™ resolution under the Swiss CO. (c) The Articles prohibit the granting of loans or credits to Directors.(d) The Articles provide that a Director shall not serve on the Board for more than 12 years. The Board may, under certain circumstances and if deemed in the best interests of the Company, recommend exceptions to this rule to the General Meeting. (e) Our Directors are not required to be shareholders at the time of the election by the General Meeting. However, according to our share ownership guidelines, to ensure their interests are aligned with those of our shareholders, the Board Chair is required to own a minimum of 30 000 Novartis AG shares, and other Directors are required to own at least 5 000 Novartis AG shares within five years of having joined the Board.10.B.3 Shareholder rightsBecause Novartis AG has only one class of registered shares, the following information applies to all shareholders.(a) Under the Swiss CO, we may only pay dividends out of balance sheet profits or out of distributable reserves. In any event, under the Swiss CO, while the Board may propose that a dividend be paid, we may only pay dividends upon shareholdersâ€™ approval at a General Meeting. Furthermore, the Swiss CO requires us to accrue general legal reserves under certain circumstances so long as these reserves amount to less than 20% of our registered share capital, and Swiss law and the Articles permit us to accrue additional reserves beyond the statutory reserves. Our auditors must confirm that the dividend proposal of our Board conforms with the Swiss CO and the Articles. Our Board expects to recommend the payment of a dividend in respect of each financial year. See â€œItem 6. Directors, Senior Management and Employeesâ€Item 6.C Board Practicesâ€Capital Structureâ€Limitation on transferabilityâ€Per-share informationâ€and â€œItem 8.A Financial Informationâ€Item 8.A. Consolidated statements and other financial informationâ€Dividend policy.â€Dividends are usually due and payable shortly after the shareholders have passed a resolution approving the payment. Dividends that have not been claimed within five years after the due date revert to us and are allocated to our general reserves. For information about deduction of the withholding tax or other duties from dividend payments, see â€œItem 10.E Taxation.â€138(b) Each share is entitled to one vote at a General Meeting. Voting rights may only be exercised for shares registered with the right to vote on the record date for the applicable General Meeting. To do so, the shareholder must fileâ€a share registration form with us, setting forth the shareholderâ€™s name, address and citizenship (or, in the case of a legal entity, its registered office). If the shareholder has not timely registered its shares, then the shareholder may not vote at, or participate in, a General Meeting.To vote its shares, the shareholder must also explicitly declare that it has acquired the shares in its own name and for its own account. If the shareholder refuses to make such a declaration, the shares may not be voted unless the Board recognizes such shareholder as a nominee.The Articles provide that no shareholder shall be registered with the right to vote shares comprising more than 2% of the registered share capital. The Board may, upon request, grant an exemption from this restriction. Considerations include whether the shareholder supports our goal of creating sustainable value and has a longâ€term investment horizon. Furthermore, the Articles provide that no nominee shall be registered with the right to vote shares comprising more than 0.5% of the registered share capital. The Board may, upon request, grant an exemption from this restriction if the nominee discloses the names, addresses, and number of shares of the persons for whose account it holds 0.5% or more of the registered share capital. The same restrictions indirectly apply to ADR holders. We have in the past granted exemptions from the 2% rule for shareholders and the 0.5% rule for nominees. For purposes of the 2% rule for shareholders and the 0.5% rule for nominees, groups of companies and groups of shareholders acting in concert are considered to be one shareholder. These rules also apply to shares acquired or subscribed by the exercise of subscription, option or conversion rights.After hearing the registered shareholder or nominee, the Board may cancel, with retroactive effect as of the date of registration, the registration of the shareholders if the registration was effected based on false information.Registration restrictions in the Articles may only be removed upon a resolution carrying a twoâ€thirds majority of the votes represented at a General Meeting.Except as noted below, shareholdersâ€™ resolutions require the approval of an absolute majority of the votes present at a General Meeting. As a result, abstentions have the effect of votes against such resolutions. Some examples of shareholdersâ€™ resolutions requiring a vote by such â€œabsolute majority of the votesâ€ are: â€œAdoption and amendment of the Articles â€œElection and removal of the Board Chair, the Board and Compensation Committee members, the Independent Proxy and the external auditorâ€ Approval of the management report, the consolidated financial statements and the report on non-financial mattersâ€ Approval of the financial statements of Novartis AG, and the decision on the appropriation of available earnings shown on the balance sheet, in particular with regard to dividends (including any repayment of the statutory capital reserves and the approval of interim dividends and the interim financial statements required for such purpose), if anyâ€ Approval of the maximum aggregate compensation of the Board (from an AGM until the next AGM) and of the Executive Committee (for the financial year following the AGM)â€ Discharge of Board and Executive Committee members from liability for matters disclosed to the General Meetingâ€ Decision on other matters that are reserved by law or by the Articles (e.g., advisory vote on the Compensation Report) to the General MeetingAccording to the Articles and Swiss law, the following matters require the approval of a â€œsupermajorityâ€ of at least twoâ€thirds of the votes present at a General Meeting: â€œAlteration of the purpose of Novartis AGâ€ The consolidation of shares, unless the approval of all affected shareholders is requiredâ€ Increase of the share capital out of equity, by contributions in kind or by way of set-off against receivable, or the grant of special rightsâ€ Restriction or cancellation of subscription rightsâ€ Introduction of a conditional capital or capital bandâ€ Creation of shares with increased voting powersâ€ Implementation of restrictions on the transfer of registered shares, and the removal of such restrictionsâ€ Change of the currency of the share capitalâ€ Introduction of the deciding vote for the presiding officer at the General Meetingâ€ â€ A provision in the Articles allowing the General Meeting to be held abroadâ€ Delisting of the shares of the Companyâ€ Change of the registered office of Novartis AGâ€ Introduction of an arbitration clause in the Articles â€œ Merger, split or transformation of Novartis AG under the Swiss Merger Act (subject to mandatory statutory provisions)â€ Dissolution of Novartis AG139Our shareholders are required, on an annual basis, to elect all Directors (including the Board Chair), the Compensation Committee members, the external auditor and the Independent Proxy. The Articles do not provide for cumulative voting of shares.At a General Meeting, shareholders can be represented by a legal representative or, by means of a written proxy, by a representative of choice. Furthermore, a shareholder may be represented by the Independent Proxy. Votes are taken either by a show of hands or by electronic voting, unless the General Meeting resolves to have a ballot or where a ballot is ordered by the chair of the meeting. ADSs, each representing one Novartis AG share and evidenced by ADRs, are issued by our depository JPMorgan Chase Bank, N.A., New York, and not by us. The ADR is vested with rights defined and enumerated in the Deposit Agreement (such as the rights to vote, to receive a dividend and to receive a share of Novartis AG in exchange for a certain number of ADRs). The enumeration of rights, including any limitations on those rights in the Deposit Agreement, is final. There are no other rights given to the ADR holders. Only the ADS depository, holding our shares underlying the ADRs, is registered as shareholder in our share register. An ADR is not a Novartis AG share, and an ADR holder is not a Novartis AG shareholder.The Deposit Agreement between our depository, the ADR holder and us has granted certain indirect rights to vote to the ADR holders. ADR holders may not attend a General Meeting in person. ADR holders exercise their voting rights by instructing JPMorgan Chase Bank, N.A., our depository, to exercise the voting rights attached to the registered shares underlying the ADRs. Each ADR represents one Novartis AG share. JPMorgan Chase Bank, N.A., exercises the voting rights for registered shares underlying ADRs for which no voting instructions have been given by providing a discretionary proxy to an unstructured independent designee. Such designee has to be a shareholder of Novartis AG. The same voting restrictions apply to ADR holders as to those holding Novartis AG shares (i.e., the right to vote up to 2% of the Novartis AG registered share capital â€ unless otherwise granted an exemption by the Board â€ and the disclosure requirement for nominees).(c) Shareholders have the right to allocate the profit shown on our balance sheet and to distribute dividends by vote taken at the General Meeting, subject to the legal requirements described above.(d) Under the Swiss CO, any surplus arising out of a liquidation of Novartis AG (i.e., after the settlement of all claims of all creditors) would be distributed to the shareholders in proportion to the paidâ€in nominal value of their shares.(e) The Swiss CO limits a corporationâ€™s ability to hold or repurchase its own shares. We and our subsidiaries may only repurchase shares if we have sufficient freely disposable equity in the amount of the purchase price of the acquired shares. The aggregate nominal value of all Novartis AG shares held by us and our subsidiaries may not exceed 10% of our registered share capital. However, it is accepted that a Swiss corporation may repurchase its own shares beyond the statutory limit of 10% if the repurchased shares are clearly earmarked for cancellation. In addition, we are required to recognize a negative position, or if our subsidiaries acquire our shares, to create a special reserve on our balance sheet in the amount of the purchase price of the acquired shares. Repurchased shares held by us or our subsidiaries do not carry any rights to vote at a General Meeting but are entitled to the economic benefits generally connected with the shares. Under the Swiss CO, we may not cancel treasury shares without the approval of a capital reduction by our shareholders given that shareholders have not approved the introduction of a capital band.(f) Not applicable.(g) Since all of our issued and outstanding shares have been fully paid in, our shareholders are not obliged to make further contributions with respect to their shares. (h) See â€œItem 10.B.3(b) Shareholder rightsâ€ and â€œItem 10.B.7 Change in control.â€10.B.4 Changes to shareholder rightsUnder the Swiss CO, we may not issue new shares without the prior approval of a capital increase by our shareholders. If a capital increase is approved, then our shareholders would generally have certain pre-emptive rights to obtain newly issued shares in an amount proportional to the nominal value of the shares they already hold. These pre-emptive rights could be excluded in certain limited circumstances with the approval of a resolution adopted at a General Meeting by a supermajority of twoâ€thirds of the votes. In addition, we may not create shares with increased voting powers or place restrictions on the transfer of registered shares without the approval of a resolution adopted at a General Meeting by a supermajority of votes. In addition, see â€œItem 10.B.3(b) Shareholder rightsâ€ with regard to the Boardâ€™s ability to cancel the

registration of shares under limited circumstance 10.B.5 Shareholder meetingsUnder the Swiss Code and the Articles, we must hold an AGM within six months after the end of our financial year. A General Meeting may be convened by the Board or, if necessary, by the external auditor. The Board is further required to convene an extraordinary General Meeting if so resolved by a General Meeting, or if so requested by shareholders by signed petition representing at least 5% of the share capital, specifying the items for the agenda and their proposals. Shareholders representing shares with an aggregate nominal value of at least CHF1A 1A 000A 000 may request that an item be included in a General Meeting agenda. A General Meeting is convened by publishing a notice in the Swiss Official Gazette of Commerce (Schweizerisches Handelsamtsblatt) at least 20A days prior to such meeting. Shareholders may also be informed by mail. Neither the Swiss CO nor the Articles require a quorum for a General Meeting. In addition, see       Item   10.B.3(b) Shareholder rights   regarding conditions for exercising a shareholder  's right to vote at a General Meeting.14010.B.6 LimitationsThere are no limitations under the Swiss CO or our Articles on the right of non  Swiss residents or nationals to own or vote shares other than the restrictions applicable to all shareholders and holders of ADRs described in       Item   10.B.3(b) Shareholder rights.  10.B.7 Change in controlThe Articles and the Board Regulations contain no provision that would have an effect of delaying, deferring or preventing a change in control of Novartis AG and that would operate only with respect to a merger, acquisition or corporate restructuring involving us or any of our subsidiaries.According to the Swiss Merger Act, shareholders may pass a resolution to merge with another corporation at any time. Such a resolution would require the consent of at least two  -thirds of all votes present at the necessary General Meeting.Under the Swiss Financial Market Infrastructure Act, shareholders and groups of shareholders acting in concert who acquire more than 33 1/3% of our shares would be under an obligation to make an offer to acquire all remaining Novartis AG shares. Novartis AG has neither opted out from the mandatory takeover offer obligation nor opted to increase the threshold for mandatory takeover offers in its Articles.10.B.8 Disclosure of shareholdingsUnder the Swiss Financial Market Infrastructure Act, persons who directly, indirectly or in concert with other parties acquire or dispose of our shares or purchase or sale rights relating to our shares are required to notify us and the SIX of the level of their holdings whenever such holdings reach, exceed or fall below certain thresholds    3%, 5%, 10%, 15%, 20%, 25%, 33 1/3%, 50% and 66 2/3%    of the voting rights represented by our share capital (whether exercisable or not). This also applies to anyone who has discretionary power to exercise voting rights associated with our shares. Following receipt of such notification, we are required to inform the public by publishing the information via the electronic publication platform operated by the SIX.An additional disclosure obligation exists under rules of the SIX that requires us to disclose the identity of all of our shareholders (or related groups of shareholders) as published pursuant to the paragraph above, in Item 6.C of this Annual Report. See     Item 6. Directors, Senior Management and Employees  Item 6.C Board practices  Group structure and shareholders  Shareholders  Significant shareholders.  10.B.9 Differences in the lawSee the references to Swiss law throughout this       Item   10.B Memorandum and articles of association.  10.B.10 Changes in capitalThe requirements of the Articles regarding changes in capital are not more stringent than the requirements of Swiss law.10.C Material contracts Sandoz Spin-OffIn connection with the spin-off of Sandoz, we entered into a Separation and Distribution Agreement, dated September 30, 2023, a Tax Matters Agreement, dated September 30, 2023 and several other agreements with Sandoz to effect the separation of the Sandoz business and provide a framework for our relationship with Sandoz after the spin-off.The Separation and Distribution Agreement sets forth the parties  ' agreements regarding the principal actions to be taken in connection with the separation of the Sandoz business and the spin-off, by way of a distribution of shares of Sandoz Group AG by Novartis AG to Novartis shareholders, including the conditions of the spin-off and the rights and obligations of the parties with respect to the separation and distribution. The Separation and Distribution Agreement identifies the assets to be transferred, liabilities to be assumed and contracts to be assigned to each of Novartis and Sandoz as part of the internal transactions effected prior to the distribution and provides for when and how such transfers, assumptions and assignments should occur. Each party agreed to indemnify the other and each of the other  's directors, officers, managers, members, agents and employees against certain liabilities incurred in connection with the spin-off and the parties  ' respective businesses (subject to certain exceptions).The Tax Matters Agreement imposes certain restrictions and indemnity obligations on Sandoz designed to preserve the tax-neutral nature of the spin-off for Swiss tax and US federal income tax purposes. The Tax Matters Agreement also provides that Sandoz will be liable for any taxes accruing in the ordinary course of business of Novartis and its subsidiaries before the spin-off if such taxes are attributable to entities which are transferred or allocated to the Sandoz Group as part of the spin-off, whereas Novartis will remain liable for any other taxes accruing before the spin-off in the ordinary course of business, to the extent not attributed to Sandoz. 14110.D Exchange controlsThere are no Swiss governmental laws, decrees or regulations that affect    in a manner material to Novartis AG    the export or import of capital, including the availability of cash and cash equivalents for use by Novartis or any foreign exchange controls that affect the remittance of dividends, interest or other payments to non  residents or non  citizens of Switzerland who hold Novartis AG securities. 10.E TaxationThe taxation discussion set forth below is intended only as a descriptive summary and does not purport to be a complete analysis or listing of all potential tax effects relevant to the ownership or disposition of our shares or ADRs. The statements of US and Swiss tax laws set forth below are based on the laws and regulations in force as of the date of this 20  F&E  including the current Convention Between the US and the Swiss Confederation for the Avoidance of Double Taxation with Respect to Taxes on Income, entered into force on DecemberA 19, 1997 (the Treaty); the US Internal Revenue Code of 1986, as amended (the Code); Treasury regulations; rulings; judicial decisions; and administrative pronouncements  and may be subject to any changes in US and Swiss law, and in any double taxation convention or treaty between the US and Switzerland occurring after that date, which changes may have retroactive effect.Swiss taxationSwiss residentsWithholding Tax on dividends and distributions. Dividends that we pay and similar cash or in  kind distributions that we may make to a holder of shares or ADRs (including distributions of liquidation proceeds in excess of the nominal value, stock dividends and, under certain circumstances, proceeds from repurchases of shares by us in excess of the nominal value) are generally subject to a Swiss federal withholding tax (the Withholding Tax) at a current rate of 35%. Under certain circumstances, distributions out of capital contribution reserves made by shareholders after DecemberA 31, 1996, are exempt from the Withholding Tax. We are required to withhold Withholding Tax due from the gross distribution and to pay the Withholding Tax to the Swiss Federal Tax Administration. The Withholding Tax is refundable in full to Swiss tax residents who are the beneficial owners of the taxable distribution at the time it is resolved and duly report the gross distribution received on their personal tax return or in their financial statements for tax purposes, as the case may be.Income tax on dividends. A Swiss tax resident who receives dividends and similar distributions (including stock dividends and liquidation surplus) on shares or ADRs is required to include such amounts in the shareholder  's personal income tax return. However, distributions out of qualified capital contribution reserves are not subject to income tax. A corporate shareholder may claim substantial relief from taxation of dividends and similar distributions received if the shares held represent a fair market value of at least CHF  A 1A million.Capital gains tax upon disposal of shares. Under current Swiss tax law, the gain realized on shares held by a Swiss resident who holds shares or ADRs as part of his private property is generally not subject to any federal, cantonal or municipal income taxation on gains realized on the sale or other disposal of shares or ADRs. However, gains realized upon a repurchase of shares by us may be characterized as taxable dividend income if certain conditions are met. Book gains realized on shares or ADRs held by a Swiss corporate entity or by a Swiss resident individual as part of the shareholder  's business property are, in general, included in the taxable income of such person. However, the Federal Law on the Direct Federal Tax of DecemberA 14, 1990, and several cantonal laws on direct cantonal taxes provide for exceptions for Swiss corporate entities holding more than 10% of our voting stock for more than one year.Residents of other countriesRecipients of dividends and similar distributions on our shares who are neither residents of Switzerland for tax purposes nor hold shares as part of a business conducted through a permanent establishment situated in Switzerland (Non  Resident Holders) are not subject to Swiss income taxes in respect of such distributions. Moreover, gains realized by such recipients upon the disposal of shares are not subject to Swiss income taxes.Non  Resident Holders of shares are, however, subject to the Withholding Tax on dividends and similar distributions mentioned above and, under certain circumstances, to the Stamp Duty described below. Such Non  Resident Holders may be entitled to a partial refund of the Withholding Tax if the country in which they reside has entered into a bilateral treaty for the avoidance of double taxation with Switzerland. Non  Resident Holders should be aware that the procedures for claiming treaty refunds (and the time frame required for obtaining a refund) may differ from country to country. Non  Resident Holders should consult their own tax advisors regarding receipt, ownership, purchase, sale or other dispositions of shares or ADRs, and the procedures for claiming a refund of the Withholding Tax.142As of JanuaryA 1, 2025, Switzerland has entered into bilateral treaties for the avoidance of double taxation with respect to income taxes with the following countries, whereby a part of the above  mentioned Withholding Tax may be refunded (subject to the limitations set forth in such treaties):AlbaniaAlgeriaArgentinaArmeniaAustraliaAustriaAzerbaijanBahrainBangladeshBelarusBelgiumBrazilBulgariaCanadaChileChinaColombiaCroatiaCyprusCzechiaDenmarkEcuadorEgyptEsKongHungaryIcelandIndiaIndonesiaIranIrelandIsraelItalyIvory CoastJamaicaJapanKazakhstanRepublic of Korea(South Korea)KosovoKuwaitKyrgyzstanLatviaLiechtensteinLithuaniaLuxembourgMalaysiaMaltaMexicoMoldovaMontenegroMoroccoNetherlandsNew ZealandNorth MacedoniaNorwayOmanPakistanPeruPhilippinesPolandPortugalQatarRomaniaRussiaSaudi ArabiaSerbiaSingaporeSlovak RepublicSloveniaSouth AfricaSpainSri LankaSwedenTaiwanTajikistanThailandTrinidad and TobagoTunisiaTA  rkiyeTurkmenistanUkraineUnited Arab EmiratesUnited KingdomUnited States of AmericaUruguayUzbekistanVenezuelaVietnam ZambiaTax treaty negotiations are underway, or have been conducted, with Angola, Bosnia and Herzegovina, Cameroon, Costa Rica, Jordan, Kenya, Libya, Nigeria, Rwanda, Senegal, Syria and Zimbabwe. Tax treaty negotiations between Switzerland and some of the countries listed in the immediately preceding sentence have been ongoing for an extended period of time, and we are not certain when or if such negotiations will be completed, or when or if the corresponding treaties will come into effect.A Non  Resident Holder of shares or ADRs will not be liable for any Swiss taxes other than the Withholding Tax described above and, if the transfer occurs through or with a Swiss bank or other Swiss securities dealer, the Stamp Duty described below. If, however, the shares or ADRs of Non  Resident Holders can be attributed to a permanent establishment or a fixed place of business maintained by such person within Switzerland during the relevant tax year, the shares or ADRs may be subject to Swiss income taxes in respect of income and gains realized on the shares or ADRs, and such person may qualify for a full refund of the Withholding Tax based on Swiss tax law.Residents of the US. A Non  Resident Holder who is a resident of the US for purposes of the Treaty is eligible for a reduced rate of tax on dividends equal to 15% of the dividend, provided that such holder (i)A qualifies for benefits under the Treaty; (ii)A is not a company (or, if it is a company, such company directly holds less than 10% of our voting stock); and (iii)A does not conduct business through a permanent establishment or fixed base in Switzerland to which the shares or ADRs are attributable. Such an eligible holder must apply for a refund of the amount of the Withholding Tax in excess of the 15% Treaty rate. A Non  Resident Holder who is a resident of the US for purposes of the Treaty is eligible for a reduced rate of tax on dividends equal to 5% of the dividend, provided that such holder (i)A is a company; (ii)A qualifies for benefits under the Treaty; (iii)A holds directly at least 10% of our voting stock; and (iv)A does not conduct business through a permanent establishment or fixed place of business in Switzerland to which the shares or ADRs are attributable. Such an eligible holder must apply for a refund of the amount of the Withholding Tax in excess of the 5% Treaty rate. Claims for refunds must be filed on Swiss Tax Form  A 82 (82C for corporations; 82I for individuals; 82E for other entities), which may be obtained from any Swiss Consulate General in the US or from the Federal Tax Administration of Switzerland at the address below, together with an instruction form. Four copies of the form must be duly completed, signed before a notary public of the US, and sent to the Federal Tax Administration of Switzerland, Eigerstrasse 65, CH    3003 Bern, Switzerland. The form must be accompanied by suitable evidence of deduction of Swiss tax withheld at source, such as certificates of deduction, signed bank vouchers or credit slips. The form may be filed on or after JulyA 1 or JanuaryA 1 following the date the dividend was payable, but no later than DecemberA 31 of the third year following the calendar year in which the dividend became payable. For US resident holders of ADRs, JPMorgan Chase Bank, N.A., as depositary, will comply with these Swiss procedures on behalf of the holders, and will remit the net amount to the holders.143Stamp Duty upon transfer of securities. The sale of shares, whether by Swiss residents or Non  Resident Holders, may be subject to federal securities transfer Stamp Duty of 0.15%, calculated on the sale proceeds, if the sale occurs through or with a Swiss bank or other Swiss securities dealer, as defined in the Swiss Federal Stamp Duty Act. The Stamp Duty has to be paid by the securities dealer and may be charged to the parties in a taxable transaction who are not securities dealers. Stamp Duty may also be due if a sale of shares occurs with or through a non  Swiss bank or securities dealer, provided that (i)A such bank or dealer is a member of the SIX, and (ii)A the sale takes place on the SIX. In addition to this Stamp Duty, the sale of shares by or through a member of the SIX may be subject to a minor stock exchange levy.US federal income taxationThe following is a general discussion of the material US federal income tax consequences of the ownership and disposition of our shares or ADRs that may be relevant to you if you are a US Holder (as defined below). Because this discussion does not consider any specific circumstances of any particular holder of our shares or ADRs, persons who are subject to US taxation are strongly urged to consult their own tax advisors as to the overall US federal, state and local tax consequences, as well as to the overall Swiss and other foreign tax consequences, of the ownership and disposition of our shares or ADRs. In particular, additional or different rules may apply to US expatriates; banks and other financial institutions; regulated investment companies; traders in securities who elect to apply a mark  to  market method of accounting; dealers in securities or currencies; tax  exempt entities; insurance companies; broker  dealers; investors liable for alternative minimum tax; investors that hold shares or ADRs as part of a straddle, hedging or conversion transaction; holders whose functional currency is not the US dollar; partnerships or other pass-through entities; persons who acquired our shares pursuant to the exercise of employee stock options or otherwise as compensation; and persons who hold, directly, indirectly or by attribution, 10% or more of our outstanding shares. This discussion generally applies only to US Holders who hold the shares or ADRs as a capital asset (generally, for investment purposes), and whose functional currency is the US dollar. Investors are urged to consult their own tax advisors concerning whether they are eligible for benefits under the Treaty.For purposes of this discussion, a US Holder is a beneficial owner of our shares or ADRs who is (i)A an individual who is a citizen or resident of the US for US federal income tax purposes; (ii)A a corporation (or other entity taxable as a corporation for US federal income tax purposes) created or organized in or under the laws of the US or a state thereof or the District of Columbia; (iii)A an estate the income of which is subject to US federal income taxation regardless of its source; or (iv)A a trust (i)A subject to the primary supervision of a US court and the control of one or more US persons, or (ii)A that has a valid election in place to be treated as a US person. If a partnership (or other entity treated as a partnership for US federal income tax purposes) holds shares or ADRs, the tax treatment of a partner generally will depend upon the status of the partner and the activities of the partnership. Partners in a partnership that holds shares or ADRs are urged to consult their own tax advisor regarding the specific tax consequences

action actions that may be taken by the US Treasury.144In general, a US Holder will be required to determine the amount of any dividend paid in Swiss francs, including the amount of any  
 Withholding Tax imposed thereon, by translating the Swiss francs into US dollars at the spot rate on the date the dividend is actually or constructively received by a US Holder, in the case of  
 shares, or by the depositary, in the case of ADRs, regardless of whether the Swiss francs are in fact converted into US dollars. If a US Holder converts the Swiss francs so received into US  
 dollars on the date of receipt, the US Holder generally should not recognize foreign currency gain or loss on such conversion. If a US Holder does not convert the Swiss francs so received into  
 US dollars on the date of receipt, the US Holder will have a tax basis in the Swiss francs equal to the US dollar value on such date. Any foreign currency gain or loss that a US Holder recognizes  
 on a subsequent conversion or other disposition of the Swiss francs generally will be treated as US source ordinary income or loss. For a non-*US* corporate US Holder, the US dollar amount of any  
 dividends paid that constitute qualified dividend income generally will be taxable at a maximum rate of 15% (or 20% in the case of taxpayers with annual income that exceeds certain  
 thresholds), provided that the US Holder meets certain holding period and other requirements. In addition, the dividends could be subject to a 3.8% net investment income tax. This tax is  
 applied against the lesser of the US Holder's net investment income or the amount by which modified adjusted gross income exceeds a statutory threshold amount based on filing status. We  
 currently believe that dividends paid with respect to our shares and ADRs will constitute qualified dividend income for US federal income tax purposes, provided that the US Holder meets  
 certain holding period and other requirements. US Holders of shares or ADRs are urged to consult their own tax advisors regarding the availability to them of the reduced dividend rate in light  
 of their own particular situation and the computations of their foreign tax credit limitation with respect to any qualified dividends paid to them, as applicable. Sale or other taxable disposition.  
 Upon a sale or other taxable disposition of shares or ADRs, US Holders generally will recognize capital gain or loss in an amount equal to the difference between the US dollar value of the  
 amount realized on the disposition and the US Holder's tax basis (determined in US dollars) in the shares or ADRs. This capital gain or loss generally will be US source gain or loss and will  
 be treated as long-term capital gain or loss if the holding period in the shares or ADRs exceeds one year. In the case of a non-*US* corporate US Holder, any long-term capital gain generally will  
 be subject to US federal income tax at preferential rates, with a maximum rate of 15% (or 20% in the case of taxpayers with annual income that exceeds certain thresholds). In addition, the  
 gains could be subject to a 3.8% investment income tax. This tax is applied against the lesser of the US Holder's net investment income or the amount by which modified adjusted gross  
 income exceeds a statutory threshold amount based on filing status. The deductibility of capital losses is subject to significant limitations under the Code. Deposits or withdrawals of our shares  
 by US Holders in exchanges for ADRs will not result in the realization of gain or loss for US federal income tax purposes. US information reporting and backup withholding. Dividend payments  
 with respect to shares or ADRs and proceeds from the sale, exchange or other disposition of shares or ADRs received in the United States or through US-related financial intermediaries may  
 be subject to information reporting to the US Internal Revenue Service (IRS) and possible US backup withholding. Certain exempt recipients (such as corporations) are not subject to these  
 information reporting and backup withholding requirements. Backup withholding will not apply to a US Holder who furnishes a correct taxpayer identification number and makes any other  
 required certification or who is otherwise exempt from backup withholding. Any US Holders required to establish their exempt status generally must provide a properly executed IRS  
 Form W-9 (Request for Taxpayer Identification Number and Certification). Backup withholding is not an additional tax. Amounts withheld as backup withholding may be credited against a  
 US Holder's US federal income tax liability, and a US Holder may obtain a refund of any excess amounts withheld under the backup withholding rules by timely filing the appropriate claim  
 for refund with the IRS and furnishing any required information. 10.F Dividends and paying agents Not applicable. 10.G Statement by experts Not applicable. 14510.H Documents on display Any  
 statement in the Form 20-F about any of our contracts or other documents is not necessarily complete. If the contract or document is filed as an exhibit to the Form 20-F, the contract or  
 document is deemed to modify the description contained in the Form 20-F. You must review the exhibits themselves for a complete description of the contract or document. The SEC  
 maintains an internet site at <http://www.sec.gov> that contains reports and other information regarding issuers that file electronically with the SEC. These SEC filings are also available to the  
 public from commercial document retrieval services. We are required to file or furnish reports and other information with the SEC under the Exchange Act and regulations under that act. As a  
 foreign private issuer, we are exempt from the rules under the Exchange Act prescribing the form and content of proxy statements, and our officers, directors and principal shareholders are  
 exempt from the reporting and short-swing profit recovery provisions contained in Section 16 of the Exchange Act. 10.I Subsidiary information Not applicable. 10.J Annual report to security  
 holders We intend to submit any annual report to security holders required to be furnished on Form 6-K in electronic format in accordance with the EDGAR Filer Manual. 146Item 11.  
 Quantitative and Qualitative Disclosures About Market Risk The major financial risks facing us are managed centrally by the Company's treasury function, which has established processes  
 and procedures to identify, aggregate and manage our financial risk exposure. The Company's treasury function is included in management's internal control assessment. For information  
 about the effects of currency fluctuations and how we manage currency risk, see Item 5. Operating and Financial Review and Prospects. 5.B Liquidity and capital resources. The  
 information set forth under Item 18. Financial Statements Note A.28. Financial instruments - additional disclosures is incorporated by reference. 147Item 12. Description of Securities  
 Other than Equity Securities 12.A Debt securities Not applicable. 12.B Warrants and rights Not applicable. 12.C Other securities Not applicable. 12.D American Depositary Shares Fees payable by  
 ADR holders According to the deposit agreement that we entered into with JPMorgan Chase Bank, N.A. (JPMorgan), as depositary (as amended from time to time, the "Deposit  
 Agreement"), holders of our ADRs may have to pay to JPMorgan, either directly or indirectly, fees or charges up to the amounts set forth below: Category Depositary actions Associated  
 fee Depositing or substituting underlying shares Acceptance of shares surrendered, and issuance of ADSs in exchange, including surrenders and issuances in respect of: (a) Share distributions  
 (b) Stock split (c) Rights (d) Merger (e) Exchange of shares or any other transaction or event or other distribution affecting the ADSs or the deposited shares USD 5.00 for each 100 ADSs (or  
 portion thereof) Withdrawing underlying shares Acceptance of ADSs surrendered for withdrawal of deposited shares or for ADSs that are cancelled or reduced for any other reason USD 5.00 (or  
 less) for each 100 ADSs (or portion thereof) surrendered Cash distributions Distributing cash distributions made on any elective cash/stock dividend offered USD 0.05 (or less) per ADS Selling or  
 exercising rights Distribution or sale of shares, the fee being in an amount equal to the fee for the execution and delivery of ADRs that would have been charged as a result of the deposit of such  
 shares USD 5.00 for each 100 ADSs (or portion thereof) Depositary services Services performed by the depositary in administering the ADRs USD 0.05 (or less) per ADS per calendar year (or  
 portion thereof) Expenses of the depositary Expenses incurred on behalf of holders in connection with: (a) Compliance with foreign exchange control regulations or any law or regulation  
 relating to foreign investment (b) The depositary's or its custodian's compliance with applicable law, rule or regulation (c) Stock transfer or other taxes and other governmental charges  
 (d) Cable, telex and facsimile transmission and delivery (e) Expenses of the depositary in connection with the conversion of foreign currency into US dollars (which are paid out of such foreign  
 currency) (f) Any other charge payable by any of the depositary or its agents Expenses payable at the sole discretion of the depositary by billing holders or by deducting charges from one or  
 more cash dividends or other cash distributions 148The depositary's principal executive office is located at 383 Madison Avenue, 11th Floor, New York, New York, New York 10179. Fees payable by the  
 depositary to the issuer Pursuant to a letter agreement effective as of May 11, 2017, as amended from time to time (the "Letter Agreement"), JPMorgan, as our ADS depositary, has agreed to  
 make an annual contribution payment to Novartis at the end of each 12-month period beginning on the effective date of the Agreement and on each subsequent anniversary of the effective date  
 of the Agreement (each such 12-month period is a "Contract Year"). Beginning in the sixth Contract Year, this annual contribution payment will equal: (a)(1) the applicable fixed  
 contribution amount reflected in the table below, based on the average daily balance during such Contract Year of outstanding ADSs backed by ordinary shares less (a)(2) the custody costs, fees  
 and expenses (including, without limitation, any central securities depository fees, charges and expenses) incurred during the applicable Contract Year (the items in (a)(2) collectively are the  
 "Custody Costs") plus (b) 70% of the gross issuance and cancellation fees collected by JPMorgan under the Deposit Agreement during such Contract Year minus (c) that portion (if any)  
 of JPMorgan's legal fees, charges and out-of-pocket expenses in excess of USD 50A 000 for such Contract Year. Average Daily Balance Range Start Average Daily Balance Range End Fixed  
 contribution At least 30 000 000 Up to 66 999 999 USD 340 000 At least 67 000 000 Up to 133 999 999 USD 680 000 At least 134 000 000 Up to 200 999 999 USD 1 020 000 At least 201 000 000  
 Up to 267 999 999 USD 1 360 000 At least 268 000 000 USD 1 700 000 The fixed contribution amount payable under (a)(1) in respect of a given Contract Year shall be zero if the average daily  
 balance of outstanding ADSs backed by ordinary shares is less than 30A 000A 000 during such Contract Year. If the Custody Costs for a Contract Year exceed the fixed contribution amount for  
 such Contract Year, JPMorgan will reduce the contribution payable to us by an amount equal to such deficit. JPMorgan has further agreed to waive the USD 0.05 per ADS issuance fees that  
 would normally be owed by Novartis in connection with our deposits of shares as part of our employee stock ownership and employee participation plans. Novartis is responsible for reimbursing  
 JPMorgan for all taxes and governmental charges required to have been withheld and/or paid, and not so withheld and/or paid, arising from such waived fees. 149PART III Item 13. Defaults,  
 Dividend Arrearages and Delinquencies None. 150Item 14. Material Modifications to the Rights of Security Holders and Use of Proceeds None. 151Item 15. Controls and Procedures(a) Novartis  
 AG's Chief Executive Officer and Chief Financial Officer, after evaluating the effectiveness of our disclosure controls and procedures (as defined in Exchange Act Rule 13a-15(e)) as of the  
 end of the period covered by this Annual Report, have concluded that, as of such date, our disclosure controls and procedures were effective.(b) Report of Novartis Management on Internal  
 Control Over Financial Reporting: The Board of Directors and management of the Company are responsible for establishing and maintaining adequate internal control over financial reporting.  
 The Company's internal control over financial reporting was designed to provide reasonable assurance to the Company's management and Board of Directors regarding the reliability of  
 financial reporting and the preparation and fair presentation of its published consolidated financial statements. Internal controls over financial reporting, no matter how well designed, have  
 inherent limitations. Therefore, even those internal controls over financial reporting determined to be effective may not prevent or detect misstatements and can provide only reasonable  
 assurance with respect to financial statement preparation and presentation. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become  
 inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate. The Company's management assessed the effectiveness of the  
 Company's internal control over financial reporting as of December 31, 2024. In making this assessment, it used the criteria established in Internal Control Integrated Framework  
 (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on our assessment, management concluded that, as of December 31, 2024, the  
 Company's internal control over financial reporting is effective based on those criteria.KPMG AG, Switzerland, an independent registered public accounting firm, has issued an unqualified  
 opinion on the effectiveness of the Company's internal control over financial reporting, which is included in this Annual Report under Item 18. Financial Statements Report of  
 independent registered public accounting firm. See the report of KPMG AG, an independent registered public accounting firm, included under Item 18. Financial  
 Statements Report of independent registered public accounting firm. (d) There were no changes to our internal control over financial reporting that occurred during the period covered by  
 this Annual Report that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting. 152Item 16A. Audit Committee Financial Expert Our  
 Audit and Compliance Committee has determined that Elizabeth Doherty and Ana de Pro Gonzalo possess specific accounting and financial management expertise, and that they are audit  
 committee financial experts as defined in Item 16A of Form 20-F. The Board of Directors has also determined that each member of the Audit and Compliance Committee is independent  
 in accordance with the applicable requirements set forth under the listing standards of the NYSE and Rule 10A-3 under the Exchange Act, and has sufficient experience and ability in finance  
 and compliance matters to enable them to adequately discharge their responsibilities. 153Item 16B. Code of Ethics In addition to our Code of Ethics and Doing Business Ethically Policy, which  
 are applicable to all of our employees, we have adopted Ethical Conduct Requirements that impose additional obligations on our principal executive officer, principal financial officer, principal  
 accounting officer, and persons performing similar functions. This document is accessible on our internet website at: [https://www.novartis.com/investors/company-overview/corporate-](https://www.novartis.com/investors/company-overview/corporate-governance)  
[governance](https://www.novartis.com/investors/company-overview/corporate-governance). 154Item 16C. Principal Accountant Fees and Services The information set forth under Item 6. Directors, Senior Management and Employees Item 6.C Board  
 Practices Corporate governance Auditors is incorporated by reference. 155Item 16D. Exemptions from the Listing Standards for Audit Committees Not applicable. 156Item 16E.  
 Purchases of Equity Securities by the Issuer and Affiliated Purchasers 2024 Total number of shares purchased (a) Average price paid per share in USD (b) Total number of shares purchased as  
 part of publicly announced plans or programs (c) Maximum approximate value of shares that may yet be purchased under the plans or programs (CHF millions) (d) Maximum approximate  
 value of shares that may yet be purchased under the plans or programs (USD millions) (e) Jan. 1-31 841 830 108.13 8 630 10 763 12 464 Feb. 1-29 5 398 671 102.67 5 250 000 10 291 11  
 707 Mar. 1-31 5 020 196 98.75 5 000 000 9

Committee is responsible for oversight of the Company’s cybersecurity strategy. We seek to follow industry best practices, such as the NIST Cybersecurity Framework and ISO 27001 to manage information security. Novartis has risk-based services continuity and systems recovery plans in place for key business processes, which are tested periodically. We also conduct ongoing internal vulnerability analyses (including simulated hacking) as well as external testing via third parties to ensure the effectiveness of our cybersecurity controls. We require employees to report IT security incidents to a Cyber Security Operations Center (CSOC) that operates 24 hours a day, 7 days a week. CSOC is a function within ISC that is responsible for investigating all security incidents and alerts including determining the threat type, incident scope and incident severity. Where appropriate, major incidents are escalated to our Chief Executive Officer, who may then inform our Board of the incident pursuant to our internal procedures. Novartis has not experienced any cybersecurity threats, including as a result of cybersecurity incidents, that have materially affected or are reasonably likely to materially affect Novartis, including its business strategy, results of operations or financial condition. See Item 3. Key Information

**Risk factors**

**Operational risks**

Cybersecurity and data protection for information on risks to Novartis from cybersecurity threats. As part of its enterprise risk management oversight, the Risk Committee of our Board is responsible for ensuring that the Company has implemented an appropriate and effective risk management system and process, including annually reviewing updates on cybersecurity. The Risk Committee receives updates on cybersecurity risks, which address a wide range of topics, including recent developments, security incidents, evolving standards, vulnerability assessments, third-party and independent reviews, the threat environment, technological trends and information security considerations arising with respect to the peers and vendors of Novartis. At least once each year, the Risk Committee discusses the Company’s approach to cybersecurity risk management with the Chief Security Officer.

**Financial Statements**

See response to

**Financial Statements**

The following financial statements are filed as part of this Annual Report.

Consolidated income statements

Consolidated statements of comprehensive income

Consolidated balance sheets

Consolidated statements of changes in equity

Consolidated statements of cash flows

Notes to the Novartis consolidated financial statements

1. Accounting policies

2. Significant acquisitions of businesses and spin-off of Sandoz business

3. Operating segment

4. Revenues and geographic information

5. Interest expense and other financial income and expense

6. Income taxes

7. Earnings per share

8. Changes in consolidated statements of comprehensive income

9. Property, plant and equipment

10. Right-of-use assets and lease liabilities

11. Goodwill and intangible assets other than goodwill

12. Deferred tax assets and liabilities

13. Financial and other non-current assets

14. Inventories

15. Trade receivables

16. Marketable securities, commodities, time deposits, derivative financial instruments, and cash and cash equivalents

17. Other current assets

18. Equity

19. Non-current financial debt

20. Provisions and other non-current liabilities

21. Current financial debt and derivative financial instruments

22. Provisions and other current liabilities

23. Details to the consolidated statements of cash flows

24. Post-employment benefits for employees

25. Equity-based participation plans for employees

26. Transactions with related parties

27. Commitments and contingent liabilities

28. Financial instruments

29. Discontinued operations

30. Events subsequent to the December 31, 2024, consolidated balance sheet date

31. Novartis principal subsidiaries and associated companies

Report of Independent Registered Public Accounting Firm

1. KPMG AG (PCAOB ID 3240)

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Item 19. Exhibits

1.1 Articles of Incorporation of Novartis AG, as amended March 5, 2024 (English translation).

1.2 Organizational Regulations of Novartis AG, effective January 1, 2025.

2.1 Form of Second Amended and Restated Deposit Agreement among Novartis AG, JPMorgan Chase Bank, N.A., as depositary, and all Holders and Beneficial Owners from time to time of American Depositary Receipts issued thereunder (incorporated by reference to Exhibit 99.A to the Registration Statement on Form F-6 as filed with the SEC on December 16, 2022).

2.2 Form of American Depositary Receipt (included in Exhibit 2.1 incorporated by reference to Exhibit 99.A to the Registration Statement on Form F-6 as filed with the SEC on December 16, 2022).

2.3 Description of Securities registered under Section 12 of the Exchange Act.

2.4 Indenture, dated as of February 10, 2009, among Novartis Capital Corporation, Novartis Securities Investment Ltd. and Novartis Finance S.A., as issuers, Novartis AG, as guarantor, and HSBC Bank USA, National Association, as trustee (incorporated by reference to Exhibit 4.1 of the Registrant’s Registration Statement on Form F-3 (File Nos. 333-207004, 333-207004-01 and 333-207004-02) filed with the SEC on September 18, 2015).

4.1 Separation and Distribution Agreement by and between Novartis AG and Sandoz Group AG, dated as of September 30, 2023 (incorporated by reference to Exhibit 4.1 to Novartis AG’s Annual Report on Form 20-F (File No. 001-15024) as filed with the SEC on January 31, 2024).

4.2 Tax Matters Agreement by and between Novartis AG and Sandoz Group AG, dated as of September 30, 2023 (incorporated by reference to Exhibit 4.2 to Novartis AG’s Annual Report on Form 20-F (File No. 001-15024) as filed with the SEC on January 31, 2024).

8.1 For a list of all of our principal subsidiaries and associated companies, see

Item 18. Financial Statements

Note 31. Novartis principal subsidiaries and associated companies.

11.1 Novartis AG Insider Policy.

12.1 Certification of Vasant Narasimhan, Chief Executive Officer of Novartis AG, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

12.2 Certification of Harry Kirsch, Chief Financial Officer of Novartis AG, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

13.1 Certification of Vasant Narasimhan, Chief Executive Officer of Novartis AG, pursuant to Section 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

13.2 Certification of Harry Kirsch, Chief Financial Officer of Novartis AG, pursuant to Section 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

15.1 Consent of KPMG AG.

97.1 Novartis AG Policy Governing the Recovery of Erroneously Awarded Compensation (incorporated by reference to Exhibit 97.1 to Novartis AG’s Annual Report on Form 20-F (File No. 001-15024) as filed with the SEC on January 31, 2024).

101.INS XBRL Instance Document

101.SCH XBRL Taxonomy Extension Schema Document

101.CAL XBRL Taxonomy Extension Calculation Linkbase Document

101.DEF XBRL Taxonomy Extension Definition Linkbase Document

101.LAB XBRL Taxonomy Extension Label Linkbase Document

101.PRE XBRL Taxonomy Extension Presentation Linkbase Document

104 Cover Page Interactive Data File (embedded within the Inline XBRL document and included in Exhibit 101). The total amount of long-term debt securities authorized under any instrument, other than the instrument listed above, does not exceed 10% of the total assets of the Company and its subsidiaries on a consolidated basis. We hereby agree to furnish to the SEC, upon its request, a copy of any such instrument defining the rights of holders of long-term debt of the Company or of its subsidiaries for which consolidated or unconsolidated financial statements are required to be filed.

SIGNATURE

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this Annual Report on its behalf.

Novartis AGBy: /s/ Harry KirschName: Harry KirschTitle: Chief Financial Officer of NovartisBy: /s/ Karen HaleName: Karen HaleTitle: Chief Legal Officer of NovartisDate: January 31, 2025167Novartis consolidated financial statementsConsolidated income statements(For the years ended December 31, 2024, 2023 and 2022) (USD millions unless indicated otherwise) Note 2024 2023 2022Net sales from continuing operations 450 31745 44042 2060Other revenues 41 4051 2201 255Cost of goods sold 12 827-12 472-11 582Gross profit from continuing operations 38 89534 18831 879Selling, general and administration-12 566-12 512 193Research and development-10 022-11 371-9 172Other income 1751 72769Other expense-2 938-2 303-3 264Operating income from continuing operations 14 5449 7697 946Loss from associated companies-38-13-11Interest expense-5-1 006-855-800Other financial income and expense 51402224Income before taxes from continuing operations 13 6409 1237 177Income taxes-6-1 701-551-1 128Net income from continuing operations 11 9398 5726 049Net income from discontinued operations Before gain on distribution of Sandoz Group AG to Novartis AG shareholders 29422906Gain on distribution of Sandoz Group AG to Novartis AG shareholders 25 860Net income from discontinued operations 296 282906Net income 11 93914 8546 955Attributable to: A A Shareholders of Novartis AG 11 94114 8506 955A A Non-controlling interests-240A Basic earnings per share (USD) from continuing operations 5.924 132.77Basic earnings per share (USD) from discontinued operations 3.020 42Total basic earnings per share (USD) 75.927 153.19A Diluted earnings per share (USD) from continuing operations 5.874 102.76Diluted earnings per share (USD) from discontinued operations 3.000 41Total diluted earnings per share (USD) 75.777 103.17The accompanying Notes form an integral part of the consolidated financial statements.F-1Consolidated statements of comprehensive income(For the years ended December 31, 2024, 2023 and 2022) (USD millions) Note 2024 2023 2022Net income 11 93914 8546 955A Other comprehensive incomeItems that are or may be recycled into the consolidated income statementA A Cash flow hedge, net of taxes-8-24A A Net investment hedge, net of taxes 891-5091A A Currency translation effects, net of taxes 8-1 5661 375-450Total of items that are or may be recycled-1 4991 325-359A Items that will never be recycled into the consolidated income statementA A Actuarial gains/(losses) from defined benefit plans, net of taxes 82 024-160-103A A Fair value adjustments on equity securities, net of taxes 86437-382Total of items that will never be recycled2 088-123-485A Total comprehensive income 12 52816 0566 111Total comprehensive income for the year attributable to: A A Shareholders of Novartis AG 12 53316 0506 116A A A Continuing operations 12 53310 115 181A A A Discontinued operations 5 935935A A Non-controlling interests-56-56The accompanying Notes form an integral part of the consolidated financial statements.F-2Consolidated balance sheets(At December 31, 2024 and 2023) (USD millions) Note 2024 2023AssetsNon-current assetsProperty, plant and equipment 99 4589 514Right-of-use assets 101 4151 410Goodwill 1124 75623 341Intangible assets other than goodwill 1126 91526 879Investments in associated companies 119205Deferred tax assets 124 3594 309Financial assets 132 0152 607Other non-current assets 133 5051 199Total non-current assets 72 54269 464Current assetsInventories 145 7235 913Trade receivables 157 4237 107Income tax receivables 133426Marketable securities, commodities, time deposits and derivative financial instruments 161 9981 035Cash and cash equivalents 1611 45913 393Other current assets 172 9682 607Total current assets 29 70430 481Total assets 102 24699 945A Equity and liabilitiesEquityShare capital 18793825Treasury shares 18-53-41Reserves 43 30645 883Equity attributable to Novartis AG shareholders 44 04646 667Non-controlling interests 8083Total equity 44 12646 750LiabilitiesNon-current liabilitiesFinancial debts 1921 36618 436Lease liabilities 101 5681 598Deferred tax liabilities 122 4192 248Provisions and other non-current liabilities 204 0754 523Total non-current liabilities 29 42826 805Current liabilitiesTrade payables 4 524 926Financial debts and derivative financial instruments 218 2326 175Lease liabilities 10235230Current income tax liabilities 1 5991 893Provisions and other current liabilities 2214 05413 166Total current liabilities 28 69226 390Total liabilities 58 12053 195Total equity and liabilities 102 24699 945The accompanying Notes form an integral part of the consolidated financial statements.F-3Consolidated statements of changes in equity(For the years ended December 31, 2024, 2023 and 2022) Reserves(USD millions) Note Share capital Treasury shares Retained earnings Total value adjustments Equity attributable to Novartis shareholders Non-controlling interests Total equityTotal equity at January 1, 2022901-4870 989-4 18767 65516767 822Net income 6 9556 95506 955Other comprehensive income 8-839-839-5-844Total comprehensive income 6 955-8396 116-56 111Dividends 18-1-7 506-7 506-7 506Purchase of treasury shares 18-2-66-10 844-10 910-10 910Reduction of share capital 18-1115-4Exercise of options and employee transactions 18-2187888Equity-based compensation 18-26848854854Shares delivered to Alcon employees as a result of the Alcon spin-off 18-20555Taxes on treasury share transactions 141414Decrease of treasury share repurchase obligation under a share buyback trading plan 18-72 8092 8092 809Changes in non-controlling interests 18-3-81-81Fair value adjustments on financial assets sold 84-4Value adjustments related to divestments 8-34340Other movements 18-421721721Total of other equity movements 11-44-14 40430-14 429-81-14 510Total equity at December 31, 2022890-9263 540-4 99659 3428159 423Net income 14 85014 850414 854Other comprehensive income 801 2001 20021 200Total comprehensive income 14 8501 20016 05616 056Dividends 18-1-7 255-7 255-7 255Dividend in kind to effect the spin-off of Sandoz Group AG 2-13 962-13 962-13 962Purchase of treasury shares 18-2-51-8 466-8 517-8 517Reduction of share capital 18-6594-29Exercise of options and employee transactions 18-2214416146Equity-based compensation 18-26898904904Shares delivered to Sandoz employees as a result of the Sandoz spin-off 18-20303030Taxes on treasury share transactions 141414Transaction costs, net of taxes 18-5-214-214-214Changes in non-controlling interests 18-3-4-4Fair value adjustments on financial assets sold 8-11Value adjustments related to divestments 8-29290Other movements 18-4129129129Total of other equity movements 6551-28 74130-28 725-4-28 729Total equity at December 31, 20232816-4149 649-3 76646 6678346 750Net income 11 94111 941-211 939Other comprehensive income 8592592-3589Total comprehensive income 11 94159212 533-512 528Dividends 18-1-7 624-7 624-7 624Purchase of treasury shares 18-2-44-8 406-8 450-8 450Reduction of share capital 18-32266Equity-based compensation plans 18-261 0541 0601 060Taxes on treasury share transactions 68-68-68Changes in non-controlling interests 18-3-226-226-224Value adjustments related to financial assets sold and divestments 881-81Other movements 18-4154154154Total of other equity movements 32-12 029-81-15 1542-15 152Total equity at December 31, 2024793-5346 561-3 25544 0468044 126The accompanying Notes form an integral part of the consolidated financial statements.F-4Consolidated statements of cash flows(For the years ended December 31, 2024, 2023 and 2022) (USD millions) Note 2024 2023 2022Net income from continuing operations 11 9398 5726 049Adjustments to reconcile net income from continuing operations to net cash flows from operating activities from continuing operationsReversal of non-cash items and other adjustments 23-110 23210 36910 631Dividends received from associated companies and others 1211Interest received 489645252Interest paid 855-751-6670Other financial receipts 90710Other financial payments-116-17-26Income taxes paid 23-2-2 258-2 787-1 702Net cash flows from operating activities from continuing operations Before working capital and provision changes 19 43216 12314 609Payments out of provisions and other net cash movements in non-current liabilities-1 107-1 534-774Change in net current assets and other operating cash flow items 23-3-706-369-796Net cash flows from operating activities from continuing operations 17 61914 22013 039Net cash flows from operating activities from discontinued operations 2381 197Total net cash flows from operating activities 17 61914 45814 236Purchases of property, plant and equipment-1 366-1 060-916Proceeds from sale of property, plant and equipment 86237158Purchases of intangible assets-2 448-1 693-1 323Proceeds from sale of intangible assets 801 955170Purchases of financial assets-193-106-115Proceeds from sale of financial assets 957348133Purchases of other non-current assets-1Proceeds from sale of other non-current assets 3Acquisitions and divestments of interests in associated companies, net-10-11-24Acquisitions and divestments of businesses, net 23-4-3 911-3 558-840Purchases of marketable securities, commodities and time deposits-3 455-641-34 695Proceeds from sale of marketable securities, commodities and time deposits 2 74411 24839 357Net cash flows (used in)/from investing activities from continuing operations-7 5136 7191 904Net cash flows used in investing activities from discontinued operations 29-1 123-436Total net cash flows (used in)/from investing activities-7 513 5961 468Dividends paid to shareholders of Novartis AG-7 624-7 255-7 506Purchases of treasury shares-8 331-8 719-10 652Proceeds from exercised options and other treasury share transactions, net 301513100Proceeds from non-current financial debts 23-56 1438Repayments of the current portion of non-current financial debts 23-5-2 160-2 223-2 575Change in current financial debts 23-5958546252Repayments of other current financial debts 23-5-289Payments of lease liabilities 23-5-262-258-262Payments from changes in ownership interests in consolidated subsidiaries-2930Other financing cash flows, net 86192-38Net cash flows used in financing activities from continuing operations 11 742-17 564-20 681Net cash flows from financing activities from discontinued operations 293 286119Total net cash flows used in financing activities-11 742-14 278-20 562Net change in cash and cash equivalents before effect of exchange rate changes-1 6365 776-4 858Effect of exchange rate changes on cash and cash equivalents-298100-32Net change in cash and cash equivalents-1 9345 876-4 890Cash and cash equivalents at January 113 3937 51712 407Cash and cash equivalents at December 3111 45913 3937 517The accompanying Notes form an integral part of the consolidated financial statements.F-5Notes to the Novartis consolidated financial statements1. Accounting policiesNovartis is a multinational group of companies (Novartis or Company) specializing in the research, development, manufacturing and marketing of a broad range of innovative pharmaceutical medicines. The Company is headquartered in Basel, Switzerland. The consolidated financial statements of the Company are prepared in accordance with International Financial Reporting Standards (IFRS®) Accounting Standards as issued by the International Accounting Standards Board. They are prepared in accordance with the historical cost convention, except for items that are required to be accounted for at fair value. The Company’s financial year-end is December 31, which is also the annual closing date of the individual entities’ financial statements incorporated into the Company’s consolidated financial statements. The preparation of financial statements requires management to make certain estimates and assumptions, either at the balance sheet date or during the year, which affect the reported amounts of revenues, expenses, assets, and liabilities, including the distribution liability and the non-cash, non-taxable gain recognized in connection with the distribution of Sandoz Group AG to Novartis AG shareholders, and contingent amounts. Estimates are based on historical experience and other assumptions that are considered reasonable under the given circumstances and are regularly monitored. Actual outcomes and results could differ from those estimates and assumptions. Revisions to estimates are recognized in the period in which the estimate is revised. At the Novartis AG Extraordinary General Meeting, held on September 15, 2023, our shareholders approved the spin-off of the Sandoz business. Following the share-holder approval, IFRS Accounting Standards required the Sandoz Division and selected portions of corporate activities attributable to Sandoz’s business, as well as certain expenses related to the spin-off (the “Sandoz business”) to be reported as discontinued operations in the consolidated financial statements. As a result, the Sandoz business has been presented as discontinued operations in the consolidated financial statements. This required the year ended December 31, 2023 consolidated income statement, consolidated statement of comprehensive income and consolidated statement of cash flows to present separately continuing operations from discontinued operations, with comparative amounts in 2022 restated on a consistent basis. For further information and disclosures refer to the section “Distribution of Sandoz Group AG to Novartis AG shareholders” in this Note 1, and in Note 2, and Note 29. Listed below are the material accounting policies of significance to Novartis or, in cases where IFRS Accounting Standards provide alternatives, the option adopted by Novartis. Scope of consolidation The consolidated financial statements include all entities, including structured entities, over which Novartis AG, Basel, Switzerland, directly or

indirectly has control (generally as a result of owning more than 50% of the entity’s voting interest). Consolidated entities are also referred to as subsidiaries. In cases where Novartis does not fully own a subsidiary, it has elected to value any remaining outstanding non-controlling interest at the time of acquiring control of the subsidiary at its proportionate share of the fair value of the net identified assets. Investments in associated companies (generally defined as investments in entities in which Novartis holds between 20% and 50% of voting shares or over which it otherwise has significant influence) and joint ventures are accounted for using the equity method, except for selected venture fund investments for which the Company has elected to apply the method of fair value through the consolidated income statement. Foreign currencies The consolidated financial statements of Novartis are presented in US dollars (USD). The functional currency of a subsidiary is generally the local currency of that entity. The functional currency used for the reporting of certain Swiss and foreign finance entities is USD instead of their respective local currencies. This reflects the fact that the cash flows and transactions of these entities are primarily denominated in this currency. For subsidiaries using a functional currency other than USD, the subsidiary’s results, financial position and cash flows are translated into USD using the following exchange rates: Income, expense and cash flows for each month using the average exchange rate, with the US dollar values for each month being aggregated during the year. Balance sheet using year-end exchange rates. Resulting exchange rate differences are recognized in other comprehensive income. Distribution of Sandoz Group AG to Novartis AG shareholders At the Extraordinary General Meeting (EGM) of Novartis AG shareholders, held on September 15, 2023, the Novartis AG shareholders approved a special distribution by way of a dividend in kind to effect the spin-off of Sandoz Group AG. The September 15, 2023, shareholder approval for the spin-off required the Sandoz Division and selected portions of corporate activities attributable to Sandoz’s business, as well as certain expenses related to the spin-off (the Sandoz business) to be reported as discontinued operations. The shareholder approval on September 15, 2023, for the spin-off of the Sandoz business, required the recognition of a distribution liability at the fair value of the Sandoz business. Novartis policy is to measure the distribution liability at the fair value of the Sandoz business net assets taken as a whole. The distribution liability was recognized through a reduction in retained earnings. It was required to be adjusted at each balance sheet date for changes in its estimated fair value, up to the date of the distribution to shareholders through retained earnings. Any resulting impairment of the business assets to be distributed would have been recognized in the consolidated income statements in Other expense of discontinued operations, at the date of initial recognition of the distribution liability or at subsequent dates resulting from changes of the distribution liability valuation. At the October 4, 2023, distribution settlement date, the resulting gain, which is measured as the excess amount of the distribution liability over the then-carrying value of the net assets of the business distributed, was recognized on the line Gain on distribution of Sandoz Group AG to Novartis AG shareholders within the income statement of discontinued operations. The recognition of the distribution liability required the use of valuation techniques for the purposes of impairment testing of the Sandoz business’s assets to be distributed and for the measurement of the fair value of the distribution liability. These valuations required the use of management assumptions and estimates related to the Sandoz business’s future cash flows, market multiples, and the opening share price of Sandoz Group AG on the first day of trading its shares on the SIX Swiss Exchange, to estimate day one market value, and control premiums to apply in estimating the Sandoz business fair value. These fair value measurements are classified as Level 3 in the fair value hierarchy. The section Goodwill and intangible assets other than goodwill in this Note 1 provides additional information on key assumptions that are highly sensitive in the estimation of fair values using valuation techniques. Transaction costs that are directly attributable to the Distribution (spin-off) of the Sandoz business to Novartis AG shareholders by way of a dividend in kind, and that would otherwise have been avoided, were accounted for as a deduction from equity (within retained earnings). Prior to the recognition of the distribution liability, these costs were recorded as prepaid expenses in the consolidated balance sheet. For additional disclosures, refer to the section Distribution of Sandoz Group AG to Novartis AG shareholders in Note 2 and Note 29. Acquisition of assets and businesses Assets separately acquired are recorded at cost, which includes the purchase price and any directly attributable costs for bringing the asset into the condition to operate as intended. Expected costs for obligations to dismantle and remove property, plant and equipment and restore the site when it is no longer used are included in their cost. Acquired businesses are accounted for by applying the acquisition method, unless the optional concentration test is applied. The optional concentration test allows for an election on a transaction-by-transaction basis to account for the acquired business as an asset separately acquired when substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets. The acquisition method requires that the assets acquired and liabilities assumed be recorded at their respective fair values on the date the Company obtains control. The excess of the fair value of the total purchase consideration transferred over the fair value of the acquired assets and assumed liabilities is recognized as goodwill. The valuations are based on information available at the acquisition date. Acquisition-related costs are expensed as incurred. The application of the acquisition method requires certain estimates and assumptions to be made, especially concerning the fair values of the acquired intangible assets, inventories, property, plant and equipment and the liabilities assumed at the acquisition date, and the useful lives of the intangible assets and property, plant and equipment. Estimates of fair value require the use of valuation techniques. These valuations require the use of management assumptions and estimates, including the value of comparable assets in the market, amount and timing of future cash flows, outcomes and costs of research and development activities, probability of obtaining regulatory approval, long-term sales forecasts, actions of competitors, discount rates and terminal growth rates. The section Goodwill and intangible assets other than goodwill in this Note 1 provides additional information on key assumptions that are highly sensitive in the estimation of fair values using valuation techniques. Goodwill and intangible assets other than goodwill Goodwill arises on applying the acquisition method on the acquisition of a business and is the excess of the fair value of the consideration transferred to acquire the business over the underlying fair value of the net identified assets acquired. Goodwill is allocated to groups of cash-generating units (CGUs) that is expected to benefit from the synergies of the combination, which are usually represented by the operating segment. Goodwill is tested for impairment at the level of this group of CGUs annually, or when facts and circumstances warrant, and any impairment charges are recorded under Other expense in the consolidated income statement. Purchased intangible assets other than goodwill are initially recorded at cost. Intangible assets that have been acquired through a business combination are initially recorded at fair value using the acquisition method of accounting. Intangible assets available for use with a definitive useful life (which includes the categories Currently marketed products and Other intangible assets) are amortized on a straight-line basis and evaluated for potential impairment whenever facts and circumstances indicate that their carrying value may not be recoverable. Acquired research and development intangible assets that have not yet obtained marketing approval are recognized as in-process research and development (IPR&D). IPR&D is not amortized as it is not yet available for use. It is evaluated for potential impairment on an annual basis or when facts and circumstances warrant. Once a project included in IPR&D has received marketing approval from a regulatory authority, it is transferred to the Currently marketed products category of intangible assets. An asset, a CGU or a grouping of CGUs is considered impaired when its balance sheet carrying amount exceeds its estimated recoverable amount, which is defined as the higher of its fair value less costs of disposal and its value in use. Usually, Novartis applies the fair value less costs of disposal method for its impairment assessment. In most cases, no directly observable market inputs are available to measure the fair value less costs of disposal. An estimate is therefore derived indirectly and is based on net present value techniques utilizing post-tax cash flows and discount rates. In the limited cases where the value-in-use method would be applied, net present value techniques would be applied using pre-tax cash flows and discount rates. Fair value less costs of disposal reflects estimates of assumptions that market participants would be expected to use when pricing the asset or CGU, and for this purpose, management considers the range of economic conditions that are expected to exist over the remaining useful life of the asset. These valuations are classified as Level 3 in the fair value hierarchy. The estimates used in calculating the net present values are highly sensitive and depend on assumptions specific to the nature of the Company’s activities with regard to: Amount and timing of projected future cash flows. Sales forecasts. Actions of competitors (launch of competing products, marketing initiatives, etc.). Sales erosion rates after the end of a patent, loss of exclusivity or other intellectual property rights protection, and timing of the entry of generic competition. Outcome of research and development activities (compound efficacy, results of clinical trials, etc.). Amount and timing of projected costs to develop IPR&D into commercially viable products. Profit margins. Probability of obtaining regulatory approval. Future tax rate. Appropriate terminal growth/decline rate. Appropriate discount rate. Generally, for intangible assets with a definite useful life, Novartis uses cash flow projections for the whole useful life of these assets. For goodwill, Novartis generally utilizes cash flow projections for a three-year period based on management forecasts, with a terminal value based on cash flow projections usually in line with inflation rates for later periods. Probability-weighted scenarios are typically used. Discount rates used consider the Company’s estimated weighted average cost of capital, adjusted for specific asset, country and currency risks associated with cash flow projections, to approximate the discount rate that market participants would use to value the asset. Due to the above factors, actual cash flows and values could vary significantly from forecasted future cash flows and related values derived using discounting techniques. Cash and cash equivalents Cash and cash equivalents include highly liquid investments with original maturities of three months or less, which are readily convertible to known amounts of cash. Bank overdrafts are presented within current financial debts on the consolidated balance sheet. Marketable securities and non-current financial assets Marketable securities are financial assets held for short-term purposes that are principally traded in liquid markets and are classified within current assets on the consolidated balance sheet. The financial impacts related to these financial assets are recorded in Other financial income and expense in the consolidated income statement. Non-current financial assets held for long-term strategic purposes are classified within non-current assets on the consolidated balance sheet. The financial impacts related to these financial assets are recorded in Other income and Other expense in the consolidated income statement. Marketable securities and non-current financial assets are initially recorded at fair value on their trade date, which is different from the settlement date when the transaction is ultimately effected. Quoted securities are remeasured at each reporting date to fair value based on current market prices. If the market for a financial asset is not active or no market is available, fair values are established using valuation techniques. The majority of non-quoted investments are initially valued at fair value through the purchase price established between a willing buyer and seller. Non-quoted investments are subsequently adjusted based on values derived from discounted cash flow analysis or other pricing models. These investment values are classified as Level 3 in the fair value hierarchy. The Company classifies and accounts for its marketable securities and non-current financial assets in the following categories: Debt securities are valued at fair value through other comprehensive income with subsequent recycling into the consolidated income statement, as they meet both the solely payment of principal and interest and the business model criteria. Unrealized gains and losses, except exchange gains and losses, are recorded as a fair value adjustment in the consolidated statement of comprehensive income. They are recognized in the consolidated income statement when the debt instrument is sold, at which time the gain/loss is transferred to Other financial income and expense. Exchange gains and losses related to debt instruments are immediately recognized in the consolidated income statement in Other financial income and expense. Fund investments and equity securities of the Novartis Venture Fund are valued at fair value through profit and loss (FVPL). Unrealized gains and losses, including exchange gains and losses, are recognized in the consolidated income statement in Other income for gains and Other expense for losses. Equity securities held as strategic investments, typically held outside of the Novartis Venture Fund, are generally designated at the date of acquisition as financial assets valued at fair value through other comprehensive income with no subsequent recycling through profit and loss. Unrealized gains and losses, including exchange gains and losses, are recorded as a fair value adjustment in the consolidated statement of comprehensive income. They are reclassified to retained earnings when the equity security is sold. If these equity securities are not designated at the date of acquisition as financial assets valued at fair value through other comprehensive income, they are valued at FVPL, as described above. Other non-current financial assets, such as loans and long-term receivables from customers, advances and other deposits, are valued at amortized cost, which reflects the time value of money less any allowances for expected credit losses. The Company assesses on a forward-looking basis the expected credit losses associated with its debt securities valued at fair value through other comprehensive income. Impairments on debt securities are recorded in Other financial income and expense. For other financial assets valued at amortized cost, impairments, which are based on their expected credit losses, and exchange rate losses are included in Other expense in the consolidated income statement. Exchange rate gains and interest income, using the effective interest rate method, are included in Other income or Other financial income in the consolidated income statement, depending on the nature of the item. Derivative financial instruments Derivative financial instruments are initially recognized in the balance sheet at fair value and are remeasured to their current fair value at the end of each subsequent reporting period. The valuation of a forward exchange rate contract is based on the discounted cash flow model, using interest rate curves and forward rates at the reporting date as observable inputs. Options are valued based on a modified Black-Scholes model using volatility and exercise prices as major observable inputs. The Company enters into certain derivative financial instruments for the purpose of hedging to reduce volatility in the Company’s performance due to exposure to various business-related risks. The risk mitigation is obtained because the derivative’s value or cash flows are expected, wholly or partly, to offset changes in the value or cash flows of the recognized assets or liabilities. The overall strategy aims to mitigate the currency and interest rate risk of positions that are contractually agreed, and to partially mitigate the exposure risk of selected anticipated transactions. Certain derivative financial instruments meet the criteria for hedge accounting treatment. A prerequisite for obtaining this accounting-hedge relationship is extensive documentation on inception and proving on a regular basis that the economic hedge is effective for accounting purposes. Other derivative financial instruments do not meet the criteria to qualify for hedge accounting or are not designated in a hedge relationship. Changes in the fair value of these derivative instruments are recognized immediately in Other financial income and expense in the consolidated income statement. In addition, the Company has designated certain long-term debt components as hedges of the translation risk arising on certain net investments in foreign operations. On consolidation, foreign currency differences arising on long-term debt designated as net investment hedges of a foreign operation are recognized in other comprehensive income and accumulated in currency translation effects, to the extent that the hedge is effective. The foreign currency differences arising from hedge ineffectiveness are recognized in the income statement in Other financial income and expense. When a hedged net investment is disposed of, the proportionate portion of the cumulative amount recognized in equity in relation to the hedged net investment is transferred to the consolidated income statement as an adjustment to the gain or loss on disposal. Inventories Inventory is valued at the lower of acquisition or production cost determined on a first-in, first-out basis and net realizable value. This value is used for the Cost of goods sold in the consolidated income statement. Unsaleable inventory is fully written off in the consolidated income statement under Cost of goods sold. Trade receivables Trade receivables are initially recognized at their invoiced amounts, including any related sales taxes less adjustments for estimated revenue deductions such as rebates, chargebacks and cash discounts. Provisions for doubtful trade receivables are established using a forward-looking expected credit loss model (ECL). Charges for doubtful trade receivables are recorded as marketing and selling costs recognized in the consolidated income statement within Selling, general and administration expenses. F-9. Legal and environmental liabilities Novartis and its subsidiaries are subject to contingencies arising in the ordinary course of business, such as patent litigation, environmental remediation liabilities and other product-related and commercial litigation, and governmental investigations and proceedings. A provision is recorded when there is a probable outflow of resources for which a reliable estimate can be made of the outcome of the legal or other disputes against the subsidiary. Contingent consideration In the acquisition or divestment of a business, it is necessary to recognize contingent future amounts due to previous owners, representing contractually defined potential amounts as a liability or an asset. Usually for Novartis, these are linked to milestone or royalty payments related to certain assets and are recognized as a financial liability or financial asset at fair value, which is then remeasured at each subsequent reporting date. These estimations typically depend on factors such as technical milestones or market performance, and are adjusted for the probability of their likelihood of payment, and are appropriately discounted to reflect the impact of time. Changes in the fair value of contingent consideration liabilities in subsequent periods are recognized in the consolidated income statement in Cost of goods sold for currently marketed products and in Research and development for IPR&D. Changes in contingent consideration assets are recognized in Other income or Other expense, depending on their nature. The effect of unwinding the discount over time is recognized for contingent consideration liabilities in Interest expense and for contingent consideration assets as interest income recognized in the consolidated income statement within Other financial income and expense. Defined benefit pension plans and other post-employment benefits The liability in respect of defined benefit pension plans and other post-employment benefits is the defined benefit obligation calculated annually by independent actuaries using the projected unit credit method. The current service cost for defined benefit pension plans and other post-employment benefit plans is included in the personnel expenses of the various functions in which employees are employed, and the net interest on the net defined benefit liability or asset is recognized as Other expense or Other income. Revenue recognition Revenue on the sale of Novartis products and services, which is recorded as net sales to third parties in the line Net sales from continuing operations in the consolidated income statement, is recognized when a

contractual promise to a customer (performance obligation) has been fulfilled by transferring control over the promised goods and services to the customer, substantially all of which is at the point in time of shipment to, or receipt of, the products by the customer or when the services are performed. If contracts contain customer acceptance provisions, revenue is recognized upon the satisfaction of the acceptance criteria. If a contract contains more than one performance obligation, the consideration is allocated based on the standalone selling price of each performance obligation. The amount of revenue recognized is based on the consideration Novartis expects to receive in exchange for its goods and services, when it is highly probable that a significant reversal will not occur. The consideration Novartis receives in exchange for its goods or services may be fixed or variable. Variable consideration is recognized when it is highly probable that a significant reversal will not occur. The most common elements of variable consideration are listed below.

• Rebates and discounts granted to wholesalers, retailers, government agencies (including US Medicaid and US Federal Medicare programs), government supported healthcare systems, private health systems, pharmacy benefit managers, managed healthcare organizations, purchasing organizations and other direct and indirect customers, as well as chargebacks are provisioned and recorded as revenue deductions at the time the related revenues are recorded, or when the incentives are offered. The provision represents estimates of the related obligations, requiring the use of judgment when estimating the effect of these revenue deductions. These rebates and discounts, applied using provision rates, are estimated based on the terms and conditions in the individual government agencies, states, plans and customer agreements (which may be subject to challenge or change in interpretative guidance by government authorities, payers and customers), historical experience, product sales and growth rate, population growth, product pricing including inflation impacts, the mix of contracts and products, the level of inventory in the distribution channel, regulations, channels and payers, as appropriate to the individual rebate and discount arrangements. These rebate provisions are adjusted based on established processes and experiences, for example from filing data with individual government agencies, states, and plans. There is often a time lag between the recording of revenue deductions and the final accounting for them.

• Refunds granted to healthcare providers under innovative pay-for-performance agreements (i.e. outcome based arrangements) are provisioned and recorded as a revenue deduction at the time the related sales are recorded. The provision represents estimates of the related obligations, requiring the use of judgment when estimating the effect of these revenue deductions. They are calculated on the basis of historical experience and clinical data available for the product, as well as the specific terms of the individual F-10agreements. In cases where historical experience and clinical data are not sufficient for a reliable estimation of the outcome, revenue recognition is deferred until the uncertainty is resolved, until such history is available or the period when the refund right has expired. The provisions for revenue deductions under innovative pay-for-performance agreements are adjusted periodically based on established processes and actual experience, including the products actual outcomes achieved compared with the anticipated predefined targets.

• Cash discounts are offered to customers to encourage prompt payment and are provisioned and recorded as revenue deductions at the time the related sales are recorded.

• Sales returns provisions are recognized and recorded as revenue deductions when there is historical experience of Novartis agreeing to customer returns and Novartis can reasonably estimate expected future returns. The provision represents estimates of the related obligations, requiring the use of judgment when estimating the effect of these revenue deductions. In doing so, the estimated rate of return is applied, determined on the basis of historical experience of customer returns and considering any other relevant factors. This is applied to the amounts invoiced, also considering the amount of returned product to be destroyed versus product that can be placed back in inventory for resale. Where shipments are made on a resale or return basis, without sufficient historical experience for estimating sales returns, revenue is only recorded when there is evidence of consumption or when the right of return has expired. The provisions for sales returns are adjusted periodically based on established processes and actual experience. Net sales to third parties and provisions for revenue deductions are adjusted periodically to reflect experience and to reflect actual amounts as rebates, refunds, discounts and returns are processed. There is often a time lag between recording of revenue deductions and the final accounting for them. The provision represents estimates of the related obligations, requiring the use of judgment when estimating the effect of these revenue deductions.

• Other revenue includes income from profit-sharing arrangements with our collaboration partners, and royalty and milestone income from the out-licensing of intellectual property when Novartis retains an interest in the intellectual property through a license. Royalty income earned from a license is recognized when the underlying sales have occurred. Milestone income is recognized at the point in time when it is highly probable that the relevant milestone event criteria are met, and the risk of reversal of revenue recognition is remote.

• Other revenue also includes revenue from activities such as manufacturing or other services rendered, to the extent such revenue is not recorded under net sales, and is recognized when control transfers to the third party and our performance obligations are satisfied. Research and development

Internal research and development (R&D) costs are fully charged to Research and development in the consolidated income statement in the period in which they are incurred. The Company considers that regulatory and other uncertainties inherent in the development of new products preclude the capitalization of internal development expenses as an intangible asset until marketing approval from a regulatory authority is obtained in a major market such as the United States, the European Union, Switzerland, China or Japan. Payments made to third parties such as contract research and development organizations in compensation for subcontracted R&D, that are deemed not to transfer intellectual property to Novartis are expensed as internal R&D expenses in the period in which they are incurred. Such payments are only capitalized if they meet the criteria for recognition of an internally generated intangible asset, usually when marketing approval has been received from a regulatory authority in a major market. Payments made to third parties to in-license or acquire intellectual property rights, compounds and products, including initial upfront and subsequent milestone payments, are capitalized, as are payments for other assets, such as technologies to be used in R&D activities. If additional payments are made to the originator company to continue performing R&D activities, an evaluation is made as to the nature of the payments. Such additional payments will be expensed if they are deemed to be compensation for subcontracted R&D services not resulting in an additional transfer of intellectual property rights to Novartis. Such additional payments will be capitalized if they are deemed to be compensation for the transfer to Novartis of additional intellectual property developed at the risk of the originator company. Subsequent internal R&D costs in relation to IPR&D and other assets are expensed, since the technical feasibility of the internal R&D activity can only be demonstrated by the receipt of marketing approval for a related product from a regulatory authority in a major market. Costs for post-approval studies performed to support the continued registration of a marketed product are recognized as marketing expenses. Costs for activities that are required by regulatory authorities as a condition for obtaining marketing approval in a major market are capitalized and recognized as currently marketed products. Inventory produced ahead of regulatory approval is fully provisioned, and the charge is included in Other expense in the consolidated income statement, as its ultimate use cannot be assured. If this inventory can subsequently be sold, the provision is released to Other income in the consolidated income statement, either on approval by the appropriate regulatory authority or, exceptionally in Europe, on recommendation by the Committee for Medicinal Products for Human Use (CHMP), if approval is virtually certain.

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Share-based compensation

Vested Novartis shares and American Depositary Receipts (ADRs) that are granted as compensation are valued at their market value on the grant date and are immediately expensed in the consolidated income statement. The fair values of unvested restricted shares (RSs), restricted share units (RSUs) and performance share units (PSUs) in Novartis shares and ADRs granted to employees as compensation are recognized as an expense over the related vesting period. The expense recorded in the consolidated income statement is included in the personnel expenses of the various functions in which the employees are employed. Unvested restricted shares, restricted ADRs and RSUs are only conditional on the provision of services by the plan participant during the vesting period. They are valued at fair value on the grant date. As RSUs do not entitle the holder to dividends, the fair value is based on the Novartis share price at the grant date adjusted for the net present value of the dividends expected to be paid during the holding period. The fair value of these grants, after making adjustments for assumptions related to forfeiture during the vesting period, is expensed on a straight-line basis over the respective vesting period. PSUs are subject to the achievement of certain performance criteria and require plan participants to provide services during the vesting period. The performance criteria are based on Novartis internal performance metrics and, for certain plans, also variables that can be observed in the market, which for Novartis plans is the Novartis total shareholder return (TSR) relative to a specific peer group of companies over the vesting period. The expense is recognized in the consolidated income statement on a straight-line basis over the vesting period, and is determined based on a bifurcation into the components based on the performance criteria related to Novartis internal performance metrics and TSR. The number of equity instruments that finally vest is determined at the vesting date. The following paragraphs provide an overview of the accounting policies for the determination of the components of the PSU share-based compensation plan expense. The portion of the PSUs expense that is subject to performance criteria based on Novartis internal performance metrics over the vesting period is determined based on assumptions concerning the expected performance against the internal performance metrics throughout the vesting period. The assumptions are based on the Company's targets for those performance metrics, and the expected forfeitures due to plan participants not meeting their service conditions. The assumptions are periodically adjusted over the vesting period. For this portion of the PSUs expense, any change in estimates for past services is recorded immediately as an expense or income in the consolidated income statement, and amounts for the remaining vesting period are expensed on a straight-line basis. As a result, at the end of the vesting period, the expense during the entire vesting period represents the amount that will finally vest. The portion of the PSUs expense that is subject to performance criteria based on Novartis TSR relative to a specific peer group of companies over the vesting period is determined based on the total fair value of the grant over the vesting period. IFRS Accounting Standards require that these variables that can be observed in the market are taken into account in determining the fair value of the PSUs at the grant date. Novartis determined the fair value of these PSUs at the date of grant using a Monte Carlo simulation model. For this portion of the PSUs expense, adjustments to expense recognized in the consolidated income statement are only made if a plan participant does not fulfill the service conditions. Measuring the fair values of PSUs granted that include TSR performance criteria requires the use of estimates. The Monte Carlo simulation used to determine the fair value of the PSUs TSR performance criteria requires the probability of factors related to uncertain future events; the term of the award; the grant price of underlying shares or ADRs; expected volatilities; the expected correlation matrix of the underlying equity instruments with those of the peer group of companies; and the risk-free interest rate as input parameters. If a plan participant leaves Novartis for reasons other than retirement, disability or death, then unvested restricted shares, restricted ADRs, RSUs and PSUs are forfeited, unless determined otherwise by the provision of the plan rules or by the Compensation Committee of the Novartis Board of Directors, for example, in connection with a reorganization or divestment. Income taxes

Income taxes comprise current income taxes and deferred income taxes and are recognized in the same periods as the revenues and expenses to which they relate. Income taxes include interest and penalties incurred during the period, insofar as they are considered an income tax. Income taxes related to items recognized directly to other comprehensive income or to equity are recognized together with the corresponding item, to which the income tax is attributable, directly in other comprehensive income or in equity. Deferred income taxes are determined using the comprehensive liability method and are calculated on the temporary differences that arise between the tax base of an asset or liability and its carrying value for financial reporting purposes, except for those temporary differences related to investments in subsidiaries and associated companies, where the timing of their reversal can be controlled and it is probable that the difference will not reverse in the foreseeable future. Since the retained earnings of subsidiaries are reinvested, withholding or other taxes on eventual distribution of a subsidiary's retained earnings are only recognized when a dividend is declared or has been planned. Furthermore, deferred income taxes are recognized for the net tax effects of net operating loss carryforwards and tax credits. The Company applies the IFRS Accounting Standards exception to not recognize or disclose information about deferred tax assets and liabilities related to Pillar Two income taxes. The carrying amount of deferred tax assets is reduced to the extent that it is not probable that F-12sufficient taxable profits will be available to enable all or part of the asset to be recovered. In evaluating our ability to recover our deferred tax assets in the jurisdiction from which they arise, we consider all available positive and negative evidence, including scheduled reversals of deferred tax liabilities, projected future taxable income, tax-planning strategies, and results of recent operations. The estimated amounts for current and deferred tax assets or liabilities, including amounts related to any uncertain tax positions, are based on applicable tax law and regulations in the various tax jurisdictions, in which the Company operates, which are subject to interpretations based on currently known facts and circumstances. Tax returns are based on an interpretation of tax laws and regulations, and reflect estimates based on these judgments and interpretations. The tax returns are subject to examination by the competent taxing authorities, which may result in an assessment being made requiring payments of additional tax, interest or penalties. The calculation of income tax assets and liabilities involves dealing with uncertainties in the application of complex tax laws and regulations in a multitude of jurisdictions across our global operations. As a result, inherent uncertainties exist in the estimates of the tax positions. Tax liabilities for uncertain tax provisions are recognized on the consolidated balance sheets within current income tax liabilities. Impact of new IFRS Accounting Standards, amendments and interpretations in 2024

No new IFRS Accounting Standards were adopted by the Company in 2024, 2023 and 2022. There were no new IFRS Accounting Standards amendments or interpretations that became effective in 2024, 2023 and 2022 that had a material impact on the Company's consolidated financial statements. In 2024, the following new IFRS Accounting Standard, which is not yet effective, was issued by the International Accounting Standards Board: IFRS 18 Presentation and Disclosure in Financial Statements

IFRS 18 Presentation and Disclosure in Financial Statements was issued by the International Accounting Standards Board in April 2024. IFRS 18 will become effective on January 1, 2027, and is required to be applied retrospectively to comparative periods presented, with early adoption permitted. Upon adoption, IFRS 18 replaces International Accounting Standards (IASA®) Standards 1 - Presentation of Financial Statements. IFRS 18 sets out new requirements focused on improving financial reporting by:

- requiring additional defined structure to the statement of profit or loss (i.e. consolidated statement of income), to reduce diversity in the reporting, by requiring five categories (operating, investing, financing, income taxes and discontinued operations) and defined subtotals and totals (operating income, income before financing, income taxes and net income),
- requiring disclosures in the notes to the financial statements about management-defined performance measures (i.e. non-IFRS measures), and
- adding new principles for aggregation and disaggregation of information in the primary financial statements and notes.

IFRS 18 will not impact the recognition or measurement of items in the financial statements, but it might change what an entity reports as its operating profit or loss, due to the classification of certain income and expense items between the five categories of the consolidated income statement. It might also change what an entity reports as operating activities, investing activities and financing activities within the statement of cash flows, due to the change in classification of certain cash flow items between these three categories of the cash flows statement. Novartis is currently assessing the impact of adopting IFRS 18. Based on the Company's assessment, there were no other IFRS Accounting Standards, amendments or interpretations not yet effective in 2024, 2023 or 2022 that would have been expected to have a material impact on the Company's consolidated financial statements.

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Significant acquisitions of businesses and spin-off of Sandoz business

The Company applied the acquisition method of accounting for businesses acquired, and did not elect to apply the optional concentration test to account for acquired business as an asset separately acquired. Significant acquisitions of businesses in 2024

Acquisition of Kate Therapeutics Inc. On October 31, 2024, Novartis acquired Kate Therapeutics Inc. (Kate Therapeutics), a US based, preclinical-stage biotechnology company focused on developing adeno-associated viruses (AAV) based gene therapies to treat genetically defined muscle and heart diseases. The purchase price consisted of a cash payment of USD 427 million (including purchase price adjustments of USD 2 million) and potential additional milestones of up to USD 700 million, which Kate Therapeutics shareholders are eligible to receive upon the achievement of specified development milestones. The fair value of the total purchase consideration was USD 518 million, consisting of a cash payment of USD 427 million and the fair value of contingent consideration of USD 91 million. The purchase price allocation resulted in net identifiable assets of USD 234 million, consisting primarily of IPR&D intangible assets of USD 135 million, other intangible assets (scientific infrastructure) of USD 135 million, cash and cash equivalents of USD 6 million, net deferred tax liabilities of USD 41 million and other net liabilities of USD 1 million. Goodwill amounted to USD 284 million. The results of operations since the date of acquisition were not material.

Acquisition of Mariana Oncology Inc. On May 3, 2024, Novartis acquired Mariana Oncology Inc. (Mariana Oncology), a US based, preclinical-stage biotechnology company focused on developing novel radioligand therapies (RLTs) with a portfolio of RLT programs across a range of solid tumor indications. The purchase price consisted of a cash payment of USD 1.04 billion and potential additional milestones of up to USD 750 million, which Mariana Oncology shareholders are eligible to receive upon the achievement of specified milestones. The fair value of the total purchase consideration was USD 1.28 billion, consisting of a cash payment of USD 1.04 billion and the fair value of contingent consideration of USD 239 million. The purchase price allocation resulted in net identifiable assets of USD 754 million, consisting primarily of IPR&D intangible assets of USD 344 million, other intangible assets (scientific infrastructure) of USD 473 million, cash and cash equivalents of USD 80 million, net deferred tax liabilities of USD 133 million and other net liabilities of USD 10 million. Goodwill amounted to USD 528 million. The results of operations since the date of acquisition were not material.

Acquisition of MorphoSys AG On February 5, 2024, Novartis entered into an agreement to acquire MorphoSys AG (MorphoSys), a Germany-based, global biopharmaceutical company developing innovative medicines in oncology. The acquisition of MorphoSys adds to

our oncology pipeline pelabresib, a late-stage BET inhibitor for myelofibrosis and talmimetostat, an early-stage investigational dual inhibitor of EZH2 and EZH1 for solid tumors or lymphomasis. On April 11, 2024, Novartis, through a subsidiary, commenced a voluntary public takeover offer (the “Offer”) to acquire all outstanding shares of MorphoSys for EUR 68 per share, representing a total consideration of approximately EUR 2.6 billion in cash on a fully diluted basis. The settlement of the Offer was conditional on a minimum acceptance threshold of 65% of the MorphoSys outstanding shares. Novartis purchased during the Offer acceptance period MorphoSys shares on the market for a total amount of EUR 0.3 billion (USD 0.3 billion). The closing conditions of the Offer, including the minimum acceptance threshold of 65%, were fulfilled by the end of the Offer acceptance period, and the acquisition of MorphoSys closed on May 23, 2024, with the settlement payment amounting to EUR 1.7 billion (USD 1.9 billion) to the MorphoSys shareholders for their tendered shares. Subsequent to May 23, 2024, Novartis acquired additional MorphoSys outstanding shares through the German statutory two-week extension period of the Offer (ending on May 30, 2024) for EUR 0.3 billion (USD 0.3 billion). As a result, as at May 30, 2024, Novartis held 89.7% of the total outstanding share capital of MorphoSys. Total cash paid for the MorphoSys shares purchased by Novartis through to the end of the statutory two-week extension period of the Offer amounted to EUR 2.3 billion (USD 2.5 billion). Non-controlling interests represented 10.3% of the MorphoSys outstanding shares amounting to USD 0.1 billion and were recognized in equity. In June 2024, outside the Offer Novartis purchased an additional 1.7% of MorphoSys shares for EUR 44 million (USD 47 million). As a result, at June 30, 2024, Novartis held approximately 91.4% of outstanding MorphoSys shares. On July 4, 2024, Novartis filed a public purchase offer to delist the MorphoSys shares admitted to trading on regulated markets and acquire all MorphoSys AG shares and American Depositary Shares (ADS) not held directly by Novartis. In August 2024, the delisting of the MorphoSys shares admitted to trading on regulated markets was completed, and Novartis purchased an additional 3.2% of MorphoSys shares for EUR 83 million (USD 90 million). As a result, at September 30, 2024, Novartis held approximately 94.5% of the outstanding MorphoSys shares. On October 15, 2024, the “squeeze-out” of the remaining minority shareholders of MorphoSys was completed by way of a merger into a wholly-owned Novartis entity. As a result, Novartis held 100% of the outstanding shares of MorphoSys and non-controlling F-14interests in equity were reduced to nil. On October 21, 2024, Novartis paid EUR 144 million (USD 156 million) to the former remaining minority shareholders in connection with the “squeeze-out.” The fair value of the total purchase consideration for the 89.7% stake held on May 30, 2024, was USD 2.5 billion (including cash acquired). The purchase price allocation resulted in net identifiable assets of USD 0.7 billion, consisting primarily of intangible assets other than goodwill of USD 1.1 billion, comprising IPR&D intangible assets of USD 0.6 billion and other intangible assets (customer out-licensing contracts) of USD 0.5 billion, financial investments and other receivables of USD 0.2 billion, marketable securities of USD 0.4 billion, cash and cash equivalents of USD 0.2 billion, financial debt to third parties of USD 0.9 billion, net deferred tax liabilities of USD 0.1 billion and other net liabilities of USD 0.2 billion. Non-controlling interests amounted to USD 0.1 billion, which were recognized at the non-controlling interests’ proportionate share of MorphoSys identifiable net assets. Goodwill as at the acquisition date amounted to USD 1.9 billion. The results of operations since the date of acquisition were not material. Following the completion of management’s analysis of the third-party integrated safety report related to certain clinical trial data readouts, that became available prior to closing of the MorphoSys acquisition, the necessity to perform an interim impairment test of the goodwill attributable to the MorphoSys business acquired at the provisional level of the grouping of CGUs of the MorphoSys business was triggered. This impairment test required the use of valuation techniques to estimate the fair value less cost of disposal of the MorphoSys business. These valuations required the use of management assumptions and estimates related to the MorphoSys business’ future cash flows and assumptions on, among others, discount rate (8.5%) and terminal growth/decline rates (-15.0%). These fair value measurements are classified as “Level 3” in the fair value hierarchy. The section “Goodwill and intangible assets other than goodwill” in Note 1 provides additional information on key assumptions that are highly sensitive in the estimation of fair values using valuation techniques. The interim impairment test indicated an impairment of the goodwill attributable to the MorphoSys business in the amount of USD 0.9 billion, which was recognized as “Other expense” in the consolidated income statement. As at December 31, 2024, the remaining carrying value of the goodwill attributable to the MorphoSys business amounting to USD 1.0 billion was allocated to the grouping of CGUs at the level of the operating segment of the Company, which is the level where the future synergies will be realized. Significant acquisitions of businesses in 2023Acquisition of DTX Pharma, Inc. In the second quarter of 2023, Novartis entered into an agreement to acquire all outstanding shares of DTX Pharma, Inc. (DTX), a US based, pre-clinical stage biotechnology company focused on leveraging its proprietary FALCON platform to develop siRNA therapies for neuroscience indications. DTX’s lead program, DTX-1252 targets the root cause of CMT1A—the overexpression of PMP22, a protein that causes the myelin sheath that supports and insulates nerves in the peripheral nervous system to function abnormally. The transaction also includes two additional pre-clinical programs for other neuroscience indications. The transaction closed on July 14, 2023. The purchase price consisted of a cash payment of USD 0.6 billion and potential additional milestones of up to USD 0.5 billion, which the DTX shareholders are eligible to receive upon the achievement of specified milestones. The fair value of the total purchase consideration was USD 0.6 billion. The amount consisted of a cash payment of USD 0.6 billion and the fair value of contingent consideration of USD 30 million, which DTX shareholders are eligible to receive upon the achievement of specified milestones. The purchase price allocation resulted in net identifiable assets of USD 0.4 billion, consisting primarily of IPR&D intangible assets of USD 0.4 billion, cash of USD 0.1 billion and net deferred tax liabilities of USD 0.1 billion. Goodwill amounted to USD 0.2 billion. The 2023 results of operations since the date of acquisition were not material. Acquisition of Chinook Therapeutics, Inc. On June 12, 2023, Novartis entered into an agreement to acquire all outstanding shares of Chinook Therapeutics, Inc. (Chinook Therapeutics), a US based clinical stage biopharmaceutical company with two late-stage medicines in development for rare, severe chronic kidney diseases. The acquisition closed on August 11, 2023. The purchase price consisted of a cash payment of USD 3.2 billion and potential additional payments of up to USD 0.3 billion, which Chinook Therapeutics shareholders are eligible to receive upon the achievement of specified milestones. The fair value of the total purchase consideration was USD 3.3 billion. The amount consisted of an upfront cash payment of USD 3.2 billion and the fair value of contingent consideration of USD 0.1 billion, which Chinook Therapeutics shareholders are eligible to receive upon achievement of specified milestones. The purchase price allocation resulted in net identifiable assets of USD 2.4 billion, consisting primarily of IPR&D intangible assets of USD 2.5 billion, net deferred tax liabilities of USD 0.4 billion and other net assets of USD 0.3 billion, including cash of USD 0.1 billion. Goodwill amounted to USD 0.9 billion. The 2023 results of operations since the date of acquisition were not material. Distribution of Sandoz Group AG to Novartis AG shareholders On July 18, 2023, Novartis announced that its Board of Directors had unanimously endorsed the proposed separation of the Sandoz business to create an independent company by way of a spin-off and to seek shareholder approval for the spin-off of the Sandoz business into a separately traded standalone company, following the complete structural separation of the Sandoz business F-15into a standalone company (the Sandoz business or Sandoz Group AG) and subject to the satisfaction of certain conditions and Novartis AG shareholder approval. At the EGM held on September 15, 2023, Novartis AG shareholders approved a special distribution by way of a dividend in kind to effect the spin-off of Sandoz Group AG, subject to the completion of certain conditions precedent to the distribution. Upon shareholder approval, the Sandoz business was reported as discontinued operations and the distribution liability was recognized at its fair value, which exceeded the carrying value of the Sandoz business net assets. The conditions precedent to the spin-off were met and on October 3, 2023 the spin-off of the Sandoz business was effected by way of a distribution of a dividend in kind of Sandoz Group AG shares to Novartis AG shareholders and American Depositary Receipt (ADR) holders (the Distribution). Through the Distribution, each Novartis AG shareholder received one Sandoz Group AG share for every five Novartis AG shares and each Novartis ADR holder received one Sandoz ADR for every five Novartis ADR that they held at the close of business on October 3, 2023. As of October 4, 2023, the shares of Sandoz Group AG have been listed on the SIX Swiss Exchange (SIX) under the stock symbol “SDZ”. On September 18, 2023, the Sandoz business entered into financing arrangements with a group of banks under which on September 28, 2023, it borrowed a total amount of USD 3.3 billion. These borrowings consisted of a bridge loan in EUR (EUR 2.4 billion) and term loans in EUR (EUR 0.2 billion) and USD (USD 0.5 billion). In addition, the Sandoz business borrowed approximately USD 0.4 billion under a number of local bilateral facilities in different countries. This resulted in a total gross debt of USD 3.7 billion. These outstanding borrowings of the Sandoz business legal entities were recognized in the September 30, 2023 consolidated balance sheet within Liabilities related to discontinued operations and within financing activities cash flows from discontinued operations. Prior to the Distribution on October 3, 2023, Sandoz business legal entities paid approximately USD 3.3 billion in cash to Novartis and its affiliates through a series of intercompany transactions. At the Distribution date on October 3, 2023, the dividend in kind distribution liability to effect the Distribution (spin-off) of the Sandoz business amounted to USD 14.0 billion, measured by reference to the October 4, 2023 opening Sandoz Group AG share price and applying a control premium. The dividend in kind distribution liability was recorded as a reduction to equity (retained earnings) and remained in excess of the then carrying value of the Sandoz business net assets, which amounted to USD 8.6 billion (see Note 29). Certain consolidated foundations own Novartis AG dividend-bearing shares that restricts their availability for use by Novartis. These Novartis AG shares are accounted for as treasury shares. Through the Distribution, these foundations received Sandoz Group AG shares representing an approximate 4.31% equity interest in Sandoz Group AG. Upon the loss of control of Sandoz Group AG through the Distribution on October 3, 2023, the financial investment in Sandoz Group AG was recognized at its initial fair value based on the opening traded share price of Sandoz Group AG on October 4, 2023 (a Level 1 hierarchy valuation). At initial recognition, on October 4, 2023, the Sandoz Group AG financial investment had a fair value of USD 0.5 billion, and was reported in the fourth quarter of 2023 on the consolidated balance sheet as a financial asset. Management has designated this investment at fair value through other comprehensive income. The total non-taxable, non-cash gain recognized at the Distribution date of the spin-off of the Sandoz business amounted to USD 5.9 billion, which consists of: (USD millions) Oct 3, 2023Net assets derecognized 1-8 647Derecognition of distribution liability13 962Difference between net assets and distribution liability5 315Recognition of Sandoz Group AG shares obtained through consolidated foundations492Currency translation gains recycled into the consolidated income statement357Transaction costs and other items recognized in the consolidated income statement-304Gain on distribution of Sandoz Group AG to Novartis AG shareholders5 860A 1A See Note 29 for additional information. For additional disclosures on discontinued operations, refer to Note 29. Significant transactions in 2022Acquisition of Gyroscope Therapeutics Holdings plc On December 22, 2021, Novartis entered into an agreement to acquire all outstanding shares of Gyroscope Therapeutics Holdings plc (Gyroscope), a UK-based ocular gene therapy company. Gyroscope focuses on the discovery and development of gene therapy treatments for retinal indications. The purchase price consisted of a cash payment of USD 0.8 billion, subject to certain customary purchase price adjustments, and potential additional milestone payments of up to USD 0.7 billion, which Gyroscope shareholders are eligible to receive upon the achievement of specified milestones. The acquisition closed on February 17, 2022. The fair value of the total purchase consideration was USD 1.0 billion. The amount consisted of an upfront cash payment of USD 0.8 billion (including customary purchase price adjustments) and the fair value of contingent consideration of USD 0.2 billion, which Gyroscope shareholders are eligible to receive upon the achievement of specified milestones. The purchase price allocation resulted in net identifiable assets of USD 0.9 billion, consisting primarily of IPR&D intangible assets of USD 1.1 billion and net deferred tax liabilities of USD 0.2 billion. Goodwill amounted to USD 0.1 billion. The 2022 results of operations since the date of acquisition were not material. F-16Fair value of assets and liabilities arising from acquisitions of businessesThe following table presents the fair value of assets and liabilities acquired through acquisitions of businesses and the total purchase consideration for the years ended December 31, 2024 and 2023: (USD millions) 2024 2023Property, plant and equipment2018Right-of-use assets4716In-process research and development1 4242 931Other intangible assets1 15615Deferred tax assets46534Non-current financial and other assets31164Trade receivables and financial and other current assets613183Cash and cash equivalents242226Deferred tax liabilities-799-474Current and non-current financial debts-852Current and non-current lease liabilities-47-51Trade payables and other liabilities-297-231Net identifiable assets acquired2 0032 831Non-controlling interests-75Goodwill2 7011 094Total purchase consideration for acquisitions of businesses4 6293 925The significant business acquisitions in 2024, were Kate Therapeutics, Mariana Oncology and MorphoSys. The goodwill arising out of 2024 acquisitions is not tax deductible and is attributable to synergies, including the cost synergies from pre-acquisition IP from MorphoSys, accounting for deferred tax liabilities on acquired assets, and the assembled workforce. In 2024, an impairment of goodwill was recognized related to the MorphoSys business acquisition of USD 0.9 billion. See Acquisition of MorphoSys AG section of this Note 2 for additional information. In 2023, the significant business acquisitions were the acquisition of DTX Pharma and Chinook Therapeutics. The goodwill arising out of these acquisitions is attributable to synergies, accounting for deferred tax liabilities on acquired assets and the assembled workforce. In 2023, no goodwill was tax deductible. 3. Operating segmentFollowing the September 15, 2023, shareholder approval of the spin-off of the Sandoz business (see Note 1 and Note 2), the Company reported its consolidated financial statements as “continuing operations” and “discontinued operations” (see Note 1). Continuing operations include the retained business activities of Novartis, comprising the innovative medicines business (previously the Innovative Medicines Division) and the continuing corporate activities. Discontinued operations include the Sandoz generic pharmaceuticals and biosimilars business (the Sandoz Division) and certain corporate activities attributable to Sandoz’s business, as well as certain expenses related to the spin-off. Included in 2023 is also the IFRS Accounting Standards non-cash, non-taxable net gain on the Distribution of Sandoz Group AG to Novartis AG shareholders. For further details and disclosures on discontinued operations, refer to Note 1, Note 2 and Note 29. The Company’s continuing operations are engaged in the research, development, manufacturing, distribution, commercialization and sale of innovative medicines, with a focus on the core therapeutic areas: cardiovascular, renal and metabolic; immunology; neuroscience; oncology; and established brands. Following the spin-off of the Sandoz business, on October 3, 2023, Novartis operates as a single global operating segment innovative medicines company that is engaged in the research, development, manufacturing, distribution and commercialization and sale of innovative medicines. The Company’s research, development manufacturing and supply of products and functional activities are managed globally on a vertically integrated basis. Commercial efforts that coordinate marketing, sales and distribution of these products are organized by geographic region, therapeutic area and established brands. F-17The Executive Committee of Novartis (ECN), chaired by the CEO, is the governance body responsible for allocating resources and assessing the business performance of the operating segment of the Company on a global basis and is the chief operating decision-maker (CODM) for the Company. The determination of a single operating segment is consistent with the financial information regularly reviewed by the CODM for purposes of assessing performance and allocating resources. See Note 4 for revenues and geographic information disclosures. 4. Revenues and geographic informationNet sales informationNet sales from continuing operations comprise the following: (USD millions) 2024 2023 2022Net sales to third parties from continuing operations50 31744 63541 385Sales to discontinued operations805821Net sales from continuing operations50 31745 44042 206Geographic informationThe following table shows countries that accounted for more than 5% of net sales from continuing operations for the years ended December 31, 2024, 2023 and 2022, or more than 5% of total of selected non-current assets, for the years ended December 31, 2024 and 2023: Net sales from continuing operations1 Total of selected non-current assets2 (USD millions) 2024 % 2023 % 2022 % 2024 % 2023 %CountrySwitzerland1 31531 30831 036218 7593019 39632United States21 1464217 9594015 9353834 9995534 059553China3 89083 26772 948753015471Germany3 66073 36773 10171 554288France1 79241 74941 75442 64043 0855Other18 5143617 7903917 432424 60384 38977Total50 31710045 44010042 20610063 08510061 564100A 1A Net sales from continuing operations by location of customerA 2A Total of property, plant and equipment; right-of-use assets; goodwill; intangible assets other than goodwill; investment in associated companies and other non-current assets excluding post-employment benefit assetsF-18Net sales from continuing operations by region1The following table shows net sales from continuing operations by region for the years ended December 31, 2024, 2023 and 2022: 2024 USD m 2023 USD m 2022 USD m Change (2023 to 2024) USD % 2022 USD m Change (2022 to 2023) USD %US21 14617 9591815 93513Europe15 55714 977414 3714Asia/Africa/Australasia10 0219 30888 9784Canada and Latin America3 5933 176132 9229Total50 31745 440142 2068A A Of which in established markets37 37133 7251131 3867A A Of which in emerging growth markets12 94611 7511110 8208A 1A Net sales from continuing operations by location of customer. Emerging growth markets comprise all markets other than the established markets of the US, Canada, Western Europe, Japan, Australia and New Zealand. Novartis definition of Western Europe includes Austria, Belgium, Finland, France, Germany, Greece, Iceland, Ireland, Italy, Luxembourg, Malta, The Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, and the United Kingdom. A A Information about major customersThe Company’s largest, second-largest and third-largest customers account for approximately 17%, 13% and 7% of net sales from third parties from continuing operations, respectively (2023: 15%, 13% and 8%, respectively; 2022: 16%, 12% and 8%, respectively). The highest amounts of trade receivables outstanding were for these same three customers and amounted to approximately 19%, 12% and 7%, respectively, of the trade receivables at December 31, 2024 (2023: 17%, 13% and 8%, respectively). F-19Net sales from continuing operations by core therapeutic area and established brands 2024 USD m 2023 USD m 1 Change (2023 to 2024) USD % 2022 USD m 1 Change (2022 to 2023) USD %Cardiovascular, renal and metabolicEntresto7 8226 035304 64430Leqvio75435511212217Total cardiovascular, renal and metabolic8 5766 390344 756344ImmunologyCosentyx6 1414 980234 7884Xolair21 6431 463121 3657Ilaris1 5091 355111 3320Total immunology9 2937 98197 2867A NeuroscienceKesimpta3 2242 171491 09299Zolgensma1 2141 21401 370-

11Aimovig 3122661721822Total neuroscience4 2603 651302 68036OncologyKisqali0332 080461 23169Promacta/Revolade2 2162 269-22 0889Tafinlar + Mekinist0581 92271 7709Jkavai1 9361 720131 56110Tasigna1 6711 848-101 923-4Pluvicto1 39298042271262Lutathera7246052047128Scemblix68941367149177Piqray/Viojeece449505-1137335Kymriah443508-13536-5FabhaltA31291 nm nmTotal oncology14 74012 8511510 37324 2024 USD m 2023 USD m1 Change (2023 to 2024) USD % 2022 USD m1 Change (2022 to 2023) USD %Established brandsSandostatIn Group1 2791 314-31 2386Lucentis1 0441 475-291 874-21Exforge Group703713-1743-4Galvus Group602692-1385919Diovan Group590613-4652-6Gilenya552925-402 013-54Contract manufacturing41 1521 490-231 20024Other4 47 0367 528-78 532-12Total established brands A 412 95814 750-1217 111-14A Total net sales from continuing operations50 31745 4401142 2068A 1A Reclassified to conform with 2024 presentation of brands by therapeutic area and established brands. A 2A Net sales from continuing operations reflect Xolair sales for all indications. A 3A Net sales from continuing operations reflect Fabhalta sales for all indications. A 4A Effective January 1, 2023, the discontinued operations Sandoz business transferred to Novartis continuing operations its bio-technology manufacturing services to other companiesâ€™ activities (included in Contract manufacturing) and the Coartem brand (included in Other). The financial information of the Novartis continuing operations and discontinued operations were adapted accordingly in 2022, in compliance with IFRS Accounting Standards. See Note 3 for additional information. A A A nm = not meaningful.F-20Net sales from continuing operations of the top 20 brands in 2024 Brands Brand classification by therapeutic area or established brands Key indications US USD m Rest of world USD m Total USD mEntresto Cardiovascular, renal and metabolic Chronic heart failure, hypertension4 0523 7707 822Cosentyx Immunology Psoriasis (PsO), ankyllosing spondylitis (AS), psoriatic arthritis (PsA), non-radiographic axial spondyloarthritis (nr-axSPA), hidradenitis suppurativa (HS)3 5302 6116 141Kesimpta Neuroscience Relapsing forms of multiple sclerosis (MS)2 1831 0413 224Kisqali Oncology HR+/HER2- metastatic breast cancer and early breast cancer1 6781 3553 033Promacta/Revolade Oncology Immune thrombocytopenia (ITP), severe aplastic anemia (SAA)1 1811 0352 216Tafinlar + Mekinist Oncology BRAF V600+ metastatic and adjuvant melanoma, advanced non-small cell lung cancer (NSCLC), tumor agnostic with BRAF mutation indication, pediatric low grade glioma (pLGG)8481 2102 058Jkavai Oncology Myelofibrosis (MF), polycythemia vera (PV), graft-versus-host disease (GvHD)1 9361 936Tasigna Oncology Chronic myeloid leukemia (CML)8488231 671Xolair A 1 Immunology Severe allergic asthma (SAA), chronic spontaneous urticaria (CSU), nasal polyps, food allergy (FA)1 6431 643Ilaris Immunology Auto-inflammatory (CAPS, TRAPS, HIDS/MKD, FFMF, SJIA, AOSD, gout)7987111 509Pluvicto Oncology PSMA-positive mCRCP patients post-ARPI, post-Taxane1 67351 392SandostatIn Group Established brands Carcinoid tumors, acromegaly8054741 279Zolgensma Neuroscience Spinal muscular atrophy (SMA)4357791 214Lucentis Established brands Age-related macular degeneration (AMD), diabetic macular edema (DME), retinal vein occlusion (RVO)1 0441 044Leqvio Cardiovascular, renal and metabolic Atherosclerotic cardiovascular disease (ASCVD)385369754Lutathera Oncology GEP-NETs gastroenteropancreatic neuroendocrine tumors513211724Exforge Group Established brands Hypertension8695703 Scemblix Oncology Philadelphia chromosome-positive chronic myeloid leukemia (Ph+ CML) in chronic phase (CP); Ph+ CML in CP with the T315I mutation436253689Galvus Group Established brands Type 2 diabetes (RMS)602062Diovan Group Established brands Hypertension28562590Top 20 brands total18 88521 35940 244Rest of portfolio2 2617 81210 073Total net sales from continuing operations21 14629 17150 317A 1A Net sales from continuing operations reflect Xolair sales for all indications. F-21Net sales from continuing operations of the top 20 brands in 2023 Brands Brand classification by therapeutic area or established brands Key indications US USD m Rest of world USD m Total USD mEntresto Cardiovascular, renal and metabolic Chronic heart failure, hypertension3 0672 9686 035Cosentyx Immunology Psoriasis (PsO), ankyllosing spondylitis (AS), psoriatic arthritis (PsA), non-radiographic axial spondyloarthritis (nr-axSPA), hidradenitis suppurativa (HS)2 6362 3444 980Promacta/Revolade Oncology Immune thrombocytopenia (ITP), severe aplastic anemia (SAA)1 2051 0642 269Kesimpta Neuroscience Relapsing-remitting multiple sclerosis (RRMS)1 5286432 171Kisqali Oncology HR+/HER2- metastatic breast cancer1 0321 0482 080Tafinlar + Mekinist Oncology BRAF V600+ metastatic adjuvant melanoma, advanced non-small cell lung cancer (NSCLC), tumor agnostic with BRAF mutation indication7911 1311 922Tasigna Oncology Chronic myeloid leukemia (CML)8849641 848Jkavai Oncology Myelofibrosis (MF), polycythemia vera (PV), graft-versus-host disease (GvHD)1 7201 720Lucentis Established brands Age-related macular degeneration (AMD), diabetic macular edema (DME), retinal vein occlusion (RVO)1 4751 475Xolair A 1 Immunology Severe allergic asthma (SAA), chronic spontaneous urticaria (CSU), nasal polyps1 4631 463Ilaris Immunology Auto-inflammatory (CAPS, TRAPS, HIDS/MKD, FFMF, SJIA, AOSD, gout)6866691 355SandostatIn Group Established brands Carcinoid tumors, acromegaly8294851 314Zolgensma Neuroscience Spinal muscular atrophy (SMA)3728421 214Pluvicto Oncology PSMA-positive mCRCP patients post-ARPI, post-Taxane92159980Gilenya Established brands Relapsing multiple sclerosis (RMS)1 1538602 013Tasigna Oncology Chronic myeloid leukemia (CML)8771 0461 923Lucentis Established brands Age-related macular degeneration (AMD), diabetic macular edema (DME), retinal vein occlusion (RVO)1 8741 874Tafinlar + Mekinist Oncology BRAF V600+ metastatic adjuvant melanoma, advanced non-small cell lung cancer (NSCLC), tumor agnostic with BRAF mutation indication6781 0921 770Jkavai Oncology Myelofibrosis (MF), polycythemia vera (PV), graft-versus-host disease (GvHD)1 5611 561Zolgensma Neuroscience Spinal muscular atrophy (SMA)4349361 370Xolair A 1 Immunology Severe allergic asthma (SAA), chronic spontaneous urticaria (CSU), nasal polyps1 3651 365SandostatIn Group Established brands Carcinoid tumors, acromegaly8004381 238Kisqali Oncology HR+/HER2- metastatic breast cancer4727591 231Ilaris Immunology Auto-inflammatory (CAPS, TRAPS, HIDS/MKD, FFMF, SJIA, AOSD, gout)5705631 133Kesimpta Neuroscience Relapsing-remitting multiple sclerosis (RRMS)9211711 092Galvus Group Established brands Type 2 diabetes859859Gleevec/Glivex Established brands Chronic myeloid leukemia (CML), gastrointestinal stromal tumors (GIST)205540745Exforge Group Established brands Hypertension14729743Diovan Group Established brands Hypertension5597652Kymriah Oncology r/r pediatric and young adults acute lymphoblastic leukemia (ALL), diffuse large B-cell lymphoma (DLBCL) follicular lymphoma (FL)196340536Afinitor/Votubia Established brands Breast cancer/tuberculous sclerosis complex (TSC)171341512Top 20 products total12 75319 38432 137Rest of portfolio3 21826 88710 069Total net sales from continuing operations15 93526 27142 206A 1A Net sales from continuing operations reflect Xolair sales for all indications. A 2A Effective January 1, 2023, the discontinued operations Sandoz business bio-technology manufacturing services to other companiesâ€™ activities and the Coartem brand were transferred to the Novartis continuing operations. The financial information of the Novartis continuing operations and discontinued operations were adapted accordingly in 2022, in compliance with IFRS Accounting Standards. See Note 3 for additional information. F-23Other revenues(USD millions) 2024 2023 2022Profit-sharing income1 063941921Royalty income378735Milestone income28451450OtherA 1277147154Total other revenues1 4051 2201 255A 1A Other includes revenue from activities such as manufacturing or other services rendered, to the extent such revenue is not recorded under net sales to third parties from continuing operations5. Interest expense andA otherA financialA incomeA andA expenseInterest expense(USD millions) 2024 2023 2022Interest expense-871-730-642Interest expense on lease liabilities-72-62-52Expense arising from discounting long-term liabilities-68-66-103Capitalized borrowing costs532Total interest expense from continuing operations-1 006-855-800Other financial income and expense(USD millions) 2024 2023 2022Interest income568627377Other financial incomeA 1922119Monetary loss from hyperinflation accounting-231-194-137Financial expense-31-18-33Currency result, net-258-214-184Total other financial income and expense from continuing operations14022242A 1A 2024 includes USD 78 million realized gain on commodities 6. Income taxesIncome before taxes(USD millions) 2024 2023 2022Switzerland10 0989 7195 751ForeignA 13 542-5961 426Income before taxes from continuing operations13 6409 1237 177A 1A The 2023 foreign income before taxes from continuing operations was impacted by impairment charges on intangible assets other than goodwill.Current and deferred income tax expenseThe significant components of the provision for income taxes from continuing operations are as follows: (USD millions) 2024 2023 2022Switzerland-897-1 36-598Foreign-1 486-1 290-1 155Current income tax expense-2 383-2 426-1 753Switzerland-245355-131Foreign9271 520756Deferred tax income6821 875625Income tax expense from continuing operations-1 701-551-1 128F-24Analysis of tax rateNovartis has a substantial business presence in many countries and is therefore subject to income taxes in different tax jurisdictions. This leads to differences in income and expense items that are non-taxable or non-deductible (permanent differences) or are taxed at different statutory tax rates in those tax jurisdictions. As a result, there is a difference between our applicable tax rate and effective tax rate. The applicable tax rate changes from year to year due to changes in the mix of the Companyâ€™s pre-tax income and changes in statutory tax rates since it is calculated as the weighted average tax rate based on the pre-tax income of each subsidiary. The main elements contributing to the difference between the Companyâ€™s overall applicable tax rate and the effective tax rate are shown in the following table: (As a percentage) 2024 2023 2022Applicable tax rate12.315.015.3Effect of disallowed expenditures1.61 42.6Effect of income taxed at reduced rates-0.2-0.6-0.4Effect of income not subject to tax-0.1-2.5-0.1Effect of tax credits and allowances-3.2-3.9-4.1Effect of release of contingent consideration liability0.0-0.3-0.5Effect of tax rate change on current and deferred tax assets and liabilities0.3-1.60.0Effect of derecognition and reversals of derecognition of deferred tax assets14.091.3Effect of write-down of investments in subsidiaries-1.2-3.00.0Effect of prior-year items-0.60.0-0.3Effect of changes in uncertain tax positions-1.80.11.7Effect of other itemsA 14.00.50.2Effective tax rate from continuing operations12.56.015.7A 1A 2024 includes the effect of tax charges related to the expansion of products in the Swiss Patent Box regime (+1.0%) and the effect of a non-deductible impairment of goodwill (+1.1%). The effective tax rate of Novartis fluctuates primarily as a result of, among other factors, changes in pre-tax income between countries with varying statutory tax rates and the effects of disallowed expenditures, income not subject to tax, tax credits and allowances, tax rate changes on current and deferred tax assets and liabilities, write-down of investments in subsidiaries, and changes in uncertain tax positions. The table above provides the details of the significant items that impact the comparability of the effective tax rate between years. In December 2021, the OECD issued model rules for a new global minimum tax framework (Pillar Two). Novartis is within the scope of the OECD Pillar Two model rules. A number of governments in countries in which Novartis operates are in the process of enacting or have enacted tax legislation to comply with Pillar Two. In December 2023, Switzerland partially implemented Pillar Two, whereby effective from January 1, 2024, a 15% minimum taxation is assessed on Pillar Two qualifying profits earned by companies domiciled in Switzerland (Qualified Domestic Minimum Top-Up Tax). This Qualified Domestic Minimum Top-Up Tax (QDMTT) does not apply to the Pillar Two qualifying profits earned by a companyâ€™s affiliates domiciled in tax jurisdictions outside of Switzerland. The QDMTT legislation in Switzerland had no material impact to our current income tax expense in 2024. On September 4, 2024, Switzerland enacted the Income Inclusion Rule (IIR) effective January 1, 2025, which complements the QDMTT. This IIR imposes a 15% minimum top-up tax on the profits of foreign subsidiaries of Swiss-based multinational companies. Novartis estimates that the IIR will have no material impact to our consolidated financial position, income statement and cash flows. The Pillar Two tax legislation enacted in 2024 and 2023 in Switzerland and other countries in which we operate had no material impact to the Companyâ€™s results of operations, financial condition and cash flows in 2024 and 2023. For disclosures on income taxes paid in 2024, 2023 and 2022, see Note 23.2.F-257. Earnings per share 2024 2023 2022Net income attributable to shareholders of Novartis AG (USD millions)- Continuing operations11 9418 5686 049- Discontinued operations6 282906Net income attributable to shareholders of Novartis AG (USD millions)11 94114 8506 955A Number of shares (in millions)Weighted average number of shares outstanding used in basic earnings per share2 0182 0772 181Adjustment for vesting of restricted shares, restricted share units and dilutive shares from options171516Weighted average number of shares in diluted earnings per share2 0352 0922 197A Basic earnings per share (USD)- Continuing operations5.924.132.77- Discontinued operations3.020.42Total basic earnings per share (USD)5.927.153.19A Diluted earnings per share (USD)- Continuing operations5.874.102.76- Discontinued operations3.000.41Total diluted earnings per share (USD)5.877.103.17Basic earnings per share (EPS) is calculated by dividing net income attributable to shareholders of Novartis AG by the weighted average number of shares outstanding in a reporting period. This calculation excludes the average number of issued shares purchased by the Company and held as treasury shares.For diluted EPS, the weighted average number of shares outstanding is adjusted to assume the vesting of dilutive restricted shares (RSs), restricted share units (RSUs) and performance share units (PSUs), and in 2022 also the conversion of potentially dilutive shares arising from options on Novartis shares under employee compensation plans that have been issued. In January 2023, all outstanding options under these plans expired. As a result, there were no options on Novartis shares issued or outstanding at December 31, 2024 and 2023.No RSs, RSUs or PSUs in 2024, 2023 and 2022, and no options in 2022 were excluded from the calculation of diluted EPS, as all were dilutive. 8. Changes in consolidated statements ofA comprehensive incomeThe consolidated statements of comprehensive income include the Companyâ€™s net income for the year as well as all other valuation adjustments recorded in the Companyâ€™s consolidated balance sheet, which under IFRS Accounting Standards are not recorded in the consolidated income statement. These include fair value adjustments on financial instruments, actuarial gains or losses on defined benefit pension plans, and currency translation effects, all net of taxes.F-26(USD millions) Note Fair value adjustments on financial instruments Actuarial gains/(losses) from defined benefit plans Hedging reserves Cumulative currency translation effects Total value adjustments attributable to Novartis AG shareholders Non- controlling interest Total value adjustmentsValue adjustments at December 31, 2021188-3 968-4074 187-33-4 220Fair value adjustments on equity securities, net of taxes of USD 81 million A 1-382-382-382Net investment hedge, net of taxes of USD -30 million919191Defined benefit plans, net of taxes of USD -104 million-104-1041-103Currency translation effects, net of taxes of USD 18 million 8.1 444-444-6 450Value adjustments recognized through other comprehensive income in 2022-382-104-353-839-5-844Fair value adjustments on equity securities sold, reclassified to retained earnings net of taxes of nil-4-4-4Value adjustments related to investments, net of taxes of USD -4 million343434Value adjustments recognized through equity in 2022-4343430Value adjustments at December 31, 2022-198-4 038-760-4 996-38-5 034Fair value adjustments on equity securities, net of taxes of USD -6 million A 1373737Net investment hedge, net of taxes of USD 19 million-50-50-50Defined benefit plans, net of taxes of USD 16 million-160-160-160Currency translation effects, net of taxes of USD -6 million 8.11 3731 37321 375Value adjustments recognized through other comprehensive income in 2023357-1601 3231 20021 2022Fair value adjustments on equity securities sold, reclassified to retained earnings net of taxes of USD -7 million111Value adjustments related to investments, net of taxes of USD -4 million2272929Value adjustments recognized through equity in 20233273030Value adjustments at December 31, 2023-158-4 171563-3 766-36-3 802Fair value adjustments on equity securities, net of taxes of USD -8 million A 1 1646464Cash flow hedge â€™ losses recognized in other comprehensive income, net of taxes of USD 3 million A 2-24-24-24Net investment hedge, net of taxes of USD -30 million919191Defined benefit plans, net of taxes of USD -343 million2 0242 0242 024Currency translation effects, net of taxes of USD 6 million 8.1-1 563-1 563-3-1 566Value adjustments recognized through other comprehensive income in 2024642 024-24-1 472592-3589Fair value adjustments on equity securities sold, reclassified to retained earnings net of taxes of USD 8 million-81-81Value adjustments recognized through equity in 2024-81-81-81Value adjustments at December 31, 2024-175-2 147-24-909-3 255-39-3 294A 1A Includes fair value adjustments on equity securities designated as financial assets valued at fair value through other comprehensive income with no subsequent recycling into the consolidated income statementA 2A Includes USD 1 million that was recycled through the income statement as the hedged item has affected interest expense.F-278.1 In 2024, net cumulative currency translation losses of USD 5 million were recycled through the income statement as a result of the divestment of subsidiaries. In 2023, net cumulative currency translation gains of USD 358 million were recycled through the income statement, consisting of USD 357 million as a result of the spin-off of the Sandoz business through a dividend in kind distribution to Novartis AG shareholders (see Note 2), and of USD 1 million as a result of the divestment of subsidiaries. In 2022, net cumulative currency translation gains of USD 13 million were recycled through the income statement as a result of the divestment of subsidiaries. 9. Property, plant and equipmentThe following table summarizes the movements of property, plant and equipment during 2024: (USD millions) Land Buildings Construction in progress Machinery and other equipment TotalAt January 1, 2024Cost40310 1471 2139 63021 393Accumulated depreciation and impairment-5 251-7-6 616-11 879Net book value3984 8961 2063 0149 514A At January 1, 20243984 8961 2063 0149 514Impact of acquisitions of businesses61420Reclassifications1136-569432Additions0731 0822291 384Disposals and derecognitions-4-35-19-58-116Depreciation charge-327-558-885Impairment charge-5-13-3-27-48Reversal of impairment charge11Currency translation effects-19-194-105-412At December 31, 20243714 5421 6032 9429 458A At December 31, 2024Cost3769 5261 6109 04620 558Accumulated depreciation and impairment-5 984-7-6 104-11 00Net book value3714 5421 6032 9429 458Commitments for purchases of property, plant and equipmentA 1770Capitalized borrowing costs5A 1A The estimated timing of the commitments for purchase of property, plant and equipment are as follows: 2025: USD 624 million, 2026: USD 115 million, 2027: USD 29 million, 2028: USD 2 million, 2029 and thereafter nil.F-28The following table

summarizes the movements of property, plant and equipment during 2023:(USD millions) Land Buildings Construction in progress Machinery and other equipment TotalAt January 1, 2023Cost45111 3961 18411 84224 873Accumulated depreciation and impairment-9 903-27-8 170-14 109Net book value4425 4931 1573 67210 764At January 1, 202334425 4931 1573 67210 764Costs and accumulated depreciation/impairments on assets related to discontinued operations 1-54-422-280-588-1 344Impact of acquisitions of businesses121518Reclassifications197-420223Additions1857342451 065Disposals and derecognitions-16-261-20-63-360Depreciation charge-343-573-916Impairment charge-3-36-10-57-106Reversal of impairment charge39416Currency translation effects2516244146377At December 31, 2023233984 8961 2063 0149 514At December 31, 2023Cost40310 1471 2139 63021 393Accumulated depreciation and impairment-55 251-7-6 616-11 879Net book value3984 8961 2063 0149 514Commitments for purchases of property, plant and equipment744Capitalized borrowing costs3A 1A Represents the cost of assets and accumulated depreciation/impairments at January 1, 2023, related to the Sandoz business reported as discontinued operations, and the net transfers between discontinued and continuing operations from January 1, 2023 to October 3, 2023. Note 29 provides disclosure of discontinued operations additions, depreciation charge, impairment charge and reversals of impairment charge.Government grants obtained for construction activities, including any related equipment, are deducted from the gross acquisition cost to arrive at the balance sheet carrying value of the related assets.Property, plant and equipment is depreciated on a straight-line basis in the consolidated income statement over the estimated useful life of the individual asset. The related depreciation expense is included in the costs of the functions using the asset.The following table shows the estimated useful life by major categories for property, plant and equipment: Useful lifeBuildings 20 to 40 yearsMachinery and other equipmentA A Machinery and equipment 7 to 20 yearsA A Furniture and vehicles 5 to 10 yearsA A Computer hardware 3 to 7 yearsProperty, plant and equipment is assessed for impairment whenever there is an indication that the balance sheet carrying amount may not be recoverable using cash flow projections over the useful life.The following table shows the property, plant and equipment depreciation charge, impairment charge and reversals of impairment charge for continuing operations for the years ended December 31, 2024, 2023 and 2022:(USD millions) 2024 2023 2022Depreciation charge-885-916-967Impairment charge-48-106-411Impairment reversals1164A 1A Note 29 provides disclosure of discontinued operations depreciation charge, impairment charge and reversals of impairment charge.F-2910. Right-of-use assets and lease liabilitiesThe Company recognizes a right-of-use asset and a corresponding lease liability for all arrangements in which it is a lessee, except for leases with a term of 12 months or less (short-term leases) and low-value leases. For these short-term and low-value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease. The Company allocates the consideration in the lease contract to the lease and non-lease components on the basis of the relative standalone price of each component. The portion of the lease payments attributable to the repayment of lease liabilities is recognized in cash flows used in financing activities, and the portion attributable to the payment of interest is included in cash flows from operating activities.Right-of-use assets are depreciated on a straight-line basis from the commencement date of the lease over the shorter of the useful life of the right-of-use asset or the end of the lease term. Right-of-use assets are assessed for impairment whenever there is an indication that the balance sheet carrying amount may not be recoverable using cash flow projections for the useful life.The following table summarizes the movements of the right-of-use assets:(USD millions) 2024 2023Right-of-use assets at January 11 4101 431Costs and accumulated depreciation/impairments on assets related to discontinued operationsA 1-117Impact of acquisitions and investments of businesses, net4216Additions3044212Depreciation charge-257-259Impairment reversal/(charge)1-4Lease contract terminationsA 2-36-93Currency translation effects-4915Total right-of-use assets at December 311 4151 410A 1A Represents the cost of assets and accumulated depreciation/impairments at January 1, 2023, related to the Sandoz business reported as discontinued operations, and the net transfers between discontinued and continuing operations from January 1, 2023 to October 3, 2023. Note 29 provides disclosure of discontinued operations additions, depreciation charge, impairment charge and reversals of impairment charge.A 2A Lease contract terminations also includes modifications to existing leases that result in reductions to the right-of-use assets, and reductions due to sub-leasing.The following table shows the right-of-use assets carrying value at December 31, 2024 and 2023, and the continuing operations depreciation charge for years 2024, 2023 and 2022, by underlying class of asset1: (USD millions) December 31, 2024 carrying value December 31, 2023 carrying value Depreciation charge 2024 Depreciation charge 2023 Depreciation charge 2022Land47248311 1216Buildings752749153156162Vehicles133112808082Machinery and equipment, and other assets586613171Total right-of-use assets1 4151 41025725967A 1A Note 29 provides disclosure of discontinued operations depreciation charge.F-30The following table shows the lease liabilities by maturity at December 31, 2024 and 2023:(USD millions) Lease liabilities 2024 Lease liabilities undiscounted 2024 Interests for discounting lease liabilities 2024 Lease liabilities 2023 Lease liabilities undiscounted 2023 Interests for discounting lease liabilities 2023Less than one year2352915623028454Between one and two years2032524920324845Between two and three years1682094117021141Between three and four years1171533614918435Between four and five years861163011314229After five years9942 1781 1849632 1731 210Total lease liabilities1 8033 1991 3961 8283 2421 414Less current portion of lease liabilities-235-291-56-230-284-54Non-current portion of lease liabilities1 5682 9081 5982 958Commitments for leases not yet commencedA 112389A 1A The 2024 estimated timing of the commitments for leases not yet commenced are as follows: 2025 USD 57 million, 2026 USD 15 million, 2027 USD 4 million, 2028 USD 4 million, 2029 USD 4 million and thereafter USD 39 million.At December 31, 2024, and December 31, 2023, there were no material future cash outflows, including extension options, excluded from the measurement of lease liabilities. The Companyâ€™s most material lease with a lease term extension, representing a lease liability value of USD 0.7 billion (2023: USD 0.7 billion), has a determined lease term end date of 2071 (2023: 2071). Non-enforceable extension options of up to 10 years have not been included within the measurement of this lease liability, and do not have a material impact to the carrying value of the lease for either 2024 or 2023. Should the landlord agree to a lease extension, rent will be referenced to the market rates as at the commencement of the extension period.In 2024, the Company completed two (2023: two, 2022: three) sale and leaseback transactions for certain property, plant and equipment as part of the Companyâ€™s facilities strategy. The transactions resulted in net cash inflows of USD 9 million (2023: USD 273 million, 2022: USD 49 million) and the recognition of USD 14 million of lease liabilities (2023: USD 146 million, 2022: USD 23 million), and USD 2 million of right-of-use assets (2023: USD 109 million, 2022: USD 13 million). The right-of-use assets value reflects the proportion of the property, plant and equipment retained. Extension options have been included where management believe that such options will be exercised. The liabilities reflect the net present value of future lease payments. The net loss on the sale and leaseback transactions amounted to USD 10 million (2023: net gain USD 18 million, 2022: net gain USD 17 million).The following table provides additional disclosures related to continuing operations right-of-use assets and lease liabilities for 2024, 2023 and 2022:(USD millions) 2024 2023 2022Interest expense on lease liabilitiesA 1726257Expense on short-term leases753Expense on low-value leases566Total cash outflows for leases336321319A A Thereof:A A Cash outflows for short-term leases and low-value leases A 212119A A Payments of interestA 3625248A A Payments of lease liabilitiesA 4262258262A 1A The weighted average interest rate is 4.0% (2023: 3.5%, 2022: 3.3%). Interest on lease liabilities as at December 31, 2024, is estimated to be USD 56 million for 2025 and USD 1.3 billion thereafter.A 2A Cash flows from short-term and low-value leases are included within total net cash flows from operating activities. The portfolio of short-term leases to which the Company is committed to at December 31, 2024, 2023 and 2022, is similar to the portfolio of short-term leases the Company entered into during 2024, 2023 and 2022.A 3A Included within total net cash flows from operating activitiesA 4 Reported as cash outflows in financing activities net of lease incentives received, if any.The net investment held and income from subleasing right-of-use assets, as well as income from leasing Novartis property, plant and equipment to third parties were not significant for 2024, 2023, or 2022.F-3111. Goodwill and intangible assets other than goodwillNovartis has the following classes of available for use intangible assets other than goodwill: Currently marketed products and Other intangible assets. Currently marketed products represent the composite value of acquired intellectual property (IP), patents, distribution rights and product trade names. Other intangible assets include acquired scientific infrastructure, customer out-licensing contracts, and technologies and capitalized internally developed and acquired computer software. The following table summarizes the movements of goodwill and intangible assets other than goodwill in 2024: Goodwill Intangible assets other than goodwill(USD millions) Total In-process research and development Currently marketed products Other intangible assets TotalAt January 1, 2024Cost23 3917 82246 9093 58858 319Accumulated amortization and impairment-50-2 493-26 892-2 055-31 440Net book value23 3415 32920 0171 53326 879A At January 1, 202423 3415 32920 0171 53326 879Impact of acquisitions of businesses2 7011 4241 1562 580AdditionsA 11 1162637642 143Disposals and derecognitionsA 2-91-4-95Amortization charge-2 964-493-3 457Impairment charge-910-471-52-523Reversal of impairment charge99Currency translation effects-376-176-322-621At December 31, 202424 7567 22216 9122 78126 915A At December 31, 2024Cost25 6659 62145 4625 12360 206Accumulated amortization and impairment-909-2 399-28 550-2 342-133 291Net book value24 7567 22216 9122 78126 915A Additions to currently marketed products include USD 0.1 billion of capitalized development costs.A 2A Derecognition of assets that are no longer being used or developed and are not considered to have a significant disposal value or other alternative use.F-32The following table summarizes the movements of goodwill and intangible assets other than goodwill in 2023: Goodwill Intangible assets other than goodwill(USD millions) Total In-process research and development Currently marketed products Other intangible assets TotalAt January 1, 2023Cost29 5967 09258 2494 34369 684Accumulated amortization and impairment-295-2 671-32 736-2 633-38 040Net book value29 3014 42125 5131 71031 644A At January 1, 202329 3014 42125 5131 71031 644Costs and accumulated amortization/impairments on assets related to discontinued operations A 1-7 445-235-1 026-199-1 460Impact of acquisitions of businesses1 0942 9311152 946Reclassifications-23523212AdditionsA 27702905161 576Disposals and derecognitionsA 3-1 842-3-1 845Amortization charge-319-641-3 960Impairment charge-2 544-310-194-3 048Currency translation effects3912216881171 026At December 31, 202323 3415 32920 0171 53326 879A At December 31, 2023Cost23 3917 82246 9093 58858 319Accumulated amortization and impairment-50-2 493-26 892-2 055-31 440Net book value23 3415 32920 0171 53326 879A 1A Represents the cost of assets and accumulated depreciation/impairments at January 1, 2023, related to the Sandoz business reported as discontinued operations, and the net transfers between discontinued and continuing operations from January 1, 2023 to October 3, 2023. Note 29 provides disclosure of discontinued operations additions, depreciation charge, impairment charge and reversals of impairment charge.A 2A Additions to currently marketed products include USD 0.1 billion of capitalized development costs.A 3A Derecognition of assets that are no longer being used or developed and are not considered to have a significant disposal value or other alternative use. Disposals include the divested currently marketed product Xidra.As at December 31, 2024, the most significant intangible assets within the Currently marketed products category are Leqvio (acquisition of The Medicines Company) and Zolgensma (acquisition of Avexis Inc.). As at December 31, 2024, the carrying value and remaining amortization period for Leqvio is USD 6.3 billion and 11 years, respectively (2023: USD 6.8 billion and 12 years, respectively), and for Zolgensma USD 4.5 billion and 6 years, respectively (2023: USD 5.2 billion and 7 years, respectively). The estimated useful life of Currently marketed products ranges from 5 to 20 years and amortization charges, impairments and impairment reversals are recognized in the consolidated income statement on the line â€œCost of goods sold.â€œThe estimated useful lives of Other intangible assets ranges from 3 to 15 years and amortization charges, impairments and impairment reversals are recognized in the consolidated income statement on the lines â€œCost of goods sold,â€ â€œSelling, general and administration,â€ â€œResearch and developmentâ€ or â€œOther expense,â€ or for impairment reversals â€œOther income,â€ depending on the nature and use of the other intangible asset.Impairment charges for IPR&D are recorded in the consolidated income statement line â€œResearch and development.â€ The Company has no indefinite useful life intangible asset other than goodwill.The Companyâ€™s cash-generating unit to which goodwill is allocated, as at December 31, 2024 and 2023, is at the level of the single global operating segment, which is comprised of a group of smaller cash-generating units. The valuation method of the recoverable amount of the operating segment to which goodwill is allocated is based on the fair value less costs of disposal. Any impairment charges are recorded under â€œOther expenseâ€ in the consolidated income statement.The following assumptions were used in the goodwill impairment testing calculation:(As a percentage)Terminal growth rate1.3Discount rate (post-tax)7.0The discount rates consider the Companyâ€™s weighted average cost of capital, adjusted to approximate the weighted average cost of capital of a comparable market participant.The fair value less costs of disposal for the cash-generating unit containing goodwill, is reviewed for the impact of reasonably possible changes in key assumptions. In particular, we considered an increase in the discount rate, a decrease in the terminal growth rate, and certain negative impacts on the forecasted cash flows. These reasonably possible changes in key assumptions did not indicate an impairment.â€œNote 1. Accounting policiesâ€“Goodwill and intangible assets other than goodwillâ€ provides additional disclosures on how the Company performs goodwill and intangible asset impairment testing.F-33The following table shows the intangible asset amortization charge, impairment charge and reversal of impairment charge for continuing operations for the years ended December 31, 2024, 2023 and 2022:(USD millions) 2024 2023 2022Amortization charge-3 457-3 960-3 760Impairment chargeA 2-1 433-3 048-1 301Reversal of impairment charge9A 1A Note 29 provides disclosure of discontinued operations amortization charge and impairment charge.A 2A 2024 impairment charge included the write-down of IPR&D on the cessation of clinical research and clinical development programs and a USD 0.9 billion impairment of goodwill attributable to the MorphoSys business acquired. See Note 2 - Acquisition of MorphoSys AG for additional information.A A A 2023 impairment charge included the write-down of IPR&D on the cessation of clinical development programs, including PPY988 (USD 1.0 billion), which was acquired with the 2022 acquisition of Gyroscope Therapeutics Holdings plc (see Note 2), VDT482 (USD 0.4 billion), and MBG453 (USD 0.3 billion), and the clinical research program NIZ985 (USD 0.3 billion); as well as the write-down of a currently marketed product by USD 0.3 billion to reflect the reduction in its recoverable amount.A A A 2022 intangible asset impairment charge included the write-down of IPR&D on the cessation of clinical development programs, including UNR844 (USD 0.6 billion).F-3412. Deferred tax assets and liabilities(USD millions) Property, plant and equipment Intangible assets Pensions and other benefit obligations of employees Inventories Tax loss carry-forwards Other assets, provisions and accruals TotalGross deferred tax assets at January 1, 20241172 1887642 2007132 2068 188Gross deferred tax liabilities at January 1, 2024-310-4 228-420-77-1 092-6 127Net deferred tax balance at January 1, 2024-193-2 0403442 1237131 1142 061A At January 1, 2024-193-2 0403442 1237131 1142 061Credited/(charged) to income-236159272-189-2682Charged to equity-10520-85Credited/(charged) to other comprehensive income-343-9-352Impact of acquisitions of businesses-2479263-116-334Other movements14-11-2-2-23-8-32Net deferred tax balance at December 31, 2024-204-1 91582 393659991 940A Gross deferred tax assets at December 31, 2024130 24130 2516882 4646592 3448 876Gross deferred tax liabilities at December 31, 2024-334-4 506-680-71-1 345-6 936Net deferred tax balance at December 31, 2024-204-1 91582 393659991 940A After offsetting the following amount of deferred tax assets and liabilities within the same tax jurisdiction, the balance amounts to-4 517Deferred tax assets at December 31, 20244 359Deferred tax liabilities at December 31, 2024-2 419Net deferred tax balance at December 31, 20241 940A Gross deferred tax assets at January 1, 20231581 7267392 2144252 7898 051Gross deferred tax liabilities at January 1, 2023-343-4 785-420-138-1 312-6 998Net deferred tax balance at January 1, 2023-185-3 0593192 0764251 4771 053A At January 1, 2023-185-3 0593192 0764251 4771 053Net deferred tax balance related to discontinued operationsA 160120-36-311-13-233-413Credited/(charged) to income-131 34432386173-471 875Credited/(charged) to other comprehensive income-316-34-21Impact of acquisitions of businesses-2530111-19-440Other movements508513-2817-307Net deferred tax balance at December 31, 2023-193-2 0403442 1237131 1142 061A Gross deferred tax assets at December 31, 20231172 1887642 2007132 2068 188Gross deferred tax liabilities at December 31, 2023-310-4 228-420-77-1 092-6 127Net deferred tax balance at December 31, 2023-193-2 0403442 1237131 1142 061A After offsetting the following amount of deferred tax assets and liabilities within the same tax jurisdiction, the balance amounts to-3 879Deferred tax assets at December 31, 202334 309Deferred tax liabilities at December 31, 2023-2 48Net deferred tax balance at December 31, 20232 32 061A A A A 1A Represents the net deferred tax balance at January 1, 2023, related to the Sandoz business reported as discontinued operations. Notes 1, 2 and 29 provide disclosures related to discontinued operations.F-35Deferred tax liabilities have not been recognized for withholding tax and other taxes that would be payable on the remittance of earnings of foreign subsidiaries, insofar as the Company has the ability to control any future reversal and the unremitted earnings are retained in the foreign subsidiaries for reinvestment. The total unremitted earnings retained for reinvestment in the Companyâ€™s foreign subsidiaries that would be subject to withholding tax or other taxes if remitted to the Company were estimated to be approximately USD 39 billion in 2024 (2023: USD 34 billion).The gross value of tax-loss carry-forwards that have or have not been recognized as deferred tax assets, with their expiry dates, is as follows:(USD millions) Unrecognized Recognized 2024 totalOne year19322Two years5988147Three years242650Four yearsA 12 3373992 736Five years971 1361 233More than five yearsA 14 2052 4566 661Not subject to expiry7831 1031 886Total7 5245 21112 735A 1A Unrecognized losses expiring in four years include USD 2.3 billion attributable to US state capital loss carry-forwards, and those expiring in more than five years include USD 4.0 billion attributable to US state tax loss carry-forwards.(USD millions) Unrecognized Recognized 2023 totalOne year234667Two years121527Three years56779146Four years22569591Five yearsA 11 5695802 149More than five yearsA 12 8912 9755 866Not subject to expiry6872 2582 945Total5 217 52011 791A 1A Unrecognized losses expiring in five years include USD 1.5 billion attributable to US state capital loss carry-forwards, and those expiring in more than five years include USD 2.8 billion attributable to US state tax loss carry-forwards.(USD millions) 2024 2023 2022Tax losses carried forward that expired2486Deferred tax assets related to carry-forwards of tax losses and tax

credits of relevant Company entities are recognized to the extent that it is considered probable that future taxable profits will be available in the respective tax jurisdictions against which such losses and credits can be utilized.13. Financial and other non-current assetsFinancial assets(USD millions) 2024 2023Equity securities7461 403Debt securities5329Fund investments210190Total financial investments1 0091 622Long-term receivables from finance subleases54104Other long-term receivables179214Contingent consideration receivables1 671553Long-term loans, advances and security deposits102114Total financial assets2 0152 607A 1A Note 28 provides additional disclosures related to contingent consideration.Other non-current assets(USD millions) 2024 2023Deferred compensation plans479439Prepaid post-employment benefit plans1 2 604545Other non-current assets422215Total other non-current assets3 5051 199A 1A Note 24 provides additional disclosures related to post-employment benefits.F-3614. Inventories(USD millions) 2024 2023Raw material, consumables843963Work in progress3 4483 502Finished products1 4321 448Total inventories5 7235 913The following table shows the amount of inventory recognized as an expense in â€œCost of goods soldâ€ in the consolidated income statements from continuing operations: (USD billions) 2024 2023 2022Cost of goods sold-6.3-5.8-5.2The following table shows the recognized amount of inventory provision and reversals of inventory provision recorded in the consolidated income statements from continuing operations:(USD millions) 2024 2023 2022Inventory provisions-526-467-373Reversals of inventory provisions156111121The reversals mainly result from the release of products initially requiring additional quality control inspections and from the reassessment of inventory values manufactured prior to regulatory approval but for which approval was subsequently received.15. Trade receivables(USD millions) 2024 2023Total gross trade receivables7 4817 158Provisions for doubtful trade receivables-58-51Total trade receivables7 4237 107The following table shows the trade receivables that are not overdue as specified in the payment terms and conditions established with Novartis customers, as well as an analysis of overdue amounts and related provisions for doubtful trade receivables: (USD millions) 2024 2023Not overdue7 1386 791Past due for not more than one month134146Past due for more than one month but less than three months9566Past due for more than three months but less than six months3764Past due for more than six months but less than one year2438Past due for more than one year5353Provisions for doubtful trade receivables-58-51Total trade receivables7 4237 107Trade receivable balances represent amounts due from our customers, which are mainly drug wholesalers, retailers, private health systems, government agencies, managed care providers, pharmacy benefit managers and government-supported healthcare systems. In particular, we monitor the level of trade receivables in countries deemed to have an elevated credit risk. We consider macroeconomic environment, historical experience, country and political risk, in addition to other relevant information when assessing risk. These risk factors are monitored regularly to determine any adjustments in risk classification. The majority of the past due trade receivables from elevated credit risk countries are due from local governments or from government-funded entities. Deteriorating credit and economic conditions as well as other factors in these elevated credit risk countries have resulted in, and may continue to result in, an increase in the average length of time that it takes to collect these trade receivables, and may require the Company to re-evaluate the expected credit loss amount of these trade receivables in future periods. At December 31, 2024, amounts past due for more than one year are not significant in elevated credit risk countries. Total trade receivables are denominated in the following major currencies:(USD millions) 2024 2023US dollar (USD)3 6983 520Euro (EUR) 1 441 138Japanese yen (JPY)470288Russian ruble (RUB)212240British pound (GBP)191146Chinese yuan (CNY)172231Brazilian real (BRL)130130Australian dollar (AUD)9696Swiss franc (CHF)5484Canadian dollar (CAD)5075Other currencies1 2061 159Total trade receivables7 4237 107F-3716. Marketable securities, commodities, time deposits, derivative financial instruments, and cash and cash equivalentsMarketable securities, commodities, time deposits and derivative financial instruments(USD millions) 2024 2023Commodities111Time deposits and short-term investments with original maturity more than 90 days1 892569Derivative financial instruments106355Total marketable securities, commodities, time deposits and derivative financial instruments1 9981 035The vast majority of time deposits and short-term investments with an original maturity of more than 90 days was denominated in USD as at December 31, 2024, and 2023.Cash and cash equivalents(USD millions) 2024 2023Current accounts2 5853 207Time deposits and short-term investments with original maturity less than 90 days8 87410 186Total cash and cash equivalents11 45913 39317. Other current assets(USD millions) 2024 2023 VAT receivable478462Withholding tax recoverables5764Prepaid expenses985764Contingent consideration receivable1 12065Other receivables and current assets1 3281 252Total other current assets2 9682 607A 1A Note 28 provides additional disclosures related to contingent consideration.F-3818. EquityThe following table shows the movement in the share capital:(USD millions) Jan 1, 2022 Movement in year Dec 31, 2022 Movement in year Dec 31, 2023 Movement in year Dec 31, 2024Share capital1 1901-11890-65825-32793Treasury shares-48-44-9251-41-12-53Outstanding share capital853-55798-14784-44740A 1A At December 31, 2024 and 2023, the Novartis AG share capital consists of registered shares with a nominal value of CHF 0.49 each. Prior to the 2023 capital decrease (see Note 18.6), Novartis AG share capital at December 31, 2022 consisted of registered shares with a nominal value of CHF 0.50 each. No authorized and conditional capital exists. The following table shows the movement in shares: 2024 2023 2022Number of outstanding shares (in millions) Note Total Novartis shares Total treasury shares1 Total outstanding shares Total Novartis shares Total treasury shares1 Total outstanding sharesBalance at beginning of year2 277.5-233.52 044.02 403.7-284.12 119.62 434.4-199.52 234.9Shares canceled for capital reduction A 2-87.587.5-126.2126.2-30.730.7Shares acquired to be canceled A 3-77.5-77.5-87.5-87.5-126.2-126.2Other share purchasesA 4-1.2-1.2-1.6-1.6-1.4-1.4Exercise of options and employee transactions A 5 18.82.82.81.91.9Equity-based compensation plans A 59.79.710.410.410.410.4Shares delivered to Alcon employees0.00Shares delivered to Sandoz employees0.1010.3030.7Total movements-87.518.6-68.9-126.250.6-75.6-30.7-78.4-6-115.3Balance at end of year2 190.0-214.91 975.12 277.5-233.52 044.02 403.7-284.12 119.6A 1A Approximately 86.0 million treasury shares (2023: 93.8 million; 2022: 99.0 million) are held in Novartis entities that restrict their availability for use. A 2A Novartis reduced its share capital by canceling shares that were repurchased on the SIX Swiss Exchange second trading line during previous years. A 3A Shares repurchased on the SIX Swiss Exchange second trading line under the CHF 10 billion share buyback authority approved at the 2021 Annual General Meeting (AGM), the additional CHF 10 billion authority approved at the 2022 AGM and the additional CHF 10 billion authority approved at the 2023 AGM. Since March 20, 2024, the share repurchases are executed under the authority approved at the 2023 AGM as all earlier authorizations are fully exhausted. A 4A Shares acquired from employees, which were previously granted to them under the respective equity-based compensation plans A 5A Shares delivered as a result of options being exercised and physical share deliveries related to equity-based compensation plans18.1) The amount available for distribution as a dividend to shareholders is based on the available distributable retained earnings of Novartis AG determined in accordance with the legal provisions of the Swiss Code of Obligations. 2024 2023 2022Dividend per share (in CHF)3.303.203.10Total dividend payment (in USD billion)7.67.37.518.2) Treasury shares are initially recorded at fair value on their trade date, which is different from the settlement date, when the transaction is ultimately effected. Treasury shares are deducted from consolidated equity at their nominal per share value. Differences between the nominal amount and the transaction price on purchases or sales of treasury shares with third parties, or the value of services received for the shares allocated to employees as part of share-based compensation arrangements, are recorded in â€œRetained earningsâ€ in the consolidated statement of changes in equity.F-39The following table summarizes the treasury shares movements: 2024 2023 2022 Note Number of outstanding shares (in millions) Equity impact USD m Number of outstanding shares (in millions) Equity impact USD m Number of outstanding shares (in millions) Equity impact USD mShares acquired to be canceled A 1-77.5-8 316-87.5-8 369-126.2-10 787Other share purchasesA 2-1.2-1.2-1.6-1.48-1.4-1.23Purchase of treasury shares-78.7-8 450-89.1-8 517-127.6-10 910Exercise of options and employee transactions A 3 18.82.81461.988Equity-based compensation plans A 49.71 06010.490410.4854Shares delivered to Alcon employees0.05Shares delivered to Sandoz employees0.1120.330Total-68.9-7 378-75.6-7 437-115.3-9 963A 1A Shares repurchased on the SIX Swiss Exchange second trading line under the CHF 10 billion share buyback authority approved at the 2021 Annual General Meeting (AGM), the additional CHF 10 billion authority approved at the 2022 AGM and the additional CHF 10 billion authority approved at the 2023 AGM. Since March 20, 2024, the share repurchases are executed under the authority approved at the 2023 AGM as all earlier authorizations are fully exhausted. A 2A Shares acquired from employees, which were previously granted to them under the respective equity-based compensation plans A 3A Shares delivered as a result of options being exercised related to equity-based compensation plans and the delivery of treasury shares. The average share price of the shares delivered was significantly below market price, reflecting the strike price of the options exercised. A 4A Equity-settled share-based compensation is expensed in the consolidated income statement in accordance with the vesting period of the equity-based compensation plans. The value for the shares and options granted is credited to consolidated equity over the respective vesting period. In addition, tax benefits arising from tax-deductible amounts exceeding the expense recognized in the income statement are credited to equity.18.3) Changes in non-controlling interests represent the impact on the non-controlling interest of transactions with minority shareholders, such as change in ownership percentage, dividend payments and other equity transactions. 18.4) Other movements include, for subsidiaries in hyperinflationary economies, the impact of the application of IAS Standards 29 â€œFinancial reporting in Hyperinflationary Economies.â€ See Note 28 for additional disclosures.18.5) Transaction costs in 2023 of USD 214 million, net of tax of USD 29 million, that were directly attributable to the Distribution (spin-off) of the Sandoz business to Novartis AG shareholders and that would otherwise have been avoided, were recorded as a deduction from equity (retained earnings). See Note 1.18.6) In 2023, in connection with the Distribution (spin-off) of the Sandoz business, Novartis AG shareholders approved at the EGM held on September 15, 2023, a decrease in Novartis AG share capital in the amount of CHF 22.8 million (USD 17.1 million). The capital decrease resulted in a reduction of the nominal value of the Novartis AG shares by CHF 0.01 from CHF 0.50 per share to CHF 0.49 per share. 18.7) In December 2021, Novartis entered into an irrevocable, non-discretionary arrangement with a bank to repurchase Novartis shares on the second trading line under its up-to USD 15.0 billion share buyback. The arrangement was updated in July 2022, December 2022, and May 2023, and concluded in June 2023. Novartis was able to cancel this arrangement at any time but could have been subject to a 90-day waiting period. As of December 31, 2022, these waiting period conditions were not applicable and as a result, there was no requirement to record a liability under this arrangement as of December 31, 2022. In June 2023, Novartis entered into an irrevocable, non-discretionary arrangement with a bank to repurchase 11.7 million Novartis shares on the second trading line, which concluded in July 2023. In July 2023, Novartis entered into a new irrevocable, non-discretionary arrangement with a bank to repurchase Novartis shares on the second trading line under its new up-to USD 15.0 billion share buyback. In June 2024, Novartis amended the arrangement to include the repurchase of an additional 8.7 million Novartis shares on the second trading line to mitigate the impact of share deliveries under the equity-based compensation plans for employees. These additional repurchases concluded in October 2024. Novartis was able to cancel this arrangement at any time but could have been subject to a 90-day waiting period. As of December 31, 2024 and 2023, these waiting period conditions were not applicable and as a result, there was no requirement to record a liability under this arrangement as of December 31, 2024 and 2023.18.8) At December 31, 2022, the market maker held 3 million written call options, originally issued as part of the share-based compensation for employees, that have not yet been exercised. The weighted average exercise price of these options at December 31, 2022, was USD 66.07 and they had contractual lives of 10 years, with remaining lives less than one year. In the first quarter of 2023, the market maker exercised 3 million written call options and as a result there was no written call options outstanding at December 31, 2023, and December 31, 2024. F-4019. Non-current financial debt(USD millions) 2024 2023Straight bonds24 11220 585Other bonds1 523Total bonds24 63520 585Other financial debt8742Total, including current portion of non-current financial debt24 72220 627Less current portion of non-current financial debt-3 356-2 191Total non-current financial debt21 36618 436A 1A Average interest rate during the year 2024: 5.3%All bonds are initially recorded at the amount of proceeds received, net of transaction costs. They are subsequently carried at amortized cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognized as a charge to the consolidated income statement over the period of the relevant bond. Financial debts, including current financial debts, contain only general default covenants. The Company is in compliance with these covenants. The percentage of fixed-rate financial debt to total financial debt was 84% as at December 31, 2024, and 2023. The average interest rate on total financial debt in 2024 was 3.2% (2023: 2.9%).Note 28 contains a maturity table of the Companyâ€™s future contractual interest payments commitments.F-41The following table provides a breakdown of straight bonds: Coupon Currency Notional amount (millions) Issuance year Maturity year Issuer Issue price 2024 (USD millions) 2023 (USD millions) 2022 (USD millions) 2021 (USD millions) 2020 (USD millions) 2019 (USD millions) 2018 (USD millions) 2017 (USD millions) 2016 (USD millions) 2015 (USD millions) 2014 (USD millions) 2013 (USD millions) 2012 (USD millions) 2011 (USD millions) 2010 (USD millions) 2009 (USD millions) 2008 (USD millions) 2007 (USD millions) 2006 (USD millions) 2005 (USD millions) 2004 (USD millions) 2003 (USD millions) 2002 (USD millions) 2001 (USD millions) 2000 (USD millions) 1999 (USD millions) 1998 (USD millions) 1997 (USD millions) 1996 (USD millions) 1995 (USD millions) 1994 (USD millions) 1993 (USD millions) 1992 (USD millions) 1991 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sufficiently clean and refurbish contaminated sites to the extent necessary, and to continue surveillance at sites where the environmental remediation exposure is less significant. A substantial portion of the environmental remediation provisions relate to the remediation of Basel regional landfills in the adjacent border areas in Switzerland and France. The provisions are reassessed on an annual basis and adjusted as necessary. In the United States, Novartis has been named under federal legislation (the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended) as a potentially responsible party (PRP) in respect of certain sites. Novartis actively participates in, or monitors, the cleanup activities at the sites in which it is a PRP. The provision takes into consideration the number of other PRPs at each site as well as the identity and financial position of such parties in light of the joint and several nature of the liability. The expected timing of the related cash outflows as of December 31, 2024, is currently projected as follows:(USD millions) Expected cash outflowsDue within two years42Due later than two years, but within five years203Due later than five years, but within 10 years184Due after 10 years69Total environmental remediation provisions498Provisions for product liabilities, governmental investigations and other legal matters Novartis has established provisions for certain product liabilities, governmental investigations and other legal matters where a potential cash outflow is probable, and Novartis can make a reliable estimate of the amount of the outflow. These provisions represent the Company's current best estimate of the total financial effect for the matters described below and for other less significant matters. Potential cash outflows reflected in a provision might be fully or partially offset by insurance in certain circumstances.Novartis has not established provisions for potential damage awards for certain additional legal claims against its subsidiaries if Novartis currently believes that a payment is either not probable or cannot be reliably estimated. These not-provisioned-for matters include individual product liability cases and certain other legal matters. Plaintiffs have alleged claims in these matters and the Company does not believe that information about the amount sought by plaintiffs, if that is known, would be meaningful with respect to those legal proceedings. This is due to a number of factors, including, but not limited to, the stage of proceedings, the entitlement of parties to appeal a decision and clarity as to theories of liability, damages and governing law. It is therefore, not practicable to provide information about the potential financial impact of these matters. In addition, in some of these matters there are claims for punitive or multiple (treble) damages, civil penalties and disgorgement of profits that in the view of Novartis are either wholly or partially unspecified, or wholly or partially unquantifiable at present. The Company believes that information about these amounts claimed by plaintiffs generally is not meaningful for purposes of determining a reliable estimate of a loss that is probable or more than remote.A number of other legal matters are in such early stages, or the issues presented are such that the Company has not made any provisions, since it cannot currently estimate either a potential outcome or the amount of any potential losses. For these reasons, among others, the Company generally is unable to make a reliable estimate of possible loss with respect to such cases. It is therefore not practicable to provide information about the potential financial impact of those cases.There might also be cases for which the Company was able to make a reliable estimate of the possible loss or the range of possible loss, but the Company believes that publication of such information on a case-by-case basis would seriously prejudice the Company's position in ongoing legal proceedings or in any related settlement discussions. Accordingly, in such cases, information has been disclosed with respect to the nature of the contingency, but no disclosure is provided as to an estimate of the possible loss or range of possible loss.Note 27 contains additional information on contingent liabilities.F-44Summary of significant legal proceedingsThe following is a summary of significant legal proceedings to which Novartis or its subsidiaries are currently a party, or were a party and that concluded in 2024.Investigations and related litigationsSouthern District of New York (S.D.N.Y.) Gilenya marketing practices investigation and litigationIn 2013, Novartis Pharmaceuticals Corporation (NPC) received a civil investigative demand from the United States Attorney's Office for the S.D.N.Y. requesting the production of documents and information relating to marketing practices for Gilenya, including the remuneration of healthcare providers in connection therewith. In 2017, the S.D.N.Y. and New York State declined to intervene in claims raised by an individual relator in a qui tam complaint. In 2022, NPC's motion to dismiss this complaint was granted. In December 2024, the appeals court affirmed in part but remanded in part, sending the case back to the district court for further proceedings. The claims are being vigorously contested. Lucentis/Avastin's mattersIn 2019, the French Competition Authority (FCA) issued a Statement of Objections against Novartis entities, alleging anti-competitive practices on the French market for anti-vascular endothelial growth factor treatments for wet age-related macular degeneration from 2008 to 2013. In 2020, the FCA issued a decision finding that the Novartis entities had infringed competition law by abusing a dominant position and imposing a fine equivalent to approximately USD 452 million. Novartis paid the fine, again subject to recoupment, and appealed the FCA's decision. In February 2023, the Paris Court of Appeal (Court) overturned the FCA's decision which triggered the reimbursement of the originally paid fine (recorded as Other income in the Company's consolidated income statement), and, in March 2023, the FCA appealed the Court's decision.Novartis is the subject of similar investigations and proceedings involving the competition authority in Greece and is currently in an appeal process in Turkey. Novartis continues to vigorously contest all claims in both countries. Novartis is also challenging policies and regulations allowing off-label/unlicensed use and reimbursement for economic reasons in Turkey.Greece investigationThe Greek authorities are investigating legacy allegations of potentially inappropriate economic benefits to healthcare providers (HCPs), government officials and others in Greece. These authorities include the Greek Coordinating Body for Inspection and Control, and the Greek Body of Prosecution of Financial Crime (SDOE), from which the Company received a summons in 2018 and 2020. Novartis has cooperated in these investigations. In 2021, SDOE imposed on Novartis Hellas a fine equivalent to approximately USD 1.2 million; Novartis Hellas appealed the fine and, in September 2023, the Court overturned the decision and fine. The Greek State filed an appeal. In 2022, the Greek State served a civil lawsuit on Novartis Hellas, seeking approximately USD 225 million for moral damages allegedly arising from the conduct that was the subject of the Company's 2020 settlement with the US Department of Justice regarding allegations of inappropriate economic benefits in Greece that was disclosed in the 2020 Annual Report and the 2020 Form 20-F. The claims are being vigorously contested.340B Drug Pricing Program litigationNPC has brought litigation challenging a number of state statutes purporting to add further obligations on manufacturers under the federal 340B program as to the use of contract pharmacies in those states. NPC has also brought litigation challenging the federal government's refusal to allow NPC to apply a rebate payment model for the 340B program.In addition, in 2021 and 2023, two medical centers i-led Administrative Dispute Resolution proceedings against NPC, seeking the return of alleged overcharges resulting from NPC's contract pharmacy policy. NPC has moved to dismiss these proceedings. Also in 2021, NPC received a civil investigative subpoena from the Office of the Attorney General of the State of Vermont (Vermont AG) requesting the production of documents and information concerning NPC's participation in the 340B Drug Pricing Program in Vermont. NPC responded by providing documents and information to the Vermont AG in 2021 and they have been have no further actions since that time. Inflation Reduction Act (IRA) litigationIn 2023, following the U.S. government's selection of Entresto for the i-rst round of the IRA's Medicare Drug Price Negotiation Program, a complaint in the U.S. District Court (USDC) for the District of New Jersey on the grounds that those drug price-setting provisions are unconstitutional under the First, Fifth and Eighth Amendments to the U.S. Constitution. In October 2024, the court granted the government's motion for summary judgment. NPC has appealed to the Third Circuit. Product liability litigationTasignaNPC is a defendant in more than 400 US product liability actions involving Tasigna, alleging that the product caused various cardiovascular effects and that NPC failed to provide adequate warnings about those alleged side effects. State court actions are pending in a multicounty litigation in Bergen County, New Jersey, and federal cases are pending in a multidistrict litigation in the Middle District of Florida. The claims are being vigorously contested.Other mattersShareholder derivative lawsuitIn 2021, NPC, Sandoz Inc., Novartis Capital Corporation and certain present and former directors and officers of Novartis were named as defendants, and Novartis was named as a nominal defendant, in a purported shareholder derivative lawsuit filed in New York State Court. The plaintiffs, derivatively as purported Novartis shareholders on behalf of Novartis, seek damages and other remedies based on alleged conduct by the corporate and individual defendants. In 2022, the court granted F-45Novartis motion to dismiss the lawsuit, which the plaintiffs have appealed.Concluded legal matters340B Drug Pricing Program litigationIn 2021, NPC received a notification from the US Health Resources and Services Administration (HRSA) which stated that HRSA believes NPC's contract pharmacy policy violates the 340B statute, and threatened potential enforcement action. NPC subsequently sued HRSA in the USDC for the District of Columbia to challenge HRSA's determination and to enjoin HRSA from taking action with respect to NPC's contract pharmacy policy. HRSA then referred the matter regarding NPC's contract pharmacy policy to the Office of Inspector General of the US Department of Health and Human Services, which could result in the imposition of civil monetary penalties on NPC. The court issued a decision rejecting HRSA's interpretation of the 340B statute, vacating the violation notification and remanding the matter to HRSA. HRSA appealed, and the US Court of Appeals for the DC Circuit heard argument on the case in 2022. In May 2024, the US Court of Appeals for the DC Circuit issued a decision rejecting HRSA's interpretation of the 340B statute and upholding NPC's contract pharmacy policy. HRSA did not seek review from the US Supreme Court, and the decision is now final.Swiss and EU investigationIn September 2022, the Swiss Competition Commission (COMCO) initiated an investigation of the acquisition of certain patents by Novartis from Genentech in April 2020 and their subsequent enforcement against Eli Lilly and other parties, allegedly in an attempt to protect Cosentyx from competing products. COMCO investigated whether enforcement of the patents violated the Swiss Cartel Act. The European Commission also requested information from Novartis regarding this matter. COMCO and the EC have both formally closed their investigations with no findings and both stated that they did not find any indication of anticompetitive conduct.Summary of product liability, governmental investigations and other legal matters provision movements(USD millions) 2024 2023 2022January 1124702397Provisions related to discontinued operations 1-197Impact of acquisitions of businesses4Cash payments 2-102-448-105Releases of provisions 3-12-219-52Additions to provisions 41610170466Currency translation effects-616-8December 31164124702Less current portion-89-42-548Non-current product liabilities, governmental investigations and other legal matters provisions at December 317582154 1A Represents the provisions for product liability, governmental investigations and other legal matters at January 1, 2023, related to the Sandoz business reported as discontinued operations. Notes 1, 2 and 29 provide disclosures related to discontinued operations. 2A Cash payments from continuing operations were USD 67 million in 2022. 3A Releases of provisions credited to the consolidated income statement from continuing operations were USD 38 million in 2022. 4A Additions to provisions charged to the consolidated income statement from continuing operations were USD 435 million in 2022.Novartis believes that its total provisions for investigations, product liability, arbitration and other legal matters are adequate based upon currently available information. However, given the inherent difficulties in estimating liabilities, there can be no assurance that additional liabilities and costs will not be incurred beyond the amounts provided.Discontinued operationsOn October 4, 2023, the separation and spin-off of the Sandoz business was completed (Note 2). Pursuant to the Separation and Distribution Agreement that Novartis and Sandoz entered into in connection with that separation and spin-off, Sandoz and Novartis agreed, subject to certain limitations, exclusions and conditions, that Sandoz would retain or assume (as applicable) liabilities, including pending and future claims that relate to the spun-off Sandoz business (whether arising prior to, at or after the date of execution of the Separation and Distribution Agreement). Additionally, pursuant to the Separation and Distribution Agreement, Sandoz agreed to indemnify Novartis and each of its directors, officers, managers, members, agents and employees against liabilities incurred in connection with the spun-off Sandoz business.F-4621. Current financial debt and derivative financial instruments(USD millions) 2024 2023Bank and other financial debt 1642624Commercial paper 4 0913 269Current portion of non-current financial debt 3 3562 191Derivative financial instruments 14391Total current financial debt and derivative financial instruments 8 2326 175 1A Weighted average interest rate during the year 2024: 20.8% (2023: 13.2%)The carrying amounts of current financial debt, other than the current portion of non-current financial debt, approximate the estimated fair value due to the short-term nature of these instruments.Details on commercial papers and short-term borrowings are provided under Liquidity risk in Note 28. 22. Provisions and other current liabilities(USD millions) 2024 2023Provisions for deductions from revenue 0046 315Accruals for compensation and benefits, including social security 2 1812 330Accruals for royalties 1 099844Accrued expenses for goods and services received but not invoiced 9011 026Accruals for taxes other than income taxes 626516Restructuring provisions 424703Contingent consideration 1 28114Accrued share-based payments 262322Accrued interests on financial debt 169116Deferred income 12798Provisions for product liabilities, governmental investigations and other legal matters 28942Environmental remediation provisions 1220Other payables 79820Total provisions and other current liabilities 14 05413 166 1A Note 28 provides additional disclosures related to contingent consideration. 2A Note 20 provides additional disclosures related to legal provisions.Provisions are based upon management's best estimate and adjusted for actual experience. Such adjustments to historic estimates have not been material.F-47Provisions for deductions from revenueThe following table shows the movement of the provisions for deductions from revenue:(USD millions) 2024 2023 2022January 16 3156 7326 481Provisions related to discontinued operations 1-1 415Effect of currency translation and business acquisitions and divestments-19768-210Payments/utilizations 2-19 829-16 703-22 261Adjustments of prior years charged to income statement 3-315-206-322Current year income statement charge 421 1571 79823 072Change in provisions offset against gross trade receivables 5-12741-28December 317 0046 3156 732 1A Represents the provision for deductions from revenue at January 1, 2023, related to the Sandoz business reported as discontinued operations. Notes 1, 2 and 29 provide disclosures related to discontinued operations. 2A Payments/utilizations from continuing operations were USD 14 691 million in 2022. 3A Adjustments of prior years charged to income statement from continuing operations were USD 218 million in 2022. 4A Current year income statement charge from continuing operations were USD 15 231 million in 2022. 5A Change in provisions offset against gross trade receivables from continuing operations were USD 2 million in 2022. The provisions for deductions from revenue include specific healthcare plans and program rebates as well as non-healthcare plans and program-related rebates, returns and other deductions. The provisions for deductions from revenue are adjusted to reflect experience and to reflect actual amounts as rebates, refunds, discounts and returns are processed. The provision represents estimates of the related obligations, requiring the use of judgment when estimating the effect of these deductions from revenue.Restructuring provisions movements(USD millions) 2024 2023 2022January 17031 131345Provisions related to discontinued operations 1-151Additions to provisions 23626581 368Cash payments 3-514-816-468Releases of provisions 4-100-193-42Transfers 4-5-57- 53Currency translation effects-2731-19December 314247031 131 1A Represents the restructuring provisions at January 1, 2023, related to the Sandoz business reported as discontinued operations. Notes 1, 2 and 29 provide disclosures related to discontinued operations. 2A Additions to provisions charged to the consolidated income statement from continuing operations were USD 1.3 billion in 2022. 3A Cash-payments from continuing operations were USD 421 million in 2022. 4A Releases of provisions credited to the consolidated income statement from continuing operations were USD 33 million in 2022. 5A Transfers from continuing operations were USD 53 million in 2022.Restructuring provisions are recognized for the direct expenditure arising from the restructuring, where the plans are sufficiently detailed and where appropriate communication to those affected has been made.Charges to increase restructuring provisions are included in Other expense in the consolidated income statements and release of provisions are included in Other income in the consolidated income statements.In 2024, additions to provisions of USD 362 million were mainly related to the continuation of the initiative announced in April 2022 to implement a new streamlined organizational model designed to support innovation, growth and productivity.In 2023, additions to provisions of USD 658 million were mainly related to the continuation of the initiative announced in April 2022 to implement a new streamlined organizational model designed to support innovation, growth and productivity.In 2022, additions to provisions of USD 1.4 billion were mainly related to the following reorganizations: The continuation of the 2021 restructuring initiatives. F-4823. Details to the consolidated statements of cash flows23.1) Non-cash items and other adjustments from continuing operationsThe following table shows the reversal of non-cash items and other adjustments in the consolidated statements of cash flows.(USD millions) 2024 2023 2022Depreciation, amortization and impairments on: 1A 1A Property, plant and equipment 9321 0061 374 1A Right-of-use assets 2562637270 1A Intangible assets 4 8817 0085 061 1A Financial assets 145106260Change in provisions and other non-current liabilities 696611 318Gains on disposal on property, plant and equipment; intangible assets; other non-current assets; and other adjustments on financial assets and other non-current assets, net-74-180-308Equity-settled compensation expense 1 044865791Loss from associated companies 381311Income taxes 1 7015511 128Net financial expense 866633758Other-15343-32Total10 23210 36910 631 1A Includes fair value changesIn 2024 and 2023, other than through business combinations, there were no additions to intangible assets with deferred payments (2022: USD 635 million).In 2024, there were USD 304 million (2023: USD 421 million; 2022: USD 216 million) additions to right-of-use assets recognized.23.2) Total amount of income taxes paid In 2024, income taxes paid by continuing operations and the total Company were USD 2 258 million (discontinued operations were nil). In 2023, income taxes paid by continuing operations were USD 2 787 million and by discontinued operations were USD 162 million, which were included within Net cash flows from operating activities from discontinued operations. In 2023, income taxes paid by the total Company were USD 2 949 million.In 2022, income taxes paid by continuing operations were USD 1 702 million and by discontinued operations were USD 273 million, which were included within Net cash flows from operating activities from discontinued operations. In 2022, income taxes paid by the total Company were USD 1 975 million.23.3) Cash flows from changes in working capital and other

operating items included in the net cash flows from operating activities from continuing operations(USD millions) 2024 2023 2022Increase in inventories-225-546-560Increase in trade receivables-931-1 504-397(Decrease)/increase in trade payables-105479-181Change in other current and non-current assets-502-125-84Change in other current liabilities1 0571 372426Total-706-369-796F-4923.4) Cash flows arising from acquisitions and divestments of businesses, net from continuing operationsThe following table is a summary of the cash flow impact of acquisitions and divestments of businesses. (USD millions) Note 2024 2023 2022Total purchase consideration for acquisitions of businesses 2-4 629-3 925-1 166Acquired cash and cash equivalents24222689Fair value of previously held equity interests2621Contingent consideration payable, net377146224Payments, deferred consideration and other adjustments, net-8-340Cash flows used for acquisitions of businesses1-4 018-3 561-832Cash flows from/(used for) divestments of businesses, net1 21073-8Cash flows used for acquisitions and divestments of businesses, net-3 911-3 558-8401A 2024 includes the payments for purchases of MorphoSys shares by Novartis during the Offer period totaling EUR 0.3 billion (USD 0.3 billion), see Note 2 for further information. Also included in 2024, is a payment of EUR 53 million (USD 58 million) in relation to the MorphoSys acquisition.2A In 2024, USD 107 million represented net cash inflows from divestments made during that year and in previous years.1A 1A In 2024, the net identifiable assets of divested businesses amounted to USD 142 million, comprised of non-current assets of USD 159 million, current assets of USD 48 million, including USD 8 million cash and cash equivalents and of non-current and current liabilities of USD 65 million.1A 1A In 2023, USD 3 million represented net cash inflows from divestments in previous years.1A 1A In 2022, USD 8 million net cash outflows from divestments of businesses included USD 20 million reduction to cash and cash equivalents due to the derecognized cash and cash equivalents following a loss of control of a company upon expiry of an option to purchase the company, partly offset by USD 12 million net cash inflows from business divestments in 2022 and in prior years.1A 1A In 2022, the net identifiable assets of divested businesses amounted to USD 139 million, comprised of non-current assets of USD 127 million, current assets of USD 70 million, including USD 62 million cash and cash equivalents and of non-current and current liabilities of USD 58 million. The deferred sale price receivable and other adjustments amounted to USD 19 million.Note 2 provides further information regarding significant acquisitions and divestments of businesses. All acquisitions were for cash.F-5023.5) Reconciliation of liabilities arising from financing activities 2024 2023 2022(USD millions) Financial debts Derivative financial instruments Lease liabilities Financial debts Derivative financial instruments Lease liabilities Financial debts Derivative financial instruments Lease liabilities124 520911 82826 120551 78929 129681 896Financial debts, derivative financial instruments and lease liabilities related to discontinued operations 1-214-1-98Proceeds from non-current financial debts 1 26 14316Repayments of the current portion of non-current financial debts 1 3-2 160-2 223-2 575Change in current financial debts1 4958546295Repayments of other current financial debts-289Payments of lease liabilities1 5-262-258-295Interest payments for amounts included in lease liabilities classified as cash flows from operating activities 1 6-62-52-51New, modified and terminated leases, net241349222Impact of acquisitions and divestments of businesses, net852425112Changes in fair values, lease interest and other changes, net-85272-23728-1360Amortization of bonds discount331722Currency translation effects-594-5627619-767-55December 3129 4551431 80324 520911 82826 120551 789Non-current1 721 3661 56818 4361 59820 2441 538Current1 78 0891432356 084912305 876552511A Represents the financial debts, derivative financial instruments and lease liabilities at January 1, 2023 related to the Sandoz business reported as discontinued operations. Notes 1, 2 and 29 provide disclosures related to discontinued operations.1A 2A Proceeds from non-current financial debts included in the consolidated statements of cash flows from continuing operations were nil in 2022.1A 3A Repayments of the current portion of non-current financial debts were only recorded in the consolidated statements of cash flows from continuing operations.1A 4A Changes in current financial debts included in the consolidated statements of cash flows from continuing operations were USD 252 million in 2022 which included net cash outflows from interest-bearing accounts of employees payable on demand amounting to USD 1.7 billion.1A 5A Payments of lease liabilities included in the consolidated statements of cash flows from continuing operations were USD 262 million in 2022.1A 6A Interest payments for amounts included in lease liabilities classified as cash flows from operating activities within the consolidated statements of cash flows from continuing operations were USD 48 million in 2022.1A 7A Note 10 provides additional disclosures related to lease liabilities, Note 19 provides additional disclosures related to non-current financial debt, and Note 21 provides additional disclosures related to current financial debt and derivative financial instruments.F-5124. Post-employment benefits for employeesDefined benefit plansIn addition to the legally required social security schemes, the Company has numerous independent pension and other post-employment benefit plans. In most cases, these plans are externally funded in entities that are legally separate from the Company. For certain Company entities, however, no independent plan assets exist for the pension and other post-employment benefit obligations of employees. In these cases, the related unfunded liability is included in the balance sheet. The defined benefit obligations (DBOs) of all major pension and other post-employment benefit plans are reappraised annually by independent actuaries using the projected unit credit method. Plan assets are recognized at fair value.The major plans are based in Switzerland, the United States, the United Kingdom and Germany (2023: Switzerland, the United States, the United Kingdom, Germany and Japan), which represent 96% (2023: 96%) of the Company's total DBO for pension plans. Details of the plans in the two most significant countries, Switzerland and the United States, which represent 85% (2023: 84%) of the Company's total DBO for post-employment benefit plans, are provided below.Swiss-based pension plans represent the most significant portion of the Company's total DBO and plan assets. For active insured members the benefits are linked to contributions paid into the plan, interest credits granted and conversion rates applied. All benefits granted under Swiss-based pension plans are vested, and Swiss legislation prescribes that the employer has to contribute a fixed percentage of an employee's pay to an external pension fund. Additional employer contributions may be required whenever the plan's statutory funding ratio falls below a certain level. The employee also contributes to the plan. The pension plans are run by separate legal entities, each governed by a board of trustees that acts for the principal plans and consists of representatives nominated by Novartis and the active insured employees. The boards of trustees are responsible for the plan design and asset investment strategy.The United States pension plans represent the second-largest component of the Company's total DBO and plan assets. The principal plans (Qualified Plans) are funded, whereas plans providing additional benefits for executives (Restoration Plans) are unfunded. Employer contributions are required for Qualified Plans whenever the statutory funding ratio falls below a certain level. Furthermore, in certain countries, employees are covered under other post-employment benefit plans and post-retirement medical plans.In the US, other post-employment benefit plans consist primarily of post-employment healthcare benefits, which have been closed to new members since 2015. Part of the costs of these plans is reimbursable under the Medicare Prescription Drug, Improvement, and Modernization Act of 2003. There is no statutory funding requirement for these plans. The Company is funding these plans to the extent that it is tax efficient.F-52The following tables are a summary of the funded and unfunded defined benefit obligation for pension and other post-employment benefit plans of employees at December 31, 2024 and 2023: Pension plans Other post-employment benefit plans(USD millions) 2024 2023 2024 2023Benefit obligation at January 119 03717 533440422Benefit obligations related to discontinued operations1 5-29-26Current service cost25926099Interest cost3985042322Past service costs and settlements-852812Administrative expenses2425Remeasurement (gains)/losses arising from changes in the financial assumptions1 24311 350-1013Remeasurement (gains)/losses arising from changes in demographic assumptions-98-303-14Experience-related remeasurement losses/(gains)7623-4344Currency translation effects-1 0651 304-134Benefit payments-1 373-1 384-26-34Contributions of employees176174Effect of acquisitions, divestments or transfers-552Benefit obligation at December 3117 77519 037392440Fair value of plan assets at January 119 93418 9457160Plan assets related to discontinued operations1 3-86Interest income36951432Return on plan assets excluding interest income682175710Currency translation effects-1 1871 524Novartis contributions3814082633Contributions of employees176174Settlements-110-35Benefit payments-1 373-1 384-26-34Effect of acquisitions, divestments or transfers-4-1Fair value of plan assets at December 3118 86819 9348171Funded status1 0938971-311-369Limitation on recognition of fund surplus at January 1-2 167-2 644Limitation on recognition of fund surplus at January 1, related to discontinued operations6Change in limitation on recognition of fund surplus1 32 034740Currency translation effects100-209Interest income on limitation of fund surplus-27-60Limitation on recognition of fund surplus at December 311 4-60-2 167Net asset/(liability) in the balance sheet at December 311 033-1 270-311-3691A Represents the benefit obligation, respectively the plan assets at January 1, 2023, related to the Sandoz business reported as discontinued operations. Notes 1, 2 and 29 provide disclosures related to discontinued operations.1A 2A The remeasurement (gains)/losses arising from changes in the financial assumptions is driven mainly by changes in the actuarial discount rates used to determine the benefit obligation.1A 3A As at December 2024, the limitation on recognition of fund surplus (the asset ceiling) on pension plans in Switzerland that was recognized in 2023 was no longer required to be applied and therefore was reversed in 2024.1A 4A In 2023, the most significant pension plans where the asset ceiling was required to be applied were in Switzerland and amounted to USD 2 112 million.F-53The reconciliation of the net liability from January 1 to December 31 is as follows: Pension plans Other post-employment benefit plans(USD millions) 2024 2023 2024 2023Net liability at January 1-1 270-1 232-369-362Less: net liability related to discontinued operations1 14926Current service cost-259-260-9-9Net interest expense-56-50-20-20Administrative expenses-24-25Past service costs and settlements-25-63-12Remeasurements273-89560-33Currency translation effects-221113-4Novartis contributions381408263Effect of acquisitions, divestments or transfers1-53Change in limitation on recognition of fund surplus1 2 034740Net asset/(liability) at December 311 033-1 270-311-3691A Amounts recognized in the consolidated balance sheetPrepaid benefit cost2 604545Accrued benefit liability-1 571-1 815-311-3691A 1A 1A Represents the net liability at January 1, 2023, related to the Sandoz business reported as discontinued operations. Notes 1, 2 and 29 provide disclosures related to discontinued operations.1A 2A As at December 2024, the limitation on recognition of fund surplus (the asset ceiling) on pension plans in Switzerland that was recognized in 2023 was no longer required to be applied and therefore was reversed in 2024.The following table shows a breakdown of the DBO for pension plans by geography and type of member, and the breakdown of plan assets into the geographical locations in which they are held: 2024 2023(USD millions) Switzerland United States Rest of the world TotalSwitzerland United States Rest of the world TotalBenefit obligation at December 3112 8432 3742 55817 77515 432 5743 01019 037Thereof unfunded501378879538390928By type of member1A 1A Active5 4472596526 3585 5573898476 793A 1A Deferred pensioners7438241 5677709121 682A 1A Pensioners7 3961 3721 0829 8507 8961 4151 25110 562Fair value of plan assets at December 3115 2251 7461 89718 86815 8921 8352 20719 934Funded status2 382-628-6611 0932 439-739-803897The following table shows a breakdown of the DBO for other post-employment benefit plans by geography and type of member, and the breakdown of plan assets into the geographical locations in which they are held: 2024 2023(USD millions) United States Rest of the world TotalUnited States Rest of the world TotalBenefit obligation at December 313147839235684440Thereof unfunded2337831128584369By type of member1A 1A Active281038301040A 1A Deferred pensioners11A 1A Pensioners2866835432574399Fair value of plan assets at December 31181817171Funded status-233-78-311-285-84-369F-54The following table shows the principal weighted average actuarial assumptions, for the major plans, used for calculating defined benefit plans and other post-employment benefits of employees: Pension plans Other post-employment benefit plans 2024 2023 2022 2024 2023 2022Weighted average assumptions used to determine benefit obligations at December 31Discount rate1.9%2.3%0.0%5.5%5.6%3%Expected rate of pension increase0.3%0.3%0.4%Expected rate of salary increase2.6%3.0%2.9%Interest on savings account2.0%1.3%2.2%Current average life expectancy for a 65-year-old male in years22222212121Current average life expectancy for a 65-year-old female in years242424232323Changes in the aforementioned actuarial assumptions can result in volatility in the accounting for the Company's pension plans in the consolidated financial statements. This can result in substantial changes in the Company's other comprehensive income, long-term liabilities and prepaid pension assets.The DBO is significantly impacted by assumptions regarding the rate that is used to discount the actuarially determined post-employment benefit liability. This rate is based on yields of high-quality corporate bonds in the country of the plan. Decreasing corporate bond yields decrease the discount rate, so that the DBO increases and the funded status decreases.The impact of decreasing interest rates on a plan's assets is more difficult to predict. A significant part of the plan assets is invested in bonds. Bond values usually rise when interest rates decrease and may therefore partially compensate for the decrease in the funded status. Furthermore, pension assets also include significant holdings of equity instruments. Share prices usually tend to rise when interest rates decrease and therefore often counteract the negative impact of the rising defined benefit obligation on the funded status (although the correlation of interest rates with equities is not as strong as with bonds, especially in the short term).The expected rate for pension increases significantly affects the DBO of most plans in Switzerland, Germany and the United Kingdom. Such pension increases also decrease the funded status, although there is no strong correlation between the value of the plan assets and pension/inflation increases.Assumptions regarding life expectancy significantly impact the DBO. An increase in longevity increases the DBO. There is no offsetting impact from the plan assets, as no longevity bonds or swaps are held by the pension funds. The Company's actuaries use mortality tables that take into account historic patterns and expected changes, such as further increases in longevity. The mortality assumptions used for the pension plans in Switzerland were based on BVG 2020 tables with future improvements based on the Continuous Mortality Investigation (a CMI model). For the pension and postretirement medical benefit plans in the US, the Society of Actuaries Pri-2012 mortality tables with generational improvements based on Scale MP-2021 are used.The following table shows the sensitivity of the defined benefit pension obligation to the principal actuarial assumptions for the major plans in Switzerland, the United States, the United Kingdom and Germany on an aggregated basis (2023 additionally includes Japan).(USD millions) Change in 2024 year-end defined benefit pension obligation Change in 2023 year-end defined benefit pension obligation25 basis point increase in discount rate-484-52825 basis point decrease in discount rate511557One-year increase in life expectancy61164425 basis point increase in rate of pension increase32936625 basis point decrease in rate of pension increase-52-6125 basis point increase of interest on savings account434325 basis point decrease of interest on savings account-41-4225 basis point increase in rate of salary increase14125 basis point decrease in rate of salary increase-41-42F-55The healthcare cost trend rate assumptions used for other post-employment benefits are as follows: 2024 2023 2022Healthcare cost trend rate assumed for next year6.5%6.3%6.5%Rate to which the cost trend rate is assumed to decline4.5%4.5%4.5%Year that the rate reaches the ultimate trend rate203320312031The following table shows the fair value of plan asset allocation of funded defined benefit pension plans at December 31, 2024 and 2023 on an aggregated basis: (USD millions) 2024 2023 2023Equity securities5 0524 931Debt securities6 3096 730Real estate3 7753 821Alternative investments3 1673 360Cash and other investments5651 092Total18 86819 934Cash and most of the equity and debt securities have a quoted market price in an active market. Real estate and alternative investments, which include hedge fund, private equity, infrastructure and commodity investments, usually have a quoted market price or a regularly updated net asset value. The strategic allocation of assets of the different pension plans is determined, based upon the local requirements and the market and economic environment, with the objective of achieving an investment return that, together with the contributions paid by the Company and its employees, is sufficient to maintain reasonable control over the various funding risks of the respective pension plans. The asset allocation currently includes investments in shares of Novartis AG as per the below table: December 31, 2024 December 31, 2023Investment in shares of Novartis AG1A Number of shares (in millions)2.3232Market value (in USD billions)0.20.2The weighted average duration of the major plans defined benefit pension obligation is 12.0 years (2023: 12.3 years).The Company's ordinary contribution to the various pension plans is based on the rules of each plan. Additional contributions are made whenever this is required by statute or law (i.e., usually when statutory funding levels fall below predetermined thresholds). The only significant plan that requires additional funding is in Germany.The expected future cash flows over the upcoming 10 years in respect of pension and other post-employment benefit plans at December 31, 2024, were as follows:(USD millions) Pension plans Other post-employment benefit plansCompany contributions2025 (estimated)35336Expected future benefit payments20251 4003620261 3163620271 1523620281 1223520291 0963420301 03420311 03420321 03420331 03420341 03420351 03420361 03420371 03420381 03420391 03420401 03420411 03420421 03420431 03420441 03420451 03420461 03420471 03420481 03420491 03420501 03420511 03420521 03420531 03420541 03420551 03420561 03420571 03420581 03420591 03420601 03420611 03420621 03420631 03420641 03420651 03420661 03420671 03420681 03420691 03420701 03420711 03420721 03420731 03420741 03420751 03420761 03420771 03420781 03420791 03420801 03420811 03420821 03420831 03420841 03420851 03420861 03420871 03420881 03420891 03420901 03420911 03420921 03420931 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to invest up to the maximum cash portion of their Annual Incentive to receive further shares. From 2024 only a select portion of the Novartis management leadership team in Switzerland may invest its Annual Incentive in shares through the Employee Share Ownership Plan (ESOP). The cash portion of the Annual Incentive is paid out during March in the year following the end of the performance period, and the shares are granted during January in the year following the end of the performance period. Employee share savings plan Novartis operates employee share savings and purchase plans in certain countries. The most significant is described below. The ESOP in Switzerland offers participants to choose to receive their Annual Incentive (i) 100% in shares, (ii) 50% in shares and 50% in cash, or (iii) 100% in cash. After the expiration of a three-year holding period for Novartis shares invested under the ESOP, participants receive one matching share for every two invested shares. Employees eligible for the equity plan [Select](#) and a select portion of the Novartis management leadership team are not eligible to receive ESOP matching shares. A select portion of Novartis management leadership team is eligible to invest the Annual Incentive in Novartis shares from 2024 onwards. The Novartis Company CEO and the other Executive Committee members are not eligible to participate in this plan. Novartis Employee share purchase plan In 2022 Novartis started to grant shares under the Employee Share Purchase Plan (ESPP). The ESPP enables employees to voluntarily purchase Novartis AG shares through payroll deductions at a 15% discounted price, up to a defined maximum amount. While the ESPP is global in scope, the first phase covered employees in North America (the US, Puerto Rico and Canada). Other countries' employees became eligible to participate in the ESPP commencing in 2024, according to a multi-year phased implementation plan. The shares are not subject to a vesting period. Novartis equity plan [Select](#) The equity plan [Select](#) is a global equity incentive plan under which eligible employees may annually be awarded an equity grant. In 2024, the equity grants awarded under the [Select](#) plan are subject to a three-year staggered vesting period. In 2023 and 2022, equity grants awarded under the Select plan were subject to a three-year cliff vesting period, and for eligible employees of selected Company units a four-year staggered vesting period. Executive Committee members and a select portion of Novartis management leadership team are not eligible to participate in the equity plan [Select](#). The equity plan [Select](#) currently allows participants employed and living in Switzerland to choose the form of their equity compensation in RSs or RSUs. In all other jurisdictions, RSs or RSUs are granted unilaterally. Until 2013, participants could also choose to receive part or the entire grant in the form of tradable share options. All tradable share options expired on their 10th anniversary from the grant date, which was in January 2023. As a result, at December 31, 2023, there were no outstanding options under the Novartis equity plan [Select](#). Long-Term Performance Plan The Long-Term Performance Plan (LTTP) is a global equity plan for the ECN, a select portion of Novartis management leadership team and up to 2023 employees of Company units with specific targets. Participants are granted a target number of performance share units (PSUs) at the beginning of every performance period, which are converted into unrestricted Novartis shares after the performance period. The actual payout depends on the achievement of the performance F-57 measures and ranges between 0% and 200% of the granted amount. PSUs granted under the LTTP do not carry voting rights, but do carry dividend equivalents that are paid in unrestricted Novartis shares at the end of the performance period. The LTTP awards are subject to a three-year performance and vesting period. The performance criteria for the ECN are based on both Novartis internal performance metrics and variables that can be observed in the market, which is the ranking of the Novartis total shareholder return (TSR) relative to a global healthcare peer group of 14 other companies, over rolling three-year performance periods. Only ECN members, as from performance cycle 2023, are subject to the TSR performance metric under the LTTP. TSR for Novartis and the peer companies is calculated as the change in the company share price, which is translated to USD at the relevant exchange rate, including the reinvestment return of dividends, over the three-year performance period. The calculation is based on Bloomberg standard published TSR data, which is publicly available. The position of Novartis in the peer group determines the payout range based on a payout matrix. Other share awards Selected employees may exceptionally receive Special Share Awards of RSs or RSUs. These Special Share Awards provide an opportunity to reward outstanding achievements or exceptional performance, and aim to retain key contributors. They are based on a formal internal selection process, through which the individual performance of each selected employee is assessed at several management levels. Special Share Awards have a minimum three-year vesting period before 2021 and mainly three years thereafter. In exceptional circumstances, Special Share Awards may be awarded to attract special expertise and new talents to the organization (not applicable to ECN). Externally recruited ECN members are eligible only for special awards that are [buyouts](#) in the case that it is to replace equity forfeited with their former employer. The equity is provided on a like-for-like basis as the forfeited equity, at a similar value with a similar vesting period, and with or without a performance condition. Worldwide, employees at different levels in the organization were awarded RSs and RSUs in 2024, 2023 and 2022. In addition, in 2024, 2023 and 2022, Board members received unrestricted shares as part of their regular compensation. Summary of share grants The table below provides a summary of share grants (shares, RSs, RSUs and PSUs) for all plans. At the Sandoz Distribution date, all RSU and PSU holders, who were not entitled to the dividend in kind in the form of Sandoz Group AG shares received [keep whole awards](#) in Novartis AG shares to compensate for the loss of the Sandoz value from their Novartis AG shares. These keep whole awards were accounted for as a modification, which did not significantly change the fair value of the original grant. The change in fair value was measured by comparing the fair value of the grant before the spin-off against the fair value of the grant plus keep whole award right after spin-off. 2024 2023 Number of shares in millions Weighted average fair value at grant date in USD Number of shares in millions Weighted average fair value at grant date in USD Number of shares in millions Weighted average fair value at grant date in USD Number of shares in millions Weighted average fair value at grant date in USD Restricted shares 1,107.80.192.3 Share savings plans 0. RSU 0.596.80.471.3â€Restricted shares 0.6107.80.692.3 Long-Term Performance Plan (PSU) 1.198.61.880.6 Other share awards â€ RSU 0.496.80.675.9A 1A The Novartis Employee Share Purchase Plan (ESPP) enables employees to voluntarily purchase Novartis AG shares through payroll deductions at a 15% discount to the fair value of the Novartis AG share price at the respective ESPP grant dates. The weighted average fair value at grant date in USD in the table shows the weighted average Novartis AG share price at the respective ESPP grant dates during the year. F-5826 Transactions with related parties Novartis Pension Fund In 2018, a Company subsidiary provided an uncommitted overnight credit facility to the Novartis Pension Fund, Switzerland, for up to USD 500 million with interest at the US Federal Funds Rate. This credit facility was not utilized during the current and past years. Executive Officers and Non-Executive Directors compensation As at December 31, 2024, there were 11 Executive Committee members ([Executive Officers](#)). During 2024, no Executive Officer stepped down. As at December 31, 2023, there were 11 Executive Officers. During 2023, 1 Executive Officer stepped down. As at December 31, 2022, there were 11 Executive Officers. During 2022, 5 Executive Officers stepped down. The total compensation for Executive Committee members and the 13 Non-Executive Directors (14 in 2023 and 15 in 2022) using the Company's accounting policies for equity-based compensation and pension benefits was as follows: Executive Officers Non-Executive Directors Total (USD millions) 2024 2023 2022 2024 2023 2022 2024 2023 2022 Cash and other compensation 19,018.025.04.94.94.623.922.929.6 Post-employment benefits 2.42.12.82.42.12.8 Equity-based compensation 61.962.242.65.45.04.867.367.247.4 Total 83.382.370.410.39.99.493.692.279.8 During 2024, there was a slight increase in the compensation expense for Executive Officers compared to 2023, mainly as a result of higher cash and other compensation paid for current Executive Officers. During 2023, there was an increase in the IFRS Accounting Standards compensation expense for Executive Officers compared with 2022, primarily driven by higher equity-based compensation, mainly due to higher realized and expected payouts on the achievement of the defined performance criteria, partly offset by lower cash and other compensation, due to lower accelerated expenses from stepped down Executive Officers compared with 2022. The Annual Incentive award, which is fully included in equity-based compensation even when paid out in cash, is granted in January in the year following the reporting period. The disclosures on Board and executive compensation required by the Swiss Code of Obligations are shown in the Compensation Report of the Company. 27. Commitments and contingent liabilities Research and development commitments The Company has entered into long-term research and development agreements with various institutions related to intangible assets. These agreements provide for potential milestone payments by Novartis, which are dependent on successful clinical development, or meeting specified sales targets, or other conditions that are specified in the agreements. F-59As of December 31, 2024, the amount and estimated timing of the Company's commitments to make payments under those agreements, which are shown without risk adjustment and on an undiscounted basis, were as follows: (USD millions) 2024 2023 2022 2024 2023 2022 Thereafter 8 123 2010 798 Commitments for capital calls The Company holds investments in funds in which it has committed to invest further upon future capital calls. As at December 31, 2024, the total uncalled capital commitments for the Company's investments in funds amount to USD 63 million. Note 28 contains further information on the Company's investments in funds. Other commitments The Company has entered into various purchase commitments for services and materials as well as for equipment in the ordinary course of business. These commitments are generally entered into at current market prices and reflect normal business operations. For the disclosure of property, plant and equipment purchase commitments, see Note 9. The Company routinely acquires interests in intellectual property focused on key disease areas and indications that the Company expects to be growth drivers in the future. The Company has a commitment related to a long-term research and development agreement that was entered into in the fourth quarter in 2024 that closed on January 11, 2025 totaling USD 1.9 billion, of which USD 1.0 billion was paid on January 17, 2025. Guarantees issued The Company has issued guarantees to third parties in the ordinary course of business, including for tax, customs or other governmental agencies. Contingent liabilities Novartis companies have to observe the laws, government orders and regulations of the country in which they operate. A number of Novartis companies are, and will likely continue to be, subject to various legal proceedings and investigations that arise from time to time, including proceedings pertaining to: pricing; bribery and corruption; trade regulation and embargo legislation; product liability; commercial disputes; employment and wrongful discharge; antitrust and competition; securities; government benefit programs; reimbursement; rebates; healthcare fraud; sales and marketing practices; insider trading; occupational health and safety; environmental regulations; tax; cyber and data security; use of technologies, including AI; data privacy; regulatory interactions; disclosure compliance; and intellectual property. As a result, the Company may become subject to substantial liabilities that may not be covered by insurance and that could affect our business, financial position and reputation. While Novartis does not believe that any of these legal proceedings will have a material adverse effect on its financial position, litigation is inherently unpredictable and large judgments sometimes occur. Consequently, we may in the future incur judgments that could involve large payments, including the potential repayment of amounts allegedly obtained improperly, and other penalties, including treble damages, any of which could have a material adverse effect on our results of operations or cash flow. Governments and regulatory authorities around the world have been stepping up their compliance and law enforcement activities in recent years in key areas, including marketing practices, pricing, corruption, trade restrictions, embargo legislation, insider trading, antitrust, cyber security and data privacy. Furthermore, when a government or regulatory authority undertakes an investigation, it is not uncommon for other governments or regulators to undertake investigations regarding the same or similar matters. Responding to such investigations is costly and requires an increasing amount of management's time and attention. In addition, such investigations may affect our reputation, create a risk of potential exclusion from government reimbursement programs in the United States and other countries, and lead to (or arise from) litigation. These factors have contributed to decisions by Novartis and other companies in the healthcare industry, when deemed in their interest, to enter into settlement agreements with governmental authorities around the world prior to any formal decision by the authorities or a court. These government settlements have involved and may in the future involve large cash payments, sometimes in the hundreds of millions of dollars or more, including the potential repayment of amounts allegedly obtained improperly and other penalties, including treble damages. In addition, settlements of government healthcare fraud cases and antitrust cases often require companies to enter into corporate integrity agreements (or other similar types of agreements), which are intended to regulate company behavior for a period of years. Our affiliate Novartis Corporation is party to such an agreement, which will expire in 2025. In addition, matters underlying governmental investigations and settlements may be the subject of separate private litigation. While provisions have been made for probable outflows of economic resources, which management deems to be reasonable or appropriate, there are uncertainties connected with these estimates. Note 20 contains additional information on these matters. A number of Novartis companies are involved in legal proceedings concerning intellectual property rights. The F-60 inherent unpredictability of such proceedings means that there can be no assurances as to their ultimate outcome. A negative result in any such proceeding could potentially adversely affect the ability of certain Novartis companies to sell their products, or require the payment of substantial damages or royalties. The timing and the outcome of legal proceedings and their potential financial effect are not predictable. In the opinion of management, however, the outcome of these actions will not materially affect the Company's financial position but could be material to the results of operations or cash flow in a given period. The Company's potential environmental remediation liability is assessed based on a risk assessment and investigation of the various sites identified by the Company as at risk for environmental remediation exposure. The Company's future remediation expenses are affected by a number of uncertainties. These uncertainties include, but are not limited to, the method and extent of remediation, the percentage of material attributable to the Company at the remediation sites relative to that attributable to other parties, and the financial capabilities of the other potentially responsible parties. Note 20 contains additional information on environmental liabilities. 28. Financial instruments [See](#) A Additional disclosures The following tables show the carrying values of financial instruments by measurement category as at December 31, 2024 and 2023. Except for straight bonds (see Note 19), the carrying values are equal to, or a reasonable approximation of, the fair values. 2024 (USD millions) Note Financial instruments at amortized costs Financial instruments at fair value through the consolidated income statement Other financial liabilities at amortized costs Cash and cash equivalents 1611 4095 Time deposits and short-term investments with original maturity more than 90 days 161 892 Trade receivables 157 423 Other receivables and current assets 171 2864 2 Long-term financial investments - equity securities 13464 282 Long-term financial investments - debt securities 132726 Long-term financial investments - fund investments 13210 Long-term loans, advances, security deposits and other long-term receivables 13335 Associated companies at fair value through profit and loss 109 Derivative financial instruments 16106 Contingent consideration receivables 13/17791 Total financial assets 22 3455831 524 Bank and other short-term financial debt 21642 Commercial paper 214 091 Straight bonds 1924 112 Other bonds 19523 Other financial debt 19877 Trade payables 4572 Contingent consideration liabilities 20/22808 Derivative financial instruments 21143 Lease liabilities 101 803 Total financial liabilities 34 0279511 803F-61 2023 (USD millions) Note Financial instruments at amortized costs Financial instruments at fair value through other comprehensive income Financial instruments at fair value through the consolidated income statement Other financial liabilities at amortized costs Cash and

and certain debt securities. The liabilities generally included in this fair value hierarchy consist of derivatives. These are valued using corroborated market data. Level 3 inputs are unobservable for the asset or liability. The assets generally included in Level 3 fair value hierarchy are various investments in funds and unquoted equity security investments. Contingent consideration and other financial liabilities carried at fair value are included in this category. 2024 (USD millions) Level 1 Level 2 Level 3 Total Financial assets Cash and cash equivalents Debt securities 15050 Total cash and cash equivalents at fair value 5050 Marketable securities Derivative financial instruments 106106 Total marketable securities and derivative financial instruments at fair value 106106 Equity securities current 241842 Current contingent consideration receivables 120120 Long-term financial investments Debt and equity securities 193759979 Fund investments 1595210 Non-current contingent consideration receivables 671671 Total long-term financial investments at fair value 20871 4651 680 Associated companies at fair value through profit and loss 109109 Financial liabilities Current contingent consideration liabilities 281-281 Derivative financial instruments 143-143 Total current financial liabilities at fair values 143-281-424 Non-current contingent consideration liabilities 527-527 Total non-current financial liabilities at fair value 527-527 1A Includes short-term highly rated government-backed debt securities, with an original maturity of three months or less F-63 2023 (USD millions) Level 1 Level 2 Level 3 Total Financial assets Cash and cash equivalents Debt securities 15050 Total cash and cash equivalents at fair value 5050 Marketable securities Derivative financial instruments 355355 Total marketable securities and derivative financial instruments at fair value 355355 Fund investments and equity securities current 9431125 Current contingent consideration receivables 656565 Long-term financial investments Debt and equity securities 796206161 432 Fund investments 1783190 Non-current contingent consideration receivables 553553 Total long-term financial investments at fair value 803201 3522 175 Associated companies at fair value through profit and loss 101101 Financial liabilities Contingent consideration liabilities 14-14 Other financial liabilities current 88-88 Derivative financial instruments 91-91 Total current financial liabilities at fair value 91-102-193 Non-current contingent consideration liabilities 389-389 Total non-current financial liabilities at fair value 389-389 1A Includes short-term highly rated government-backed debt securities, with an original maturity of three months or less The change in carrying values associated with Level 3 financial instruments, using significant unobservable inputs during the year ended December 31, is set forth below: 2024 (USD millions) Associated companies at fair value through profit and loss Fund investments Debt and equity securities Contingent consideration receivables Contingent consideration liabilities Other financial liabilities January 1 1101184647618-403-88 Fair value gains and other adjustments, including from divestments recognized in the consolidated income statement 24382223641 Fair value losses (including impairments and amortizations) and other adjustments recognized in the consolidated income statement -12-14-110-100 Fair value adjustments recognized in the consolidated statement of comprehensive income, including currency translation effects -2-2-9-397 Purchases 161213053-376 Cash receipts and payments -772388 Disposals -18-21-44 Reclassification -2-19 December 31 1109195617791-808A Total of fair value gains and losses recognized in the consolidated income statement for assets and liabilities held at December 31, 2024 1224-88236-59F-64 2023 (USD millions) Associated companies at fair value through profit and loss Fund investments Debt and equity securities Contingent consideration receivables Contingent consideration liabilities Other financial liabilities January 1 1129261699650-835-232 Impact from discontinued operations A 1101 Fair value gains and other adjustments, including from divestments recognized in the consolidated income statement 411148552 Fair value losses (including impairments and amortizations) and other adjustments recognized in the consolidated income statement -28-48-63-31-65-9 Fair value adjustments recognized in the consolidated statement of comprehensive income, including currency translation effects 2371-32 Purchases 91482-180 Cash receipts and payments -4920153 Disposals -6-47-8036 Reclassification -9-73 December 31 1101184647618-403-88A Total of fair value gains and losses recognized in the consolidated income statement for assets and liabilities held at December 31, 2023 24-47-5217487-9A 1A Represents the carrying values associated with Level 3 financial instruments at January 1, 2023, related to the Sandoz business reported as discontinued operations. Notes 1, 2 and 29 provide disclosures related to discontinued operations. During 2024, there were two transfers of equity securities from Level 3 to Level 1 for USD 19 million (2023: USD 63 million), due to the Initial Public Offering of the invested company or lift of certain restrictions. Realized gains and losses associated with Level 3 long-term financial investments measured at fair value through the consolidated income statement are recorded in the consolidated income statement under "Other income" or "Other expense," respectively. Realized gains and losses associated with Level 3 long-term financial investments measured at fair value through other comprehensive income are not recycled through the consolidated income statement but are instead reclassified to retained earnings. During the year, the net gain and net loss recorded on associated companies, fund investments and long-term financial investments at fair value through profit and loss were USD 91 million and USD 136 million, respectively. To determine the fair value of a contingent consideration, various unobservable inputs are used. A change in these inputs might result in a significantly higher or lower fair value measurement. The inputs used are, among others, the probability of success, sales forecast, assumptions regarding the discount rate and timing, and different scenarios of triggering events. The inputs are interrelated. The significance and usage of these inputs to each contingent consideration may vary due to differences in the timing and triggering events for payments or in the nature of the asset related to the contingent consideration. If the most significant parameters for the Level 3 input were to change by 10% positively or negatively, or where the probability of success (POS) is the most significant input parameter, 10% were added or deducted from the applied probability of success, for contingent consideration payables and contingent consideration receivables, this would change the amounts recorded in the 2024 consolidated income statement by USD 141 million and USD 135 million, respectively. Equity securities measured at fair value through other comprehensive income Equity securities held as strategic investments, typically held outside the Novartis Venture Fund, are generally designated at date of acquisition as financial assets valued at fair value through other comprehensive income with no subsequent recycling through profit and loss. Except for the investment in Sandoz Group AG with a fair value of USD 595 million as at December 31, 2023, these are made up of individually non-significant investments. In 2024, the consolidated foundations' investments in Sandoz Group AG shares were fully sold, and the USD 169 million gain on disposal was transferred from other comprehensive income to retained earnings. As at December 31, 2024, the Company holds 52 non-listed equity securities (December 31, 2023: 61) and 16 listed equity securities (December 31, 2023: 28) in this category with the following fair values: (USD millions) 2024 2023 Listed equity securities 185861 Non-listed equity securities 321349 Total equity securities 5061 210A A A During 2024 and 2023, dividends received from these equity securities were insignificant. In 2024, equity securities that were no longer considered strategic, with a fair value of USD 95 million (2023: USD 279 million), were sold, and the USD 70 million loss on disposal net of taxes (2023: USD 1 million gain) was transferred from other F-65 comprehensive income to retained earnings. In total, including the disposal of the Sandoz Group AG shares, a USD 81 million gain, net of taxes, was transferred from other comprehensive income to retained earnings (see Note 8). Nature and extent of risks arising from financial instruments Market risk Market risk in general comprises currency risk, interest rate risk and price risk, such as commodity and equity prices. Novartis is exposed to market risk, primarily related to foreign currency exchange rates, interest rates and the market value of investments. The Company actively monitors and seeks to reduce, where it deems it appropriate to do so, fluctuations in these exposures. It is the Company's policy and practice to enter into a variety of derivative financial instruments to manage the volatility of these exposures. It does not enter into any financial transactions containing a risk that cannot be quantified at the time the transaction is concluded. In addition, it does not sell short assets it does not have, or does not know it will have, in the future. The Company only sells existing assets or enters into transactions and future transactions (in the case of anticipatory hedges) that it confidently expects it will have in the future, based on past experience. Foreign currency exchange rate risk The Company uses the US dollar as its reporting currency. As a result, the Company is exposed to foreign currency exchange movements, primarily in European, Japanese and emerging market currencies. Fluctuations in the exchange rates between the US dollar and other currencies can have a significant effect on both the Company's results of operations, including reported sales and earnings, as well as on the reported value of our assets, liabilities and cash flows. This, in turn, may significantly affect the comparability of period-to-period results of operations. Because our expenditures in Swiss francs are significantly higher than our revenues in Swiss francs, volatility in the value of the Swiss franc can have a significant impact on the reported value of our earnings, assets and liabilities, and the timing and extent of such volatility can be difficult to predict. There is also a risk that certain countries could experience a devaluation of their currency. If this occurs, it could impact the effective prices we would be able to charge for our products and also have an adverse impact on both our consolidated income statement and balance sheet. Subsidiaries whose functional currencies have experienced a cumulative inflation rate of more than 100% over the past three years apply the principles of IAS Standards 29 "Financial reporting in Hyperinflationary Economies." The hyperinflationary economies in which Novartis operates are Argentina, Venezuela and Turkey. Venezuela and Argentina were hyperinflationary for all periods presented, and Turkey became hyperinflationary effective May 1, 2022, requiring retrospective implementation of hyperinflation accounting as of January 1, 2022. The impacts of applying IAS Standards 29 are recorded in "Other financial income and expense" and are presented separately in Note 5 "Other financial income and expense. The Company manages its global currency exposure by engaging in hedging transactions where management deems appropriate. Novartis may enter into various contracts that reflect the changes in the value of foreign currency exchange rates to preserve the value of assets, commitments and anticipated transactions. Novartis also uses forward contracts and may enter into foreign currency option contracts to hedge. Net investments in subsidiaries in foreign countries are long-term investments. Their fair value changes through movements of foreign currency exchange rates. The Company has designated a certain portion of its long-term euro-denominated straight bonds, maturing in 2028, as hedges of the translation risk arising on certain of these net investments in foreign operations with euro functional currency. As of December 31, 2024, long-term financial debt with a carrying amount of EUR 1.8 billion (USD 1.9 billion; December 31, 2023: USD 2.0 billion), has been designated as a hedge instrument. During 2024, USD 91 million of net of taxes unrealized gains (2023: USD 50 million losses) was recognized in other comprehensive income and accumulated in currency translation effects in relation with this net investment hedge. The hedge remained effective since inception, and no amount was recognized in the consolidated income statement in 2024 and 2022. In 2023, USD 8 million of accumulated net investment hedge reserve was recognized in the consolidated income statement at the time of the Sandoz spin-off. Commodity price risk The Company has only a very limited exposure to price risk related to anticipated purchases of certain commodities used as raw materials by the Company's businesses. A change in those prices may alter the gross margin of a specific business, but generally by not more than 10% of the margin and thus below the Company's risk management tolerance levels. Accordingly, the Company does not enter into significant commodity futures, forward or option contracts to manage fluctuations in prices of anticipated purchases. Interest rate risk The Company addresses its net exposure to interest rate risk mainly through the ratio of its fixed-rate financial debt to variable-rate financial debt contained in its total financial debt portfolio. To manage this mix, Novartis may enter into interest rate swap agreements, in which it exchanges periodic payments based on a notional amount and agreed-upon fixed and variable interest rates. Equity risk The Company may purchase equities as investments of its liquid funds. As a policy, it limits its holdings in an unrelated company to less than 5% of its liquid funds. Potential investments are thoroughly analyzed. Call options are written on equities that the Company owns, and put options are written on equities that the Company wants to buy and for which cash is available. F-66 Credit risk Credit risks arise from the possibility that customers may not be able to settle their obligations as agreed. To manage this risk, the Company periodically assesses country and customer credit risk, assigns individual credit limits, and takes actions to mitigate credit risk where appropriate (for example payment guarantees, credit insurance and factoring). The provisions for expected credit losses for customers are based on a forward-looking expected credit loss, which includes possible default events on the trade receivables over the entire holding period of the trade receivables. In measuring the expected credit losses, trade receivables are grouped based on shared credit risk characteristics (such as private versus public receivables) and days past due. In determining the expected credit loss rates, the Company considers current and forward-looking macroeconomic factors that may affect the ability of customers to settle the receivables, and historical loss rates for each category of customers. The Company's largest customer accounted for approximately 17% of net sales to third parties from continuing operations, and the second largest and third largest customers accounted for 13% and 7% of net sales to third parties from continuing operations, respectively (2023: 15%, 13% and 8%, respectively; 2022: 16%, 12% and 8%, respectively). The highest amounts of trade receivables outstanding were for these same three customers and amounted to 19%, 12% and 7%, respectively, of the Company's trade receivables as at December 31, 2024 (2023: 17%, 13% and 8%, respectively). There is no other significant concentration of customer credit risk. Counterparty risk Counterparty risk encompasses issuer risk on marketable securities and money market instruments; credit risk on cash, time deposits and derivatives; as well as settlement risk for different instruments. Issuer risk is reduced by only buying securities that are at least A-rated. Counterparty credit risk and settlement risk are reduced by a policy of entering into transactions with counterparties (banks or financial institutions) that feature a strong credit rating. Exposure to these risks is closely monitored and kept within predetermined parameters. The limits are regularly assessed and determined based upon credit analysis, including financial statement and capital adequacy ratio reviews. In addition, reverse repurchasing agreements are contracted, and Novartis has entered into credit support agreements with various banks for derivative transactions. To further reduce the settlement risk, the Company has implemented a multi-currency payment system, Continuous Linked Settlement (CLS), which provides multilateral netting (payment-versus-payment settlement) of cash flows from foreign exchange transactions. The Company's cash and cash equivalents are held with major regulated financial institutions, the three largest of which hold approximately 9.6%, 7.9% and 7.7%, respectively (2023: 8.3%, 7.5% and 7.4%, respectively). The Company does not expect any losses from non-performance by these counterparties and does not have any significant grouping of exposures to financial sector or country risk. Liquidity risk Liquidity risk is defined as the risk that the Company could not be able to settle or meet its obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Novartis Treasury is responsible for liquidity, funding and settlement management. In addition, liquidity and funding risks, and related processes and policies, are overseen by management. Novartis manages its liquidity risk on a consolidated basis according to business needs and tax, capital or regulatory considerations, if applicable, through numerous sources of financing in order to maintain flexibility. Certain countries have legal or economic restrictions on the ability of subsidiaries to transfer funds to the Company in the form of cash dividends, loans or advances, but these restrictions do not have an impact on the ability of the Company to meet its cash obligations. Management monitors the Company's net debt or liquidity position through rolling forecasts on the basis of expected cash flows. Novartis has a US commercial paper program under which it can issue up to USD 9.0 billion in the aggregate of unsecured commercial paper notes. Under this program, commercial paper notes totaling USD 3.5 billion were outstanding as per December 31, 2024, (2023: USD 3.0 billion) with a weighted average interest rate of 4.5% (2023: 5.4%). Novartis also has a Japanese commercial paper program under which it can issue up to JPY 150 billion (approximately USD 1.0 billion) of unsecured commercial paper notes. Under this program, commercial paper notes totaling USD 0.6 billion were outstanding as per December 31, 2024 (2023: USD 0.3 billion) with a weighted average interest rate of 0.5% (2023: 0.1%). Novartis further has a committed credit facility of USD 6.0 billion. In May 2024, Novartis replaced its existing USD 6.0 billion credit facility with a syndicate of banks (which was undrawn at its replacement date and December 31, 2023, and had a maturity date of September 2025) with a new USD 6.0 billion credit facility with a syndicate of banks. This credit facility is intended to be used as a backstop for the US commercial paper program. This facility matures in May 2029, and was undrawn as at December 31, 2024. F-67 The following table sets forth how management monitors net debt or liquidity based on details of the remaining contractual maturities of selected financial assets and liabilities as at December 31, 2024, and December 31, 2023: 2024 (USD millions) Due within one month Due later than one month but less than three months Due later than three months but less than one year Due later than one year but less than five years Due after five years Total Current assets Marketable securities, time deposits and short-term investments with original maturity more than 90 days and accrued interest 1 858341 892 Derivative financial instruments 3738724106 Cash and cash equivalents 7 9183 54111 459 Total current financial assets 7 9555 437412413 457A Non-current liabilities Financial debt 8 484-12 882-21 366 Financial debt - undiscounted -8 505-13 010-21 515 Total non-current financial debt 8 484-12 882-21 366A Current liabilities Financial debt 3 963-1 620-2 506-8 089 Financial debt - undiscounted -3 963-1 620-2 508-8 091 Derivative financial instruments -14-129-143 Total current financial debt 3 977-1 749-2 506-8 232A Net debt 3 9783 688-2 465-8 484-12 858-16 141 2023 (USD millions) Due within one month Due later than one month but less than three months Due later than three months but less than one year Due later than one year but less than five years Due after five years Total Current assets Marketable securities, time deposits and short-term investments with original maturity more than 90 days and accrued interest 1251641569 Commodities 111111 Derivative financial instruments 24310120355 Cash and cash equivalents 7 6415 75213 393 Total current financial assets 7 6776 5784213114 428A Non-current liabilities Financial debt 9 492-8 944-18 436 Financial debt - undiscounted -9 522-9 050-18 572 Total non-current financial debt 9 492-8 944-18 436A Current liabilities Financial debt 3 328-372-2 384-6 084 Financial debt - undiscounted -3 328-372-2 384-6 084 Derivative financial instruments -43-39-9-91 Total current financial debt 3 371-411-2 393-6 175A Net debt 4 3066 167-2 351-9 492-8 813-10 183 The carrying amounts of financial liabilities included in the above analysis are not materially different to the contractual amounts due on maturity. The positive and negative fair values on derivative financial instruments represent the net contractual amounts to be exchanged at maturity. F-68 The Company's contractual undiscounted potential cash flows from derivative financial instruments to be settled on a gross basis are as follows: 2024 (USD

millions) Due within one month Due later than one month but less than three months Due later than three months but less than one year TotalDerivative financial instruments and accrued interest on derivative financial instrumentsPotential outflows in various currencies - from financial derivative liabilities-3 421-6 075-475-9 971Potential inflows in various currencies - from financial derivative assets3 4435 94864010 031 2023(USD millions) Due within one month Due later than one month but less than three months Due later than three months but less than one year TotalDerivative financial instruments and accrued interest on derivative financial instrumentsPotential outflows in various currencies - from financial derivative liabilities-4 329-6 604-556-11 489Potential inflows in various currencies - from financial derivative assets4 3116 84162311 775Other contractual liabilities that are not part of managementâ€™s monitoring of the net debt or liquidity consist of the following items: 2024(USD millions) Due within three months Due later than three months but less than one year Due later than one year but less than five years Due after five years TotalContractual interest on non-current financial debt, including current portion-141-442-1 884-4 603-7 070Lease liabilitiesÂ 1-65-170-574-994-1 803Trade payables-4 432-140-4 572Contingent consideration liabilities-17-264-395-132-808Â 1Â Note 10 provides additional disclosures related to lease liabilities. 2023(USD millions) Due within three months Due later than three months but less than one year Due later than one year but less than five years Due after five years TotalContractual interest on non-current financial debt, including current portion-64-372-1 258-3 376-5 070Lease liabilitiesÂ 1-65-165-635-963-1 828Trade payables-4 793-133-4 926Contingent consideration liabilities-14-205-184-403Â 1Â Note 10 provides additional disclosures related to lease liabilities.Capital risk managementNovartis strives to maintain a strong credit rating. In managing its capital, Novartis focuses on maintaining a strong balance sheet. As at December 31, 2024, Moodyâ€™s Ratings rated the Company Aa3 for long-term maturities and P-1 for short-term maturities, and S&P Global Ratings rated the Company AA- for long-term maturities and A-1+ for short-term maturities. Sensitivity analysisThe Company uses sensitivity analysis disclosures to provide quantitative information about market risks to which it is exposed. The sensitivity analysis disclosures are in line with the Companyâ€™s financial risk management policy, and are based on a one-parameter risk model that considers a one-factor linear relationship between risk factors and exposures. They consider aggregated risk exposures arising from the most significant risk factors (currency risk, interest rate risk and equity price risk) and include F-69all financial assets and financial liabilities as set forth in the table on page F-61. The disclosures below illustrate the potential impact on the Companyâ€™s consolidated financial statements as a result of hypothetical market movements in foreign currency exchange rates, interest rates and equity prices. The range of variables chosen reflects managementâ€™s view of changes that are reasonably possible over a one-year period. Foreign currency exchange rate sensitivityThe Company uses the US dollar as its reporting currency. As a result, the Company is exposed to foreign currency exchange movements, primarily in European, Japanese and emerging market currencies, as well as in the Swiss franc. A strengthening (weakening) of the US dollar against these currencies as at December 31, 2024 and 2023 would have affected the measurement of financial instruments denominated in these foreign currencies. This analysis assumes that all other variables, in particular interest rates, remain constant. A hypothetical 5% increase or decrease in the foreign currency exchange rates against the US dollar would have impacted the Companyâ€™s consolidated income statement as presented below: (USD millions) 2024 202335% increase in foreign currency exchange rates against USD-835% decrease in foreign currency exchange rates against USD9-3As of December 31, 2024, the Company designated EUR 1.8 billion (December 31, 2023: EUR 1.8 billion) of its long-term euro-denominated straight bonds as hedges of the translation risk arising on certain net investments in foreign operations with euro functional currency. This analysis assumes that all other variables, in particular interest rates, remain constant. A hypothetical 5% increase, or decrease, in the foreign currency exchange rates against the US dollar, without considering the translation effect of these net investments, would have impacted the Companyâ€™s consolidated equity as presented below: (USD millions) 2024 202335% increase in foreign currency exchange rates against USD91975% decrease in foreign currency exchange rates against USD-96-102Interest rate sensitivityOur portfolio of fixed-income instruments as at December 31, 2024, was mainly composed of time deposits and debt securities. Novartis uses duration models to approximate the possible change in the value of fixed-income instruments. Based on these models, management believes that a 100-basis point change in interest is deemed a reasonable possible change over a one-year period.Based on exposures in 2024 and 2023, a hypothetical 100-basis point increase (decrease) in interest rates would not have resulted in a significant increase (decrease) in the fair values of the fixed-income instruments nor in a significant increase (decrease) of cash flows attributable to such instruments. The vast majority of our outstanding financial debts are straight bonds with fixed interest rates and are therefore not affected by movements in interest rates.Equity price sensitivityFund investments and equity securities held by the Novartis Venture Fund are valued at fair value through profit and loss. Equity securities held as strategic investments, typically held outside the Novartis Venture Fund, are generally designated at date of acquisition as financial assets valued at fair value through other comprehensive income with no subsequent recycling through profit and loss. The fair value of these fund investments and equity securities was USD 1.1 billion as at December 31, 2024 (December 31, 2023: USD 1.8 billion). The fair values of these investments are impacted by the volatility of the stock market, valuation parameters applied (for non-listed equities classified in Level 3 of the fair value hierarchy) and changes in general economic factors. This analysis assumes that all other variables, in particular interest rates, remain constant. A hypothetical increase or decrease of 15% in the risk factors would have impacted the Companyâ€™s consolidated income statement as presented below: (USD millions) 2024 2023315% increase in equity prices909115% decrease in equity prices-90-91A hypothetical increase or decrease of 15% in the risk factors would have impacted the Companyâ€™s consolidated equity as presented below:(USD millions) 2024 2023315% increase in equity prices7018215% decrease in equity prices-70-182F-7029. Discontinued operationsDiscontinued operations include the operational results from the Sandoz generic pharmaceuticals and biosimilars division and certain corporate activities attributable to the Sandoz business, as well as certain other expenses related to the spin-off. Also included in 2023 is the IFRS Accounting Standards non-cash, non-taxable net gain on the distribution of Sandoz Group AG to Novartis AG shareholders (refer to Notes 1 and 2 for further details).The Sandoz business operated in the off-patent medicines segment and specialized in the development, manufacturing, and marketing of generic pharmaceuticals and biosimilars. The Sandoz business was organized globally into two franchises: Generics and Biosimilars.Net income from discontinued operations(USD millions) 20231 2022Net sales to third parties from discontinued operations7 1289 160Sales to continuing segments300212Net sales from discontinued operations7 4289 372Other revenues1928Cost of goods sold-4 044-4 937Gross profit from discontinued operations3 4034 463Selling, general and administration-1 728-2 060Research and development-671-824Other income56109Other expense-795-437Operating income from discontinued operations2651 251Income from associated companies22Interest expense-33-370Other financial income and expense-20-22Income before taxes from discontinued operations2141 194Income taxesÂ 2208-288Net income from discontinued operations before gain on distribution of Sandoz Group AG to Novartis AG shareholders422906Gain on distribution of Sandoz Group AG to Novartis AG shareholdersÂ 35 860Net income from discontinued operations6 2822906Â 1Â The net income from discontinued operations for 2023 is for the period from January 1, 2023, to the October 3, 2023. Distribution date.Â 2Â The tax rate in 2023 was impacted by non-recurring items such as tax benefits arising from intercompany transactions to effect the spin-off of the Sandoz business, net decreases in uncertain tax positions of the Sandoz business and the favorable settlement of a tax matter related to the Alcon business, which was spun-off in 2019. Excluding these impacts, the tax rate would have been 31.2% in 2023, compared with 24.1% in 2022. The tax rate in 2023 is higher than 2022 primarily due to a change in profit mix between years.Â 3Â See Note 2 for further details on the non-taxable, non-cash gain on distribution of Sandoz Group AG to Novartis AG shareholders.F-71Net assets derecognized The following table presents the Sandoz business net assets derecognized as at October 3, 2023 Distribution (spin-off) date:(USD millions) Oct 3, 2023Property, plant and equipment1 447Right-of-use assets133Goodwill7 424Intangible assets other than goodwill1 481Deferred tax assets624Financial assets, investments in associated companies and other non-current assets142Inventories2 565Trade receivables and other current assets2 935Cash and cash equivalents686Deferred tax liabilities-270Current and non-current lease liabilities-139Current and non-current financial debts-3 691Trade payables, provisions, current income tax liabilities and other liabilities-4 690Net assets derecognized8 647Supplemental disclosures related to discontinued operationsRevenueIn addition to the elements of variable consideration listed in the revenue accounting policy described in Note 1, the Sandoz business granted shelf stock adjustments to customers to cover the inventory held by them at the time a price decline becomes effective. Revenue deduction provisions for shelf stock adjustments were recorded when the price decline was anticipated, based on the impact of the price decline on the customerâ€™s estimated inventory levels.Net income from discontinued operationsIncluded in net income from discontinued operations are:(USD millions) 20231 2022Interest income22Depreciation of property, plant and equipment-144-196Depreciation of right-of-use assets-32-33Amortization of intangible assets-171-222Impairment charges on property, plant and equipment-5-3Impairment charges on right-of-use assets-8Impairment charges on intangible assets-44-25Impairment reversals of property, plant and equipment13Additions to restructuring provisions-27-40Equity-based compensation expense related to Novartis equity-based participation plans-60-66Â 1Â 2023 amounts are for the period from January 1, 2023, to the October 3, 2023. Distribution date.In 2023 and 2022 there were no reversals of impairment charges on right-of-use assets or on intangible assets of discontinued operations. Balance sheetThe following table shows for discontinued operations the additions to property, plant and equipment, right-of-use assets and to goodwill and intangible assets:(USD millions) 20231Additions to property, plant and equipment245Additions to right-of-use assets66Additions to goodwill and intangible assets221Â 1Â The additions for 2023 are for the period from January 1, 2023, to the October 3, 2023. Distribution date.F-72Financial debtThe Sandoz business entered into financing agreements with a group of banks under which it borrowed on September 28, 2023 a total amount of USD 3.3 billion. See Note 2 for further disclosures.Net cash flows used in investing activities from discontinued operationsNet cash flows used in investing activities from discontinued operations include the investing activities of the Sandoz business. In 2023, other cash flows used in investing activities, net includes cash outflows of USD 22 million (2022: USD 39 million) for the acquisitions and divestments of business, net.(USD millions) 2023 2022Payments out of provision for transaction cost attributable to the spin-off of the Sandoz business-52Derecognized cash and cash equivalents attributable to the spin-off of the Sandoz business-686Other cash flows used in investing activities, net-385-436Net cash flows used in investing activities from discontinued operations-1 123-436Net cash flows from financing activities from discontinued operationsIn 2023, the net cash inflows from financing activities from discontinued operations of USD 3.3 billion (2022: USD 119 million) were mainly driven by USD 3.6 billion cash inflows from bank borrowings (including the USD 3.3 billion Sandoz business borrowings from a group of banks on September 28, 2023) in connection with the Distribution (spin-off) of the Sandoz business to Novartis AG shareholders, partly offset by transaction cost payments of USD 0.2 billion (2022: nil) directly attributable to the Distribution (spin-off) of the Sandoz business (see Notes 1 and 2). For additional information related to the October 3, 2023 Distribution (spin-off) of the Sandoz business to Novartis AG shareholders, effected through a dividend in kind distribution of Sandoz Group AG shares to Novartis AG shareholders and ADR holders, refer to Note 1 and Note 2.F-7330. Events subsequent to the December 31, 2024, consolidated balance sheet dateDividend proposal for 2024 and approval ofÂ Novartis 2024 consolidated financial statements On January 30, 2025, the Novartis AG Board of Directors proposed the acceptance of the 2024 consolidated financial statements of Novartis for approval by the Annual General Meeting on March 7, 2025. Furthermore, also on January 30, 2025, the Board proposed a dividend of CHF 3.50 per share to be approved at the Annual General Meeting on March 7, 2025. If approved, the total dividend payments would amount to approximately USD 7.6 billion (2023: USDA 7.6 billion), using the CHF/USD December 31, 2024, exchange rate.Significant transaction closed in January 2025In the fourth quarter of 2024, Novartis entered into a long-term research and development agreement which closed on January 11, 2025. For additional information see Note 27. F-7431. Novartis principal subsidiaries and Â associatedÂ companiesThe following table lists the principal subsidiaries controlled by Novartis, associated companies in which Novartis is deemed to have significant influence, and foundations required to be consolidated under IFRS Accounting Standards. It includes Novartis AG direct subsidiaries and its indirect subsidiaries, associated companies and consolidated foundations with total assets or net sales to third parties from continuing operations in excess of USDÂ 25Â million. The equity interest percentage shown in the table also represents the share in voting rights in those entities.As at December 31, 2024 Share capital1 Equity interestArgentinaNovartis Argentina S.A.Ciudad de Buenos Aires ARS906.1 m100%AustraliaNovartis Australia Pty LtdMacquarie Park, NSW AUD2100%Novartis PharmaceuticalsAustralia Pty LtdMacquarie Park, NSW AUD3.8 m100%AustriaNovartis Holding GmbHViennaÂ 5 EUR35 000100%Novartis Pharmaceutical Manufacturing GmbHLangkampfen EUR763 070100%Novartis Pharma GmbHVienna EUR1.1 m100%BangladeshNovartis (Bangladesh) LimitedGazipurÂ 2 USD162.5 m60%BelgiumNovartis Pharma NVVilvoorde EUR7.1 m100%Novartis Manufacturing NVPuurs-Sint-AmandsÂ 5 EUR110.6 m100%BermudaNovartis Investment Ltd.HamiltonÂ 2 USD12 000100%Triangle International Reinsurance LimitedHamilton CHF1.0 m100%Trinity River Insurance Co Ltd.HamiltonÂ 5 USD370 000100%BrazilNovartis BiocÃncias S.A.SÃo Paulo BR1507.1 m100%CanadaNovartis Pharmaceuticals Canada Inc.Montreal, Quebec CAD420 717100%ChileNovartis Chile S.A.Santiago de ChileÂ 5 CLP2.0 m100%ChinaBeijing Novartis Pharma Co., Ltd.BeijingÂ 5 USD30.0 m100%Novartis Pharmaceutical Technology Zhejiang Co., Ltd.Haiyan USD30.0 m100%Novartis Pharmaceuticals (HK) LimitedHong Kong HKD200100%China Novartis Institutes for BioMedical Research Co., Ltd.Shanghai USD320.0 m100%Suzhou Novartis Technical Development Co., Ltd.Changshu USD12.0 m100%Shanghai Novartis Trading Ltd.Shanghai USD3.2 m100%ColombiaNovartis de Colombia S.A.SantafÃ© de BogotÃ¡; COP7.9 bn100%Czech RepublicNovartis s.r.o.PragueÂ 5 CZK51.5 m100%DenmarkNovartis Healthcare A/S Copenhagen DKK14.0 m100%Dominican RepublicNovartis Caribe, S.A.Santo DomingoÂ 5 DOP20.0 m100%EcuadorNovartis Ecuador S.A.Quito USD4.0 m100%EgyptNovartis Pharma S.A.E.Cairo EGP2.1 bn99.98%FinlandNovartis Finland OyEspoo EUR459 000100%FranceNovartis Groupe France S.A.S.Rueil-MalmaisonÂ 5 EUR903.0 m100%Novartis Pharma S.A.S.Rueil-Malmaison EUR43.4 m100%Advanced Accelerator Applications S.A.Rueil-Malmaison EUR9.6 m99.23%GermanyNovartis Business Services GmbHNuremberg EUR25 000100%Novartis Pharma GmbHNuremberg EUR25.6 m100%Novartis Pharma Produktions GmbHWehr EUR2.0 m100%MorphoSys GmbHPlanegg EUR50 000100%GreeceNovartis (Hellas) S.A.C.I.Metamorphosis / Athens EUR141.7 m100%As at December 31, 2024 Share capital1 Equity interestHungaryNovartis Hungary Healthcare Limited Liability CompanyBudapest HUF545.6 m100%IndiaNovartis India LimitedMumbaiÂ 5 INR123.5 m70.68%Novartis Healthcare Private LimitedMumbai INR60.0 m100%IndonesiaPT. 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Bhd.Petaling JayaÂ 5 MYR3.3 m100%MexicoNovartis FarmacÃ©utica, S.A. de C.V.Mexico City MXN206.7 m100%MoroccoNovartis Pharma Maroc SACSablanba MAD80.0 m100%NetherlandsNovartis Netherlands B.V.Amsterdam EUR1.4 m100%Novartis Pharma B.V.Amsterdam EUR4.5 m100%Aduro Netherlands CoÃ¶peratief U.A.RosmalenÂ 4 --- --Aduro Biotech Holdings, Europe B.V.Rosmalen EUR46 216100%Calypso Biotech B.V.Amsterdam EUR7 25296.8%IDB Holland BVBaarle-Nassau EUR18 00099.23%New ZealandNovartis New Zealand LtdAucklandÂ 5 NZD820 000100%NorwayNovartis Norge ASOslo NOK1.5 m100%PakistanNovartis Pharma (Pakistan) LimitedKarachi PKR6.7 bn99.99%PanamaNovartis Pharma (Logistics), Inc.Panama City USD10 000100%PeruNovartis Biosciences PerÃ S.A.LimaÂ 5 PEN1.4 m100%PhilippinesNovartis Healthcare Philippines, Inc.Makati CityÂ 5 PHP298.8 m100%PolandNovartis Poland Sp. z o.o.Warsaw PLN44.2 m100%PortugalNovartis Portugal, S.G.P.S., Lda.Porto SalvoÂ 5 EUR500 000100%Novartis Farma - Produtos FarmacÃ©uticos, S.A.Porto Salvo EUR2.4 m100%RomaniaNovartis Pharma Services Romania S.R.L.Bucharest RON3.0 m100%Sandoz S.R.L.Targu-Mures RON119.5 m100%Russian FederationNovartis Pharma LLCMoscow RUB20.0 m100%Novartis Neva LLCSt. Petersburg RUB500 m100%Saudi ArabiaNovartis Saudi CompanyRiyadh SAR30.0 m100%F-75As at December 31, 2024 Share capital1 Equity interestSingaporeNovartis (Singapore) Pte Ltd.SingaporeÂ 5 SGD100 000100%Novartis Singapore Pharmaceutical Manufacturing Pte LtdSingapore SGD80.0 m100%Novartis Asia Pacific PharmaceuticalsPte LtdSingapore SGD39.0 m100%SlovakiaNovartis Slovakia s.r.o.Bratislava EUR2.0 m100%SloveniaNovartis farmacevtska proizvodnja d.o.o.Ljubljana EUR50.0 m100%South AfricaNovartis South Africa (Pty) LtdMidrand ZAR86.3 m100%South KoreaNovartis Korea Ltd.Seoul KRW24.5 bn100%SpainNovartis FarmacÃ©utica, S.A.Barcelona EUR63.0 m100%Advanced Accelerator ApplicationsIberica, S. L. U.Esplugues de Llobregat EUR22.6 m99.23%Abadia Retuerta S.A.SardÃ±a de Duero / Valladolid EUR6.0 m100%SwedenNovartis Sverige ABStockholmÂ 5 SEK5.0 m100%SwitzerlandNovartis International AGBaselÂ 5 CHF10.0 m100%Novartis Holding AGBaselÂ 2 CHF100.2 m100%Novartis International Pharmaceutical Investment AGBasel CHF100 000100%Novartis Kapital AGBasel CHF100 000100%Novartis Bioventures AGBasel CHF100 000100%Novartis ForschungsstiftungBaselÂ 3 --- --Novartis Stiftung fÃ¼r KaderausbildungBaselÂ 3 --- --Novartis-MitarbeiterbeteiligungsstiftungBaselÂ 3 --- --Novartis Stiftung fÃ¼r Mensch und UmweltBaselÂ 3 --- --Stiftung der Novartis AG fÃ¼r Erziehung,Ausbildung und BildungBaselÂ 3 --- --Novartis Overseas Investments AGBasel CHF1.0 m100%Japat AGBasel CHF100 000100%Novartis Pharma AGBaselÂ 2 / 5 CHF350.0 m100%Novartis Pharma Services AGBasel CHF20.0 m100%Novartis Pharma Schweizerhalle AGMuttentzÂ 5 CHF18.9 m100%Novartis Pharma Stein AGSteinÂ 5 CHF251 000100%Novartis Pharma Schweiz AGRisch CHF5.0 m100%Novartis BidCo AGBasel CHF100 000100%Pharmanalytica SALocarnoÂ 5 CHF240 000100%Renor AGBaselÂ 5 CHF50 000100%Calypso Biotech SAPlan-les-Quates CHF100 000100%Cellerys AGSchlieren CHF129 63020%Novartis Innovative Therapies AGRischÂ 5

CHF100 000100%Advanced Accelerator Applications International SAGeneva CHF9.9 23%TaiwanNovartis (Taiwan) Co., Ltd.TaipeiÅ 5 TWD170.0 m100%ThailandNovartis (Thailand) LimitedBangkokÅ 5 THB302.0 m100%TurkeyNovartis Saglik, Gida ve Tarim AœerÅ¼nleri Sanayive Ticaret A.S.Istanbul TRY448.0 m100%As at December 31, 2024 Share capital1 Equity interestUnited Arab EmiratesNovartis Middle East FZEDDubai AED7.0 m100%United KingdomNovartis UK LimitedLondonÅ 5 GBP25.5 m100%Novartis Pharmaceuticals UK LimitedLondon GBP5.4 m100%Novartis Grimsby LimitedLondon GBP250.0 m100%Gyroscope Therapeutics LimitedLondon GBP1 492100%United States of AmericaNovartis CorporationEast Hanover, NJ USD72.2 m100%Novartis Finance CorporationEast Hanover, NJÅ 2 USD1 000100%Novartis Capital CorporationEast Hanover, NJÅ 2 USD1100%Novartis Services, Inc.East Hanover, NJ USD1100%Novartis US FoundationEast Hanover, NJÅ 3 - - -Novartis Pharmaceuticals CorporationEast Hanover, NJÅ 2 USD650100%Advanced Accelerator Applications USA, Inc.Millburn, NJ USD199.23%Novartis Gene Therapies, Inc.Bannockburn, IL USD1100%Novartis Technology LLCEast Hanover, NJÅ 4 - - -Novartis Manufacturing LLCEast Hanover, NJÅ 4 - - -Novartis Institutes for BioMedicalResearch, Inc.Cambridge, MA USD1100%Kate Therapeutics Inc.San Diego, CA USD100100%Cadent Therapeutics, Inc.Cambridge, MA USD0.1100%Constellation Pharmaceuticals, Inc.Boston, MA USD50100%Endocyte, Inc.East Hanover, NJ USD1100%Mariana Oncology Inc.Watertown, MA USD1100%MorphoSys US Inc.Boston, MA USD50100%Navigate BioPharma Services, Inc.Carlsbad, CA USD1100%The Medicines CompanyEast Hanover, NJ USD1100%Chinook Therapeutics, Inc.Seattle, WA USD1100%Chinook Therapeutics U.S., Inc.Seattle, WA USD1100%UruguayNovartis Uruguay S.A.MontevideoÅ 5 UYU7.3 m100%VenezuelaNovartis de Venezuela, S.A.CaracasÅ 5 VES0100%VietnamNovartis Vietnam Company LimitedHo Chi Minh City VND70 bn100%In addition, the Company is represented by subsidiaries and associated companies with total assets or net sales to third parties from continuing operations below USD 25 million in the following countries: Bosnia and Herzegovina, Bulgaria, Cameroon, Cayman Island, Croatia, Ghana, Guatemala, Ivory Coast, Kazakhstan, Kenya, Kuwait, Nigeria, Senegal and Ukraine.Å 1Å Share capital may not reflect the taxable share capital and does not include any paid-in surplus.Å 2Å Significant subsidiary under SEC Regulation S-X Rule 1-02(w)Å 3Å Fully consolidated foundationÅ 4Å Fully consolidated entityÅ 5Å Directly held by Novartis AGm = million; bn = billionF-76Report of Independent Registered Public Accounting FirmTo the shareholders and the Board of Directors of Novartis AGOpinions on the Consolidated Financial Statements and Internal Control Over Financial ReportingWe have audited the accompanying consolidated balance sheets of Novartis AG and Ås its consolidated subsidiaries (the Company) as of DecemberÅ 31, 2024 and 2023, the related consolidated income statements, consolidated statements of comprehensive income, consolidated statements of changes in equity, and consolidated statements of cash flows for each of the years in the three-year period ended DecemberÅ 31, 2024, and the related notes (collectively, the consolidated financial statements). We also have audited the Company's internal control over financial reporting as of December 31, 2024, based on criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of DecemberÅ 31, 2024 and 2023, and the results of its operations and its cash flows for each of the years in the three-year period ended DecemberÅ 31, 2024, in conformity with International Financial Reporting Standards (IFRS) Accounting Standards as issued by the International Accounting Standards Board. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2024 based on criteria established in Internal Control - Integrated Framework (2013) issued by the COSO. Basis for OpinionsThe Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Report of Novartis Management on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's consolidated financial statements and an opinion on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.Definition and Limitations of Internal Control Over Financial Reporting A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting standards. A company's internal control over financial reporting includes those policies and procedures that: (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become F-77inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.Critical Audit MattersThe critical audit matters communicated below are matters arising from the current period audit of the consolidated financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.Assessment of the recoverable amount for the Leqvio intangible asset As discussed in Note 1 to the consolidated financial statements, the Company determined the recoverable amount of the intangible assets other than goodwill based on the fair value less costs of disposal method for which no directly observable market inputs were available. As discussed in Note 11, the Company has intangible assets other than goodwill totaling USD 26 915 million as of December 31, 2024, of which USD 6.3 billion related to the currently marketed product Leqvio. We identified the assessment of the recoverable amount, specifically the sales forecasts, of the Leqvio intangible asset, as a critical audit matter. Significant auditor judgment and subjectivity was required to assess the sales forecasts assumptions due to the high degree of subjectivity and estimation uncertainty involved. These sales forecasts assumptions were a significant input in the determination of the recoverable amount of the Leqvio intangible asset. The following are the primary procedures we performed to address this critical audit matter:â€¢ We evaluated the design and tested the operating effectiveness of a certain internal control related to the Company's intangible asset impairment process for Leqvio, including the development of the sales forecasts;â€¢ We evaluated the reasonableness of management's sales forecasts for Leqvio by (1) comparing the sales forecasts assumptions to company-specific operational information and management's communications to the Board of Directors, (2) comparing the most recent sales performance to previous drug launches, and (3) comparing the sales forecasts assumptions to available external market and industry data; andâ€¢ We assessed management's ability to accurately forecast sales by comparing historical sales forecasts for Leqvio to actual results.Provisions for deductions from revenue related to US Managed Care, Medicare Part D and Medicaid rebate programs As discussed in Note 1 to the consolidated financial statements, the Company records provisions for estimated rebates as a deduction from revenue when the related revenue is recognized. Rebates involve the use of assumptions and judgments in the determination of the provision rates at the time revenues are recorded. Provision rates are influenced by the terms and conditions in the individual agreements, historical experience, product sales and growth rate, population growth, product pricing, the mix of contracts and products, the level of inventory in the distribution channel, regulations, channels and payers. As discussed in Note 22, provisions for deductions from revenue totaled USD 7 004 million as of December 31, 2024, a portion of which related to US Managed Care, Medicare Part D and Medicaid rebate programs (hereafter US rebates).We identified the evaluation of the US rebates provisions as a critical audit matter. The evaluation of the rebate provision rates required a high degree of subjective auditor judgment as it involved estimating the portion of the Company's consolidated revenue which will ultimately be subject to a related rebate. The following are the primary procedures we performed to address this critical audit matter:â€¢ We evaluated the design and tested the operating effectiveness of certain internal controls over the Company's US rebates process related to the development of the rebate provision rates;â€¢ We developed our own independent expectation of the US rebates provisions, by using internal and external information, including historical experience and trend analysis of actual rebate claims paid, and comparing it to management's actual recorded balances; andâ€¢ We assessed management's ability to accurately estimate the US rebates provisions by comparing historically recorded provisions to the actual amount that was ultimately paid by the Company./s/ KPMG AGWe have served as the Company's auditor since 2022.Basel, SwitzerlandJanuary 30, 2025F-78EXHIBIT 1.1 Articles of Incorporation of Novartis AG These Articles of Incorporation were adopted at the General Meeting of Novartis AG held on March 5, 2024. Å 1 Å 2 Å 3 Articles of Incorporation of Novartis AG Å Section 1 Å Å Corporate Name, Registered Office, Purpose and Duration 3 Section 2 Å Å Share Capital 3 Section 3 Å Å Corporate Bodies 5 Å Å A. General Meeting of Shareholders 5 Å Å B. Board of Directors 8 Å Å C. Auditors 11 Section 4 Å Å Compensation of the Board of Directors and the Executive Committee 11 Section 5 Å Å Annual Financial Statements, Consolidated Financial Statements and Profit Allocation 15 Section 6 Å Å Publications and Place of Jurisdiction 15 Å Å 3 Å Articles of Incorporation of Novartis AG Å Section 1 Å Å Corporate Name, Registered Office, Purpose and Duration Å Å Article 1 Corporate name, Registered office Å Under the Corporate name Novartis AG Novartis SA Novartis Inc. there exists a company limited by shares with its registered office in Basel. Å Å Article 2 Purpose 1 Purpose of the Company is to hold interests in enterprises in the area of health care or nutrition. The Company may also hold interests in enterprises in the areas of biology, chemistry, physics, information technology or related areas. Å 2 The Company may acquire, mortgage, liquidate or sell real estate and intellectual property rights in Switzerland or abroad. Å 3 In pursuing its purpose, the Company strives to create sustainable value. Å Å Article 3 Duration Å The duration of the Company is unlimited. Å Section 2 Å Share Capital Å Å Article 4 Share capital The share capital of the Company is CHFÅ 1Å 073Å 065Å 943.53, fully paid-in and divided into 2Å 189Å 930Å 497 registered shares. Each share has a nominal value of CHF 0.49. Å Å Article 5 Shareholders register and restrictions of registration, Nominees 1 The Company shall maintain a shareholders register showing the last names, first names, domicile, address and nationality (in the case of legal entities the registered office) of the holders or usufructuaries of registered shares. Å 2 Upon request acquirers of registered shares are registered in the shareholders register as shareholders with the right to vote, provided that they declare explicitly to have acquired the registered shares in their own name and for their own account. Subject to the restrictions set forth in paragraph 6 of this article, no person or entity shall be registered with the right to vote for more than 2% of the registered share capital as set forth in the commercial register. This restriction of registration also applies to persons who hold some or all of their shares through nominees pursuant to this article. All of the foregoing is subject to Article 685d paragraph 3 of the Swiss Code of Obligations. Å Å 4 Å Articles of Incorporation of Novartis AG Å 3 The Board of Directors may register nominees with the right to vote in the share register to the extent of up to 0.5% of the registered share capital as set forth in the commercial register. Registered shares held by a nominee that exceed this limit may be registered in the shareholders register if the nominee discloses the names, addresses and the number of shares of the persons for whose account it holds 0.5% or more of the registered share capital as set forth in the commercial register. Nominees within the meaning of this provision are persons who do not explicitly declare in the request for registration to hold the shares for their own account and with whom the Board of Directors has entered into a corresponding agreement. Å 4 Corporate bodies and partnerships or other groups of persons or joint owners who are interrelated to one another through capital ownership, voting rights, uniform management or otherwise linked as well as individuals or corporate bodies and partnerships who act in concert to circumvent the regulations concerning the limitation of participation or the nominees (especially as syndicates), shall be treated as one single person or nominee within the meaning of paragraphs 2 and 3 of this article. Å 5 After hearing the registered shareholder or nominee, the Board of Directors may cancel registrations in the shareholders register with retroactive effect as of the date of registration if the registration was effected based on false information. The respective shareholder or nominee shall be informed immediately of the cancellation of the registration. Å 6 The Board of Directors shall specify the details and give the necessary orders concerning the adherence to the preceding regulations. In particular cases it may allow exemptions from the limitation for registration in the share register or the regulation concerning nominees. It may delegate its duties. Å 7 The limitation for registration in the share register provided for in this article shall also apply to shares acquired or subscribed by the exercise of subscription, option or conversion rights. Å Å Article 6 Form of shares 1 Subject to paragraphs 2 and 4 of this article, the registered shares of the Company are issued as uncertificated securities (inÅ terms of the Swiss Code of Obligations) and as book entry securities (in terms of the Book Entry Securities Act). Å 2 The Company may withdraw shares issued as book entry securities from the custodian system (Verwahrungssystem). Å 3 Provided that the shareholder is registered in the shareholders register, the shareholder may request from the Company a statement of his or her registered shares at any time. Å Å 5 Å Articles of Incorporation of Novartis AG Å 4 Å The shareholder has no right to the printing and delivery of certificates. The Company may, however, print and deliver certificates (individual share certificates, certificates or global certificates) for shares at any time. The Company may, with the consent of the shareholder, cancel issued certificates that are returned to the Company. Å Å Article 7 Exercise of rights 1 The shares are not divisible. The Company accepts only one representative per share. Å 2 The right to vote and the other rights associated with a registered share may only be exercised vis-Å-vis the Company by a shareholder, usufructuary or nominee who is registered in the share register. Å Section 3 Å Corporate Bodies Å A. General Meeting of Shareholders Å Å Article 8 Competence Å The General Meeting of Shareholders is the supreme body of the Company. Å Å Article 9 General Meetings Å A. Annual General Meeting Å The Annual General Meeting of Shareholders shall be held each year within six months after the close of the financial year of the Company. Å Å Article 10 b. Extraordinary General Meetings of Shareholders 1 Extraordinary General Meetings of Shareholders shall take place upon request of the Board of Directors or the Auditors. Å 2 Furthermore, Extraordinary General Meetings of Shareholders shall be convened upon resolution of a General Meeting of Shareholders or if it is required by one or more shareholders who are representing in the aggregate not less than 5% of the share capital and submit a petition signed by such shareholder or shareholders specifying the items for the agenda and the proposals. Å Å Article 11 Convening of General Meetings of Shareholders 1 General Meetings of Shareholders shall be convened by the Board of Directors at the latest twenty days before the date of the meeting. The meeting shall be convened by way of a notice appearing once in the Swiss Official Gazette of Commerce Å 2 The content of a notice of meeting is governed by the law. Å Å 6 Å Articles of Incorporation of Novartis AG Å Å Article 12 Agenda 1 One or more shareholders whose combined shareholdings represent an aggregate nominal value of at least CHF 1 million may demand that an item be included in the agenda of a General Meeting of Shareholders. Such a demand must be made in writing at the latest forty-five days before the meeting and shall specify the items and the proposals of such a shareholder. If an explanatory statement is to be included in the notice of meeting, it must be submitted within the same period and formulated in a short, clear and concise manner. Å 2 No resolution shall be passed at a General Meeting of Shareholders on matters for which no proper notice was given. This provision shall not apply to proposals to convene an Extraordinary General Meeting of Shareholders or to initiate a special investigation. Å Å Article 12a Electronic Participation 1 The Board of Directors may foresee that shareholders who cannot be present at the venue of the General Meeting of Shareholders may exercise their rights through electronic means. Å 2 The Board of Directors may at any time until June 30, 2028 also order that the General Meeting of Shareholders be held electronically without a venue. Å Å Article 13 Presiding officer, Minutes, Vote counters 1 The General Meeting of Shareholders shall take place at the registered office of the Company, unless the Board of Directors decides otherwise. The Chair of the Board of Directors or in the Chair's absence a Vice-Chair or any other member of the Board of Directors designated by the Board of Directors shall take the chair. Å 2 The presiding officer shall appoint a secretary and the vote counters. The minutes shall be signed by the presiding officer and the secretary. Å Å Article 14 Å Proxies 1 The Board of Directors may issue regulations regarding the participation and the representation at the General Meeting of Shareholders and may allow electronic proxies without qualified signatures. Å 2 A shareholder can be represented

by a legal representative or, by means of a written proxy, by a representative of choice. Furthermore, a shareholder may be represented by the Independent Proxy (in German: Unabhngiger Stimmrechtsvertreter).  3 The General Meeting of Shareholders shall elect the Independent Proxy for a term of office lasting until completion of the next Annual General Meeting of Shareholders. Re-election is possible.  4 If the Company does not have an Independent Proxy, the Board of Directors shall appoint the Independent Proxy for the next General Meeting of Shareholders.    7  Articles of Incorporation of Novartis AG    Article 15 Voting rights  Each share provides entitlement to one vote.    Article 16 Resolutions, Elections 1 Unless the law requires otherwise, the General Meeting passes resolutions and elections with the absolute majority of the votes validly represented.  2 Resolutions and elections shall be taken either on a show of hands or by electronic voting, unless the General Meeting decides for, or the presiding officer orders, a secret ballot.  3 The presiding officer may at any time order to repeat an election or resolution taken on a show of hands with a secret ballot, if the presiding officer doubts the results of the vote. In this case, the preceding election or resolution taken on a show of hands is deemed not to have taken place.  4 If no election has taken place at the first ballot and if there is more than one candidate, the presiding officer shall order a second ballot in which the relative majority shall be decisive.    Article 17 Powers of the General Meeting of Shareholders  The following powers shall be vested exclusively in the General Meeting of Shareholders: a) To adopt and amend the Articles of Incorporation; b) To elect and remove the members of the Board of Directors, the Chair of the Board of Directors, the members of the Compensation Committee, the Independent Proxy and the Auditors; c) To approve the management report (if required), the consolidated financial statements and the report on non-financial matters; d) To approve the financial statements and to decide on the appropriation of available earnings shown on the balance sheet, in particular with regard to dividends (including any repayment of the statutory capital reserves and the approval of interim dividends and the interim financial statements required for such purpose); e) To approve the aggregate amounts of compensation of the Board of Directors and the Executive Committee in accordance with Article 29 of these Articles of Incorporation; f) To grant discharge to the members of the Board of Directors and to the members of the Executive Committee; g) To delist the shares of the Company; and h) To decide on matters that are reserved by law or by the Articles of Incorporation to the General Meeting of Shareholders.    8  Articles of Incorporation of Novartis AG    Article 18 Special quorum  The approval of at least two-thirds of the votes represented is required for resolutions of the General Meeting of Shareholders on: a) An alteration of the purpose of the Company; b) The consolidation of shares, unless the approval of all affected shareholders is required; c) An increase of the share capital out of equity, by contributions in kind or by way of set off against a receivable and the grant of special rights; d) A restriction or suspension of rights of option to subscribe; e) The introduction of a conditional capital or a capital band; f) An implementation of restrictions on the transfer of registered shares and the removal of such restrictions; g) The creation of shares with increased voting powers; h) The change of the currency of the share capital; i) The introduction of the deciding vote for the presiding officer at the General Meeting of Shareholders; j) A provision in the Articles of Incorporation allowing to hold the General Meeting of Shareholders abroad; k) The delisting of the shares of the Company; l) A change of location of the registered office of the Company; m) The introduction of an arbitration clause in the Articles of Incorporation; n) The merger, split or transformation of the Company under the Merger Act (subject to mandatory statutory provisions); and o) The dissolution of the Company.    B. Board of Directors    Article 19 Number of Directors  The Board of Directors shall consist of a minimum of 8 and a maximum of 16 members.    Article 20 Term of office 1 The members of the Board of Directors and the Chair of the Board of Directors shall be elected individually by the General Meeting of Shareholders for a term of office lasting until completion of the next Annual General Meeting of Shareholders.  2 Members whose term of office has ended may be immediately reelected, subject to paragraph 3 hereinafter.  3 A member shall not serve on the Board for more than 12 years. The Board of Directors may, under certain circumstances and if deemed in the best interests of the Company, recommend exceptions to this rule to the General Meeting of Shareholders.    9  Articles of Incorporation of Novartis AG    Article 21 Organization 1 The Board of Directors constitutes itself in compliance with legal requirements and taking into consideration the resolutions of the General Meeting of Shareholders. It shall elect one or two Vice-Chairs. It shall appoint a secretary, who need not be a member of the Board of Directors.  2 If the office of the Chair of the Board of Directors is vacant, the Board of Directors shall appoint a new Chair from amongst its members for the remaining term of office.    Article 22 Convening of meetings  The Chair shall convene meetings of the Board of Directors if and when the need arises or if a member so requires in writing.    Article 23 Meetings, Resolutions 1 The organization of the meetings, including the quorum and the passing of resolutions, is regulated by the Board of Directors in the organizational regulations.  2 The presiding officer shall not have the deciding vote.    Article 24 Powers of the Board of Directors  1 The Board of Directors has in particular the following non-delegable and inalienable duties: a) The ultimate direction of the Company™s business and issuing of the necessary directives; b) The determination of the organization of the Company; c) The determination of the principles of accounting, financial controlling and financial planning; d) The appointment and removal of the persons entrusted with the management and representation of the Company (including the CEO and the other members of the Executive Committee); e) The ultimate supervision of the persons entrusted with the management of the Company, specifically in view of their compliance with the law, Articles of Incorporation, regulations and directives; f) The preparation of the annual report, the compensation report and the report on non-financial matters in accordance with the provisions of the law and the Articles of Incorporation, as well as further reports which must be approved by the Board of Directors; g) The preparations for the General Meeting of Shareholders and carrying out of the resolutions of the General Meeting of Shareholders; h) The filing of a request for a moratorium and the notification to the court in the event of over-indebtedness;    10  Articles of Incorporation of Novartis AG    i) The adoption of resolutions concerning the implementation of changes in share capital to the extent that such power is vested in the Board of Directors, as well as resolutions concerning the confirmation of changes in share capital and respective amendments to the Articles of Incorporation; and j) All further non-delegable and inalienable duties of the Board of Directors provided for by the law.  2 In addition, the Board of Directors can pass resolutions with respect to all matters which are not reserved to the authority of the General Meeting of Shareholders by law or by these Articles of Incorporation.    Article 25 Delegation of powers  The Board of Directors may, within the limits of the law and the Articles of Incorporation, delegate the management of the Company in whole or in part to one or several of its members (including to ad hoc or permanent committees of the Board of Directors) or to third persons (Executive Committee).    Article 26 Signature power  The Board of Directors shall designate those of its members as well as those third persons who shall have legal signatory power for the Company, and shall further determine the manner in which such persons may sign on behalf of the Company.    Article 27 Organization and powers of the Compensation 1 The Compensation Committee shall consist of a minimum of 3 and a maximum of 5 members of the Board of Directors. Committee 2 The members of the Compensation Committee shall be elected individually by the General Meeting of Shareholders for a term of office lasting until completion of the next Annual General Meeting of Shareholders. Members of the Compensation Committee whose term of office has expired shall be immediately eligible for re-election.  3 If there are vacancies on the Compensation Committee, the Board of Directors shall appoint substitutes for the remaining term of office.  4 The Board of Directors shall elect a chair of the Compensation Committee. The Board of Directors shall, within the limits of the law and the Articles of Incorporation, define the organization of the Compensation Committee in regulations.  5 The Compensation Committee has the following powers: a) Develop a compensation strategy in line with the principles described in the Articles of Incorporation and submit it for approval to the Board of Directors; b) Propose to the Board of Directors the principles and structure of the compensation plans;    11  Articles of Incorporation of Novartis AG    c) Support the Board of Directors in preparing the proposals to the General Meeting of Shareholders regarding the compensation of the members of the Board of Directors and the Executive Committee; d) Submit the compensation report to the Board of Directors for approval; e) Inform the Board of Directors about policies, programs and key decisions as well as comparisons of compensation levels at key competitors; f) Regularly report to the Board of Directors on the decisions and deliberations of the Compensation Committee; g) Assume other responsibilities assigned to it by law, the Articles of Incorporation or by the Board of Directors.  6 The Board of Directors issues regulations to determine for which positions of the Board of Directors and of the Executive Committee the Compensation Committee shall submit proposals regarding compensation, and for which positions it shall determine the compensation in accordance with the Articles of Incorporation.    C. Auditors    Article 28 Term, Powers and Duties  The Auditors, who shall be elected by the General Meeting of Shareholders each year, shall have the powers and duties vested in them by law.  Section 4  Compensation of the Board of Directors and the Executive Committee    Article 29 Approval of compensation by the General Meeting of Shareholders 1 The General Meeting of Shareholders shall approve annually and separately the proposals of the Board of Directors in relation to the maximum aggregate amount of: a) Compensation of the Board of Directors for the period until the next Annual General Meeting of Shareholders; and b) Compensation of the Executive Committee paid, promised or granted for the following financial year. The Board of Directors may submit for approval by the General Meeting of Shareholders additional proposals relating to the same or different periods.    12  Articles of Incorporation of Novartis AG    2 If the General Meeting of Shareholders rejects the proposal of the Board of Directors for the total compensation of the Board of Directors and/or the Executive Committee, the decision on how to proceed shall reside with the Board of Directors. The options for the Board of Directors shall be to either convene an Extraordinary General Meeting to submit a new compensation proposal, or to determine the compensation for the corresponding period on an interim basis, subject to approval at the next Annual General Meeting of Shareholders.  3 Notwithstanding the preceding paragraphs, the Company or companies controlled by it may pay out compensation prior to approval by the General Meeting of Shareholders subject to subsequent approval by a General Meeting of Shareholders.  4 The Board of Directors shall submit the compensation report to an advisory vote of the General Meeting of Shareholders.    Article 30 Additional amount  If the maximum aggregate amount of compensation already approved by the General Meeting of Shareholders is not sufficient to also cover the compensation of one or more members who become members of the Executive Committee during a compensation period for which the General Meeting of Shareholders has already approved the compensation of the Executive Committee, the Company or companies controlled by it shall be authorized to pay or grant to such member(s) an additional amount during the compensation period(s) already approved. The total additional amount for each relevant compensation period for which approval by the General Meeting of Shareholders has already been obtained shall not exceed (in full and not pro rata temporis) 40% of the aggregate amount of compensation of the Executive Committee last approved by the General Meeting of Shareholders per compensation period.    Article 31 General compensation principles 1 Compensation of the non-executive members of the Board of Directors comprises fixed compensation elements only. In particular, non-executive members of the Board of Directors shall receive no company contributions to any pension plan, no performance-related elements and no financial instruments (e.g. options).  2 Compensation of the members of the Executive Committee comprises fixed and variable compensation elements. Fixed compensation comprises the base salary and may comprise other compensation elements and benefits. Variable compensation may comprise short-term and long-term compensation elements.    13  Articles of Incorporation of Novartis AG    3 Compensation (to non-executive members of the Board of Directors and to members of the Executive Committee) may be paid or granted in the form of cash, shares, other benefits or in kind. Compensation to members of the Executive Committee may also be paid or granted in the form of financial instruments or similar units. Compensation may be paid by the Company or companies controlled by it. The Board of Directors determines the valuation of each compensation element on the basis of the principles that apply to the establishment of the compensation report.    Article 32 Variable compensation 1 The variable compensation paid or granted to the members of the Executive Committee in a certain year shall consist of compensation elements from short- and long-term compensation plans (as defined in this Article 32).  2 The short-term compensation plans are based on performance metrics that take into account the performance of the Novartis Group and/or parts thereof, and/or individual targets. Achievements are generally measured based on the one-year period to which the short-term compensation relates. The short-term compensation pay-outs shall be subject to caps that may be expressed as predetermined multipliers of the respective target levels.  3 The long-term compensation plans are based on performance metrics that take into account strategic objectives of the Novartis Group (such as financial, innovation, Shareholder return and/or other metrics). Achievements are generally measured based on a period of not less than three years. The long-term compensation pay-outs shall be subject to caps that may be expressed as predetermined multipliers of the respective target levels.  4 The Board of Directors or, to the extent delegated to it, the Compensation Committee determines performance metrics, target levels, and their achievement.  5 The Board of Directors or, to the extent delegated to it, the Compensation Committee determines grant, vesting, blocking, exercise and forfeiture conditions of the compensation; they may provide for continuation, acceleration or removal of vesting and exercise conditions, for payment or grant of compensation assuming target achievement or for forfeiture in the event of predefined events such as death, disability, retirement or termination of an employment or mandate agreement.    14  Articles of Incorporation of Novartis AG    Article 33 Agreements with Members of the Board of Directors and of the Executive Committee 1 The Company or companies controlled by it may enter into agreements with members of the Board of Directors relating to their compensation for a term not exceeding the term of office of the respective members of the Board of Directors. The Company or companies controlled by it may enter into contracts of employment with members of the Executive Committee for a fixed term not exceeding one year or for an indefinite period of time with a notice period not exceeding 12 months.  2 Contracts of employment with members of the Executive Committee may contain a prohibition of competition for the time after the end of employment if this is commercially justified. The overall consideration for such prohibition shall not exceed the average annual compensation for the three preceding business years.    Article 34 Mandates outside of the Novartis Group 1 No member of the Board of Directors may hold more than 10 additional mandates in other companies, of which no more than 4 additional mandates shall be in other listed companies. Chairs of the board of directors of other listed companies count as two mandates. Each of these mandates shall be subject to approval by the Board of Directors.  2 No member of the Executive Committee may hold more than 6 additional mandates in other companies, of which no more than 2 additional mandates shall be in other listed companies. Each of these mandates shall be subject to approval by the Board of Directors. Members of the Executive Committee are not allowed to hold chairs of the board of directors of other listed companies.  3 The following mandates are not subject to these limitations: a) Mandates in companies which are controlled by the Company; and b) Mandates which a member of the Board of Directors or of the Executive Committee holds at the request of the Company or companies controlled by it. No member of the Board of Directors or of the Executive Committee shall hold more than 5 such mandates.  4 Mandates shall mean any membership in the board of directors, in the executive board or in the advisory board, or a comparable function under foreign law, in a company with an economic purpose. Mandates in different legal entities which are under joint control are deemed one mandate.  5 The Board of Directors may issue regulations that may determine additional restrictions, taking into account the position of the respective member.    15  Articles of Incorporation of Novartis AG    Article 35 Loans  No loans or credits shall be granted to the members of the Board of Directors or the Executive Committee.  Section 5  Annual Financial Statements, Consolidated Financial Statements and Profit Allocation    Article 36 Financial year  The Board of Directors shall prepare for each financial year as of 31 December an annual report consisting of financial statements with a management report if required and the consolidated financial statements.    Article 37 Allocation of profit shown on the balance sheet, Reserves 1 The allocation of the profit shown on the balance sheet shall be determined by the General Meeting of Shareholders subject to the legal provisions. The Board of Directors shall submit to the General Meeting of Shareholders its proposals.  2 In addition to statutory reserves additional reserves may be accrued.  3 Dividends which have not been claimed within five years after the due date fall back to the Company and shall be allocated to the general reserves.  Section 6  Publications and Place of Jurisdiction    Article 38 Publications 1 Notifications to shareholders and external communications of the Company shall be made in the Swiss Official Gazette of Commerce. The Board of Directors may designate additional publication organs.  2 Notices to shareholders may instead or in addition be sent (i) by regular mail to their addresses entered in the share register, (ii) by email or (iii) in any other form that the Board of Directors deems appropriate.    Article 39 Place of jurisdiction  The exclusive place of jurisdiction for any disputes arising from or in connection with the shareholding in the Company shall be at the registered office of the Company.  EXHIBIT 1.2  Organizational Regulations of Novartis AG   January 1, 2025  Table of Contents Section 1 Scope of the Regulations, Company Structure 3 Section 2 General Provisions 3 Section 3 Board of Directors 5 Section 4 Executive Committee 8 Section 5 Internal Audit 9 Section 6 Effectiveness, Amendments 9          Section 1 Scope of the Regulations, Company Structure Article 1  Basis and Scope These Regulations govern the internal organization as well as the duties, powers and responsibilities of the following governing bodies and persons of the Company based on article 716b CO and the Articles as well as the principles for the governance of the Group:  Board of Directors (Board) supported by its committees:  Audit and Compliance Committee (ACC)  Governance, Sustainability, and Nomination Committee (GSNC)  Compensation Committee (CC)  Risk Committee (RC)  Science & Technology Committee (STC)  Board Chair  Vice-Chair  Lead Independent Director  CEO  Executive Committee (including its sub-committees) Article 2  Company Structure The Company is a holding company, which directly or indirectly owns a global group of companies that conduct the Business. To ensure proper functioning of the Business in the interests of the Company, its shareholders and other relevant stakeholders, and to comply with

[illegible]

controls are adequate and whether the provision of permitted non-audit services is compatible with maintaining the External Auditor's independence, taking into account the opinions of management and Internal Audit. b) Ensure rotation of the audit partners of the External Auditor at least every five years. Consider whether, in order to ensure continuing auditor independence, it is appropriate to adopt a policy of rotating the external auditing firm on a regular basis. c) On behalf of the Board, which has fully delegated this task to the ACC, (1) select and nominate the External Auditor for election by the General Meeting, and (2) be responsible for the supervision and compensation of the External Auditor (including the resolution of any disagreement between management and the External Auditor regarding financial reporting). d) On behalf of the Board, which has fully delegated this task to the ACC, pre-approve all auditing services, internal control-related services and non-audit services permitted under applicable statutory law, regulations and listing requirements to be performed for the Group by its External Auditor. e) Obtain and review a report from the External Auditor at least annually regarding (1) the External Auditor's internal quality-control procedures, (2) any material issues raised by the most recent quality-control review, or peer review, of the firm, or by any inquiry or investigation by governmental or professional authorities within the preceding five years respecting one or more independent audits carried out by the firm, (3) any steps taken to deal with any such issues, and (4) all relationships between the External Auditor and the Group. f) Discuss with the External Auditor the results of their audits, any unusual items or disclosures contained in the audits and the matters required by Public Company Auditing Oversight Board Auditing Standards No. 1301, as revised, and request a formal written statement from the External Auditor documenting such discussion. Regarding Internal Audit g) On a quarterly basis, review the significant reports to management, prepared by the Internal Audit department and management's responses and supervise the remediation of open audit issues. h) Review periodically the adequacy of the organizational structure, budget and appointment or replacement of the senior Internal Audit executives. i) Discuss with the CEO, as needed, the Internal Audit department's responsibilities, staffing and any recommended changes in the planned scope of the Internal Audit. Regarding Financial Reporting and internal controls j) Review and discuss with management and the External Auditor the Company's and Group's quarterly and annual financial statements (including the sections on Operating and Financial Review and Prospects) to consider significant financial reporting issues and judgments made in connection with the preparation of the Company's and Group's financial statements and the corresponding financial results media releases, including any significant changes in the Company's or Group's selection or application of accounting principles. k) On behalf of the Board, which has fully delegated this task to the ACC, approve the Company's and Group's quarterly financial statements for the first three quarters of each calendar year and the corresponding financial results releases. The Board remains responsible for the approval of the annual financial statements of the Company and the Group and of the corresponding results media releases. l) Annually review and discuss with management and the External Auditor their assessment of the effectiveness of the Group's internal controls, disclosure controls and procedures for financial reporting and whether any changes are appropriate in light of such assessment. m) Review and discuss (1) all significant deficiencies in the design or operation of internal controls which could adversely affect the Group's ability to record, process, summarize and report financial data, including any material weaknesses in internal controls, (2) any fraud, whether or not material, that involves management or other employees who have a significant role in the Group's internal controls, and (3) any significant changes in internal controls or in other factors that could significantly affect internal controls, including any corrective actions with regards to significant deficiencies and material weaknesses. n) In coordination with the RC, oversee the Group's financial risks. o) Review the non-financial data contained in the Company's annual reporting. p) Review such other matters in relation to the Group's accounting, auditing, financial reporting and compliance with law and internal policies. Regarding Significant Legal Matters and Regulatory Risks q) Review major issues regarding the status of the Group's material legal matters, as well as major legislative and regulatory developments that may have significant impact on the Group, and get updates on such developments from the Chief Legal Officer at least annually. Regarding an Effective Compliance Program and Quality Assurance / patient safety r) Twice a year, review the processes and procedures used by management to execute an effective compliance program, and compliance by Novartis associates with those Group policies falling into the subject matter expertise of the ACC. s) Review updates from the Company's SpeakUp office twice a year regarding whistleblowing activities and trends. t) Establish procedures for (a) the receipt, retention and treatment of complaints received by the Group regarding accounting, internal accounting controls or auditing matters, and (b) the confidential, anonymous submission by employees of the Group of concerns regarding questionable accounting or auditing matters to the SpeakUp office. u) Review updates with regards to Quality Assurance / patient safety twice a year. v) Annually review updates from Health, Safety & Environment. Other w) Every other year, review the Group's tax policy. x) At least annually, hold closed sessions with the External Auditor, the Chief Financial Officer and the Head Internal Audit, respectively. y) Annually review the financial literacy of each ACC member to determine whether he/she meets the applicable legal standards, confirm the audit committee financial expert, and propose to the Board the appropriate determination and its disclosure. z) Annually review and reassess the adequacy of articles 7-8 of this Appendix I and submit proposed changes to the Board for approval. Roles and Responsibilities of the Compensation Committee (CC) Article 9 Â CC's Mission Statement The CC fulfils its responsibilities as per the law and assists the Board in fulfilling its responsibilities with respect to the: (i) compensation philosophy and strategy; (ii) design of the compensation plans; (iii) compensation of the Board Chair, the Directors and of the CEO and other members of the Executive Committee. The CC has oversight of the remuneration policy for the wider employee population; (iv) preparation of the Compensation Report and other relevant disclosures. (v) Pay for performance is one of the guiding principles of the compensation strategy of the Group. The Group aims to reward those associates who achieve competitive business results and exemplify the Group values and behaviors. The compensation strategy strives to strengthen the performance-oriented culture and to reinforce entrepreneurial behavior resulting in contributions that motivated and dedicated associates make to sustain superior business results whilst holding executives and associates accountable for behavior that displays innovation, quality, performance, collaboration, courage and integrity. Article 10 Â CC's Role and Responsibilities The CC has the following responsibilities: a) Develop a compensation strategy in line with the principles described in the Articles, and submit to the Board for approval. b) Develop the principles and design of compensation plans, long-term incentive/equity plans, pension arrangements and benefits for the Executives and the Directors, and submit to the Board for approval. c) Support the Board in preparing the proposals to the General Meeting regarding the compensation of the Directors and the Executives. d) Prepare the Compensation Report and submit to the Board for approval. e) Propose to the Board the contractual terms (if any) and compensation of the Directors (incl. the Board Chair) and the CEO. f) Determine, after consulting with the CEO, the terms of employment, promotion or termination of the other Executives (except for the CEO). g) Develop the terms of, and administer, the Group's long-term incentive/equity compensation plans, including the weightings, payout curves and caps for the chosen performance measures. h) Assess whether the Group's incentives for associates below Executive Committee level are appropriately aligned to business performance and do not encourage excessive risk taking. i) Determine the critical performance measures (financial, strategic and operational) that inform how well the Group is performing in relation to the business strategy for incorporation into the incentive plans, as well as any measures relating to Environmental, Social and Governance (ESG). j) Periodically review and propose to the Board for approval a peer group(s) of companies for executive compensation comparisons. k) At the start of each performance period, approve the target total direct compensation levels and the mix of compensation (fixed/variable, short/long-term, individual/Group, and cash/equity) for Executive Committee members and direct reports to the Board Chair taking into consideration pay and conditions for the wider population of Group associates. l) At the end of each performance period, taking into consideration the Board's evaluation of Group performance against targets established at the beginning of the performance cycle, approve performance results under the incentive plans, evaluate individual performance, approve the amount of compensation earned by Executive Committee members and recommend the amount of compensation earned by the CEO to the Board for approval taking into account the overall performance of the Business and, if appropriate, making adjustments to the formulaic outcome of any incentive plans, within the plan Rules. m) Consider and decide whether there is a need for malus and/or clawback provisions to be exercised and, if so, the extent and form of the malus and/or clawback. n) Incorporate the recommendations of the STC for the establishment of innovation targets under incentive compensation plans at the start of each performance cycle and measurement of achievement thereof at the end. o) Periodically assess the effectiveness of the executive short-term and long-term incentive plans in relation to the Group's strategic objectives, values and pay-for-performance principles. p) Work together with other Board Committees, to ensure that executive compensation is correctly aligned to performance and is not structured in a way that could lead to inappropriate risk taking. q) Annually assess the level of Board compensation against the peer group and other relevant companies and submit to the Board its recommendations for the compensation of Directors and the compensation and terms of employment of the Board Chair. r) Establish executive and director stock ownership guidelines and stock trading policies, and monitor compliance with such policies. s) Inform the Board about policies, programs and key decisions as well as statistical comparisons and benchmarking of compensation levels against key competitors and regularly report to the Board on the decisions and deliberations of the Compensation Committee. t) In collaboration with the Board Chair, oversee communication and engagement on executive compensation matters with shareholders and their advisors, including shareholder voting on Board and Executive Committee compensation, and assess the voting results on executive compensation matters of the most recent General Meeting. u) Be kept informed of the remuneration of the workforce and related policies and keep abreast of any developments. v) Annually assess the engagement and performance of compensation consultants or other outside advisors engaged by the CC and their independence in relation to any potential conflicts of interest and manage the rotation/renewal of such advisors. w) Keep abreast of regulatory and corporate governance best practice requirements regarding Board, Executive Committee and other senior executive compensation. x) Keep abreast of market trends and consideration of external factors that may influence pay in terms of design, structure, quantum, disclosure etc. y) Establish an annual calendar of activities for the upcoming year, including special projects to be undertaken by the CC. z) Review and reassess the adequacy of articles 9-10 of this Appendix I and submit proposed changes to the Board for approval. aa) Assume other responsibilities assigned to it by law, the Articles and by the Board. Roles and Responsibilities of the Governance, Sustainability, and Nomination Committee (GSNC) Article 11 Â GSNC's Mission Statement The GSNC assists the Board in fulfilling its responsibilities with respect to the: (i) governance of the Group; (ii) sustainability of the Group; (iii) identification of individuals who are qualified to become (or be re-elected as) Directors or the CEO. Article 12 Â GSNC's Roles and Responsibilities The GSNC has the following roles and responsibilities. In General a) Review periodically the Articles and the Regulations and recommend to the Board changes thereto in respect of good corporate governance and fostering shareholders' rights. b) Regularly consult with the Board Chair in carrying out the duties of the GSNC. c) Regularly discuss feedback from investors, proxy advisors and analysts concerning the Group's performance in ESG matters. d) Annually review the voting results of the General Meeting. e) Prepare and annually review succession plans for the Board Chair, the Vice-Chair, the Lead Independent Director, Directors, Board Committee members, Chairpersons and the CEO, and make proposals to the Board for the election and the re-election by the Board respectively by the General Meeting for Directors, the Board Chair and CC members. f) Make proposals to the Board for the election of the Independent Proxy by the General Meeting. g) Recommend such other actions not set out below regarding the governance of the Group that are in the best interests of the Group, the Company's shareholders and other relevant stakeholders, as the GSNC deems appropriate. Board Composition h) Regularly review and as necessary update the Board skills matrix. i) Regularly review the composition and size of the Board to ensure the Board has the proper skills and experience and consists of persons with sufficiently diverse backgrounds and viewpoints. j) Determine the criteria for selection of the Board Chair, the Vice-Chair, the Lead Independent Director, Directors, Chairpersons and Board Committee members. The GSNC considers factors such as (i) personality, skills and knowledge, (ii) the diversity criteria set out in Appendix III (iii) business and other experience relevant to the Business, (iv) the ability and willingness to commit adequate time and effort to Board and Board Committee responsibilities, and (v) the extent to which personality, background, expertise, knowledge and experience will interact with other Directors to build a diverse and effective Board. In addition, the GSNC considers any disclosures made under article 4 of the Regulations, in particular whether existing board memberships or other positions held by a candidate could lead to a Conflict of Interest. Â k) With the participation of the Board Chair, actively seek, interview and screen individuals qualified to become a candidate for the position as a Director, for recommendation to the Board. l) Assess and recommend to the Board as to whether Directors should stand for re-election. For its assessment, the GSNC considers factors such as those mentioned in paragraph j) of this article, the contributions to the Board and the Company, and the term limit. Board Committees m) With the Board Chair, make recommendations to the Board for the creation of additional Board Committees or a change in mandate or dissolution of Board Committees. n) With the Board Chair, periodically review the composition of the Board Committees. When doing so, the GSNC takes into account whether a Board Committee member is suitable for the tasks of the respective Board Committee, including an envisioned quorum of independent Committee members, if applicable. o) With the Board Chair, periodically review the chairpersonships of the Board Committees. Conflicts, Other Directorships and Board member p) Review directorships and consulting agreements of Board members for conflicts of interest. q) Annually submit to the Board a proposal concerning the determination of the independence status of the Directors and the corresponding disclosure. Sustainability r) Oversee the Group's strategy and governance on sustainability matters, including access to products and services, environmental sustainability (including matters related to climate and nature), people management, and other ESG matters that are relevant for the Group's performance or reputation (unless covered by another Committee). s) At least annually review and discuss the Group's performance against relevant ESG reporting frameworks and indices. t) Regularly review and discuss emerging trends with regard to sustainability. u) Regularly advise the Board and provide counsel to the management on sustainability. Roles and Responsibilities of the Risk Committee (RC) Article 13 RC's Mission Statement The RC will assist the Board in fulfilling its responsibilities with respect to ensuring that risks are properly assessed and professionally managed by: (i) overseeing the Group's risk management system and processes; and (ii) reviewing the Group's risk portfolio and related actions implemented by management. Article 14 Â RC's Role and Responsibilities The RC has the following responsibilities: a) Ensure that the Group has implemented an appropriate and effective risk management system and process. b) In coordination with the ACC, oversee the Group's financial risks. c) Ensure that all necessary steps are taken to foster a culture of risk-adjusted decision-making without constraining reasonable risk taking and innovation. d) Review with management and Internal Audit the identification, prioritization and management of the risks, the accountabilities and roles of the functions involved with risk management, the risk portfolio and the related actions implemented by management. e) Inform the Board on a periodic basis on the risk management system and on the most significant risks and how these are managed. f) Review such other matters in relation to the Group's risk management, as the RC may, in its own discretion, deem desirable in connection with its responsibilities described above. g) Annually review updates on cyber security. h) Keep itself up to date on risk management best practices. The Chief Ethics, Risk and Compliance Officer, or his/her designee, is expected to update the RC at least once a year on developments in this area. Roles and Responsibilities of the Science & Technology Committee (STC) Article 15 Â STC's Mission Statement The STC: (i) oversees the science and technology strategy, including digital and data related innovation, (ii) evaluates and challenges the effectiveness and competitiveness of Research and Development, (iii) reviews and discusses emerging scientific trends and activities critical to the success of science and innovation, and (iv) reviews the direction and scope of the Research & Development portfolio, and (v) reviews the science underpinning potential BD deals where considered appropriate by management or the Board Article 16 Â STC's Role and Responsibilities The STC has the following role and responsibilities: a) Monitoring emerging scientific, data-related, technological and research trends and issues, and bringing recommendations to the Board. b) Assisting the Board with setting the Company's strategy for science, data, technology and research. c) Assisting the Board with oversight and evaluation of the performance of the scientific, technological and research teams within the Company in relation to the strategy. d) Review of key portfolio developments by TA, key research activities, and Research & Development performance versus industry benchmarks. e) Review of progress versus goals for Research & Development. f) Reviewing such other matters in relation to science, data, technology and research as the STC may, in its own discretion, deem desirable in connection with its responsibilities. Â Appendix II - Independence Criteria for the Board and the Board Committees Independence of the Directors The GSNC annually submits to the full Board a proposal concerning the determination of the independent status of all Directors. For purposes of such assessment, the GSNC considers all relevant facts and circumstances of which it is aware. In order to be considered independent, a Director shall not have any material relationship with the Group other than his/her service as a Director. I. Material Relationships 1. A Director will not be considered independent if â€¢ the Director or his/her immediate Family Member owns more than 10% of the stock of the Company; â€¢ the Director has received direct compensation (other than for former service as an interim Board Chair) of more than USD 120 000 p.a. (other than dividends or Board/Board Committee fees and retirement or deferred pay for prior service, provided such compensation is not contingent in any way on continued service) from the Group within the last three years; â€¢ a Family Member has received direct compensation of more than USD 120 000 p.a. (other than compensation received for service as an employee other than an executive officer) from the Group within the last three years; â€¢ the Director is, or has been within the last three years, an employee of the Group; â€¢ a Family Member is, or has been within the last three years, an executive officer of the Group; â€¢ the Director is a current partner or

employee of the External Auditor of the Group; or a Family Member is a partner of the External Auditor or is an employee of the External Auditor and works on the Group's audit; or the Director or a Family Member is a former partner or employee of the External Auditor who personally worked on the Group's audit during the last three years; or the Director or a Family Member is, or has been within the last three years, employed as an executive officer of an enterprise while any of the present Executives serves or has served on that enterprise's compensation committee; or an enterprise has made payments to or received payments from the Group for goods, property or services in an amount that exceeds, in any of the last three fiscal years, the greater of USD 1 million or 2% of the enterprise's consolidated gross revenues; and the Director is a board member or employee of that enterprise or holds more than 10% of the shares in that enterprise; or a Family Member is a board member or executive officer or holds more than 10% of the shares in that enterprise. 2. In addition to the independence criteria set forth above for all Directors in Section 1, an ACC Director will not be considered independent if the ACC Director or his/her spouse, minor child, minor stepchild, or child or stepchild sharing the ACC Director's home, accepts any salary or consulting, advisory or other compensatory fee (other than Board/Board Committee compensation) from the Group; or the ACC Director is a partner, a member, an officer such as a managing director, executive officer or occupies a similar position in an enterprise that provides advisory services such as accounting, legal, investment banking or financial advisory services to the Group; 3. In addition to the independence criteria set forth for all Directors in Section 1, above, when making its assessment as to the independent status of a CC Director, the GSNc considers whether the CC Director receives compensation from any person or entity that would impair his or her ability to make independent judgments about the Executive compensation. II. Immaterial Relationships Unless the GSNc concludes in its assessment to the contrary, a relationship is presumed not to impair the independence of a Director if the Director or a Family Member received from the Group, during the last fiscal year, personal benefits (other than the coverage of travel expenses incurred by a Family Member in connection with meetings of the Board) having an aggregate value of less than USD 5,000; or a Family Member is an employee but not an executive officer of the Group, unless the Family Member is an ACC Director's spouse, minor child, minor stepchild or child or stepchild sharing the ACC Director's home; or the Director or a Family Member is a board member or executive officer of a non-profit organization and the Group's contributions to such organization did not exceed, in any of the last three fiscal years, the greater of USD 1 million or 2% of the organization's consolidated gross revenues; or an enterprise in which the Director or a Family Member is a director, executive officer or employee has been indebted to the Group in connection with a transaction in the ordinary course of business or in an amount that did not exceed USD 100,000 during the last fiscal year; or the Director or a Family Member serves on the board of another enterprise at which an Executive or another Director also serves as board member. The enumeration of relationships mentioned in this Section II is merely exemplary. The fact that a particular relationship is not listed does not mean that the relationship affects the independence of a Director. A. Diversity Criteria The Board is dedicated to fostering an inclusive board where individuals from all genders and ethnic backgrounds can thrive and contribute their unique insights. A diverse board ensures that the appropriate balance of skills, expertise, experience, and cultural background is represented to discharge its responsibilities and to support long-term value creation for shareholders, patients, employees and other stakeholders. Diversity remains a critical focus area for the Board, and the GSNc continuously examines opportunities to further increase the Board's diversity when identifying new Board member candidates. The GSNc considers the following diversity criteria in its selection process. Gender Age Nationality Ethnicity Viewpoints, professional background, and expertise Regarding gender diversity, the Board pledges to sustain its efforts to achieve 50% representation of both genders in the composition of the Board, within a range of +/- 10%. A. Abbreviations and Definitions A. ACC Audit and Compliance Committee of the Board Appendix I A. Appendix I to these Regulations which forms an integral part of these Regulations (Board Committees Charter) Appendix II A. Appendix II to these Regulations which forms an integral part of these Regulations (Independence Criteria for the Board and the Board Committees) Appendix III A. Appendix III to these Regulations which forms an integral part of these Regulations (Diversity Criteria) Articles A. Articles of Incorporation of the Company B. Business development Board A. Board of Directors of the Company Board Chair A. Chair of the Board Board Committee(s) A. or all committee(s) of the Board Business A. Business operations conducted by the Group C. Compensation Committee of the Board Chairperson(s) A. Any or all Director(s) who chair(s) a / the Board Committee(s) CO A. Swiss Code of Obligations Company A. Novartis AG Compensation Report A. Compensation report of the Company Conflict of Interest A. Any personal interest, or the interest of a closely related person or company, that a Director or Executive might have in a particular matter which does or might be regarded to conflict with the interests of the Company or the Group Director(s) A. Any or all member(s) of the Board ESG A. Environmental, Social and Governance Executive Committee A. Executive committee of the Company Executive(s) A. Any or all Executive Committee member(s) External Auditor A. The Group's external auditor Family Member A. An immediate family member of a Director, i.e., including a person's spouse, parents, children, stepchildren, siblings, mother-, father-, brothers-, sisters-, sons- and daughters-in-law and anyone (other than domestic employees) who share such person's home General Meeting A. General meeting of shareholders of the Company Group A. Novartis and its subsidiaries GSNc A. Governance, Sustainability and Nomination Committee of the Board Independence Criteria A. Independence criteria set forth in Appendix II Internal Audit A. The Group's internal audit Lead Independent Director A. Lead Independent Director of the Board Organizational Units A. The parts of the Group along the research and development/production/commercialization continuum, consisting of Biomedical Research, Development, Operations and the two commercial units US and International. RC A. Risk Committee of the Board Regulations A. These Organizational Regulations of the Company, including Appendix I and Appendix II which form an integral part of these Regulations STC A. Science & Technology Committee of the Board TA A. Therapeutic area Vice-Chair A. Vice-Chair of the Board EXHIBIT 2.3 Exhibit 2.3 DESCRIPTION OF SECURITIES REGISTERED UNDER SECTION 12 OF THE EXCHANGE ACTS of December 31, 2024 Novartis AG (the "Company", the "issuer", and the "depository") had the following series of securities registered pursuant to Section 12(b) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"): Title of each class Trading symbol(s) Name of each exchange on which registered Ordinary shares, nominal value CHF 0.49 per share "NVS" New York Stock Exchange\* A. American Depositary Shares, each representing 1 share NVS New York Stock Exchange A. \*Not for trading but only in connection with the registration of American Depositary Shares representing such ordinary shares. Our shares are listed in Switzerland on the SIX Swiss Exchange (the "SIX"). American Depositary Shares (the "ADSs"), each representing one ordinary share, nominal value 0.49 Swiss Francs per share of Novartis AG (the "shares"), have been available in the US through an American Depositary Receipt (the "ADR") program since December 1996. This program was established pursuant to the deposit agreement, as amended and restated from time to time, that we entered into with JPMorgan Chase Bank, N.A., New York (the "JP Morgan Chase"), as depository (the "Deposit Agreement"). Our ADRs have been listed on the New York Stock Exchange (the "NYSE") since May 2000 and are traded under the symbol NVS. In connection with this listing (but not for trading), the shares are registered under Section 12(b) of the Exchange Act. This exhibit contains a description of the rights of (i) the holders of the shares and (ii) ADR holders. Shares underlying the ADSs are held by JP Morgan Chase, the depository, and holders of ADSs will not be treated as holders of the shares. The following summary is subject to and qualified in its entirety by Novartis AG's Articles of Incorporation (the "Articles"), Regulations (the "Board Regulations") of the Novartis AG Board (the "Board"), and by Swiss law, particularly the Swiss Code of Obligations (the "Swiss CO"). This is not a summary of all the significant provisions of the Articles, the Board Regulations, or of Swiss law and does not purport to be complete. Capitalized terms used but not defined herein have the meanings given to them in Novartis AG's annual report on Form 20-F for the fiscal year ended December 31, 2024 (the "Annual Report") and in the Deposit Agreement, which is an exhibit to the Post-Effective Amendment to our registration statement on Form F-6 filed with the SEC on December 16, 2022. ORDINARY SHARES Item 9. General 9.A.3 Pre-emptive rights If a capital increase is approved, then our shareholders would generally have certain pre-emptive rights to obtain newly issued shares in an amount proportional to the nominal value of the shares they already hold. These pre-emptive rights could be excluded in certain limited circumstances with the approval of a resolution adopted at a General Meeting of Shareholders (the "General Meeting") by a supermajority of two thirds of the votes. Pre-emptive rights, if not excluded, are transferable during the subscription period relating to a particular offering of shares and may be quoted on the SIX. US holders of shares, or US holders of ADRs, may not be able to exercise the pre-emptive rights attached to the shares or to the shares underlying their ADRs unless a registration statement under the US Securities Act of 1933, as amended (the "Securities Act"), is effective with respect to such rights and the related shares, or an exemption from this registration requirement is available. If pre-emptive rights could not be exercised by an ADR holder, the depository would, if possible, sell the holder's pre-emptive rights and distribute the net proceeds of the sale to the holder. If the depository determines, in its discretion, that the rights could not be sold, the depository might allow such rights to lapse. 9.A.5 Type and class of securities Each share has nominal value of 0.49 Swiss Francs per share. The respective number of shares that have been issued as of December 31, 2024 is given in Item 6.C of the Annual Report. Novartis AG shares are issued as uncertificated securities (in the sense of the Swiss Code of Obligations) and as book entry securities (in terms of the Swiss Act on Intermediated Securities). All shares have equal voting rights and carry equal entitlements to dividends. No participation certificates, non-voting equity securities (Genussscheine) or profit-sharing certificates have been issued. Item 9.A.6. Limitations or qualifications Not applicable. Item 9.A.7. Other rights Not applicable. Item 10.B Memorandum and articles of association 10.B.3 Shareholder rights Because Novartis AG has only one class of registered shares, the following information applies to all shareholders. (a) Under the Swiss CO, we may only pay dividends out of balance sheet profits or out of distributable reserves. In any event, under the Swiss CO, while the Board may propose that a dividend be paid, we may only pay dividends upon shareholders' approval at a General Meeting. Furthermore, the Swiss CO requires us to accrue general legal reserves under certain circumstances so long as these reserves amount to less than 20% of our registered share capital, and Swiss law and the Articles permit us to accrue additional reserves beyond the statutory reserves. Our auditors must confirm that the dividend proposal of our Board conforms with the Swiss CO and the Articles. Our Board expects to recommend the payment of a dividend in respect of each financial year. See also Item 6. Directors, Senior Management and Employees Item 6.C Board Practices Capital Structure Limitation on transferability Per-share information and Item 8. Financial Information Item 8.A. Consolidated statements and other financial information Dividend policy of our Annual Report. Dividends are usually due and payable shortly after the shareholders have passed a resolution approving the payment. Dividends that have not been claimed within five years after the due date revert to us and are allocated to our general reserves. For information about deduction of the withholding tax or other duties from dividend payments, see also Item 10. Additional Information Item 10.E Taxation of our Annual Report. (b) Each share is entitled to one vote at a General Meeting. Voting rights may only be exercised for shares registered with the right to vote on the record date for the applicable General Meeting. In order to do so, the shareholder must file a share registration form with us, setting forth the shareholder's name, address and citizenship (or, in the case of a legal entity, its registered office). If the shareholder has not timely registered its shares, then the shareholder may not vote at, or participate in, a General Meeting. To vote its shares, the shareholder must also explicitly declare that it has acquired the shares in its own name and for its own account. If the shareholder refuses to make such a declaration, the shares may not be voted unless the Board recognizes such shareholder as a nominee. The Articles provide that no shareholder shall be registered with the right to vote shares comprising more than 2% of the registered share capital. The Board may, upon request, grant an exemption from this restriction. Considerations include whether the shareholder supports our goal of creating sustainable value and has a long-term investment horizon. Furthermore, the Articles provide that no nominee shall be registered with the right to vote shares comprising more than 0.5% of the registered share capital. The Board may, upon request, grant an exemption from this restriction if the nominee discloses the names, addresses, and number of shares of the persons for whose account it holds 0.5% or more of the registered share capital. The same restrictions indirectly apply to ADR holders. We have in the past granted exemptions from the 2% rule for shareholders and the 0.5% rule for nominees. For purposes of the 2% rule for shareholders and the 0.5% rule for nominees, groups of companies and groups of shareholders acting in concert are considered to be one shareholder. These rules also apply to shares acquired or subscribed by the exercise of subscription, option or conversion rights. After hearing the registered shareholder or nominee, the Board may cancel, with retroactive effect as of the date of registration, the registration of the shareholders if the registration was effected based on false information. Registration restrictions in the Articles may only be removed upon a resolution carrying a two thirds majority of the votes represented at a General Meeting. Except as noted below, shareholders' resolutions require the approval of an absolute majority of the votes present at a General Meeting. As a result, abstentions have the effect of votes against such resolutions. Some examples of shareholders' resolutions requiring a vote by such absolute majority of the votes are: Adoption and amendment of the Articles Election and removal of the Board Chair, the Board and Compensation Committee members, the Independent Proxy and the external auditor Approval of the management report, the consolidated financial statements and the report on non-financial matters Approval of the financial statements of Novartis AG, and the decision on the appropriation of available earnings shown on the balance sheet, in particular with regard to dividends (including any repayment of the statutory capital reserves and the approval of interim dividends and the interim financial statements required for such purpose), if any Approval of the maximum aggregate compensation of the Board (from an Annual General Meeting of Shareholders (the "AGM") until the next AGM) and of the Executive Committee (for the financial year following the AGM) Discharge of Board and Executive Committee members from liability for matters disclosed to the General Meeting Decision on other matters that are reserved by law or by the Articles (e.g., advisory vote on the Compensation Report) to the General Meeting According to the Articles and Swiss law, the following matters require the approval of a supermajority of at least two thirds of the votes present at a General Meeting: Alteration of the purpose of Novartis AG Election of shares, unless the approval of all affected shareholders is required Increase of the share capital out of equity, by contributions in kind or by way of set-off against receivable, or the grant of special rights Restriction or cancellation of subscription rights Introduction of a conditional capital or capital band Creation of shares with increased voting powers Implementation of restrictions on the transfer of registered shares, and the removal of such restrictions Change of the currency of the share capital Introduction of the deciding vote for the presiding officer at the General Meeting A provision in the Articles allowing the General Meeting to be held abroad Deletion of the shares of the Company Change of the registered office of Novartis AG Introduction of an arbitration clause in the Articles Merger, split or transformation of Novartis AG under the Swiss Merger Act (subject to mandatory statutory provisions) Dissolution of Novartis AG 3. Our shareholders are required, on an annual basis, to elect all Directors (including the Board Chair), the Compensation Committee members, the external auditor and the Independent Proxy. The Articles do not provide for cumulative voting of shares. At a General Meeting, shareholders can be represented by a legal representative or, by means of a written proxy, by a representative of choice. Furthermore, a shareholder may be represented by the Independent Proxy. Votes are taken either by a show of hands or by electronic voting, unless the General Meeting resolves to have a ballot or where a ballot is ordered by the chair of the meeting. ADSs, each representing one Novartis AG share and evidenced by ADRs, are issued by our depository JPMorgan Chase Bank, N.A., New York, and not by us. The ADR is vested with rights defined and enumerated in the Deposit Agreement (such as the rights to vote, to receive a dividend and to receive a share of Novartis AG in exchange for a certain number of ADRs). The enumeration of rights, including any limitations on those rights in the Deposit Agreement, is final. There are no other rights given to the ADR holders. Only the ADS depository, holding our shares underlying the ADRs, is registered as shareholder in our share register. An ADR is not a Novartis AG share and an ADR holder is not a Novartis AG shareholder. The Deposit Agreement between our depository, the ADR holder and us has granted certain indirect rights to vote to the ADR holders. ADR holders may not attend a General Meeting in person. ADR holders exercise their voting rights by instructing JP Morgan Chase Bank, N.A., New York, our depository, to exercise the voting rights attached to the registered shares underlying the ADRs.

Meeting, but are entitled to the economic benefits generally connected with the shares. Under the Swiss CO, we may not cancel treasury shares without the approval of a capital reduction by our shareholders given that shareholders have not approved the introduction of a capital band.(f) Not applicable. (g) Since all of our issued and outstanding shares have been fully paid in, our shareholders are not obliged to make further contributions with respect to their shares.(h) See Article 10.3(b) Shareholder rights and Article 10.7 Change in control.10.3.4 Changes to shareholder rightsUnder the Swiss CO, we may not issue new shares without the prior approval of a capital increase by our shareholders. If a capital increase is approved, then our shareholders would generally have certain 4 pre-emptive rights to obtain newly issued shares in an amount proportional to the nominal value of the shares they already hold. These pre-emptive rights could be excluded in certain limited circumstances with the approval of a resolution adopted at a General Meeting by a supermajority of two-thirds of the votes. In addition, we may not create shares with increased voting powers or place restrictions on the transfer of registered shares without the approval of a resolution adopted at a General Meeting by a supermajority of votes. In addition, see Article 10.3(b) Shareholder rights of the Annual Report with regard to the Board's ability to cancel the registration of shares under limited circumstances.10.3.6 LimitationsThere are no limitations under the Swiss CO or our Articles on the right of non-Swiss residents or nationals to own or vote shares other than the restrictions applicable to all shareholders and holders of ADRs described in Article 10.3(b) Shareholder rights of the Annual Report regarding conditions for exercising an ADR holder's right to vote at a shareholder meeting.10.3.7 Change in controlThe Articles and the Board Regulations contain no provision that would have an effect of delaying, deferring or preventing a change in control of Novartis AG and that would operate only with respect to a merger, acquisition or corporate restructuring involving us or any of our subsidiaries.According to the Swiss Merger Act, shareholders may pass a resolution to merge with another corporation at any time. Such a resolution would require the consent of at least two thirds of all votes present at the necessary General Meeting.Under the Swiss Financial Market Infrastructure Act, shareholders and groups of shareholders acting in concert who acquire more than 33 1/3% of our shares would be under an obligation to make an offer to acquire all remaining Novartis AG shares. Novartis AG has neither opted out from the mandatory takeover offer obligation nor opted to increase the threshold for mandatory takeover offers in its Articles.10.3.8 Disclosure of shareholdingsUnder the Swiss Financial Market Infrastructure Act, persons who directly, indirectly or in concert with other parties acquire or dispose of our shares or purchase or sale rights relating to our shares are required to notify us and the SIX of the level of their holdings whenever such holdings reach, exceed or fall below certain thresholds 3%, 5%, 10%, 15%, 20%, 25%, 33 1/3%, 50% and 66 2/3% of the voting rights represented by our share capital (whether exercisable or not). This also applies to anyone who has discretionary power to exercise voting rights associated with our shares. Following receipt of such notification, we are required to inform the public by publishing the information via the electronic publication platform operated by the SIX. An additional disclosure obligation exists under rules of the SIX that requires us to disclose the identity of all of our shareholders (or related groups of shareholders) as published pursuant to the paragraph above, in Item 6.C of the Annual Report. See Item 6. Directors, Senior Management and EmployeesItem 6.C Board practicesGroup structure and shareholdersShareholdersSignificant shareholders10.3.9 Differences in the lawSee the references to Swiss law throughout this Exhibit 2.3. 10.3.10 Changes in capitalThe requirements of the Articles regarding changes in capital are not more stringent than the requirements of Swiss law. 5.A.MERITAN DEPOSITARY SHARESItem 12. Other securitiesDisclosures under Items 12.A, 12.B, and 12.C are not applicable.12.D.1 DepositaryJPMorgan Chase has been appointed as the depositary pursuant to the Deposit Agreement.JPMorgan Chase's principal executive office is located at 383 Madison Avenue, Floor 11, New York, NY 10179.12.D.2 ProvisionsADRs are issued by the depositary, and not by us. The ADR is vested with rights defined and enumerated in the Deposit Agreement (such as the rights to vote, to receive a dividend and to receive a share of Novartis AG in exchange for a certain number of ADRs). The enumeration of rights, including any limitations on those rights in the Deposit Agreement, is final. There are no other rights given to the ADR holders. Only the depositary is registered as shareholder in our share register. An ADR is not a Novartis AG share and an ADR holder is not a Novartis AG shareholder.The following is a summary of the material provisions of the Deposit Agreement. For more complete information, you should read the Deposit Agreement and form of ADR. The Deposit Agreement has been filed with the SEC as an exhibit to the Post-Effective Amendment to our registration statement on Form F-6 filed with the SEC on December 16, 2022. Voting rightsThe Deposit Agreement has granted certain indirect rights to vote to the ADR holders. ADR holders may not attend Novartis AG general meetings in person. ADR holders exercise their voting rights by instructing the depositary to exercise the voting rights attached to the registered shares underlying the ADRs. The same voting restrictions apply to ADR holders as to those holding Novartis AG shares (i.e., the right to vote up to 2% of the Novartis AG registered share capital unless otherwise granted an exemption by the Board and the disclosure requirement for nominees).As soon as practicable after receipt from Novartis AG of notice of any meeting or solicitation of consents or proxies of holders of shares or other deposited securities, the depositary shall fix the ADR record date in accordance with the Deposit Agreement, provided that if the depositary receives a written request from Novartis AG in a timely manner and at least 30 days prior to the date of such vote or meeting the depositary shall, at Novartis AG's expense, distribute to holders a notice (the Voting Notice) stating (a) such information as is contained in such notice and any solicitation materials (or a summary thereof), (b) that each holder on the record date set by the depositary therefor will be entitled, subject to applicable law and the provisions of or governing deposited securities to instruct the depositary as to the exercise of the voting rights, if any, pertaining to the deposited securities represented by the ADRs evidenced by such holder's ADRs and (c) the manner in which such instructions may be given, including instructions to give a discretionary proxy to a person designated by Novartis AG.Upon actual receipt of instructions of a holder on such record date in the manner and on or before the date established by the depositary for such purpose, the depositary will endeavor insofar as practicable and permitted under the provisions of or governing deposited securities to vote or cause to be voted (or to grant a discretionary proxy to a person designated by Novartis AG) the deposited securities represented by the ADRs evidenced by such holder's ADRs in accordance with such instructions. The depositary will not itself exercise any voting discretion in respect of any deposited securities. To the extent that (a) the depositary has been provided 35 days' notice of the proposed meeting from Novartis AG, (b) the Voting Notice is sent to holders and beneficial owners no less than 14 days prior to the date of the meeting or the cut-off date for the solicitation of consents and (c) the depositary does not receive 6 instructions on a particular agenda item from a holder in a timely manner, such holder shall be deemed and the depositary shall deem such holder to have so instructed the depositary to give a discretionary proxy to a person designated by Novartis AG and the depositary shall endeavor insofar as practicable and permitted under the provisions of or governing deposited securities to give a discretionary proxy to a person designated by Novartis AG to vote the deposited securities represented by the ADRs evidenced by such holder's ADRs as to which such instructions are so given with respect to such agenda item(s), provided that no such instruction shall be deemed given unless Novartis AG promptly informs the depositary in writing that Novartis AG wishes such proxy to be given with respect to such agenda item(s).Notwithstanding anything contained in the Deposit Agreement or any ADR, the depositary may, to the extent not prohibited by any law, rule or regulation or the rules and/or requirements of the stock exchange on which the ADRs are listed, in lieu of distribution of the materials provided to the depositary in connection with any meeting or solicitation of consents or proxies from holders of deposited securities, distribute to the holders a notice that provides holders with or otherwise publicizes to holders instructions on how to retrieve such materials or receive such materials upon request (i.e., by reference to a website containing the materials for retrieval or a contact for requesting copies of the materials). Holders are strongly encouraged to forward their voting instructions as soon as possible. Voting instructions will not be deemed received until such time as the ADR department responsible for proxies and voting has received such instructions, notwithstanding that such instructions may have been physically received by JPMorgan, prior to such time. Share dividends and other distributionsThe depositary will distribute to each ADR holder on the record date set by the depositary at such ADR holder's address shown on the ADR Register, in proportion to the number of deposited securities (on which the following distributions on deposited securities are received by the custodian) represented by ADRs evidenced by such holder's ADRs:(a) Cash: any US dollars available to the depositary resulting from a cash dividend or other cash distribution or the net proceeds of sales of any other distribution or portion thereof authorized in paragraph 10 (a) of the form of ADR, on an averaged or other practicable basis, subject to (i) appropriate adjustments for taxes withheld, (ii) such distribution being impermissible or impracticable with respect to certain holders, and (iii) deduction of the depositary's and/or its agent's fees and expenses in (1) converting any foreign currency to US dollars by sale or in such other manner as the depositary may determine to the extent that it determines that such conversion may be made on a reasonable basis, (2) transferring foreign currency or US dollars to the US by such means as the depositary may determine to the extent that it determines that such transfer may be made on a reasonable basis, (3) obtaining any approval or license of any governmental authority required for such conversion or transfer, which is obtainable at a reasonable cost and within a reasonable time and (4) making any sale by public or private means in any commercially reasonable manner.(b) Shares. (i) Additional ADRs evidencing whole ADRs representing any shares available to the depositary resulting from a dividend or free distribution on deposited securities consisting of shares (a) of the Share Distribution and (ii) US dollars available to it resulting from the net proceeds of sales of shares received in a Share Distribution, which shares would give rise to fractional ADRs if additional ADRs were issued therefor, as in the case of Cash.(c) Rights. (i) Warrants or other instruments in the discretion of the depositary representing rights to acquire additional ADRs in respect of any rights to subscribe for additional shares or rights of any nature available to the depositary as a result of a distribution on deposited securities (a) of the Rights, to the extent that Novartis AG timely furnishes to the depositary evidence satisfactory to the depositary that the depositary may lawfully distribute the same (Novartis AG has no obligation to so furnish such evidence), or (ii) to the extent Novartis AG does not so furnish such evidence and sales of Rights are practicable, any US dollars available to the depositary from the net proceeds of sales of Rights as in the case of Cash, or (iii) to the extent Novartis AG does not so furnish such evidence and such sales cannot practically be accomplished by reason of the nontransferability of the Rights, limited markets therefor, their short duration or otherwise, nothing (and any Rights may lapse). 7 (d) Other Distributions. (i) Securities or property available to the depositary resulting from any distribution on deposited securities other than Cash, Share Distributions and Rights (a) of the Other Distributions, by any means that the depositary may deem equitable and practicable, or (ii) to the extent the depositary deems distribution of such securities or property not to be equitable and practicable, any US dollars available to the depositary from the net proceeds of sales of Other Distributions as in the case of Cash. The depositary shall endeavor to conduct any sales hereunder in a commercially reasonable manner.The depositary will distribute US dollars by checks drawn on a bank in the US for whole dollars and cents (any fractional cents being withheld without liability for interest and dealt with by the depositary in accordance with its then current procedures), pursuant to paragraph 10 of the form of ADR.Deposit, withdrawal and cancellationSubject to paragraphs 4 and 5 of the form of ADR, upon surrender of (i) a certificated ADR in a form satisfactory to the depositary at the transfer office or (ii) proper instructions and documentation in the case of a Direct Registration ADR, the holder hereof is entitled to delivery at, or to the extent in dematerialized form from, the custodian's office of the deposited securities at the time represented by the ADRs evidenced by this ADR. At the request, risk and expense of the holder, the depositary may deliver such deposited securities at such other place as may have been requested by the holder. Notwithstanding any other provision of the Deposit Agreement or the ADR, the withdrawal of deposited securities may be restricted only for the reasons set forth in General Instruction I.A.(1) of Form F-6 (as such instructions may be amended from time to time) under the Securities Act.Reclassification, recapitalizations and mergersThe depositary may, in its discretion, and shall if reasonably requested by Novartis AG, amend the ADR or distribute additional or amended ADRs (with or without calling existing ADRs for exchange) or cash, securities or property on the record date set by the depositary therefor to reflect any change in par value, split-up, consolidation, cancellation or other reclassification of deposited securities, any share distribution or other distribution not distributed to holders or any cash, securities or property available to the depositary in respect of deposited securities from (and the depositary is authorized under the Deposit Agreement to surrender any deposited securities to any person and, irrespective of whether such deposited securities are surrendered or otherwise cancelled by operation of law, rule, regulation or otherwise, to sell by public or private sale any property received in connection with) any recapitalization, reorganization, merger, consolidation, liquidation, receivership, bankruptcy or sale of all or substantially all the assets of Novartis AG.To the extent the depositary does not so amend the ADR or make a distribution to holders to reflect any of the foregoing, or the net proceeds thereof, whatever cash, securities or property results from any of the foregoing shall constitute deposited securities and each ADS evidenced by the ADRs shall automatically represent its pro rata interest in the deposited securities as then constituted.Promptly upon the occurrence of any of the aforementioned changes affecting deposited securities, Novartis AG shall notify the depositary in writing of such occurrence and as soon as practicable after receipt of such notice from Novartis AG, may instruct the depositary to give notice thereof, at Novartis AG's expense, to holders in accordance with the provisions hereof. Upon receipt of such instruction, the depositary shall give notice to the holders in accordance with the terms thereof, as soon as reasonably practicable.Amendments and terminationThe ADRs and the Deposit Agreement may be amended by Novartis AG and the depositary, provided that any amendment that imposes or increases any fees or charges on a per ADS basis (other than stock transfer or other taxes and other governmental charges, transfer or registration fees, a transaction fee per cancellation request (including through SWIFT, telex or facsimile transmission), applicable delivery expenses or other such fees, charges or expenses), or that shall otherwise prejudice any substantial existing right of holders or beneficial owners, shall become effective 30 days after notice of such 8 amendment shall have been given to the holders. Every holder and beneficial owner at the time any amendment to the Deposit Agreement so becomes effective shall be deemed, by continuing to hold such ADR, to consent and agree to such amendment and to be bound by the Deposit Agreement as amended thereby. Any amendments or supplements which (i) are reasonably necessary (as agreed by Novartis AG and the depositary) in order for (a) the ADRs to be registered on Form F-6 under the Securities Act or (b) the ADRs or Shares to be traded solely in electronic book-entry form and (ii) do not in either such case impose or increase any fees or charges to be borne by holders, shall be deemed not to prejudice any substantial rights of holders or beneficial owners. Notwithstanding the foregoing, if any governmental body or regulatory body should adopt new laws, rules or regulations which would require amendment or supplement of the Deposit Agreement or the form of ADR to ensure compliance therewith, Novartis AG and the depositary may amend or supplement the Deposit Agreement and the ADR at any time in accordance with such changed laws, rules or regulations.Such amendment or supplement to the Deposit Agreement in such circumstances may become effective before a notice of such amendment or supplement is given to holders or within any other period of time as required for compliance. Notice of any amendment to the Deposit Agreement or form of ADRs shall not need to describe in detail the specific amendments effectuated thereby, and failure to describe the specific amendments in any such notice shall not render such notice invalid, provided, however, that, in each such case, the notice given to the holders identifies a means for holders and beneficial owners to retrieve or receive the text of such amendment (i.e., upon retrieval from the SEC's website, the depositary's or Novartis AG's website or upon request from the depositary). The depositary may, and shall at the written direction of Novartis AG, terminate the Deposit Agreement and this ADR by mailing notice of such termination to the holders at least 30 days prior to the date fixed in such notice for such termination; provided, however, if the depositary shall have (i) resigned as depositary hereunder, notice of such termination by the depositary shall not be provided to holders unless a successor depositary shall not be operating hereunder within 60 days of the date of such resignation, or (ii) been removed as depositary hereunder, notice of such termination by the depositary shall not be provided to holders unless a successor depositary shall not be operating hereunder on the 60th day after Novartis AG's notice of removal was first provided to the depositary. Notwithstanding anything to the contrary in the Deposit Agreement, the depositary may terminate the Deposit Agreement without notice to Novartis AG, but subject to giving 30 days' notice to the holders, under the following circumstances: (i) in the event of Novartis AG's bankruptcy or insolvency, (ii) if the shares cease to be listed on an internationally recognized stock exchange, (iii) if Novartis AG effects (or will effect) a redemption of all or substantially all of the deposited securities, or a cash or share distribution representing a return of all or substantially all of the value of the deposited securities, or (iv) there occurs a merger, consolidation, sale of assets or other transaction as a result of which securities or other property are delivered in exchange for or in lieu of deposited securities.After the date so fixed for termination, the depositary and its agents will perform no further acts under the Deposit Agreement and this ADR, except to receive and hold (or sell) distributions on deposited securities and deliver deposited securities being withdrawn. As soon as practicable after the date so fixed for termination, the depositary shall use its reasonable efforts to sell the deposited securities and shall thereafter (as long as it may lawfully do so) hold in an account (which may be a segregated or unsegregated account) the net proceeds of such sales, together with any other cash then held by it under the Deposit Agreement, without liability for interest, in trust for the pro rata benefit of the holders of ADRs not theretofore surrendered. After making such sale, the depositary shall be discharged from all obligations in respect of the Deposit Agreement and this ADR, except to account for such net proceeds and other cash. After the date so fixed for termination, Novartis AG will be discharged from all obligations under the Deposit Agreement except for its obligations to the depositary and its agents.Limitation on obligations and liability to ADR holdersThe depositary, Novartis AG, their respective directors, officers, employees, agents and affiliates and each of them shall: (i) incur no liability to holders or beneficial owners (a) if any present or future law, rule, regulation, fiat, order or decree of the US, Switzerland or any other country or jurisdiction, or of any governmental or regulatory

authority or any securities exchange or market or automated quotation system, the provisions of or governing any deposited securities, any present or future provision of Novartis AG's Articles, any act of God, war, terrorism, nationalization, epidemic, pandemic, expropriation, 9 currency restrictions, work stoppage, strike, civil unrest, revolutions, rebellions, explosions, computer failure or circumstance beyond its direct and immediate control shall prevent or delay, or shall cause any of them to be subject to any civil or criminal penalty in connection with, any act which the Deposit Agreement or the ADR provides shall be done or performed by it, or (b) by reason of any non-performance or delay, caused as aforesaid, in the performance of any act or things which by the terms of the Deposit Agreement it is provided shall or may be done or performed or any exercise or failure to exercise any discretion given it in the Deposit Agreement or the ADR (including, without limitation, any failure to determine that any distribution or action may be lawful or reasonably practicable); (ii) not incur or assume any liability to holders or beneficial owners except to perform its obligations to the extent they are specifically set forth in the ADR and the Deposit Agreement without gross negligence or willful misconduct and the depositary shall not be a fiduciary or have any fiduciary duty to holders or beneficial owners; (iii) in the case of the depositary and its agents, be under no obligation to appear in, prosecute or defend any action, suit or other proceeding in respect of any deposited securities, ADSs or the ADR; (iv) Novartis AG and its agents are under no obligation to appear in, prosecute or defend any action, suit or other proceeding in respect of any deposited securities, the ADSs, or the ADR, which in its opinion may involve it in expense or liability, unless indemnity satisfactory to it in its sole discretion against all expense (including fees and disbursements of counsel) and liability be furnished as often as may be required; and (v) not be liable to holders or beneficial owners for any action or inaction by it in reliance upon the advice of or information from legal counsel, accountants, any person presenting shares for deposit, any holder, any other person believed by it to be competent to give such advice or information, or in the case of the depositary only, Novartis AG. The depositary shall not be responsible for, and shall incur no liability in connection with or arising from, the insolvency of any custodian that is not a branch or affiliate of JPMorgan. The depositary shall not have any liability for the price received in connection with any sale of securities, the timing thereof or any delay in action or omission to act nor shall it be responsible for any error or delay in action, omission to act, default or negligence on the part of the party so retained in connection with any such sale or proposed sale. Notwithstanding anything to the contrary contained in the Deposit Agreement and any ADRs, the depositary shall not be responsible for, and shall incur no liability in connection with or arising from, any act or omission to act on the part of the custodian except to the extent that any holder has incurred liability directly as a result of the custodian having (i) committed fraud or willful misconduct in the provision of custodial services to the depositary or (ii) failed to use reasonable care in the provision of custodial services to the depositary as determined in accordance with the standards prevailing in the jurisdiction in which the custodian is located. Notwithstanding anything to the contrary contained in the Deposit Agreement or any ADRs, the depositary and the custodian(s) may use third-party delivery services and providers of information regarding matters such as pricing, proxy voting, corporate actions, class action litigation and other services in connection herewith and the Deposit Agreement, and use local agents to provide services such as, but not limited to, attendance at any meetings of security holders. Although the depositary and the custodian will use reasonable care (and cause their agents to use reasonable care) in the selection and retention of such third-party providers and local agents, they will not be responsible for any errors or omissions made by them in providing the relevant information or services. The depositary has no obligation to inform holders or beneficial owners about the requirements of the laws, rules or regulations or any changes therein or thereto of any country or jurisdiction or of any governmental or regulatory authority or any securities exchange or market or automated quotation system. Additionally, the depositary is under no obligation to provide the holders and beneficial owners, or any of them, with any information about the tax status of Novartis AG. The depositary and Novartis AG shall not incur any liability for any tax or tax consequences that may be incurred by holders or beneficial owners on account of their ownership or disposition of the ADRs or ADSs. None of the depositary, the custodian or Novartis AG shall be liable for the failure by any holder or beneficial owner to obtain the benefits of credits or refunds of non-US tax paid against such holder's or beneficial owner's income tax liability. The depositary, its agents and Novartis AG may rely and shall be protected in acting upon any written notice, request, direction, instruction or document believed by them to be genuine and to have been signed, presented or given by the proper party or parties. The depositary and its agents will not be responsible for any failure to carry out any instructions to vote any of the deposited securities, for the manner in which any such vote is cast or for the effect of any such vote. Additionally, the depositary may rely upon instructions from Novartis AG or its counsel in respect of any approval or license required for 10 any currency conversion, transfer or distribution. The depositary shall not incur any liability for the content of any information submitted to it by or on behalf of Novartis AG for distribution to the holders or for any inaccuracy of any translation thereof, for any investment risk associated with acquiring an interest in the deposited securities, for the validity or worth of the deposited securities, for the credit-worthiness of any third party, for allowing any rights to lapse upon the terms of the deposit agreement or for the failure or timeliness of any notice from Novartis AG. The depositary shall not be liable for any acts or omissions made by a successor depositary whether in connection with a previous act or omission of the depositary or in connection with any matter arising wholly after the removal or resignation of the depositary. Novartis AG has agreed to indemnify the depositary and its agents under certain circumstances and the depositary has agreed to indemnify Novartis AG under certain circumstances. Neither Novartis AG, the depositary nor any of their respective agents shall be liable to holders or beneficial owners for any indirect, special, punitive or consequential damages (including, without limitation, legal fees and expenses) or lost profits, in each case of any form incurred by any person or entity (including, without limitation, holders and beneficial owners), whether or not foreseeable and regardless of the type of action in which such a claim may be brought. No provision of the Deposit Agreement or the ADR is intended to constitute a waiver or limitation of any rights which holders or beneficial owners may have under the Securities Act or the Exchange Act, to the extent applicable. The depositary and its agents may own and deal in any class of securities of Novartis AG and its affiliates and in ADRs. Books of depositary The depositary or its agent will maintain, at a designated office, a register for the registration, registration of transfer, combination and split-up of ADRs, and, in the case of Direct Registration ADRs, shall include the Direct Registration System. Holders of ADRs may inspect such records at the depositary's office at all reasonable times, but solely for the purpose of communicating with other holders in the interest of the business Novartis AG or a matter relating to the deposit agreement. The depositary will maintain facilities for the delivery and receipt of ADRs. Governing Law The Deposit Agreement, the ADSs and the ADRs are governed by and construed in accordance with the internal laws of the State of New York. In the Deposit Agreement, Novartis AG irrevocably agrees that any legal suit, action or proceeding against Novartis AG brought by the depositary or any holder, arising out of or based upon this Deposit Agreement, the ADSs or the ADRs or the transactions contemplated hereby or thereby, may be instituted in any state or federal court in New York, NY, and irrevocably waives any objection which it may now or hereafter have to the laying of venue of any such proceeding, and irrevocably submits to the non-exclusive jurisdiction of such courts in any such suit, action or proceeding. Novartis AG also irrevocably agrees that any legal suit, action or proceeding against the depositary brought by it, arising out of or based upon this Deposit Agreement or the transactions contemplated hereby, may only be instituted in a state or federal court in New York, NY. Under the Deposit Agreement, by holding an ADS or an interest therein, holders and beneficial owners each irrevocably agree that any legal suit, action or proceeding against or involving Novartis AG or the depositary, arising out of or based upon the Deposit Agreement, the ADSs, the ADRs or the transactions contemplated thereby, may only be instituted in a state or federal court in New York, NY, and by holding an ADS or an interest therein each irrevocably waives any objection which it may now or hereafter have to the laying of venue of any such proceeding, and irrevocably submits to the exclusive jurisdiction of such courts in any such suit, action or proceeding. Notwithstanding the foregoing, any action against Novartis AG based on the Deposit Agreement, the ADSs or the ADRs or the transactions contemplated thereby, may be instituted by the depositary in any competent court in Switzerland and/or the US. 11 Jury Trial Waiver Each party to the Deposit Agreement (including, for avoidance of doubt, each holder and beneficial owner and/or holder of interests in ADSs and ADRs) irrevocably waives, to the fullest extent permitted by applicable law, any right it may have to a trial by jury in any suit, action or proceeding against the depositary and/or us directly or indirectly arising out of or relating to the shares or other deposited securities, the ADSs or the ADRs, the deposit agreement or any transaction contemplated therein, or the breach thereof (whether based on contract, tort, common law or any other theory), including any suit, action, claim or proceeding under the US federal securities laws. 12 EXHIBIT 11.1 A Legal Insider Policy Novartis Global Policy A A A Page 1 Contents 1. Introduction 1.1. Purpose 1.2. Scope and Applicability 1.3. Exceptions 1.4. Adaptations 1.5. Roles and Responsibilities 2. Rules and Principles 2.1. Basic rules applicable to all employees 2.2. Additional rules for temporary insiders 2.3. Additional rules for continuing insiders 2.4. Exercise of options, warrants or similar securities and employee benefit plans 2.5. Additional rules for certain senior managers 3. Controls 4. Breach of this document 5. Definitions 6. Abbreviations 7. References A A A A A A A Insider Policy Page 2 1. Introduction 1.1. Purpose This Policy sets out: the basic obligations of all Employees in possession of Material Non-Public Information the additional obligations of Employees that are working on confidential projects or have access to Material Non-Public Information on a regular basis Novartis AG and its affiliates (the Novartis Group) are committed to comply with laws and regulations and to financial integrity. Accordingly, no director, officer or employee (hereafter referred to collectively as the Employee) of the Novartis may engage in any Transaction in a security while in possession of Material Non-Public Information (as defined in this Policy) about such security. Such insider trading violations also include the tipping of such information. As an integral part of our assurance system, this Policy is based on our Code of Ethics [1]. The Policy reflects our commitment to not engage in Insider Trading as set out in the Code. 1.2. Scope and Applicability This Policy is applicable to all Employees. 1.3. Exceptions Exceptions to this Policy are not permitted. 1.4. Adaptations Adaptations to this Policy are not permitted. 1.5. Roles and Responsibilities Role Responsibilities Employees A Employees must familiarize themselves with this Policy, participate in training and, where required, certify compliance with this Policy. Employees may address questions regarding this Policy to their contact within Compliance or Legal. Managers It is the responsibility of every Novartis manager to implement this Policy within his or her area of functional responsibility, to lead by example, and to provide guidance to the Employees reporting to him or her. Policy owner The owner of this Policy will design and oversee the implementation of an appropriate awareness creation and training plan concerning this Policy. A A A Insider Policy Page 3 A 2. Rules and Principles 2.1. Basic rules applicable to all employees Employees who have knowledge of any Material Non-Public Information shall, within or outside of Quiet Periods, not engage in Transactions in securities to which the information pertains (including buying, selling, or making a gift of such securities), subject to the exceptions mentioned in Sections 2.4(a) and (b), or unless the Transaction is pursuant to a Trading Plan. Employees who have knowledge of any Material Non-Public Information shall, within or outside of Quiet Periods, not recommend the purchase or sale of any securities to which the information pertains. Employees shall keep Material Non-Public Information strictly confidential and shall not disclose Material Non-Public Information. 2.2. Additional rules for temporary insiders During the No-Trading Period, Temporary Insiders shall not engage in Transactions (i) involving the securities of a Restricted Company, or (ii) that are materially dependent on a Restricted Company. To the extent available, the AIS can be used to inform Employees of their appointment as a Temporary Insider or the termination of their status as a Temporary Insider, and to electronically sign a Confidentiality Declaration. The procedures for designating Temporary Insiders by the respective project manager (including the procedures for identifying the relevant projects) may be set out in a separate manual. 2.3. Additional rules for continuing insiders Within Quiet Periods, Continuing Insiders shall not engage in Transactions in Novartis securities, subject to the exceptions mentioned in Sections 2.4(a) and (b). Outside of Quiet Periods, Continuing Insiders shall obtain a Trade Approval before engaging in Transactions in Novartis securities. A Trade Approval does not relieve a Continuing Insider from ensuring that the relevant Transaction is made in full compliance with this Policy and only at a time when the Continuing Insider does not possess any Material Non-Public Information. The AIS informs: (a) Employees (other than the members of the Board of Directors of Novartis AG) by email of their appointment as a Continuing Insider; and (b) all Continuing Insiders of Quiet Periods and enables them to obtain Trade Approvals. Continuing Insiders, like all Employees, may establish a Trading Plan. All Trading Plans established by Continuing Insiders must be approved by the Corporate Secretary (Board Office) and must be established at a point in time outside of a Quiet Period when the Continuing Insider is not in possession of Material Non-Public Information. No Transactions under a Trading Plan shall be effectuated until completion of the Cooling-off Period. Subject to limited exceptions, (i) more than one Trading Plan may not be entered into at the same time, and (ii) only one Trading Plan designed to effect an open market purchase or sale of the total amount of securities subject to the Trading Plan as a single Transaction may be entered into in any 12-month period. A A A Insider Policy Page 4 Continuing Insiders who participate in any employee share purchase plan under which acquired shares will be freely tradable without a vesting or blocking period (or any similar plan) must request a Trade Approval if they intend to make an election to begin, change or end their participation in such plan. Those Continuing Insiders who already participate in such plan and intend to continue with the election they have previously made in prior election periods are not required to request a Trade Approval. More information on trading plans can be obtained from the Corporate Secretary (Board Office). 2.4. Exercise of options, warrants or similar securities and employee benefit plans Employees shall not exercise options, warrants or similar securities within a Restricted Period unless the expiration date of such options, warrants or similar securities falls within such Restricted Period. In such a case: (a) if the options, warrants, or similar securities are physically exercisable, they may be exercised, but the acquired underlying security may not be sold prior to the expiry of the Restricted Period (b) if the options, warrants, or similar securities are both tradable and physically exercisable, they may not be traded within the Restricted Period but rather may only be exercised, but the acquired underlying security may not be sold prior to the expiry of the Restricted Period (c) if the options, warrants or similar securities are only tradable and not physically exercisable, they may be traded within the Restricted Period on the last two Trading Days before their expiration, unless the Employee has knowledge of Material Non-Public Information in which case no trading shall be allowed; in the latter case, Novartis AG will, however, reasonably compensate the Employee for any substantiated loss (if any) suffered as a consequence of such trading ban, provided that such compensation shall not be greater than the market value of the relevant options, warrants or similar securities at the end of the last Trading Day prior to the expiration of the relevant instrument as reasonably determined by Novartis AG. The Corporate Secretary (Board Office) shall be informed prior to any such trade. For the sake of clarification, the selection between warrants, shares, and cash pursuant to an employee benefit plan may be made within a Restricted Period. 2.5. Additional rules for certain senior managers Members of the Board of Directors of Novartis AG and ECN members (including permanent attendees to the ECN) must: (1) ensure that their family members living in the same household and any entities they control adhere to this Policy, and (2) obtain a Trade Approval for any Transactions by any of their family members living in the same household and any entities they control. Members of the Board of Directors of Novartis AG and ECN members (including permanent attendees to the ECN) are subject to specific reporting obligations in respect of their Transactions in Novartis securities. These reporting obligations may be set out in a separate manual. 3. Controls Controls for this document are stored in the Novartis Control Register at the go/controlregister. A A A Insider Policy Page 5 4. Breach of this document Breaches of this document will result in remedial, corrective, or disciplinary actions up to and including termination of employment. Actual or suspected incidents of misconduct are to be reported in line with our SpeakUp Policy [2]. Novartis will take steps to ensure confidentiality and prohibits any form of retaliation against an employee who raises in good faith a concern about suspected or actual misconduct through any channel, or who cooperates in an investigation of misconduct. 5. Definitions Term Definition AIS The Automated Insider System, an intranet-based tool which can be accessed on the intranet at the https://www.ais.novartis.intra/. Confidentiality Declaration The declaration of confidentiality signed by a Temporary Insider. Continuing Insider An Employee who, on a regular basis, has access to Material Non-Public Information; Continuing Insiders are designated by the Finance and Governance Committee of the Group. Cooling off Period The period, to be calculated by Novartis AG, which is the later of (a) 90 days after adoption or modification of the Trading Plan or (b) two Trading Days following disclosure of Novartis AG's annual financial results (e.g., in a Form 20-F) or quarterly financial results (e.g., in a Form 6-K) for the completed fiscal quarter in which the Trading Plan was adopted or modified (subject to a maximum of 120 days after adoption or modification of the Trading Plan). Employee Refers to an individual who holds an employment contract or other form of written employment agreement with Novartis. Material Non-Public Information The knowledge of non-public information the disclosure of which could have an impact on the price of Novartis securities (as defined below) or the securities of companies with which Novartis does business, contemplates to do business or which it contemplates to acquire fully or partially. Typical examples for Material Non-Public Information include: non-disclosed financial information of Novartis, an organizational unit, or a major product the sale or purchase of a company or a significant asset the strategic alliances a restructuring the impending bankruptcy or the existence of severe liquidity problems a major litigation risk the results of clinical trials a critical decision point in the development process of a product candidate the withdrawal of a product from the market the regulatory developments a significant cybersecurity incident, such a data breach the changes in board composition or senior management the capital structure changes the imposition of a No-Trading Period. A A A Insider Policy Page 6 A No-Trading Period The period starting on the day an Employee is designated a Temporary Insider and ending on the day such Employee is notified that the trading restrictions no longer apply. Novartis securities Any securities (as defined below) issued by or materially dependent (as defined below) on securities issued by Novartis AG and/or any of its affiliate companies. The term securities

include: (a) any type of equity instruments (such as shares, American Depositary Shares and participation certificates). (b) any type of debt instruments (such as bonds, notes, debentures); and (c) any financial instruments whose value materially depends on the value of equity or debt instruments of a particular company, irrespective of whether used for investment or for hedging purposes (e.g., stock options, warrants, convertibles, fund units and credit default swaps). Material dependency exists where the value of the financial instrument derives by more than 33% from the equity or debt instruments of one company. Quiet Period The periods commencing on the first day of each calendar quarter and ending at the beginning of the first Trading Day after the subsequent release of the quarterly and/or annual results. Restricted Company A company mentioned in the Confidentiality Declaration and, if specifically mentioned to the Temporary Insider, Novartis AG. Restricted Period A period during which restrictions on Transactions in Novartis securities apply in accordance with this Policy. Temporary Insider Any Employee who might obtain Material Non-Public Information as a result of working on a confidential project. Temporary Insiders are designated by the respective project manager. Trade Approval The approval to engage in a Transaction outside of Quiet Periods granted by the Corporate Secretary (Board Office). A request for a Trade Approval may be denied without having to state a reason therefore. If a request for a Trade Approval is denied, the Employee requesting the Trade Approval shall refrain from initiating any Transaction in Novartis securities and shall not inform any other person of the denial. A Trade Approval is valid for five Trading Days after it is given. Trading Day A day on which any of the exchanges on which Novartis securities are listed is open for trading. Trading Plan A plan allowing for Transactions in Novartis securities in the future according to parameters determined in advance. For the avoidance of doubt, an asset management mandate, even if discretionary, is not a Trading Plan. Consequently, the respective asset manager must be instructed not to engage in Transactions in Novartis securities. Transactions Buying, selling or making a gift of securities. For the avoidance of doubt, this includes any elections made with regards to the Novartis employee stock purchase plan ("ESPP") (e.g., first ESPP investment, and/or adjusting or terminating prior ESPP investment decisions). 7. References Reference Number Document Name 1 Code of Ethics 2 SpeakUp Policy 3 Insider Policy Page 8 EXHIBIT 12.1 Exhibit 12.1 CERTIFICATION, Vasant Narasimhan, certify that: 1. I have reviewed this annual report on Form 20-F of Novartis AG; 2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report; 3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report; 4. The company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have: a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared; b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles; c) evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and d) disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and 5. The company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions): a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and b) any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting. Date: January 31, 2025 By: /s/ VASANT NARASIMHAN Name: Vasant Narasimhan Title: Chief Executive Officer EXHIBIT 12.2 Exhibit 12.2 CERTIFICATION, Harry Kirsch, certify that: 1. I have reviewed this annual report on Form 20-F of Novartis AG; 2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report; 3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report; 4. The company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have: a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared; b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles; c) evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and d) disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and 5. The company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions): a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and b) any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting. Date: January 31, 2025 By: /s/ HARRY KIRSCH Name: Harry Kirsch Title: Chief Financial Officer EXHIBIT 13.1 Exhibit 13.1 CERTIFICATION OF VASANT NARASIMHAN, CHIEF EXECUTIVE OFFICER OF NOVARTIS AG PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002 Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code), the undersigned officer of Novartis AG, a Swiss corporation (the "Company"), hereby certifies, to the best of such officer's knowledge, that: 1. The Annual Report on Form 20-F for the year ended December 31, 2024 (the "Form 20-F") of the Company fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and 2. The information contained in the Form 20-F fairly presents, in all material respects, the financial condition and results of operations of the Company. Date: January 31, 2025 By: /s/ VASANT NARASIMHAN Name: Vasant Narasimhan Title: Chief Executive Officer EXHIBIT 13.2 Exhibit 13.2 CERTIFICATION OF HARRY KIRSCH, CHIEF FINANCIAL OFFICER OF NOVARTIS AG PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002 Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code), the undersigned officer of Novartis AG, a Swiss corporation (the "Company"), hereby certifies, to the best of such officer's knowledge, that: 1. The Annual Report on Form 20-F for the year ended December 31, 2024 (the "Form 20-F") of the Company fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and 2. The information contained in the Form 20-F fairly presents, in all material respects, the financial condition and results of operations of the Company. Date: January 31, 2025 By: /s/ HARRY KIRSCH Name: Harry Kirsch Title: Chief Financial Officer EXHIBIT 15.1 Exhibit 15.1A CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM We consent to the incorporation by reference in the Registration Statements (Nos. 333-171739, 333-198706, 333-250207 and 333-258081) on Form S-8 and in the Registration Statement (No. 333-282133) on Form F-3 of our report dated January 30, 2025, with respect to the consolidated financial statements of Novartis AG and the effectiveness of internal control over financial reporting. /s/ KPMG AG Basel, Switzerland January 31, 2025