Novartis Second Quarter and Half Year 2025

Condensed Interim Financial Report – Supplementary Data

NOVARTIS | Reimagining Medicine

Novartis Second Quarter and Half Year 2025 Condensed Interim Financial Report – Supplementary Data

Operating performance review

Key figures

Second quarter and half year

(USD millions unless indicated otherwise)	**Q2 2025 USD m**	Q2 2024 USD m	% change USD	% change cc[1]	**H1 2025 USD m**	H1 2024 USD m	% change USD	% change cc[1]
Net sales to third parties	**14 054**	**12 512**	**12**	**11**	**27 287**	**24 341**	**12**	**13**
Other revenues	782	360	117	116	1 169	651	80	79
Cost of goods sold	-3 322	-3 173	-5	-2	-6 549	-6 269	-4	-4
Gross profit	**11 514**	**9 699**	**19**	**18**	**21 907**	**18 723**	**17**	**18**
Selling, general and administration	-3 442	-3 091	-11	-9	-6 500	-5 931	-10	-10
Research and development	-2 727	-2 367	-15	-11	-5 093	-4 788	-6	-5
Other income	548	273	101	86	774	522	48	44
Other expense	-1 029	-500	-106	-95	-1 561	-1 139	-37	-34
Operating income	**4 864**	**4 014**	**21**	**25**	**9 527**	**7 387**	**29**	**33**
% of net sales	*34.6*	*32.1*			*34.9*	*30.3*		
Loss from associated companies	-3	-2	-50	-34	-6	-31	81	81
Interest expense	-289	-246	-17	-24	-559	-467	-20	-25
Other financial income and expense	-41	75	nm	nm	-24	81	nm	nm
Income before taxes	**4 531**	**3 841**	**18**	**20**	**8 938**	**6 970**	**28**	**31**
Income taxes	-507	-595	15	13	-1 305	-1 036	-26	-28
Net income	**4 024**	**3 246**	**24**	**26**	**7 633**	**5 934**	**29**	**31**
Basic earnings per share (USD)	**2.07**	**1.60**	**29**	**32**	**3.91**	**2.91**	**34**	**37**
Net cash flows from operating activities	**6 664**	**4 875**	**37**		**10 309**	**7 140**	**44**	
Non-IFRS measures [1]								
Free cash flow	**6 333**	**4 615**	**37**		**9 724**	**6 653**	**46**	
Core operating income	**5 925**	**4 953**	**20**	**21**	**11 500**	**9 490**	**21**	**24**
% of net sales	*42.2*	*39.6*			*42.1*	*39.0*		
Core net income	**4 710**	**4 008**	**18**	**19**	**9 192**	**7 689**	**20**	**22**
Core basic earnings per share (USD)	**2.42**	**1.97**	**23**	**24**	**4.69**	**3.77**	**24**	**27**

[1] Constant currencies (cc), core results and free cash flow are non-IFRS measures. An explanation of non-IFRS measures can be found on page 40. Unless otherwise noted, all growth rates in this release refer to same period in prior-year.

Strategy

Our focus

Novartis is a "pure-play" innovative medicines company. We have a clear focus on four core therapeutic areas (cardiovascular-renal-metabolic, immunology, neuroscience and oncology), with multiple significant in-market and pipeline assets in each of these areas, that address high disease burden and have substantial growth potential. In addition to two established technology platforms (chemistry and biotherapeutics), three emerging platforms (gene & cell therapy, radioligand therapy and xRNA) are being prioritized for continued investment into new R&D capabilities and manufacturing scale. Geographically, we are focused on growing in our priority geographies – the US, China, Germany and Japan.

Our priorities

1. **Accelerate growth**: Renewed attention to deliver high-value medicines (NMEs) and focus on launch excellence, with a rich pipeline across our core therapeutic areas.
2. **Deliver returns**: Continuing to embed operational excellence and deliver improved financials. Novartis remains disciplined and shareholder-focused in our approach to capital allocation, with substantial cash generation and a strong capital structure supporting continued flexibility.
3. **Strengthen foundations**: Unleashing the power of our people, scaling data science and technology and continuing to build trust with society.

Financials

Second quarter

Net sales

Net sales were USD 14.1 billion (+12%, +11% cc), with volume contributing 12 percentage points to growth. Generic competition had a negative impact of 2 percentage points, pricing had a positive impact of 1 percentage point, and currency had a positive impact of 1 percentage point. Sales in the US were USD 6.2 billion (+21%) and in the rest of the world USD 7.8 billion (+6%, +4% cc).

Sales growth was mainly driven by continued strong performance from *Kisqali* (USD 1.2 billion, +64%, +64% cc), *Entresto* (USD 2.4 billion, +24%, +22% cc), *Kesimpta* (USD 1.1 billion, +35%, +33% cc), *Scemblix* (USD 298 million, +82%, +79% cc) and *Leqvio* (USD 298 million, +64%, +61% cc), partly offset by generic competition, mainly for *Tasigna* and *Lucentis*.

In the US (USD 6.2 billion, +21%), sales growth was mainly driven by *Kisqali*, *Entresto*, *Kesimpta* and *Scemblix*, partly offset by generic competition, mainly for *Tasigna* and *Promacta*. In Europe (USD 4.2 billion, +8%, +3% cc), sales growth was mainly driven by *Kesimpta*, *Entresto*, *Pluvicto* and *Fabhalta*, partly offset by generic competition for *Lucentis* and *Gilenya*. Sales in emerging growth markets were USD 3.5 billion (+5%, +7% cc), including USD 1.0 billion of sales from China (–1%, –1% cc), which declined slightly following a market slowdown.

Operating income

Operating income was USD 4.9 billion (+21%, +25% cc), mainly driven by higher net sales, partly offset by higher investments behind priority brands and launches and net expense from legal matters. Operating income margin was 34.6% of net sales, increasing 2.5 percentage points (3.9 percentage points cc). Other revenue as a percentage of net sales increased by 2.7 percentage points (2.7 percentage points cc). Cost of goods sold as a percentage of net sales decreased by 1.8 percentage points (2.3 percentage points cc). R&D expenses as a percentage of net sales increased by 0.5 percentage points (in-line in cc). SG&A expenses as a percentage of net sales decreased by 0.2 percentage points (0.5 percentage points cc). Other income and expense as a percentage of net sales decreased the margin by 1.7 percentage points (1.6 percentage points cc).

Core adjustments were USD 1.1 billion, mainly from amortization, compared with USD 0.9 billion in the prior-year quarter. Core adjustments increased compared with the prior-year quarter, mainly due to legal matters.

Core operating income was USD 5.9 billion (+20%, +21% cc), mainly driven by higher net sales, partly offset by higher investments behind priority brands and launches. Core operating income margin was 42.2% of net sales,

increasing 2.6 percentage points (3.4 percentage points cc). Core other revenue as a percentage of net sales increased by 0.5 percentage points (cc). Core cost of goods sold as a percentage of net sales decreased by 1.3 percentage points (cc). Core R&D expenses as a percentage of net sales decreased by 0.4 percentage points (cc). Core SG&A expenses as a percentage of net sales decreased by 0.5 percentage points (cc). Core other income and expense as a percentage of net sales increased the margin by 0.7 percentage points (cc).

Interest expense and other financial income/expense

Interest expense amounted to USD 289 million compared to USD 246 million in the prior-year quarter, mainly due to higher financial debt.

Other financial income and expense amounted to an expense of USD 41 million compared to an income of USD 75 million in prior-year quarter, mainly due to lower financial income and higher currency losses.

Core other financial income and expense amounted to an expense of USD 13 million, compared to an income of USD 60 million in prior-year quarter, mainly due to higher currency losses.

Income taxes

The tax rate in the second quarter was 11.2% compared to 15.5% in the prior year. The current year tax rate was favorably impacted by changes in uncertain tax positions and other items. Both the current and prior-year rate were impacted by the effect of adjusting to the estimated full-year tax rate, which was lower than previously estimated. Excluding these impacts, the current and prior year tax rate would have been 15.5% and 16.3% respectively. The decrease from the prior year was mainly the result of a change in profit mix.

The core tax rate (core taxes as a percentage of core income before tax) was 16.2% compared to 15.9% in the prior year. The increase from the prior year was mainly the result of the effect of adjusting the prior-year core tax rate to the estimated full-year core tax rate, which was lower than previously estimated.

Net income, EPS and free cash flow

Net income was USD 4.0 billion (+24%, +26% cc), mainly driven by higher operating income, partly offset by higher interest expense and other financial income and expense. EPS was USD 2.07 (+29%, +32% cc), benefiting from the lower weighted average number of shares outstanding.

Core net income was USD 4.7 billion (+18%, +19% cc), mainly due to higher core operating income, partly offset by higher income taxes, interest expense and other financial income and expense. Core EPS was USD 2.42 (+23%, +24% cc), benefiting from the lower weighted average number of shares outstanding.

Net cash flows from operating activities amounted to USD 6.7 billion, compared with USD 4.9 billion in the prior-year quarter. Free cash flow amounted to USD 6.3 billion (+37% USD), compared with USD 4.6 billion in the prior-year quarter, driven by higher net cash flows from operating activities.

First half

Net sales

Net sales were USD 27.3 billion (+12%, +13% cc), with volume contributing 14 percentage points to growth. Generic competition had a negative impact of 2 percentage points, pricing had a positive impact of 1 percentage point, benefiting from revenue deduction adjustments mainly in the US, and currency had a negative impact of 1 percentage point. Sales in the US were USD 12.0 billion (+23%) and in the rest of the world USD 15.3 billion (+5%, +6% cc).

Sales growth was mainly driven by continued strong performance from *Entresto* (USD 4.6 billion, +22%, +22% cc), *Kisqali* (USD 2.1 billion, +59%, +60% cc), *Kesimpta* (USD 2.0 billion, +38%, +38% cc), *Cosentyx* (USD 3.2 billion, +11%, +11% cc) and *Scemblix* (USD 536 million, +79%, +78% cc), partly offset by generic competition, mainly for *Lucentis*, *Gilenya* and *Tasigna*.

In the US (USD 12.0 billion, +23%), sales growth was mainly driven by *Kisqali*, *Entresto*, *Kesimpta*, *Cosentyx* and *Scemblix*, partly offset by the impact of generic competition on *Tasigna* and *Sandostatin* Group. In Europe (USD 8.1 billion, +6%, +5% cc), sales growth was mainly driven by *Kesimpta*, *Entresto*, *Pluvicto*, *Cosentyx* and *Leqvio,* partly offset by generic competition, mainly for *Lucentis* and *Gilenya*. Sales in emerging growth markets were USD 7.1 billion (+6%, +10% cc), including USD 2.2 billion of sales from China (+8%, +8% cc).

Operating income

Operating income was USD 9.5 billion (+29%, +33% cc), mainly driven by higher net sales and contingent consideration adjustments, partly offset by higher investments behind priority brands and launches. Operating income margin was 34.9% of net sales, increasing 4.6 percentage points (5.4 percentage points cc). Other revenue as a percentage of net sales increased by 1.6 percentage points (1.6 percentage points cc). Cost of goods sold as a percentage of net sales decreased by 1.8 percentage points (2.1 percentage points cc). R&D expenses as a percentage of net sales decreased by 1.0 percentage point (1.4 percentage points cc). SG&A expenses as a percentage of net sales decreased by 0.5 percentage points (0.7 percentage points cc). Other income and expense as a percentage of net sales decreased the margin by 0.3 percentage points (0.4 percentage points cc).

Core adjustments were USD 2.0 billion, mainly due to amortization, compared with USD 2.1 billion in the prior year. Core adjustments decreased compared with the prior year, mainly due to contingent consideration adjustments.

Core operating income was USD 11.5 billion (+21%, +24% cc), mainly driven by higher net sales, partly offset by higher investments behind priority brands and launches. Core operating income margin was 42.1% of net sales, increasing 3.1 percentage points (3.7 percentage points cc). Core other revenue as a percentage of net sales increased by 0.3 percentage points (cc). Core cost of goods sold as a percentage of net sales decreased by 1.0 percentage point (cc). Core R&D expenses as a percentage of net sales decreased by 0.9 percentage points (cc). Core SG&A expenses as a percentage of net sales decreased by 0.7 percentage points (cc). Core other income and expense as a percentage of net sales increased the margin by 0.8 percentage points (cc).

Interest expense and other financial income/expense

Interest expense amounted to USD 559 million compared to USD 467 million in the prior year, mainly due to higher financial debt.

Other financial income and expense amounted to an expense of USD 24 million compared to an income of USD 81 million in the prior year, mainly due to lower interest and other financial income, and higher currency losses, partially offset by lower monetary loss from hyperinflation accounting.

Core other financial income and expense amounted to an income of USD 33 million compared to USD 156 million in the prior year, mainly due to lower interest income and higher currency losses.

Income taxes

The tax rate in the first half was 14.6% compared to 14.9% in the prior year. The current year tax rate was favorably impacted by changes in uncertain tax positions partially offset by the effect of remeasuring deferred tax balances following a tax rate change in Switzerland, which is effective January 1, 2026, prior-year items and other items. The prior year tax rate was favorably impacted by the effect of changes in uncertain tax positions. Excluding these impacts, the current and prior year tax rate would have been 15.5% and 16.3% respectively. The decrease from the prior year was mainly the result of a change in profit mix.

The core tax rate (core taxes as a percentage of core income before tax) was 16.2% compared to 16.2% in the prior year.

Net income, EPS and free cash flow

Net income was USD 7.6 billion (+29%, +31% cc), mainly driven by higher operating income, partly offset by higher income taxes, interest expense and other financial income and expense. EPS was USD 3.91 (+34%, +37% cc), benefiting from the lower weighted average number of shares outstanding.

Core net income was USD 9.2 billion (+20%, +22% cc), mainly due to higher core operating income, partly offset by higher income taxes, interest expense and other financial income and expense. Core EPS was USD 4.69 (+24%, +27% cc), benefiting from the lower weighted average number of shares outstanding.

Net cash flows from operating activities amounted to USD 10.3 billion, compared with USD 7.1 billion in the prior-year period. Free cash flow amounted to USD 9.7 billion (+46% USD), compared with USD 6.7 billion in the prior-year period, driven by higher net cash flows from operating activities.

PRODUCT COMMENTARY (RELATING TO Q2 PERFORMANCE)

CARDIOVASCULAR, RENAL AND METABOLIC

	Q2 2025 USD m	Q2 2024 USD m	% change USD	% change cc	**H1 2025 USD m**	H1 2024 USD m	% change USD	% change cc
Cardiovascular, renal and metabolic								
Entresto	2 357	1 898	24	22	4 618	3 777	22	22
Leqvio	298	182	64	61	555	333	67	66
Total cardiovascular, renal and metabolic	**2 655**	**2 080**	**28**	**26**	**5 173**	**4 110**	**26**	**26**

Entresto (USD 2 357 million, +24%, +22% cc) sales grew driven by the heart failure indication in the US and Europe, and both heart failure and hypertension in China and Japan. In the US, Novartis is in litigation with a generic manufacturer and FDA to protect its *Entresto* IP and regulatory rights. Any US commercial launch of a generic *Entresto* product prior to the final outcome of these litigations may be at risk of later litigation developments.

Leqvio (USD 298 million, +64%, +61% cc) sales grew across all regions. Focus remains on increased account and patient adoption and continuing medical education. *Leqvio* is registered in more than 106 countries worldwide and commercially available in 86 countries. Novartis obtained global rights to develop, manufacture and commercialize *Leqvio* under a license and collaboration agreement with Alnylam Pharmaceuticals.

IMMUNOLOGY

	Q2 2025 USD m	Q2 2024 USD m	% change USD	% change cc	**H1 2025 USD m**	H1 2024 USD m	% change USD	% change cc
Immunology								
Cosentyx	1 629	1 526	7	6	3 163	2 852	11	11
Xolair [1]	443	427	4	2	899	826	9	10
Ilaris	477	368	30	27	896	724	24	24
Total immunology	**2 549**	**2 321**	**10**	**9**	**4 958**	**4 402**	**13**	**13**

[1] Net sales to third parties reflect *Xolair* sales for all indications.

Cosentyx (USD 1 629 million, +7%, +6% cc) sales grew mainly in the US and Europe, driven by continued demand from recent 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 1.8 million patients across 8 indications.

Xolair (USD 443 million, ex-US +4%, +2% cc) showed slight growth, driven by the CSU indication. 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 477 million, +30%, +27% cc) sales grew across all regions, led by the US, Europe and Japan. Contributors to growth include strong performance in the Periodic Fever Syndromes and Still's disease indications.

NEUROSCIENCE

	Q2 2025 USD m	Q2 2024 USD m	% change USD	% change cc	**H1 2025 USD m**	H1 2024 USD m	% change USD	% change cc
Neuroscience								
Kesimpta	1 077	799	35	33	1 976	1 436	38	38
Zolgensma	297	349	-15	-17	624	644	-3	-3
Aimovig	83	77	8	3	159	153	4	3
Total neuroscience	**1 457**	**1 225**	**19**	**17**	**2 759**	**2 233**	**24**	**23**

Kesimpta (USD 1 077 million, +35%, +33% 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 at-home self-administration for a broad population of RMS patients. *Kesimpta* is now approved in 92 countries with more than 155,000 patients treated.

Zolgensma (USD 297 million, –15%, –17% cc) sales declined reflecting a lower incidence of SMA compared to prior year, while demand remained robust. *Zolgensma* is now approved in 60 countries, with over 5,000 patients treated globally through clinical trials, early access programs, and commercial use.

Aimovig (USD 83 million, +8%, +3% cc) sales grew 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

	Q2 2025 USD m	Q2 2024 USD m	% change USD	% change cc	**H1 2025 USD m**	H1 2024 USD m	% change USD	% change cc
Oncology								
Kisqali	1177	717	64	64	2 133	1 344	59	60
Tafinlar + Mekinist [1]	573	523	10	7	1 125	997	13	13
Promacta/Revolade	502	544	-8	-9	1 048	1 064	-2	-1
Jakavi	524	471	11	8	1 016	949	7	8
Pluvicto	454	345	32	30	825	655	26	26
Tasigna	327	446	-27	-27	704	841	-16	-15
Scemblix	298	164	82	79	536	300	79	78
Lutathera	207	175	18	17	400	344	16	16
Piqray/Vijoice	111	120	-8	-8	211	229	-8	-8
Fabhalta [2]	120	22	nm	nm	201	28	nm	nm
Total oncology	**4 293**	**3 527**	**22**	**20**	**8 199**	**6 751**	**21**	**22**

[1] Majority of sales for *Mekinist* and *Tafinlar* are combination, but both can be used as monotherapy.
[2] Net sales to third parties reflect *Fabhalta* sales for all indications.
nm = not meaningful

Kisqali (USD 1 177 million, +64%, +64% cc) sales grew strongly across all regions, including +100% growth in the US, reflecting continued share gains in HR+/HER2- metastatic breast cancer (mBC), as well as leading NBRx share across both exclusive and overlapping patient segments in HR+/HER2- early breast cancer (eBC). *Kisqali* performance is underpinned by increasing recognition of the consistently demonstrated overall survival benefit across all Phase III clinical trials in mBC, Category 1 preferred NCCN Guidelines recommendation and highest ESMO-MCBS score in both mBC and eBC.

Tafinlar + Mekinist (USD 573 million, +10%, +7% cc) sales grew across most regions, driven by demand in BRAF+ adjuvant melanoma, NSCLC and tumor agnostic indications, while maintaining demand in the highly competitive BRAF+ metastatic melanoma market.

Promacta/Revolade (USD 502 million, –8%, –9% cc) sales declined due to discontinued promotion in most markets and recent generic entry in the US in May 2025.

Jakavi (USD 524 million, +11%, +8% cc) sales grew across all regions driven by strong demand in all indications. Incyte retains all rights to ruxolitinib (Jakafi®) in the US.

Pluvicto (USD 454 million, +32%, +30% cc) showed encouraging demand uptake in the US following the pre-taxane metastatic castration-resistant prostate cancer (mCRPC) approval, as well as continued access expansion ex-US in the post-taxane mCRPC setting. *Pluvicto* is the only PSMA-targeted radioligand therapy approved by the FDA to significantly delay progression after one ARPI and now before chemotherapy, for the treatment of adult patients with progressive, PSMA+ mCRPC. *Pluvicto* is now on the market in several ex-US countries in the mCRPC post-taxane setting.

Tasigna (USD 327 million, –27%, –27% cc) sales declined due to lower demand and increasing competition including recent generic entry in the US in May 2025.

Scemblix (USD 298 million, +82%, +79% cc) sales grew across all regions, demonstrating the 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 a steady influx of early-line patients in the US following approval in late 2024. As of Q1 2025, 20 ex-US markets have secured approval in early lines, including Japan and China.

Lutathera (USD 207 million, +18%, +17% cc) sales grew mainly in the US, Europe and Japan 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*.

Piqray/Vijoice (USD 111 million, –8%, –8% cc) sales declined, driven by increased competition for *Piqray* in the US, partially offset by higher demand for *Vijoice*.

Fabhalta (USD 120 million) sales grew driven by continued launch execution across all markets in PNH globally as well as recent renal launches in IgAN and C3G in the US.

ESTABLISHED BRANDS

	Q2 2025 USD m	Q2 2024 USD m	% change USD	% change cc	**H1 2025 USD m**	H1 2024 USD m	% change USD	% change cc
Established brands								
Sandostatin Group	303	313	-3	-3	620	668	-7	-6
Exforge Group	191	178	7	7	370	370	0	3
Lucentis	173	275	-37	-39	362	589	-39	-38
Diovan Group	154	160	-4	-4	304	300	1	3
Galvus Group	123	150	-18	-17	247	299	-17	-14
Kymriah	99	113	-12	-14	199	233	-15	-15
Contract manufacturing	276	271	2	-3	619	550	13	12
Other	1 781	1 899	-6	-5	3 477	3 836	-9	-7
Total established brands	**3 100**	**3 359**	**-8**	**-8**	**6 198**	**6 845**	**-9**	**-8**

***Sandostatin* Group** (USD 303 million, –3%, –3% cc) sales declined primarily due to erosion from generic competition.

***Exforge* Group** (USD 191 million, +7%, +7% cc) sales grew mainly in emerging growth markets and Europe.

Lucentis (USD 173 million, ex-US –37%, –39% cc) sales declined in Europe, China, Japan and emerging growth markets, mainly due to increased competition activities. Novartis only commercializes *Lucentis* in markets ex-US.

***Diovan* Group** (USD 154 million, –4%, –4% cc) sales declined mainly in emerging growth markets due to competition.

***Galvus* Group** (USD 123 million, –18%, –17% cc) sales declined mainly in Japan, Europe and some emerging growth markets due to competition.

Kymriah (USD 99 million, –12%, –14% cc) sales declined across most markets, partly offset by increased uptake in the follicular lymphoma indication ex-US.

Cash Flow and Balance Sheet

Cash flow

Second quarter

Net cash flows from operating activities amounted to USD 6.7 billion, compared with USD 4.9 billion in the prior-year quarter. This increase was mainly driven by higher net income, adjusted for non-cash items and other adjustments, as well as favorable hedging results and favorable changes in working capital, partly offset by higher income taxes paid.

Net cash outflows used in investing activities amounted to USD 2.2 billion, compared with USD 3.2 billion in the prior-year quarter.

In the current-year quarter, net cash outflows used in investing activities were mainly driven by USD 1.5 billion for acquisitions, applying the optional concentration test, net of USD 0.1 billion in cash acquired (Anthos Therapeutics, Inc. for USD 0.8 billion and Regulus Therapeutics Inc. for USD 0.7 billion). Cash outflows for purchases of property, plant and equipment amounted to USD 0.3 billion, and for intangible assets USD 0.2 billion.

In the prior-year quarter, net cash outflows used in investing activities of USD 3.2 billion were mainly driven by USD 3.3 billion for acquisitions and divestments of businesses including 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 AG for USD 2.3 billion (USD 2.5 billion, net of cash acquired of USD 0.2 billion). Cash outflows for purchases of intangible assets amounted to USD 0.5 billion and of property, plant and equipment amounted to USD 0.3 billion. These were partly offset by cash inflows of USD 0.6 billion from the sale of financial assets (including USD 0.6 billion proceeds from the sale of Sandoz Group AG shares by consolidated foundations); and by net proceeds of USD 0.2 billion from the sale of marketable securities, commodities and time deposits.

Net cash outflows used in financing activities amounted to USD 5.2 billion, compared with USD 3.2 billion in the prior-year quarter.

In the current-year quarter, net cash outflows used in financing activities were mainly driven by USD 2.7 billion for net treasury share transactions; the USD 2.5 billion payment of Swiss withholding tax (in April 2025 when it was due) on the annual dividend payment made in the first quarter 2025, and USD 0.6 billion for the repayment at maturity of a Swiss franc denominated bond (notional amount of CHF 0.5 billion). These cash outflows were partly offset by the net increase in current financial debts of USD 0.9 billion.

In the prior year-quarter, net cash outflows used in financing activities of USD 3.2 billion were mainly driven by the USD 2.4 billion payment (in April 2024 when it was due) of Swiss withholding tax on the annual dividend payment made in the first quarter 2024. Payments for treasury share transactions resulted in a net cash outflow of USD 1.6 billion and the repayment of a US dollar bond at maturity amounted to USD 2.15 billion. These were partly offset by cash inflows from the issuance of Swiss franc denominated bonds of USD 2.5 billion (notional amount of CHF 2.2 billion) and the net increase in current financial debts of USD 0.6 billion.

Free cash flow amounted to USD 6.3 billion (+37% USD), compared with USD 4.6 billion in the prior-year quarter, driven by higher net cash flows from operating activities.

First half

Net cash flows from operating activities amounted to USD 10.3 billion, compared with USD 7.1 billion in the prior-year period. This increase was mainly driven by higher net income, adjusted for non-cash items and other adjustments, as well as favorable changes in working capital.

Net cash outflows used in investing amounted to USD 1.9 billion, compared with USD 4.1 billion in the prior-year period.

In the current-year period, net cash outflows used in investing activities were mainly driven by USD 1.5 billion for purchases of intangible assets and by USD 1.5 billion for acquisitions, applying the optional concentration test, net of USD 0.1 billion in cash acquired (Anthos Therapeutics, Inc. for USD 0.8 billion and Regulus Therapeutics Inc. for USD 0.7 billion). Cash outflows for purchases of property, plant and equipment amounted to USD 0.6 billion. These cash outflows were partly offset by the net proceeds of USD 1.8 billion from marketable securities, commodities and time deposits, mainly due to the maturity of time deposits.

In the prior-year period, net cash outflows used in investing activities of USD 4.1 billion were mainly driven by USD 3.6 billion for acquisitions and divestments of businesses including 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 AG for USD 2.3 billion (USD 2.5 billion, net of cash acquired of USD 0.2 billion). Cash outflows for purchases of intangible assets amounted to USD 1.4 billion; of property, plant and equipment amounted to USD 0.5 billion; and of financial assets amounted to USD 0.1 billion. These were partly offset by cash inflows of USD 0.7 billion from the sale of financial assets (including USD 0.6 billion proceeds from the sale of Sandoz Group AG shares by consolidated foundations); and by net proceeds of USD 0.7 billion from the sale of marketable securities, commodities and time deposits.

Net cash outflows used in financing activities amounted to USD 13.8 billion, compared with USD 8.4 billion in the prior-year period.

In the current-year period, net cash outflows used in financing activities were mainly driven by USD 7.8 billion for the annual dividend payment and USD 5.4 billion in net payments for treasury share transactions. Cash outflows also included USD 1.6 billion for the repayment of two bonds at maturity, comprising a US dollar denominated bond with a notional amount of USD 1.0 billion and a Swiss franc denominated bond with a notional amount of CHF 0.5 billion, equivalent to USD 0.6 billion. These cash outflows were partly offset by the net increase in current financial debts of USD 1.4 billion.

The prior-year period net cash outflows used in financing activities of USD 8.4 billion were mainly driven by USD 7.6 billion for the annual dividend payment; USD 2.7 billion for net treasury share transactions; and the repayment of a US dollar bond at maturity of USD 2.15 billion. These were partly offset by cash inflows from the issuance of Swiss franc denominated bonds of USD 2.5 billion (notional amount of CHF 2.2 billion) and the net increase in current financial debts of USD 1.8 billion.

Free cash flow amounted to USD 9.7 billion (+46% USD), compared with USD 6.7 billion in the prior-year period, driven by higher net cash flows from operating activities.

Balance sheet

Assets

Total non-current assets of USD 78.5 billion increased by USD 5.9 billion compared to December 31, 2024.

Intangible assets other than goodwill increased by USD 2.3 billion, mainly due to additions and favorable currency translation adjustments, partially offset by amortization.

Goodwill increased by USD 0.8 billion due to favorable currency translation adjustments.

Property, plant and equipment increased by USD 0.9 billion, mainly due to favorable currency translation adjustments and additions, partially offset by depreciation.

Other non-current assets increased by USD 1.0 billion, mainly due to the increase in prepaid post-employment benefit plans, primarily resulting from changes in the discount rates used to calculate the actuarial defined benefit obligations, and favorable currency translation adjustments.

Deferred tax assets increased by USD 0.8 billion. Right-of-use assets, investments in associated companies and financial assets were broadly in line with December 31, 2024.

Total current assets of USD 25.9 billion decreased by USD 3.8 billion compared to December 31, 2024.

Cash and cash equivalents decreased by USD 4.8 billion as cash inflows from operating activities of USD 10.3 billion and net proceeds from sale of marketable securities, commodities and time deposits of USD 1.8 billion were more than offset by cash outflows of USD 7.8 billion for the annual dividend payment, USD 5.4 billion for net purchases of treasury shares, USD 1.5 billion for the acquisitions of Anthos Therapeutics, Inc. and Regulus Therapeutics Inc., and USD 1.5 billion for purchases of intangible assets and USD 0.7 billion for other net cash outflows from investing and financing activities, partially offset by currency effects.

Marketable securities, commodities, time deposits and derivative financial instruments decreased by USD 1.7 billion, mainly due to the maturity of time deposits.

Trade receivables increased by USD 1.6 billion, mainly due to the increase in net sales.

Inventories increased by USD 0.6 billion and other current assets increased by USD 0.5 billion. Income tax receivables were broadly in line with December 31, 2024.

Liabilities

Total non-current liabilities of USD 30.6 billion increased by USD 1.2 billion compared to December 31, 2024.

Non-current financial debts increased by USD 1.1 billion due to unfavorable currency translation adjustments.

Provisions and other non-current liabilities, non-current lease liabilities and deferred tax liabilities were broadly in line with December 31, 2024.

Total current liabilities of USD 31.7 billion increased by USD 3.0 billion compared to December 31, 2024.

Provisions and other current liabilities increased by USD 1.8 billion mainly driven by the increase in provisions for deductions from revenue and provisions for legal matters.

Current income tax liabilities increased by USD 1.2 billion. Current financial debts and derivative financial instruments, trade payables and current lease liabilities were broadly in line with December 31, 2024.

Equity

The Company's equity decreased by USD 2.1 billion to USD 42.1 billion compared with December 31, 2024.

This decrease was mainly driven by the net income of USD 7.6 billion and favorable impact from currency translation differences of USD 2.8 billion being more than offset by the annual dividends to Novartis AG shareholders of USD 7.8 billion and the purchase of treasury shares of USD 5.5 billion.

Net debt and debt/equity ratio

The Company's liquidity amounted to USD 7.0 billion as at June 30, 2025, compared with USD 13.5 billion as at December 31, 2024. Total non-current and current financial debts, including derivatives, amounted to USD 30.8 billion as at June 30, 2025, compared with USD 29.6 billion as at December 31, 2024.
The debt/equity ratio increased to 0.73:1 as at June 30, 2025, compared with 0.67:1 as at December 31, 2024.
The net debt increased to USD 23.8 billion as at June 30, 2025, compared with USD 16.1 billion as at December 31, 2024.

Innovation Review

Novartis continues to focus its R&D portfolio prioritizing high value medicines with transformative potential for patients. We now focus on ~100 projects in clinical development.

Selected Innovative Medicines approvals in Q2

Product	Active ingredient/ Descriptor	Indication	Region
Vanrafia	atrasentan	IgA nephropathy	US
Kisqali	ribociclib	Hormone receptor-positive / human epidermal growth factor receptor 2-negative early breast cancer (adjuvant)	China
Scemblix	asciminib	1L chronic myeloid leukemia	Japan and China
Fabhalta	iptacopan	C3 glomerulopathy	Japan
Coartem Baby	artemether and lumefantrine	Malaria (<5kg patients)	Switzerland

Selected Innovative Medicines projects awaiting regulatory decisions

		Completed submissions			
Product	**Indication**	**US**	**EU**	**Japan**	**News update**
LOU064 (remibrutinib)	Chronic spontaneous urticaria	Q1 2025	Q1 2025		
Scemblix	1L chronic myeloid leukemia	Approved	Q1 2025	Approved	– Japan and China approvals
OAV101	Spinal muscular atrophy (IT formulation)	Q2 2025	Q2 2025		– EU and US submissions
Lutathera	Gastroenteropancreatic neuroendocrine tumors, 1L in G2/3 tumors		Q2 2024		– EU submission withdrawn (unrelated to quality, efficacy or safety of *Lutathera*)
Beovu	Diabetic retinopathy			Q4 2024	

Selected Innovative Medicines pipeline projects

Compound/ product	Potential indication/ Disease area	First planned submissions	Current Phase	News update
^{225}Ac-PSMA-617	Metastatic castration-resistant prostate cancer	≥2028	3	– PhIII started
Aimovig	Migraine, pediatrics	≥2028	3	
Cosentyx	Giant cell arteritis		3	– PhIII GCAptAIN study did not meet primary endpoint
	Polymyalgia rheumatica	2026	3	
DAK539 (pelabresib)	Myelofibrosis		3	– MorphoSys aquisition – Based on Novartis review of 48-week data from the PhIII MANIFEST-2 study, longer follow-up time is needed to determine, in consultation with Health Authorities, the regulatory path for pelabresib in myelofibrosis
FUB523 (zigakibart)	IgA nephropathy	2027	3	– Updated results from the PhI/II presented at ERA
GHZ339	Atopic dermatitis	≥2028	2	– PhII started
JSB462	Prostate cancer	≥2028	2	– PhIIs started
KAE609 (cipargamin)	Malaria, uncomplicated	≥2028	2	
	Malaria, severe	≥2028	2	
Kesimpta	Multiple sclerosis new dosing regimen	≥2028	3	
KLU156 (ganaplacide + lumefantrine)	Malaria, uncomplicated	2026	3	– FDA Orphan Drug designation – FDA Fast Track designation
Leqvio	Secondary prevention of cardiovascular events in patients with elevated LDL-C	2027	3	
	Primary prevention CVRR	≥2028	3	

Compound/ product	Potential indication/ Disease area	First planned submissions	Current Phase	News update
LNP023 (iptacopan)	Myasthenia gravis	2027	3	
	IC-MPGN	≥2028	3	
	Atypical haemolytic uraemic syndrome	≥2028	3	
LOU064 (remibrutinib)	CINDU	2026	3	
	Food allergy	≥2028	2	– PhII study met primary endpoint
	Hidradenitis suppurativa	≥2028	3	
	Multiple sclerosis	2027	3	
	Myasthenia gravis	≥2028	3	
Lutathera	GEP-NETs	≥2028	3	
^{177}Lu-NeoB	Multiple solid tumors	≥2028	1	
LXE408	Visceral leishmaniasis	≥2028	2	– FDA Orphan Drug designation
MAA868 (abelacimab)	Atrial fibrillation	2027	3	
Pluvicto	Metastatic hormone sensitive prostate cancer	2025	3	– PSMAddition met primary endpoint with a statistically significant and clinically meaningful benefit in rPFS in patients treated with *Pluvicto* plus SoC versus SoC alone
	Oligometastatic prostate cancer	≥2028	3	
QCZ484	Hypertension	≥2028	2	
TQJ230 (pelacarsen)	Secondary prevention of cardiovascular events in patients with elevated levels of lipoprotein(a)	2026	3	– FDA Fast Track designation – China Breakthrough Therapy designation
VAY736 (ianalumab)	Sjögren's disease	2026	3	– FDA Fast Track designation
	Lupus nephritis	≥2028	3	
	Systemic lupus erythematosus	≥2028	3	
	Systemic sclerosis	≥2028	2	
	1L immune thrombocytopenia	2027	3	
	2L immune thrombocytopenia	2027	3	
	Warm autoimmune hemolytic anemia	2027	3	
Vijoice	Lymphatic malformations	≥2028	3	– US, EU Orphan Drug designation
YTB323	Severe refractory lupus nephritis / Systemic lupus erythematosus	≥2028	2	– srSLE PhI/II data in 21 patients presented at EULAR
	1L high-risk large B-cell lymphoma	≥2028	2	
	Systemic sclerosis	≥2028	2	
	Myositis	≥2028	2	
	ANCA associated vasculitis	≥2028	2	

Condensed Interim Consolidated Financial Statements

Consolidated income statements

Second quarter (unaudited)

(USD millions unless indicated otherwise)	Note	**Q2 2025**	Q2 2024
Net sales to third parties	9	**14 054**	**12 512**
Other revenues	9	782	360
Cost of goods sold		-3 322	-3 173
Gross profit		**11 514**	**9 699**
Selling, general and administration		-3 442	-3 091
Research and development		-2 727	-2 367
Other income		548	273
Other expense		-1 029	-500
Operating income		**4 864**	**4 014**
Loss from associated companies		-3	-2
Interest expense		-289	-246
Other financial income and expense		-41	75
Income before taxes		**4 531**	**3 841**
Income taxes		-507	-595
Net income		**4 024**	**3 246**
Attributable to:			
Shareholders of Novartis AG		*4 041*	*3 246*
Non-controlling interests		*-17*	*0*
Weighted average number of shares outstanding – Basic (million)		1 948	2 033
Basic earnings per share (USD) [1]		**2.07**	**1.60**
Weighted average number of shares outstanding – Diluted (million)		1 960	2 046
Diluted earnings per share (USD) [1]		**2.06**	**1.59**

[1] Earnings per share (EPS) is calculated on the amount of net income attributable to shareholders of Novartis AG.
The accompanying Notes form an integral part of the condensed interim consolidated financial statements

Consolidated income statements

First half (unaudited)

(USD millions unless indicated otherwise)	Note	**H1 2025**	H1 2024
Net sales to third parties	9	**27 287**	**24 341**
Other revenues	9	1 169	651
Cost of goods sold		-6 549	-6 269
Gross profit		**21 907**	**18 723**
Selling, general and administration		-6 500	-5 931
Research and development		-5 093	-4 788
Other income		774	522
Other expense		-1 561	-1 139
Operating income		**9 527**	**7 387**
Loss from associated companies		-6	-31
Interest expense		-559	-467
Other financial income and expense		-24	81
Income before taxes		**8 938**	**6 970**
Income taxes		-1 305	-1 036
Net income		**7 633**	**5 934**
Attributable to:			
Shareholders of Novartis AG		*7 647*	*5 934*
Non-controlling interests		*-14*	*0*
Weighted average number of shares outstanding – Basic (million)		1 958	2 038
Basic earnings per share (USD) [1]		**3.91**	**2.91**
Weighted average number of shares outstanding – Diluted (million)		1 970	2 052
Diluted earnings per share (USD) [1]		**3.88**	**2.89**

[1] Earnings per share (EPS) is calculated on the amount of net income attributable to shareholders of Novartis AG.
The accompanying Notes form an integral part of the condensed interim consolidated financial statements

Consolidated statements of comprehensive income

Second quarter (unaudited)

(USD millions)	Note	**Q2 2025**	Q2 2024
Net income		**4 024**	**3 246**
Other comprehensive income			
Items that are or may be recycled into the consolidated income statement			
Net investment hedge, net of taxes	5	-173	14
Currency translation effects, net of taxes		2 114	40
Total of items that are or may be recycled		1 941	54
Items that will never be recycled into the consolidated income statement			
Actuarial gains from defined benefit plans, net of taxes		44	57
Fair value adjustments on equity securities, net of taxes		3	94
Total of items that will never be recycled		47	151
Total other comprehensive income		**1 988**	**205**
Total comprehensive income		**6 012**	**3 451**
Total comprehensive income for the period attributable to:			
Shareholders of Novartis AG		*6 028*	*3 453*
Non-controlling interests		*-16*	*-2*

The accompanying Notes form an integral part of the condensed interim consolidated financial statements

First half (unaudited)

(USD millions)	Note	**H1 2025**	H1 2024
Net income		**7 633**	**5 934**
Other comprehensive income			
Items that are or may be recycled into the consolidated income statement			
Cash flow hedge, net of taxes		1	
Net investment hedge, net of taxes	5	-233	51
Currency translation effects, net of taxes		2 834	-1 364
Total of items that are or may be recycled		2 602	-1 313
Items that will never be recycled into the consolidated income statement			
Actuarial gains from defined benefit plans, net of taxes		480	136
Fair value adjustments on equity securities, net of taxes		-53	119
Total of items that will never be recycled		427	255
Total other comprehensive income		**3 029**	**-1 058**
Total comprehensive income		**10 662**	**4 876**
Total comprehensive income for the period attributable to:			
Shareholders of Novartis AG		*10 674*	*4 880*
Non-controlling interests		*-12*	*-4*

The accompanying Notes form an integral part of the condensed interim consolidated financial statements

Consolidated balance sheets

(USD millions)	**Jun 30, 2025 (unaudited)**	Dec 31, 2024 (audited)
Assets		
Non-current assets		
Property, plant and equipment	10 380	9 458
Right-of-use assets	1 446	1 415
Goodwill	25 553	24 756
Intangible assets other than goodwill	29 240	26 915
Investments in associated companies	92	119
Deferred tax assets	5 202	4 359
Financial assets	2 069	2 015
Other non-current assets	4 474	3 505
Total non-current assets	**78 456**	**72 542**
Current assets		
Inventories	6 307	5 723
Trade receivables	9 056	7 423
Income tax receivables	120	133
Marketable securities, commodities, time deposits and derivative financial instruments	344	1 998
Cash and cash equivalents	6 656	11 459
Other current assets	3 456	2 968
Total current assets	**25 939**	**29 704**
Total assets	**104 395**	**102 246**
Equity and liabilities		
Equity		
Share capital	766	793
Treasury shares	-33	-53
Reserves	41 252	43 306
Equity attributable to Novartis AG shareholders	**41 985**	**44 046**
Non-controlling interests	69	80
Total equity	**42 054**	**44 126**
Liabilities		
Non-current liabilities		
Financial debts	22 470	21 366
Lease liabilities	1 594	1 568
Deferred tax liabilities	2 321	2 419
Provisions and other non-current liabilities	4 242	4 075
Total non-current liabilities	**30 627**	**29 428**
Current liabilities		
Trade payables	4 506	4 572
Financial debts and derivative financial instruments	8 314	8 232
Lease liabilities	259	235
Current income tax liabilities	2 826	1 599
Provisions and other current liabilities	15 809	14 054
Total current liabilities	**31 714**	**28 692**
Total liabilities	**62 341**	**58 120**
Total equity and liabilities	**104 395**	**102 246**

The accompanying Notes form an integral part of the condensed interim consolidated financial statements

Consolidated statements of changes in equity

Second quarter (unaudited)

(USD millions)	Note	Share capital	Treasury shares	Reserves: Retained earnings	Reserves: Total value adjustments	Equity attributable to Novartis AG shareholders	Non-controlling interests	Total equity
Total equity at April 1, 2025		**766**	**-19**	**39 839**	**-2 217**	**38 369**	**83**	**38 452**
Net income				4 041		4 041	-17	4 024
Other comprehensive income					1 987	1 987	1	1 988
Total comprehensive income				**4 041**	**1 987**	**6 028**	**-16**	**6 012**
Purchase of treasury shares			-15	-2 702		-2 717		-2 717
Equity-based compensation plans			1	283		284		284
Taxes on treasury share transactions				-2		-2		-2
Changes in non-controlling interests							2	2
Value adjustments related to financial assets sold and divestments				45	-45			
Other movements	4.3			23		23		23
Total of other equity movements			**-14**	**-2 353**	**-45**	**-2 412**	**2**	**-2 410**
Total equity at June 30, 2025		**766**	**-33**	**41 527**	**-275**	**41 985**	**69**	**42 054**

The accompanying Notes form an integral part of the condensed interim consolidated financial statements

(USD millions)	Note	Share capital	Treasury shares	Reserves: Retained earnings	Reserves: Total value adjustments	Equity attributable to Novartis AG shareholders	Non-controlling interests	Total equity
Total equity at April 1, 2024		**793**	**-17**	**43 834**	**-4 935**	**39 675**	**81**	**39 756**
Net income				3 246		3 246	0	3 246
Other comprehensive income					207	207	-2	205
Total comprehensive income				**3 246**	**207**	**3 453**	**-2**	**3 451**
Purchase of treasury shares			-9	-1 663		-1 672		-1 672
Exercise of options and employee transactions				-1		-1		-1
Equity-based compensation			1	267		268		268
Shares delivered to Sandoz employees as a result of the Sandoz spin-off				2		2		2
Taxes on treasury share transactions				-12		-12		-12
Fair value adjustments on financial assets sold				143	-143			
Impact of change in ownership of consolidated entities				-28		-28	90	62
Other movements	4.3			48		48		48
Total of other equity movements			**-8**	**-1 244**	**-143**	**-1 395**	**90**	**-1 305**
Total equity at June 30, 2024		**793**	**-25**	**45 836**	**-4 871**	**41 733**	**169**	**41 902**

The accompanying Notes form an integral part of the condensed interim consolidated financial statements

Consolidated statements of changes in equity

First half (unaudited)

(USD millions)	Note	Share capital	Treasury shares	Reserves: Retained earnings	Reserves: Total value adjustments	Equity attributable to Novartis AG shareholders	Non-controlling interests	Total equity
Total equity at January 1, 2025		**793**	**-53**	**46 561**	**-3 255**	**44 046**	**80**	**44 126**
Net income				7 647		7 647	-14	7 633
Other comprehensive income					3 027	3 027	2	3 029
Total comprehensive income				**7 647**	**3 027**	**10 674**	**-12**	**10 662**
Dividends	4.1			-7 818		-7 818		-7 818
Purchase of treasury shares			-29	-5 480		-5 509		-5 509
Reduction of share capital		-27	42	-15				
Equity-based compensation plans			7	550		557		557
Taxes on treasury share transactions				-33		-33		-33
Changes in non-controlling interests				1		1	1	2
Value adjustments related to financial assets sold and divestments				47	-47			
Other movements	4.3			67		67		67
Total of other equity movements		**-27**	**20**	**-12 681**	**-47**	**-12 735**	**1**	**-12 734**
Total equity at June 30, 2025		**766**	**-33**	**41 527**	**-275**	**41 985**	**69**	**42 054**

The accompanying Notes form an integral part of the condensed interim consolidated financial statements

(USD millions)	Note	Share capital	Treasury shares	Reserves: Retained earnings	Reserves: Total value adjustments	Equity attributable to Novartis AG shareholders	Non-controlling interests	Total equity
Total equity at January 1, 2024		**825**	**-41**	**49 649**	**-3 766**	**46 667**	**83**	**46 750**
Net income				5 934		5 934	0	5 934
Other comprehensive income					-1 054	-1 054	-4	-1 058
Total comprehensive income				**5 934**	**-1 054**	**4 880**	**-4**	**4 876**
Dividends	4.1			-7 624		-7 624		-7 624
Purchase of treasury shares			-15	-2 798		-2 813		-2 813
Reduction of share capital		-32	26	6				
Exercise of options and employee transactions				-35		-35		-35
Equity-based compensation			5	547		552		552
Shares delivered to Sandoz employees as a result of the Sandoz spin-off				12		12		12
Taxes on treasury share transactions				8		8		8
Fair value adjustments on financial assets sold				51	-51			
Impact of change in ownership of consolidated entities				-28		-28	90	62
Other movements	4.3			114		114		114
Total of other equity movements		**-32**	**16**	**-9 747**	**-51**	**-9 814**	**90**	**-9 724**
Total equity at June 30, 2024		**793**	**-25**	**45 836**	**-4 871**	**41 733**	**169**	**41 902**

The accompanying Notes form an integral part of the condensed interim consolidated financial statements

Consolidated statements of cash flows

Second quarter (unaudited)

(USD millions)	Note	**Q2 2025**	Q2 2024
Net income		**4 024**	**3 246**
Adjustments to reconcile net income to net cash flows from operating activities			
Reversal of non-cash items and other adjustments	6.1	2 954	2 400
Dividends received from associated companies and others		1	1
Interest received		39	71
Interest paid		-248	-255
Change in other financial receipts		398	
Change in other financial payments		8	-65
Income taxes paid		-675	-473
Net cash flows from operating activities before working capital and provision changes		**6 501**	**4 925**
Payments out of provisions and other net cash movements in non-current liabilities		-279	-288
Change in net current assets and other operating cash flow items	6.2	442	238
Net cash flows from operating activities		**6 664**	**4 875**
Purchases of property, plant and equipment		-331	-260
Proceeds from sale of property, plant and equipment		1	37
Purchases of intangible assets		-227	-468
Proceeds from sale of intangible assets			20
Purchases of financial assets		-22	-45
Proceeds from sale of financial assets		20	647
Acquisitions and divestments of interests in associated companies, net		-3	-12
Acquisitions and divestments of businesses, net	6.3	-138	-3 319
Acquisitions applying optional concentration test	6.4	-1 537	
Purchases of marketable securities, commodities and time deposits		-36	-237
Proceeds from sale of marketable securities, commodities and time deposits		30	430
Net cash flows used in investing activities		**-2 243**	**-3 207**
Dividends paid to shareholders of Novartis AG	4.1	-2 485	-2 417
Purchases of treasury shares		-2 714	-1 616
Proceeds from exercised options and other treasury share transactions, net		20	25
Proceeds from non-current financial debts			2 473
Repayments of the current portion of non-current financial debts		-603	-2 150
Change in current financial debts		850	569
Payments of lease liabilities		-66	-59
Payments from changes in ownership interests in consolidated subsidiaries			-47
Other financing cash flows, net		-215	22
Net cash flows used in financing activities		**-5 213**	**-3 200**
Net change in cash and cash equivalents before effect of exchange rate changes		**-792**	**-1 532**
Effect of exchange rate changes on cash and cash equivalents		382	-34
Net change in cash and cash equivalents		**-410**	**-1 566**
Cash and cash equivalents at April 1		7 066	9 469
Cash and cash equivalents at June 30		**6 656**	**7 903**

The accompanying Notes form an integral part of the condensed interim consolidated financial statements

Consolidated statements of cash flows

First half (unaudited)

(USD millions)	Note	**H1 2025**	H1 2024
Net income		**7 633**	**5 934**
Adjustments to reconcile net income to net cash flows from operating activities			
Reversal of non-cash items and other adjustments	6.1	5 666	4 897
Dividends received from associated companies and others		1	1
Interest received		161	235
Interest paid		-480	-402
Other financial receipts		398	
Other financial payments		-13	-94
Income taxes paid		-1 215	-1 049
Net cash flows from operating activities before working capital and provision changes		**12 151**	**9 522**
Payments out of provisions and other net cash movements in non-current liabilities		-516	-631
Change in net current assets and other operating cash flow items	6.2	-1 326	-1 751
Net cash flows from operating activities		**10 309**	**7 140**
Purchases of property, plant and equipment		-585	-487
Proceeds from sale of property, plant and equipment		11	38
Purchases of intangible assets		-1 467	-1 397
Proceeds from sale of intangible assets			20
Purchases of financial assets		-40	-92
Proceeds from sale of financial assets		45	710
Acquisitions and divestments of interests in associated companies, net		-6	4
Acquisitions and divestments of businesses, net	6.3	-142	-3 598
Acquisitions applying optional concentration test	6.4	-1 537	
Purchases of marketable securities, commodities and time deposits		-73	-240
Proceeds from sale of marketable securities, commodities and time deposits		1 881	936
Net cash flows used in investing activities		**-1 913**	**-4 106**
Dividends paid to shareholders of Novartis AG	4.1	-7 818	-7 624
Purchases of treasury shares		-5 430	-2 715
Proceeds from exercised options and other treasury share transactions, net		21	25
Proceeds from non-current financial debts			2 473
Repayments of the current portion of non-current financial debts		-1 613	-2 150
Change in current financial debts		1 406	1 789
Payments of lease liabilities		-135	-126
Payments from changes in ownership interests in consolidated subsidiaries			-47
Other financing cash flows, net		-192	11
Net cash flows used in financing activities		**-13 761**	**-8 364**
Net change in cash and cash equivalents before effect of exchange rate changes		**-5 365**	**-5 330**
Effect of exchange rate changes on cash and cash equivalents		562	-160
Net change in cash and cash equivalents		**-4 803**	**-5 490**
Cash and cash equivalents at January 1		11 459	13 393
Cash and cash equivalents at June 30		**6 656**	**7 903**

The accompanying Notes form an integral part of the condensed interim consolidated financial statements

Notes to the Condensed Interim Consolidated Financial Statements for the three month and six month period ended June 30, 2025 (unaudited)

1. Basis of preparation

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.

These Condensed Interim Consolidated Financial Statements for the three month and six month period ended June 30, 2025, were prepared in accordance with International Accounting Standards (IAS®) Standards 34 Interim Financial Reporting and accounting policies set out in the 2024 Annual Report published on January 31, 2025.

2. Accounting policies

The Company's accounting policies are set out in Note 1 to the Consolidated Financial Statements in the 2024 Annual Report and conform with IFRS Accounting Standards as issued by the International Accounting Standards Board.

The preparation of financial statements requires management to make certain estimates and assumptions, either at the balance sheet date or during the period, which affect the reported amounts of revenues, expenses, assets, liabilities, 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.

As disclosed in the 2024 Annual Report, goodwill, and the intangible assets not available for use (in-process research and development (IPR&D)) are evaluated for impairment annually, or when facts and circumstances warrant. The intangible assets available for use (currently marketed products and other intangible assets) are evaluated for potential impairment whenever facts and circumstances indicate that their carrying value may not be recoverable. The amount of goodwill and other intangible assets other than goodwill on the Company's consolidated balance sheet has risen significantly in recent years, primarily from acquisitions. Impairment testing may lead to potentially significant impairment charges in the future that could have a materially adverse impact on the Company's results of operations and financial condition.

The Company's activities are not subject to significant seasonal fluctuations.

Status of adoption of significant new or amended IFRS standards or interpretations

No new IFRS Accounting Standards were adopted by the Company in 2025. There were no new IFRS Accounting Standards amendments or interpretations that became effective in 2025 that had a material impact on the Company's consolidated financial statements.

Based on the Company's assessment, other than IFRS 18 Presentation and Disclosure in Financial Statements that will become effective on January 1, 2027, which Novartis is currently assessing the impact of adopting, there were no IFRS Accounting Standards, amendments or interpretations not yet effective in 2025 that would be expected to have a material impact on the Company's consolidated financial statements.

3. Significant acquisitions of businesses

The following are the significant acquisitions of businesses where the Company applied the business combination acquisition method of accounting.

2025

In the first half of 2025, there were no acquisitions of businesses where the Company applied the business combination acquisition method of accounting.

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 the 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 2024 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 2024 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 tulmimetostat, 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 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 Depository 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 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 interests 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 2024 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 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 to the Consolidated Financial Statements in the Annual Report 2024 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 in the second half of 2024. 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.

Fair value of assets and liabilities acquired through business combinations

In the first half of 2025, there were no business combinations. The following table presents the fair value of the assets and liabilities acquired through business combinations and the total purchase consideration for the year ended December 31, 2024:

(USD millions)	Dec 31, 2024
Property, plant and equipment	20
Right-of-use assets	47
In-process research and development	1 424
Other intangible assets	1 156
Deferred tax assets	465
Non-current financial and other assets	31
Financial and other current assets	613
Cash and cash equivalents	242
Deferred tax liabilities	-799
Current and non-current financial debts	-852
Current and non-current lease liabilities	-47
Trade payables and other liabilities	-297
Net identifiable assets acquired	**2 003**
Non-controlling interests	-75
Goodwill	2 701
Total purchase consideration for business combinations	**4 629**

The significant business combinations in 2024, were Kate Therapeutics, Mariana Oncology and MorphoSys. The goodwill arising out of 2024 business combinations is not tax deductible and is attributable to synergies, including the cost synergies from pre-acquisition in-licensed IP from MorphoSys, accounting for deferred tax liabilities on acquired assets, and the assembled workforce. In the second half of 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 3 for additional information.

The following are the significant acquisitions where the Company elected to apply the optional concentration test to determine that the transaction is not a business combination within the meaning of IFRS Accounting Standards and accounted for the acquisition as assets separately acquired.

2025

Acquisition of Regulus Therapeutics Inc.

On April 30, 2025, Novartis entered into an agreement and plan of merger ("the Merger Agreement") to acquire Regulus Therapeutics Inc. ("Regulus"), a US-based, publicly traded clinical-stage biopharmaceutical company focused on developing microRNA therapeutics.

Pursuant to the Merger Agreement, on May 27, 2025, Novartis, through an indirect, wholly owned subsidiary, commenced a tender offer (the "Offer") to acquire all of the outstanding shares of common stock of Regulus in exchange for (i) USD 7.00 in cash per Share, plus (ii) one contingent value right (each, a "CVR") per Share, representing the right to receive one contingent payment of USD 7.00 in cash, upon the achievement of a specified regulatory milestone. The tender offer expired at one minute past 11:59 p.m., New York City time on June 24, 2025 with a payment of USD 0.7 billion for the outstanding shares to the Regulus shareholders for their tendered shares and the issuance of 1 CVR per share. Additionally, the liability related to the Regulus employee share plans amounted to USD 0.1 billion and was paid on July 11, 2025, with the issuance of 1 CVR per share. On June 25, 2025, the acquiring subsidiary merged with and into Regulus, resulting in Regulus becoming an indirect wholly owned subsidiary of Novartis, and Regulus shares admitted to trading on NASDAQ were voluntary delisted.

Regulus lead development phase asset, farabursen, is a potential first-in-class, next-generation oligonucleotide targeting miR-17 for the treatment of autosomal dominant polycystic kidney disease (ADPKD).

The purchase price consisted of cash consideration of USD 0.8 billion and CVRs of up to USD 0.9 billion, which Regulus shareholders are eligible to receive upon the achievement of a specified regulatory milestone. The cash purchase price was allocated to an IPR&D intangible asset of USD 0.8 billion, and other net assets including cash and cash equivalents of USD 23 million. Subsequent payments for the potential CVRs upon achievement of the specified regulatory milestone will be recognized as additions to the IPR&D intangible asset if the specified regulatory milestone is achieved.

Acquisition of Anthos Therapeutics, Inc.

On February 10, 2025, Novartis entered into an agreement and plan of merger to acquire Anthos Therapeutics, Inc. ("Anthos"), a US-based, clinical stage biopharmaceutical company with abelacimab, a late-stage medicine in development for the prevention of stroke and systematic embolism in patients with atrial fibrillation. The transaction closed on April 3, 2025.

The purchase price consisted of cash consideration of USD 0.9 billion and potential additional milestones of up to USD 2.1 billion, which Anthos shareholders are eligible to receive upon the achievement of specific milestones.

The cash purchase price was allocated to an IPR&D intangible asset of USD 0.9 billion, and other net assets including cash and cash equivalents of USD 47 million. Subsequent payments for the potential additional milestones will be recognized as additions to the IPR&D intangible asset when the specific milestones have been achieved.

2024

There were no acquisitions in 2024 where the Company elected to apply the optional concentration test to account for the acquisitions as assets separately acquired.

Identifiable net assets acquired through acquisitions applying the optional concentration test

In the first half of 2025, the following table presents the identifiable net assets acquired through acquisitions applying the optional concentration test:

(USD millions)	Jun 30, 2025
Property, plant and equipment	4
Right-of-use assets	8
In-process research and development	1 664
Deferred tax assets[1]	125
Non-current financial and other assets	14
Other current assets	10
Cash and cash equivalents	70
Current and non-current lease liabilities	-8
Trade payables and other liabilities	-95
Identifiable net assets acquired	**1 792**

[1] Deferred tax assets are attributable to tax loss and tax credit carryforwards.

4. Summary of equity attributable to Novartis AG shareholders

		Number of outstanding shares (in millions)		Equity attributable to Novartis AG shareholders	
	Note	**2025**	2024	**H1 2025 USD millions**	H1 2024 USD millions
Balance at beginning of year		**1 975.1**	**2 044.0**	**44 046**	**46 667**
Shares acquired to be canceled		-48.8	-26.7	-5 350	-2 698
Other share purchases		-1.6	-1.1	-159	-115
Equity-based compensation plans and employee transactions		11.1	8.3	557	517
Taxes on treasury share transactions				-33	8
Dividends	4.1			-7 818	-7 624
Net income of the period attributable to shareholders of Novartis AG				7 647	5 934
Other comprehensive income attributable to shareholders of Novartis AG				3 027	-1 054
Changes in non-controlling interests				1	-28
Other movements	4.3	0.1	0.1	67	126
Balance at June 30		**1 935.9**	**2 024.6**	**41 985**	**41 733**

4.1. The annual gross dividend to shareholders of Novartis AG amounted to USD 7.8 billion (2024: USD 7.6 billion). The net dividend payment to Novartis AG shareholders paid in March 2025 amounted to USD 5.3 billion (2024: USD 5.2 billion paid in March 2024). The USD 2.5 billion Swiss withholding tax on the gross dividend was paid at its due date in April 2025 (2024: USD 2.4 billion paid at its due date in April 2024).

4.2. In July 2023, 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. 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 the shares deliveries under the equity-based compensation plans for employees. These additional repurchases concluded in October 2024. In June 2025, Novartis amended the arrangement to include the repurchase of an additional 10.7 million Novartis shares on the second trading line to mitigate the impact of share deliveries under the equity-based compensation plans for employees. Novartis is able to cancel this arrangement at any time but may be subject to a 90-day waiting period. As of June 30, 2025 and December 31, 2024, these waiting period conditions were not applicable and as a result, there was no requirement to record a liability under this arrangement as of June 30, 2025 and December 31, 2024.

4.3. Other movements include, for subsidiaries in hyperinflationary economies, the impact of the application of IAS Standards 29 “Financial Reporting in Hyperinflationary Economies.”

5. Financial instruments

The following table illustrates the three hierarchical levels for valuing financial instruments at fair value as of June 30, 2025, and December 31, 2024. For additional information on the hierarchies and other matters, please refer to the Consolidated Financial Statements in the 2024 Annual Report, published on January 31, 2025.

	Level 1		Level 2		Level 3		Total	
(USD millions)	**Jun 30, 2025**	Dec 31, 2024	**Jun 30, 2025**	Dec 31, 2024	**Jun 30, 2025**	Dec 31, 2024	**Jun 30, 2025**	Dec 31, 2024
Financial assets								
Cash and cash equivalents								
Debt securities	50	50					50	50
Total cash and cash equivalents at fair value	**50**	**50**					**50**	**50**
Marketable securities								
Derivative financial instruments			268	106			268	106
Total marketable securities and derivative financial instruments at fair value			**268**	**106**			**268**	**106**
Current contingent consideration receivables					**125**	**120**	**125**	**120**
Current equity securities	**21**	**24**			**18**	**18**	**39**	**42**
Long-term financial investments								
Debt and equity securities	158	193	8	7	571	599	737	799
Fund investments	11	15			161	195	172	210
Non-current contingent consideration receivables					761	671	761	671
Total long-term financial investments at fair value	**169**	**208**	**8**	**7**	**1 493**	**1 465**	**1 670**	**1 680**
Associated companies at fair value through profit or loss					**83**	**109**	**83**	**109**
Financial liabilities								
Current contingent consideration liabilities					-197	-281	-197	-281
Derivative financial instruments			-278	-143			-278	-143
Total current financial liabilities at fair value			**-278**	**-143**	**-197**	**-281**	**-475**	**-424**
Non-current contingent consideration liabilities					**-478**	**-527**	**-478**	**-527**

In the first half of 2025, there was one transfer of equity securities from Level 3 to Level 1 for USD 3 million due to Initial Public Offering.

The carrying amount of financial assets included in the line total long-term financial investments at fair value of USD 1.7 billion at June 30, 2025 (USD 1.7 billion at December 31, 2024) is included in the line "Financial assets" of the consolidated balance sheets. The carrying amount of current contingent consideration liabilities of USD 0.2 billion at June 30, 2025 (USD 0.3 billion at December 31, 2024) is included in the line "Provisions and other current liabilities" of the consolidated balance sheets. The carrying amount of non-current contingent consideration liabilities of USD 0.5 billion at June 30, 2025 (USD 0.5 billion at December 31, 2024) is included in the line "Provisions and other non-current liabilities" of the consolidated balance sheets.

The fair value of straight bonds amounted to USD 22.3 billion at June 30, 2025 (USD 22.5 billion at December 31, 2024) compared with the carrying amount of USD 23.7 billion at June 30, 2025 (USD 24.1 billion at December 31, 2024). For all other financial assets and liabilities, the carrying amount is a reasonable approximation of the fair value.

In the second quarter 2025, the Company has designated a certain portion of its long-term euro-denominated straight bonds, maturing in 2030 and 2038, as hedges of the translation risk arising on certain net investments in foreign operations with euro functional currency. This is in addition to the certain portion of its long-term euro-denominated straight bonds maturing in 2028 that was designated as a hedge instrument as at December 31, 2024. As a result, as of June 30, 2025, long-term financial debt with a total carrying amount of EUR 3.3 billion (USD 3.9 billion) (December 31, 2024: EUR 1.8 billion (USD 1.9 billion)), have been designated as a hedge instrument. In the first half of 2025, USD 233 million, net of taxes (Q2 2025: USD 173 million) of unrealized losses (first half 2024: USD 51 million; Q2 2024: USD 14 million of unrealized gains) was recognized in other comprehensive income and accumulated in currency translation effects in relation with these net investment hedges. The hedges remained effective since inception, and no amount was recognized in the consolidated income statement in the first half and second quarter of 2025 and 2024.

The Company's exposure to financial risks has not changed significantly during the period and there have been no major changes to the risk management department or in any risk management policies.

6. Details to the consolidated statements of cash flows

6.1. Non-cash items and other adjustments

The following tables show the reversal of non-cash items and other adjustments in the consolidated statements of cash flows.

(USD millions)	**Q2 2025**	Q2 2024
Depreciation, amortization and impairments on:		
Property, plant and equipment	245	228
Right-of-use assets	68	61
Intangible assets	943	873
Financial assets [1]	-4	-22
Change in provisions and other non-current liabilities	665	204
(Gains)/losses 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	-67	72
Equity-settled compensation expense	267	257
Loss from associated companies	3	2
Income taxes	507	595
Net financial expense	330	171
Other	-3	-41
Total	**2 954**	**2 400**

[1] Includes fair value changes

(USD millions)	**H1 2025**	H1 2024
Depreciation, amortization and impairments on:		
Property, plant and equipment	462	447
Right-of-use assets	133	124
Intangible assets	1 815	1 905
Financial assets [1]	37	6
Change in provisions and other non-current liabilities	847	367
(Gains)/losses 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	-45	142
Equity-settled compensation expense	529	517
Loss from associated companies	6	31
Income taxes	1 305	1 036
Net financial expense	583	386
Other	-6	-64
Total	**5 666**	**4 897**

[1] Includes fair value changes

6.2. Cash flows from changes in working capital and other operating items included in the net cash flows from operating activities

(USD millions)	**Q2 2025**	Q2 2024	**H1 2025**	H1 2024
(Increase)/decrease in inventories	-44	-18	11	-146
Increase in trade receivables	-167	-501	-1 210	-1 421
Decrease in trade payables	-143	-142	-315	-551
Change in other current and non-current assets	172	-105	-252	-377
Change in other current liabilities	624	1 004	440	744
Total	**442**	**238**	**-1 326**	**-1 751**

6.3. Cash flows related to acquisitions and divestments of businesses, net

The following table is a summary of the cash flow impact of acquisitions and divestments of businesses.

(USD millions)	Q2 2025	Q2 2024	H1 2025	H1 2024
Total purchase consideration for acquisitions of businesses	**0**	**-3 807**	**0**	**-4 105**
Acquired cash and cash equivalents		234		236
Contingent consideration payable, net	-127	233	-127	280
Deferred considerations and other adjustments, net		47		55
Cash flows used for acquisitions of businesses [1]	**-127**	**-3 293**	**-127**	**-3 534**
Cash flows used for divestments of businesses, net [2]	**-11**	**-26**	**-15**	**-64**
Cash flows used for acquisitions and divestments of businesses, net	**-138**	**-3 319**	**-142**	**-3 598**

[1] The second quarter and first half of 2024 included the payments for purchases of MorphoSys shares by Novartis during the Offer period totaling EUR 0.3 billion (USD 0.3 billion), see Note 3 for further information.

[2] In the first half of 2025, USD 15 million represented the net cash outflows from divestments in previous years, including an advance receipt of a portion of sale proceeds in the second quarter. In that quarter, net cash outflows amounted to USD 11 million from divestments in previous years, which included this advance receipt.
In the first half of 2024, USD 64 million (Q2 2024: USD 26 million) represented the net cash outflows from divestments in previous years.

Note 3 provides disclosure of the fair value of assets and liabilities acquired though business combinations. All consideration paid for acquisitions were in cash.

6.4. Cash flows used for acquisitions by applying the optional concentration test

In 2025, the total cash consideration paid for acquisitions where the Company elected to apply the optional concentration test to determine that the transaction is not a business combination within the meaning of IFRS Accounting Standards, and to account for the acquisition as assets separately acquired amounted to USD 1.5 billion, net of cash and cash equivalents acquired of USD 70 million (2024: nil).

Note 3 provides disclosure of the identifiable net assets acquired through acquisitions where the Company elected to apply the optional concentration test. All consideration paid for acquisitions were in cash.

7. Legal proceedings update

A number of Novartis companies are, and will likely continue to be, subject to various legal proceedings, including litigations, arbitrations and governmental investigations, that arise from time to time. Legal proceedings are inherently unpredictable. As a result, the Company may become subject to substantial liabilities that may not be covered by insurance and may in the future incur judgments or enter into settlements of claims that could have a material adverse effect on its results of operations or cash flow. Note 20 to the Consolidated Financial Statements in our 2024 Annual Report and 2024 Form 20-F contains a summary as of the date of these reports of significant legal proceedings to which Novartis or its subsidiaries were a party. The following is a summary as of July 17, 2025, of significant developments in those proceedings, as well as any new significant proceedings commenced since the date of the 2024 Annual Report and 2024 Form 20-F.

Investigations and related litigations

Lucentis/Avastin® matters

In 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. In June 2025, France's Supreme Court (SC) overturned the Court's decision and sent the case back to the Court for further proceedings. The SC decision entitles the FCA to re-impose its original fine on Novartis pending appeal. Novartis recorded

in June 2025 a USD 443 million expense related to this matter (recorded to "Other Expense" in the Company's consolidated income statement). 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. Novartis is also challenging policies and regulations allowing off-label/unlicensed use and reimbursement for economic reasons in Turkey.

Greece investigation
The 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. In May 2025, the court published a decision rejecting the claims of the Greek State; the decision is subject to appeal. In June 2025, the National Social Security Fund of Greece filed a civil lawsuit against Novartis seeking approximately EUR 229 million for moral damages arising from the same facts. The claims will be vigorously contested.

340B Drug Pricing Program litigation
NPC 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 filed Administrative Dispute Resolution proceedings against NPC, seeking the return of alleged overcharges resulting from NPC's contract pharmacy policy. NPC moved to dismiss these proceedings. In June 2025, HRSA informed NPC that it found no overcharge in the 2023 case and dismissed the petition. 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 there have been no further actions since that time.

In addition to the matters described above, there have been other non-material developments in the other legal matters described in Note 20 to the Consolidated Financial Statements contained in our 2024 Annual Report and 2024 Form 20-F.

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.

8. Operating segment

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, with a focus on the core therapeutic areas: cardiovascular, renal and metabolic; immunology; neuroscience; oncology; and established brands. 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.

The 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 9 for revenues and geographic information disclosures.

9. Revenues and geographic information

Net sales to third parties

Net sales to third parties by region[1]

Second quarter

	Q2 2025 USD m	Q2 2024 USD m	% change USD	% change cc[2]	**Q2 2025 % of total**	Q2 2024 % of total
US	6 249	5 146	21	21	44	41
Europe	4 170	3 867	8	3	30	31
Asia/Africa/Australasia	2 713	2 594	5	3	19	21
Canada and Latin America	922	905	2	15	7	7
Total	**14 054**	**12 512**	**12**	**11**	**100**	**100**
Of which in established markets	10 537	9 162	15	13	75	73
Of which in emerging growth markets	3 517	3 350	5	7	25	27

[1] Net sales to third parties 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.

[2] Constant currencies (cc) is a non-IFRS measure. A definition of non-IFRS measures used by Novartis can be found starting on page 40.

First half

	H1 2025 USD m	H1 2024 USD m	% change USD	% change cc[2]	**H1 2025 % of total**	H1 2024 % of total
US	11 961	9 734	23	23	44	40
Europe	8 075	7 631	6	5	30	31
Asia/Africa/Australasia	5 485	5 174	6	6	20	21
Canada and Latin America	1 766	1 802	-2	12	6	8
Total	**27 287**	**24 341**	**12**	**13**	**100**	**100**
Of which in established markets	20 206	17 650	14	14	74	73
Of which in emerging growth markets	7 081	6 691	6	10	26	27

[1] Net sales to third parties 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.

[2] Constant currencies (cc) is a non-IFRS measure. A definition of non-IFRS measures used by Novartis can be found starting on page 40.

Net sales to third parties by core therapeutic area and established brands

Second quarter

	Q2 2025 USD m	Q2 2024 USD m	% change USD	% change cc[1]
Cardiovascular, renal and metabolic				
Entresto	2 357	1 898	24	22
Leqvio	298	182	64	61
Total cardiovascular, renal and metabolic	**2 655**	**2 080**	**28**	**26**
Immunology				
Cosentyx	1 629	1 526	7	6
Xolair[2]	443	427	4	2
Ilaris	477	368	30	27
Total immunology[3]	**2 549**	**2 321**	**10**	**9**
Neuroscience				
Kesimpta	1 077	799	35	33
Zolgensma	297	349	-15	-17
Aimovig	83	77	8	3
Total neuroscience	**1 457**	**1 225**	**19**	**17**
Oncology				
Kisqali	1 177	717	64	64
Tafinlar + Mekinist	573	523	10	7
Promacta/Revolade	502	544	-8	-9
Jakavi	524	471	11	8
Pluvicto	454	345	32	30
Tasigna	327	446	-27	-27
Scemblix	298	164	82	79
Lutathera	207	175	18	17
Piqray/Vijoice	111	120	-8	-8
Fabhalta[4]	120	22	nm	nm
Total oncology[3]	**4 293**	**3 527**	**22**	**20**
Established brands				
Sandostatin Group	303	313	-3	-3
Exforge Group	191	178	7	7
Lucentis	173	275	-37	-39
Diovan Group	154	160	-4	-4
Galvus Group	123	150	-18	-17
Kymriah[3]	99	113	-12	-14
Contract manufacturing	276	271	2	-3
Other[3]	1 781	1 899	-6	-5
Total established brands[3]	**3 100**	**3 359**	**-8**	**-8**
Total net sales to third parties	**14 054**	**12 512**	**12**	**11**

[1] Constant currencies (cc) is a non-IFRS measure. A definition of non-IFRS measures used by Novartis can be found starting on page 40.
[2] Net sales to third parties reflect *Xolair* sales for all indications.
[3] Reclassified to conform with 2025 presentation of brands by therapeutic area and established brands.
[4] Net sales to third parties reflect *Fabhalta* sales for all indications.

nm = not meaningful

Net sales to third parties by core therapeutic area and established brands

First half

	H1 2025 USD m	H1 2024 USD m	% change USD	% change cc[1]
Cardiovascular, renal and metabolic				
Entresto	4 618	3 777	22	22
Leqvio	555	333	67	66
Total cardiovascular, renal and metabolic	**5 173**	**4 110**	**26**	**26**
Immunology				
Cosentyx	3 163	2 852	11	11
Xolair[2]	899	826	9	10
Ilaris	896	724	24	24
Total immunology[3]	**4 958**	**4 402**	**13**	**13**
Neuroscience				
Kesimpta	1 976	1 436	38	38
Zolgensma	624	644	-3	-3
Aimovig	159	153	4	3
Total neuroscience[3]	**2 759**	**2 233**	**24**	**23**
Oncology				
Kisqali	2 133	1 344	59	60
Tafinlar + Mekinist	1 125	997	13	13
Promacta/Revolade	1 048	1 064	-2	-1
Jakavi	1 016	949	7	8
Pluvicto	825	655	26	26
Tasigna	704	841	-16	-15
Scemblix	536	300	79	78
Lutathera	400	344	16	16
Piqray/Vijoice	211	229	-8	-8
Fabhalta[4]	201	28	nm	nm
Total oncology[3]	**8 199**	**6 751**	**21**	**22**
Established brands				
Sandostatin Group	620	668	-7	-6
Exforge Group	370	370	0	3
Lucentis	362	589	-39	-38
Diovan Group	304	300	1	3
Galvus Group	247	299	-17	-14
Kymriah[3]	199	233	-15	-15
Contract manufacturing	619	550	13	12
Other[3]	3 477	3 836	-9	-7
Total established brands[3]	**6 198**	**6 845**	**-9**	**-8**
Total net sales to third parties	**27 287**	**24 341**	**12**	**13**

[1] Constant currencies (cc) is a non-IFRS measure. A definition of non-IFRS measures used by Novartis can be found starting on page 40.
[2] Net sales to third parties reflect *Xolair* sales for all indications.
[3] Reclassified to conform with 2025 presentation of brands by therapeutic area and established brands.
[4] Net sales to third parties reflect *Fabhalta* sales for all indications.

nm = not meaningful

Net sales to third parties of the top 20 brands in 2025[1]

Second quarter

			US		Rest of world			Total		
Brands	**Brand classification by therapeutic area or established brands**	**Key indications**	USD m	% change USD/cc[2]	USD m	% change USD	% change cc[2]	USD m	% change USD	% change cc[2]
Entresto	Cardiovascular, renal and metabolic	Chronic heart failure, hypertension	1 223	29	1 134	19	15	2 357	24	22
Cosentyx	Immunology	Psoriasis (PsO), ankylosing spondylitis (AS), psoriatic arthritis (PsA), non-radiographic axial spondyloarthritis (nr-axSPA), hidradenitis suppurativa (HS)	921	6	708	8	6	1 629	7	6
Kisqali	Oncology	HR+/HER2- metastatic breast cancer and early breast cancer	750	100	427	25	25	1 177	64	64
Kesimpta	Neuroscience	Relapsing forms of multiple sclerosis (MS)	713	28	364	49	45	1 077	35	33
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)	246	22	327	2	-2	573	10	7
Promacta/Revolade	Oncology	Immune thrombocytopenia (ITP), severe aplastic anemia (SAA)	227	-20	275	5	3	502	-8	-9
Jakavi	Oncology	Myelofibrosis (MF), polycythemia vera (PV), graft-versus-host disease (GvHD)			524	11	8	524	11	8
Xolair[3]	Immunology	Severe allergic asthma (SAA), chronic spontaneous urticaria (CSU), nasal polyps, food allergy (FA)			443	4	2	443	4	2
Ilaris	Immunology	Auto-inflammatory (CAPS, TRAPS, HIDS/MKD, FMF, SJIA, AOSD, gout)	260	34	217	25	20	477	30	27
Pluvicto	Oncology	PSMA-positive mCRPC patients post-ARPI, pre- and post-Taxane	358	21	96	92	80	454	32	30
Tasigna	Oncology	Chronic myeloid leukemia (CML)	162	-30	165	-24	-25	327	-27	-27
Zolgensma	Neuroscience	Spinal muscular atrophy (SMA)	96	-28	201	-7	-10	297	-15	-17
Sandostatin Group	Established brands	Carcinoid tumors, acromegaly	187	0	116	-8	-8	303	-3	-3
Leqvio	Cardiovascular, renal and metabolic	Atherosclerotic cardiovascular disease (ASCVD)	138	47	160	82	74	298	64	61
Scemblix	Oncology	Philadelphia chromosome-positive chronic myeloid leukemia (Ph+ CML) in chronic phase (CP); Ph+ CML in CP with the T315I mutation	191	82	107	81	76	298	82	79
Lutathera	Oncology	GEP-NETs gastroenteropancreatic neuroendocrine tumors	150	21	57	12	6	207	18	17
Exforge Group	Established brands	Hypertension	1	0	190	7	8	191	7	7
Lucentis	Established brands	Age-related macular degeneration (AMD), diabetic macular edema (DME), retinal vein occlusion (RVO)			173	-37	-39	173	-37	-39
Diovan Group	Established brands	Hypertension	7	17	147	-5	-6	154	-4	-4
Galvus Group	Established brands	Type 2 diabetes (RMS)			123	-18	-17	123	-18	-17
Top 20 brands total			**5 630**	**22**	**5 954**	**10**	**7**	**11 584**	**16**	**14**
Rest of portfolio			619	13	1 851	-5	-5	2 470	-1	-1
Total net sales to third parties			**6 249**	**21**	**7 805**	**6**	**4**	**14 054**	**12**	**11**

[1] Net sales to third parties by location of customer.

[2] Constant currencies (cc) is a non-IFRS measure. A definition of non-IFRS measures used by Novartis can be found starting on page 40.

[3] Net sales to third parties reflect *Xolair* sales for all indications.

Net sales to third parties of the top 20 brands in 2025[1]

First half

			US		Rest of world			Total		
Brands	**Brand classification by therapeutic area or established brands**	**Key indications**	USD m	% change USD/cc[2]	USD m	% change USD	% change cc[2]	USD m	% change USD	% change cc[2]
Entresto	Cardiovascular, renal and metabolic	Chronic heart failure, hypertension	2 392	26	2 226	18	18	4 618	22	22
Cosentyx	Immunology	Psoriasis (PsO), ankylosing spondylitis (AS), psoriatic arthritis (PsA), non-radiographic axial spondyloarthritis (nr-axSPA), hidradenitis suppurativa (HS)	1 736	14	1 427	8	9	3 163	11	11
Kisqali	Oncology	HR+/HER2- metastatic breast cancer and early breast cancer	1 336	94	797	21	24	2 133	59	60
Kesimpta	Neuroscience	Relapsing forms of multiple sclerosis (MS)	1 300	34	676	45	45	1 976	38	38
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)	454	18	671	10	10	1 125	13	13
Promacta/Revolade	Oncology	Immune thrombocytopenia (ITP), severe aplastic anemia (SAA)	515	-6	533	3	5	1 048	-2	-1
Jakavi	Oncology	Myelofibrosis (MF), polycythemia vera (PV), graft-versus-host disease (GvHD)			1 016	7	8	1 016	7	8
Xolair[3]	Immunology	Severe allergic asthma (SAA), chronic spontaneous urticaria (CSU), nasal polyps, food allergy (FA)			899	9	10	899	9	10
Ilaris	Immunology	Auto-inflammatory (CAPS, TRAPS, HIDS/MKD, FMF, SJIA, AOSD, gout)	478	33	418	15	15	896	24	24
Pluvicto	Oncology	PSMA-positive mCRPC patients post-ARPI, pre- and post-Taxane	645	12	180	128	125	825	26	26
Tasigna	Oncology	Chronic myeloid leukemia (CML)	359	-11	345	-21	-19	704	-16	-15
Zolgensma	Neuroscience	Spinal muscular atrophy (SMA)	225	-5	399	-2	-2	624	-3	-3
Sandostatin Group	Established brands	Carcinoid tumors, acromegaly	384	-10	236	-2	0	620	-7	-6
Leqvio	Cardiovascular, renal and metabolic	Atherosclerotic cardiovascular disease (ASCVD)	265	58	290	76	74	555	67	66
Scemblix	Oncology	Philadelphia chromosome-positive chronic myeloid leukemia (Ph+ CML) in chronic phase (CP); Ph+ CML in CP with the T315I mutation	345	79	191	79	77	536	79	78
Lutathera	Oncology	GEP-NETs gastroenteropancreatic neuroendocrine tumors	289	20	111	8	6	400	16	16
Exforge Group	Established brands	Hypertension	3	-40	367	1	4	370	0	3
Lucentis	Established brands	Age-related macular degeneration (AMD), diabetic macular edema (DME), retinal vein occlusion (RVO)			362	-39	-38	362	-39	-38
Diovan Group	Established brands	Hypertension	20	33	284	0	1	304	1	3
Galvus Group	Established brands	Type 2 diabetes (RMS)			247	-17	-14	247	-17	-14
Top 20 brands total			**10 746**	**24**	**11 675**	**9**	**10**	**22 421**	**16**	**17**
Rest of portfolio			1 215	11	3 651	-7	-5	4 866	-3	-1
Total net sales to third parties			**11 961**	**23**	**15 326**	**5**	**6**	**27 287**	**12**	**13**

[1] Net sales to third parties by location of customer.

[2] Constant currencies (cc) is a non-IFRS measure. A definition of non-IFRS measures used by Novartis can be found starting on page 40.

[3] Net sales to third parties reflect *Xolair* sales for all indications.

Other revenues

(USD millions)	**Q2 2025**	Q2 2024	**H1 2025**	H1 2024
Profit sharing income	356	268	613	482
Royalty income [1]	318	5	326	24
Milestone income	35	14	89	20
Other [2]	73	73	141	125
Total other revenues	**782**	**360**	**1 169**	**651**

[1] In the second quarter and first half of 2025, royalty income includes a royalty settlement of USD 0.3 billion.
[2] 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.

10. Other interim disclosures

Property, plant and equipment, right-of-use assets and intangible assets

The following table shows additional disclosures related to property, plant and equipment, right-of-use assets and intangible assets:

(USD millions)	**Q2 2025**	Q2 2024	**H1 2025**	H1 2024
Property, plant and equipment impairment charges	-4	-9	-6	-10
Property, plant and equipment depreciation charge	-241	-219	-456	-437
Right-of-use assets depreciation charge	-68	-61	-133	-124
Intangible assets impairment charges	-92	-37	-94	-194
Intangible assets amortization charge	-851	-836	-1 721	-1 711

In the first half of 2025 and 2024, there were no impairment charges on right-of-use assets and no reversals of impairment changes on property, plant and equipment, right-of-use assets and intangible assets.

The following table shows the additions to property, plant and equipment, right-of-use assets and intangible assets other than goodwill excluding the impact of business combinations, which are disclosed in Note 3:

(USD millions)	**Q2 2025**	Q2 2024	**H1 2025**	H1 2024
Additions to property, plant and equipment	353	283	563	506
Additions to right-of-use assets	89	69	145	97
Additions to intangible assets other than goodwill	1 862	512	3 041	1 175

Financial debt

In February 2025, Novartis repaid a 5-year US dollar denominated bond of USD 1.0 billion with a coupon of 1.75% at maturity.

In May 2025, Novartis repaid a 10-year Swiss franc denominated bond of CHF 500 million with a coupon of 0.25% at maturity.

Income taxes

The Basel-Stadt cantonal tax rate change, enacted March 23, 2025, and effective January 1, 2026, will increase the cantonal tax rate from 6.5% to 8.5% and the blended Swiss cantonal and federal tax rate from 13.04% to 14.53%, impacting the Company's Basel-Stadt-domiciled operating subsidiaries. The enactment required revaluation of deferred tax assets and liabilities to the new tax rates at the date of enactment. The impact of the deferred tax assets and liabilities revaluation recorded in March 2025 was not material.

On July 4, 2025, the United States enacted tax reform legislation as part of the One Big Beautiful Bill Act ("OBBBA"). The OBBBA leaves the U.S. corporate tax rate unchanged at 21% and, in addition, among other changes, extends or revises key provisions of the Tax Cuts and Jobs Act ("TCJA") enacted in 2017, which were set to expire or change at the end of 2025.

Based on the Company's preliminary interpretation of the OBBBA, the tax reforms introduced are not expected to have a material impact on the consolidated financial statements. However, given the complexity of tax laws, related regulations, and evolving interpretations, our estimates may require revision as additional information becomes available regarding the application of the OBBBA provisions.

Commitments

Research and development and acquisition agreement commitments

The Company has entered into long-term research and development agreements with various institutions and acquisition agreements with third parties accounted for as assets separately acquired (by electing to apply the optional concentration test) related to intangible assets. These agreements may 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.

As of June 30, 2025, 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)	Jun 30, 2025
2025	136
2026	469
2027	761
2028	1 027
2029	759
2030	961
Thereafter	10 123
Total	**14 236**

Other commitments

On July 7, 2025, the Company entered into a lease agreement that has not yet commenced with an undiscounted commitment amount of USD 0.8 billion. The estimated timing of the commitment is as follows: nil in 2025, 2026 and 2027, USD 16 million in 2028, USD 40 million in 2029, USD 41 million in 2030, and USD 0.7 billion thereafter.

11. Events subsequent to the June 30, 2025, consolidated balance sheet date

On July 4, 2025, the United States enacted tax reform legislation and on July 7, 2025, the Company entered into a lease agreement that has not yet commenced. For additional information see Note 10.

Supplementary information (unaudited)

Non-IFRS measures as defined by Novartis

Novartis 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 Company'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 Company'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 presented in accordance with IFRS Accounting Standards.

As an internal measure of Company performance, these non-IFRS measures have limitations, and the Company's performance management process is not solely restricted to these metrics.

Core results

The Company's core results – including core operating income, core net income and core earnings per share – 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 "Financial Reporting in Hyperinflationary Economies" to other financial income and expense, and certain acquisition- and divestment-related items. The following items that exceed a threshold of USD 25 million are also excluded: integration- and divestment-related income and expenses; divestment 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 USD 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 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 exchanges 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 debts 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.

See page 47 for additional disclosures related to 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:

(USD millions unless indicated otherwise)	**Q2 2025**	Q2 2024	**H1 2025**	H1 2024
IFRS Accounting Standards operating income	**4 864**	**4 014**	**9 527**	**7 387**
Amortization of intangible assets	**770**	**768**	**1 559**	**1 575**
Impairments				
Intangible assets	92	37	93	194
Property, plant and equipment related to the company-wide rationalization of manufacturing sites	1		1	
Other property, plant and equipment		6		6
Total impairment charges	**93**	**43**	**94**	**200**
Acquisition or divestment of businesses and related items				
- Income	-106	-103	-217	-215
- Expense	143	110	246	230
Total acquisition or divestment of businesses and related items, net	**37**	**7**	**29**	**15**
Other items				
Divestment gains	-50	-7	-50	-19
Financial assets – fair value adjustments	-3	-22	38	6
Restructuring and related items				
- Income	-44	-23	-60	-81
- Expense	147	167	292	258
Legal-related items				
- Income	-280		-280	
- Expense	443		443	50
Additional income	-109	-3	-170	-15
Additional expense	57	9	78	114
Total other items	**161**	**121**	**291**	**313**
Total adjustments	**1 061**	**939**	**1 973**	**2 103**
Core operating income	**5 925**	**4 953**	**11 500**	**9 490**
as % of net sales	*42.2%*	*39.6%*	*42.1%*	*39.0%*
Loss from associated companies	-3	-2	-6	-31
Core adjustments to loss from associated companies, net of tax				26
Interest expense	-289	-246	-559	-467
Other financial income and expense	-41	75	-24	81
Core adjustments to other financial income and expense	28	-15	57	75
Income taxes, adjusted for above items (core income taxes)	-910	-757	-1 776	-1 485
Core net income	**4 710**	**4 008**	**9 192**	**7 689**
Core net income attributable to shareholders of Novartis AG	**4 709**	**4 008**	**9 188**	**7 689**
Core net income attributable to non-controlling interests [1]	**1**		**4**	
Core basic EPS (USD) [2]	**2.42**	**1.97**	**4.69**	**3.77**

[1] Core net income attributable to non-controlling interests includes impairment charges related to an intangible asset.

[2] 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.

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

Second quarter

(USD millions unless indicated otherwise)	Q2 2025 IFRS Accounting Standards results	Amortization of intangible assets[1]	Impairments[2]	Acquisition or divestment of businesses and related items[3]	Other items[4]	Q2 2025 Core results	Q2 2024 Core results
Gross profit	**11 514**	**707**			**-306**	**11 915**	**10 427**
Operating income	**4 864**	**770**	**93**	**37**	**161**	**5 925**	**4 953**
Income before taxes	**4 531**	**770**	**93**	**37**	**189**	**5 620**	**4 765**
Income taxes[5]	-507	-162	-15	-11	-215	-910	-757
Net income	**4 024**					**4 710**	**4 008**
Net income attributable to shareholders of Novartis AG	**4 041**					**4 709**	**4 008**
Basic EPS (USD)[6]	**2.07**					**2.42**	**1.97**
The following are adjustments to arrive at core gross profit							
Other revenues	782				-309	473	360
Cost of goods sold	-3 322	707			3	-2 612	-2 445
The following are adjustments to arrive at core operating income							
Selling, general and administration	-3 442				1	-3 441	-3 090
Research and development	-2 727	63	92	1	18	-2 553	-2 276
Other income	548			-106	-248	194	101
Other expense	-1 029		1	142	696	-190	-209
The following are adjustments to arrive at core income before taxes							
Other financial income and expense	-41				28	-13	60

[1] Amortization of intangible assets: cost of goods sold includes the amortization of currently marketed products intangible assets; research and development includes the amortization of scientific infrastructure and technologies intangible assets

[2] Impairments: research and development includes net impairment charges related to intangible assets; other expense includes net impairment charges related to property, plant and equipment

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

[4] Other items: other revenues includes milestones income from an outlicensing agreement and a royalty settlement income; cost of goods sold, selling, general and administration, other income and other expense include restructuring income and charges related to the company-wide rationalization of manufacturing sites and other net restructuring charges and related items; research and development includes contingent consideration adjustments; other income and other expense include fair value adjustments on financial assets; other income also includes divestment gains and fair value adjustments on contingent consideration receivable; other expense includes legal related items, loss due to legal entities reorganization and other costs and items; other financial income and expense includes the impact of IAS Standards 29 “Financial Reporting in Hyperinflationary Economies” for subsidiaries operating in hyperinflationary economies

[5] 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 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. Due to these factors and the differing effective tax rates in the various jurisdictions, the tax on the total adjustments of USD 1.1 billion to arrive at the core results before tax amounts to USD 403 million and the average tax rate on the total adjustments was 37.0%.

[6] 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.

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

First half

(USD millions unless indicated otherwise)	H1 2025 IFRS Accounting Standards results	Amortization of intangible assets[1]	Impairments[2]	Acquisition or divestment of businesses and related items[3]	Other items[4]	H1 2025 Core results	H1 2024 Core results
Gross profit	**21 907**	**1 428**			**-338**	**22 997**	**20 229**
Operating income	**9 527**	**1 559**	**94**	**29**	**291**	**11 500**	**9 490**
Income before taxes	**8 938**	**1 559**	**94**	**29**	**348**	**10 968**	**9 174**
Income taxes[5]	-1 305	-314	-15	-10	-132	-1 776	-1 485
Net income	**7 633**					**9 192**	**7 689**
Net income attributable to shareholders of Novartis AG	**7 647**					**9 188**	**7 689**
Basic EPS (USD)[6]	**3.91**					**4.69**	**3.77**
The following are adjustments to arrive at core gross profit							
Other revenues	1 169				-344	825	651
Cost of goods sold	-6 549	1 428			6	-5 115	-4 763
The following are adjustments to arrive at core operating income							
Selling, general and administration	-6 500				2	-6 498	-5 930
Research and development	-5 093	131	93	1	13	-4 855	-4 479
Other income	774			-217	-284	273	156
Other expense	-1 561		1	245	898	-417	-486
The following are adjustments to arrive at core income before taxes							
Other financial income and expense	-24				57	33	156

[1] Amortization of intangible assets: cost of goods sold includes the amortization of currently marketed products intangible assets; research and development includes the amortization of scientific infrastructure and technologies intangible assets

[2] Impairments: research and development includes net impairment charges related to intangible assets; other expense includes net impairment charges related to property, plant and equipment

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

[4] Other items: other revenues includes milestones income from an outlicensing agreement and a royalty settlement income; cost of goods sold, selling, general and administration, other income and other expense include restructuring income and charges related to the company-wide rationalization of manufacturing sites and other net restructuring charges and related items; research and development includes contingent consideration adjustments; other income and other expense include fair value adjustments on financial assets; other income also includes divestment gains and fair value adjustments on contingent consideration receivable; other expense includes legal related items, loss due to legal entities reorganization and other costs and items; other financial income and expense includes the impact of IAS Standards 29 “Financial Reporting in Hyperinflationary Economies” for subsidiaries operating in hyperinflationary economies

[5] 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 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. Due to these factors and the differing effective tax rates in the various jurisdictions, the tax on the total adjustments of USD 2.0 billion to arrive at the core results before tax amounts to USD 471 million. The average tax rate on the total adjustments was 23.2% since the estimated full year core tax charge of 16.2% has been applied to the pre-tax income of the period.

[6] 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.

Non-IFRS measure free cash flow

The following tables provide 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:

Second quarter

	Q2 2025			Q2 2024		
(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	6 664		6 664	4 875		4 875
Net cash flows used in investing activities [1]	-2 243	1 912	-331	-3 207	2 947	-260
Net cash flows used in financing activities [2]	-5 213	5 213	0	-3 200	3 200	0
Non-IFRS measure free cash flow			**6 333**			**4 615**

[1] With the exception of purchases of property, plant and equipment, all net cash flows used in in investing activities are excluded from the free cash flow.
[2] Net cash flows used in financing activities are excluded from the free cash flow.

First half

	H1 2025			H1 2024		
(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	10 309		10 309	7 140		7 140
Net cash flows used in investing activities [1]	-1 913	1 328	-585	-4 106	3 619	-487
Net cash flows used in financing activities [2]	-13 761	13 761	0	-8 364	8 364	0
Non-IFRS measure free cash flow			**9 724**			**6 653**

[1] With the exception of purchases of property, plant and equipment, all net cash flows used in investing activities are excluded from the free cash flow.
[2] Net cash flows used in financing activities are excluded from the free cash flow.

The following tables summarize the non-IFRS measure free cash flow:

Second quarter

(USD millions)	Q2 2025	Q2 2024
Operating income	**4 864**	**4 014**
Reversal of non-cash items and other adjustments		
Depreciation, amortization and impairments	1 252	1 140
Change in provisions and other non-current liabilities	665	204
Other	197	288
Operating income adjusted for non-cash items	**6 978**	**5 646**
Dividends received from associated companies and others	1	1
Interest received and change in other financial receipts	437	71
Interest paid and change in other financial payments	-240	-320
Income taxes paid	-675	-473
Payments out of provisions and other net cash movements in non-current liabilities	-279	-288
Change in inventories and trade receivables less trade payables	-354	-661
Change in other net current assets and other operating cash flow items	796	899
Net cash flows from operating activities	**6 664**	**4 875**
Purchases of property, plant and equipment	-331	-260
Non-IFRS measure free cash flow	**6 333**	**4 615**

First half

(USD millions)	**H1 2025**	H1 2024
Operating income	**9 527**	**7 387**
Reversal of non-cash items and other adjustments		
Depreciation, amortization and impairments	2 447	2 482
Change in provisions and other non-current liabilities	847	367
Other	478	595
Operating income adjusted for non-cash items	**13 299**	**10 831**
Dividends received from associated companies and others	1	1
Interest received and other financial receipts	559	235
Interest paid and other financial payments	-493	-496
Income taxes paid	-1 215	-1 049
Payments out of provisions and other net cash movements in non-current liabilities	-516	-631
Change in inventories and trade receivables less trade payables	-1 514	-2 118
Change in other net current assets and other operating cash flow items	188	367
Net cash flows from operating activities	**10 309**	**7 140**
Purchases of property, plant and equipment	-585	-487
Non-IFRS measure free cash flow	**9 724**	**6 653**

Additional information

Net debt

Condensed consolidated changes in net debt

Second quarter

(USD millions)	**Q2 2025**	Q2 2024
Net change in cash and cash equivalents	**-410**	**-1 566**
Change in marketable securities, commodities, time deposits, financial debts and derivatives financial instruments	-1 103	-1 358
Change in net debt	**-1 513**	**-2 924**
Net debt at April 1	-22 271	-15 836
Net debt at June 30	**-23 784**	**-18 760**

First half

(USD millions)	**H1 2025**	H1 2024
Net change in cash and cash equivalents	**-4 803**	**-5 490**
Change in marketable securities, commodities, time deposits, financial debts and derivatives financial instruments	-2 840	-3 087
Change in net debt	**-7 643**	**-8 577**
Net debt at January 1	-16 141	-10 183
Net debt at June 30	**-23 784**	**-18 760**

Components of net debt

(USD millions)	**Jun 30, 2025**	Dec 31, 2024	Jun 30, 2024
Non-current financial debts	-22 470	-21 366	-19 663
Current financial debts and derivative financial instruments	-8 314	-8 232	-7 532
Total financial debts	**-30 784**	**-29 598**	**-27 195**
Less liquidity			
Cash and cash equivalents	6 656	11 459	7 903
Marketable securities, commodities, time deposits and derivative financial instruments	344	1 998	532
Total liquidity	**7 000**	**13 457**	**8 435**
Net debt at end of period	**-23 784**	**-16 141**	**-18 760**

Share information

	Jun 30, 2025	Jun 30, 2024
Number of shares outstanding	**1 935 853 188**	2 024 579 175
Registered share price (CHF)	**96.17**	96.17
ADR price (USD)	**121.01**	106.46
Market capitalization (USD billions) [1]	**233.5**	216.5
Market capitalization (CHF billions) [1]	**186.2**	194.7

[1] 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 quarter end CHF/USD exchange rate.

Effects of currency fluctuations

Principal currency translation rates

(USD per unit)	**Average rates Q2 2025**	Average rates Q2 2024	**Average rates H1 2025**	Average rates H1 2024	**Period-end rates Jun 30, 2025**	Period-end rates Jun 30, 2024
1 CHF	1.209	1.106	1.161	1.125	1.254	1.112
1 CNY	0.138	0.138	0.138	0.138	0.140	0.137
1 EUR	1.133	1.077	1.093	1.081	1.174	1.070
1 GBP	1.335	1.262	1.297	1.265	1.373	1.264
100 JPY	0.692	0.642	0.674	0.658	0.695	0.621
100 RUB	1.235	1.102	1.154	1.101	1.272	1.156

Currency impact on key figures

The 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, of the financial data from entities reporting in non-US dollars. Constant currency (cc) calculations apply the exchange rates of the prior year period to the current period financial data for entities reporting in non-US dollars.

Second quarter

	Change in USD % Q2 2025	**Change in constant currencies % Q2 2025**	**Percentage point currency impact Q2 2025**
Net sales to third parties	12	11	1
Operating income	21	25	-4
Net income	24	26	-2
Basic earnings per share (USD)	29	32	-3
Core operating income	20	21	-1
Core net income	18	19	-1
Core basic earnings per share (USD)	23	24	-1

First half

	Change in USD % H1 2025	**Change in constant currencies % H1 2025**	**Percentage point currency impact H1 2025**
Net sales to third parties	12	13	-1
Operating income	29	33	-4
Net income	29	31	-2
Basic earnings per share (USD)	34	37	-3
Core operating income	21	24	-3
Core net income	20	22	-2
Core basic earnings per share (USD)	24	27	-3

Disclaimer

This press release contains forward-looking statements within the meaning of the United States Private Securities Litigation Reform Act of 1995, that can generally be identified by words such as “anticipate,” “can,” “will,” “continue,” “ongoing,” “growth,” “launch,” “expect,” “expand,” “deliver,” “accelerate,” “guidance,” “outlook,” “priority,” “potential,” “momentum,” “commitment,” or similar expressions, or by express or implied discussions regarding potential new products, potential new indications for existing products, potential product launches, or regarding potential future revenues from any such products; or regarding results of ongoing clinical trials; or regarding potential future, pending or announced transactions; regarding potential future sales or earnings; or by discussions of strategy, plans, expectations or intentions, including discussions regarding our continued investment into new R&D capabilities and manufacturing; or regarding our capital structure. 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 the forward-looking statements. You should not place undue reliance on these statements. There can be no guarantee that the investigational or approved products described in this press release will be submitted or approved for sale or for any additional indications or labeling in any market, or at any particular time. Nor can there be any guarantee that such products will be commercially successful in the future. Neither can there be any guarantee that the expected benefits or synergies from the transactions described in this press release will be achieved in the expected timeframe, or at all. In particular, our expectations could be affected by, among other things: uncertainties concerning global healthcare cost containment, including ongoing government, payer and general public pricing and reimbursement pressures and requirements for increased pricing transparency; uncertainties regarding the success of key products, commercial priorities and strategy; uncertainties in the research and development of new products, including clinical trial results and additional analysis of existing clinical data; our ability to obtain or maintain proprietary intellectual property protection, including the ultimate extent of the impact on Novartis of the loss of patent protection and exclusivity on key products; uncertainties regarding our ability to realize the strategic benefits, operational efficiencies or opportunities expected from our external business opportunities; uncertainties in the development or adoption of potentially transformational digital technologies, including artificial intelligence, and business models; uncertainties surrounding the implementation of our new IT projects and systems; uncertainties regarding potential significant breaches of information security or disruptions of our information technology systems; uncertainties regarding actual or potential legal proceedings, including regulatory actions or delays or government regulation related to the products and pipeline products described in this press release; safety, quality, data integrity, or manufacturing issues; our performance on and ability to comply with environmental, social and governance measures and requirements; major macroeconomic and geo- and socio-political developments, including the impact of any potential tariffs on our products or the impact of war in certain parts of the world; uncertainties regarding future global exchange rates; uncertainties regarding future demand for our products; and other risks and factors referred to in Novartis AG’s most recently filed Form 20-F and in subsequent reports filed with, or furnished to, the US Securities and Exchange Commission. Novartis is providing the information in this press release as of this date and does not undertake any obligation to update any forward-looking statements as a result of new information, future events or otherwise.

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About Novartis

Novartis is an innovative medicines company. Every day, we work to reimagine medicine to improve and extend people's lives so that patients, healthcare professionals and societies are empowered in the face of serious disease. Our medicines reach more than 250 million people worldwide.

Reimagine medicine with us: Visit us at **https://www.novartis.com** and connect with us on **LinkedIn**, **Facebook**, **X** and **Instagram**.

Novartis will conduct a conference call with investors to discuss this news release today at 14:00 Central European time and 8:00 Eastern Time. A simultaneous webcast of the call for investors and other interested parties may be accessed by visiting the Novartis website. A replay will be available after the live webcast by visiting https://www.novartis.com/investors/event-calendar.

Detailed financial results accompanying this press release are included in the Condensed Interim Financial Report at the link below. Additional information is provided on our business and pipeline of selected compounds in late-stage development. A copy of today's earnings call presentation can be found at https://www.novartis.com/investors/event-calendar.

Important dates

October 28, 2025	Third quarter & nine months 2025 results
November 19-20, 2025	Meet Novartis Management 2025 (London, UK)
December 1, 2025	Social Impact & Sustainability annual investor event (virtual)
February 4, 2026	Fourth quarter & full year 2025 results