

Frequently asked questions

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Where can I learn more about Novartis financial results?

Our [Financial data](#) section provides links to:

- [Annual results](#) and [Quarterly results](#), including a five-years results archive
- [Novartis SEC filings](#)
- The Novartis [Reporting and transparency hub](#)
- Latest [Top 20 product sales](#)
- [Fixed-income securities information](#)
- And monthly information about the [Expected currency impact](#) on our results

Upcoming releases and more events are listed in our [Event calendar](#).

How do you calculate your earning per share?

Basic earnings per share (EPS) is calculated by dividing net income attributable to shareholders of Novartis AG by the weighted average number of shares outstanding in a reporting period. This calculation excludes the average number of issued shares purchased by the Company and held as treasury shares.

For diluted EPS, the weighted average number of shares outstanding is adjusted to assume the vesting of dilutive restricted shares (RSs), restricted share units (RSUs) and performance share units (PSUs), and in 2022 also the conversion of potentially dilutive shares arising from options on Novartis shares under employee compensation plans that have been issued. In January 2023, all outstanding options under these plans expired. As a result, there were no options on Novartis shares issued or outstanding at December 31, 2024 and 2023.

No RSs, RSUs or PSUs in 2024, 2023 and 2022, and no options in 2022 were excluded from the calculation of diluted EPS, as all were dilutive.

	2024	2023	2022
Net income attributable to shareholders of Novartis AG (USD millions)			
- Continuing operations	11 941	8 568	6 049
- Discontinued operations		6 282	906
Net income attributable to shareholders of Novartis AG (USD millions)	11 941	14 850	6 955

Weighted average number of shares outstanding used in basic earnings per share	2 018	2024	2 077	2023	2 181	2022
Adjustment for vesting of restricted shares, restricted share units and dilutive shares from options	17		15		16	
Weighted average number of shares in diluted earnings per share	2 035		2 092		2 197	
Basic earnings per share (USD)						
- Continuing operations	5.92		4.13		2.77	
- Discontinued operations			3.02		0.42	
Total basic earnings per share (USD)	5.92		7.15		3.19	
Diluted earnings per share (USD)						
- Continuing operations	5.87		4.10		2.76	
- Discontinued operations			3.00		0.41	
Total diluted earnings per share (USD)	5.87		7.10		3.17	

What is the exposure to exchange rate risk for Novartis?

We transact our business in many currencies other than the US dollar, our reporting currency.

The following table provides an overview of net sales and operating expenses from continuing operations based on IFRS Accounting Standards values, for the most important currencies to the Company:

Currency		2024 2023	
		%	%
US dollar (USD)	Net sales from continuing operations	44	42
	Operating expenses from continuing operations ¹	39	37
Euro (EUR)	Net sales from continuing operations	23	24
	Operating expenses from continuing operations ¹	23	20
Swiss franc (CHF)	Net sales from continuing operations	1	1
	Operating expenses from continuing operations ¹	18	22
Chinese yuan (CNY)	Net sales from continuing operations	8	7
	Operating expenses from continuing operations ¹	5	4
Japanese yen (JPY)	Net sales from continuing operations	4	4
	Operating expenses from continuing operations ¹	2	2
Canadian dollar (CAD)	Net sales from continuing operations	2	2
	Operating expenses from continuing operations ¹	1	1
British pound (GBP)	Net sales from continuing operations	2	2
	Operating expenses from continuing operations ¹	2	5
Russian ruble (RUB)	Net sales from continuing operations	1	1
	Operating expenses from continuing operations ¹	0	0

Currency		2024	2023
Brazilian real (BRL)	Net sales from continuing operations		
	Operating expenses from continuing operations ¹	1 %	1 %
Australian dollar (AUD)	Net sales from continuing operations	1	1
	Operating expenses from continuing operations ¹	0	0
Other currencies	Net sales from continuing operations	12	14
	Operating expenses from continuing operations ¹	9	8

1. Operating expenses include cost of goods sold; selling, general and administration; research and development; other income and other expense.

We prepare our consolidated financial statements in US dollars. As a result, fluctuations in the exchange rates between the US dollar and other currencies can have a significant effect on both the Company's results of operations as well as the reported value of our assets, liabilities and cash flows. This in turn may significantly affect reported earnings (both positively and negatively) and the comparability of period-to-period results of operations.

For purposes of our consolidated balance sheets, we translate assets and liabilities denominated in other currencies into US dollars at the prevailing market exchange rates as of the relevant balance sheet date. For purposes of the Company's consolidated income and cash flow statements, revenue, expense and cash flow items in local currencies are translated into US dollars at average exchange rates prevailing during the relevant period. As a result, even if the amounts or values of these items remain unchanged in the respective local currency, changes in exchange rates have an impact on the amounts or values of these items in our consolidated financial statements.

Because our expenditure in Swiss francs is significantly higher than our revenue in Swiss francs, volatility in the value of the Swiss franc can have a significant impact on the reported value of our earnings, assets and liabilities, and the timing and extent of such volatility can be difficult to predict.

Top 10 impact and sustainability-related questions from shareholders and our responses

Last updated: February 2025

Strategy and disclosures

How do your access to medicines and environmental programs create value? What is the financial rationale of these programs?

- **Access:** Our access programs have evolved into financially sustainable models that are integrated into the business. We aim for our access programs to be accretive, both in terms of the patients we reach, as well as financial performance, to support long-term viability.
 - Our Vietnam cardiovascular community health program (Cùng Song Khoe) targets underserved, rural populations, and complements our commercial efforts. The World Bank has committed USD 10m to expand the program to include testing and treatment for dyslipidemia. We recently announced that we aim to scale this program to 10 countries within the next 5 years.
 - We have found that the early establishment of a global access strategy (incl. LMICs) improves speed to market for innovative therapies.
- **Environmental sustainability:** These programs create value by future-proofing our business (i.e.

securing our supply chain), ensuring resilience to climate change (i.e. reducing overall emissions) and increasing efficiencies.

- We have long been embedding environmental sustainability requirements into our equipment recapitalization plans.
 - Most projects that incorporate environmental sustainability in manufacturing have had a positive business case, leading to increased efficiencies and productivity.
 - They also help suppliers and other businesses in our value chain meet their own emissions reduction goals.
- In addition, these programs are important to many of our stakeholders, including employees.

What have been your challenges in complying with evolving non-financial reporting regulations?

- We welcome non-financial reporting regulations, and we believe they will promote better transparency. We believe that the standardization can:
 - Remove subjectivity from non-financial reporting;
 - Help investors gather decision-useful data that is comparable across organizations;
 - Drive value-adding discussions regarding our impact, risks and opportunities.
- Because of the introduction of Article 964a-c of the Swiss Code of Obligation, Novartis has already been preparing a report on non-financial matters, embedded in the Novartis in Society Integrated Report, and submitted it to shareholders. In 2024 AGM, shareholders endorsed the non-financial report in an advisory vote, with 98.4% support.
- In parallel, Novartis is further enhancing its disclosures in the Novartis in Society Integrated Report, which provides a strong foundation to align with the requirements of the Corporate Sustainability Reporting Directive (CSRD). However, full implementation still requires significant resources given the high level of complexity and detail in the European Sustainability Reporting Standards (ESRS) requirements.
- We are well-positioned to meet emerging requirements, while ensuring full compliance across all jurisdictions. To integrate our efforts, Novartis created an ESG Reporting Council to review the quality of our ESG data, current trends and emerging standards.

Access to innovative medicines

Novartis ranked no.1 in ATMI. What has driven the improvement in ranking? Are there any initiatives which are not covered by the assessment?

- We have been in ATMI's leadership group since 2014. Our advancement to first place highlights our long-standing commitment to inclusive healthcare and our consistent efforts to improve access to medicines in LMICs.
- The Index recognizes our: 1) focus on outcomes and transparent governance in patient-reach reporting; 2) breadth and depth of our R&D pipeline spanning non-communicable to infectious diseases; and 3) our comprehensive delivery strategies that ensure medicines reach patients regardless of their location or economic status.
- We know that the need for broader and better access to treatments does not only impact LMICs but also HICs. Our access efforts in HICs to address health inequities are not covered in the assessment.

How do you measure the impact of your access initiatives?

- To date, we have been using "patients reached" as a proxy for impact in LMICs. We take a comprehensive approach to measuring patient reach that goes beyond traditional sales tracking. Our methodology integrates treatment adherence assumptions and combines country-specific and product-

specific data with WHO global data to provide a more accurate picture of our impact.

- However, we recognize that new measurement methods are needed in order to better report on our efforts and plan for future activities. We have been piloting methodologies that correlate health benefits (such as QALYs and DALYs) with socio-economic metrics (such as GDP contribution).
- We are actively working with cross-industry consortia, such as the Value Balancing Alliance, to help standardize impact measurement across the industry.

How do you address underserved populations in developed countries?

- For more than 25 years we have been working to address unmet healthcare needs in low-resource setting, historically with a focus in Sub-Saharan Africa, parts of Asia and Latin America.
- It's increasingly apparent that there are unmet needs and disparities of care in HICs, and we are adapting our approach to ensure we address these needs as well.
- An example is the [Beacon of Hope](#) initiative, where we are working with partners in the US to improve representation of racial and ethnic minority groups in the healthcare ecosystem to build trust and improve diversity in clinical trials.
- Our three-year Closing the Gap initiative with the Jefferson Collaborative for Health Equity focuses on addressing the upstream social determinants of heart health in vulnerable neighborhoods in Philadelphia with high rates of stroke and adverse outcomes related to heart disease.

How do you anticipate AI will impact global health equity?

- AI has potential applications across our value chain – from innovation to supply chain to commercialization to access – and as such, can impact global health equity at any of these steps.
- For example, AI in drug discovery can improve the precision and speed at which new drug targets are identified, which could reduce time to market, including those in low-resource settings. AI also has the potential to partly compensate for the lower funding in R&D for neglected tropical diseases through increasing scientific output.
- AI can be a powerful tool for enhancing operational efficiency. In clinical trials, AI can quickly find eligible participants and ensure diverse representation, accelerating the trial timelines and leading to safer, more effective treatments for a wider range of patients. AI technologies can also automate administrative tasks, optimize manufacturing and distribution processes, reducing inefficiencies and improving overall productivity – all of which translate to more resources being available for patient care and innovation.
- From an access perspective, we believe that AI can help overcome infrastructure challenges in developing countries. In addition, AI can also help improve our understanding of the broader determinants of health outcomes at the population level. The Novartis Foundation designed the [AI4HealthyCities](#) initiative to improve understanding of what drives cardiovascular health in populations. The initiative linked multiple datasets and leveraged advanced analytics to identify patterns. The findings suggest associations between heart health and daily city life (i.e. long commutes, social isolation, air pollution, reliance on public assistance income, and low educational attainment).

Board matters and compensation

Can you walk us through the selection process and onboarding plans for the new Board Chair?

- The Board, led by the Governance, Sustainability and Nomination Committee (GSNC), identified the skills and experience needed to replace the outgoing Board Chair. The Board was also advised by a professional search firm to help identify suitable candidates.
- The Board conducted multiple interviews and carefully evaluated all candidates, emphasizing the

importance of finding someone who could contribute to the future success of Novartis and align with the company's culture and values.

- Dr. Giovanni Caforio was unanimously nominated by the Board as candidate for the role of Board Chair elect. His selection was based on his international career in the healthcare industry spanning more than 35 years.
 - Dr. Caforio joined BMS in 2000 and served in various senior roles at the company, including as CEO and Chairman. Under his leadership, BMS successfully transformed into a global medicines company with strong capabilities across R&D and commercialization.
 - Dr. Caforio was born and educated in Italy and holds Italian and US citizenship. He is a physician by training and received his M.D. from the University of Rome.
- If elected at the 2025 AGM, an extensive onboarding program will ensure a smooth transition from Dr. Reinhardt to Dr. Caforio.

How do you see the existing Board skills and how do you address potential gaps?

- Novartis maintains a comprehensive Board skills matrix to ensure a diverse range of expertise and experience among its members. The Board aims to ensure that skills in the following areas are adequately represented. In 2024, the skills distribution of the Board was as follows: medicine/healthcare/R&D (7/13 Board members), leadership/management (11/13), finance/accounting (8/13), law/regulatory/risk management (10/13), data/ digital (5/13), and ESG (8/13). Individual skills of Board members can be found on pages 106 - 112 of the annual report.¹
- The company actively uses this matrix in its succession planning and Board refreshment process.
 - The GSNC regularly reviews the skills matrix and identifies specific skills requirements, seeking candidates who can fill those gaps. For example, the nomination of Dr. Caforio as Board Chair brings extensive clinical and global commercial experience. The nomination of Dr. McNally brings in scientific skills (with a focus in cardiology and genetics), similar to the scientific skills of outgoing Board member Dr. Sawyer (with a focus in oncology). If approved, she is anticipated to join the Science and Technology Committee (STC) of the Board.
- To address emerging areas like environmental sustainability and evolving regulatory requirements on non-financial reporting, the Board has access to external expertise and supplements its knowledge with regular educational sessions. The Board also continues to actively engage in discussions around the opportunities and risks of artificial intelligence.

Has the Novartis Board considered incorporating material ESG KPIs and targets into the long-term executive compensation plan?

- The Board, particularly the Compensation Committee, regularly evaluates how to integrate material ESG factors into executive compensation.
- Currently, ESG is incorporated in the short-term incentive (STI) of our executives. The STI of every executive is based on a balanced scorecard with 60% weighting on financial metrics and 40% on strategic objectives. Included in the strategic objectives is "Building trust with society", which incorporates ESG metrics on pricing, access and global health, environmental sustainability, and diversity and inclusion.
- Novartis will continue to monitor investor feedback and industry trends on integrating ESG metrics in long-term incentives to ensure alignment with stakeholder expectations.

Can you provide an overview of your impacts and dependencies based on your recent nature assessment?

- We are working to contribute to Nature Positive² by assessing and reducing our impact on nature across our operations and supply chain. Our strategy includes targets pertaining to climate and nature (incl. water, waste).³
- In 2024, we conducted a nature assessment for our own operations and upstream supply chain using the LEAP approach (Locate, Evaluate, Assess and Prepare) developed by the Taskforce on Nature-related Financial Disclosures (TNFD). Some of our findings are:
 - >50% of our sites are near nature-sensitive areas.
 - Impacts from our own operations are driven by GHG emissions, water use and water quality.
 - Impacts in our upstream supply chain are mainly driven by GHG emissions, water use, water quality and land use from raw materials.
- In 2025, we will conduct further analyses to understand the impact on Novartis, the environment and society, including an assessment of downstream value chain impacts and nature assessments at priority sites close to nature-sensitive areas. We also aim to implement a sustainable sourcing program, starting with a pilot in 2025.
- In addition, we are working with industry peers and the World Business Council on Sustainable Development (WBCSD) on an industry-specific nature roadmap, which WBCSD expects to launch in Q1 2025.

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1. Please note that the table on page 105 contains wrong totals due to a technical error.
 2. Nature Positive Initiative defines “Nature Positive” as “Halt and Reverse Nature Loss by 2030 on a 2020 baseline and achieve full recovery by 2050” (Global Biodiversity Framework 2022).
 3. Specific biodiversity and raw materials will be defined based on materiality assessments.

What is the new cost basis of my Novartis and Sandoz shares following the spin-off of Sandoz from Novartis?

Information about allocation of tax basis for U.S. holders may be found in the [Form 8937: Basis of Securities \(PDF 0.1 MB\)](#). With regard to non-U.S. holders, please note that the allocation of tax basis for Novartis and Sandoz shares following the spin-off depend on the applicable local tax provisions and each shareholder’s individual circumstances. Accordingly, all shareholders and ADR holders are asked to consult their own tax advisor regarding the tax basis allocation calculations.

Where are Novartis shares traded?

Novartis shares are listed and traded on the SIX Swiss Exchange (Valor No. 001200526, ISIN CH0012005267, symbol: NOVN) as well as on the NYSE in the form of American Depositary Receipts (ADR) (Valor No. 567514, ISIN US66987V1098, symbol: NVS).

What are the ticker symbols for Novartis?

Shares SIX (Reuters / Bloomberg) NOVN.S / NOVN SW
ADRs NYSE (Reuters / Bloomberg) NVS / NVS US

What is an ADR/ADS?

ADR stands for American Depositary Receipt. ADS stands for American Depositary Share. An ADR is a receipt for a number of shares of a foreign-based corporation held by a US depository bank, entitling the ADR holder to all dividends and capital gains.

What is the number of outstanding shares in Novartis?

Key Novartis share data

	2024	2023	2022
Issued shares	2 189 930 497	2 277 477 752	2 403 721 252
Treasury shares ¹	214 841 249	233 443 766	284 112 195
Outstanding shares at December 31	1 975 089 248	2 044 033 986	2 119 609 057
Weighted average number of shares outstanding	2 018 281 520	2 076 794 140	2 181 180 341

1. Approximately 86 million treasury shares (2023: 94 million 2022: 99 million) are held in Novartis entities that restrict their availability for use.

What is the number of outstanding ADRs in Novartis?

Key data on ADRs issued in the US

	2024	2023	2022
Year-end ADR price (USD)	97.31	100.97	90.72
Number of ADRs outstanding ¹	174 267 912	189 633 312	225 435 680

1. The depository, JPMorgan Chase Bank, N.A., holds one Novartis AG share for every ADR issued.

When is your dividend going to be paid?

The dividend payment date has been set for March 13, 2025.

What is the dividend history for Novartis shares?

Shareholders approved the 28th consecutive dividend increase per share since the creation of Novartis in 1996, with an increase of 6.1% to CHF 3.50 per share for 2024.

[Learn more about dividend information](#)

What is the new cost basis of my Novartis and Alcon shares following the spin-off of Alcon from Novartis?

Information about allocation of tax basis for U.S. holders may be found in the [Form 8937: Basis of Securities \(PDF 0.1 MB\)](#). With regard to non-U.S. holders, please note that the allocation of tax basis for Novartis and Alcon shares following the spin-off depend on the applicable local tax provisions and each shareholder's individual circumstances. Accordingly, all shareholders and ADR holders are asked to consult their own tax advisor regarding the tax basis allocation calculations.

What are the income tax implications to Canadian shareholders due to the Alcon spin-off?

The following documents include the Finance Canada and Canada Revenue Agency comfort letter, Canada income tax guidelines and tax election letters related to the Alcon Spin-off for Canadian resident shareholders:

[Canada Income Tax Alcon Spin-off FAQ - English \(PDF 0.1 MB\)](#)

[Canada Income Tax Alcon Spin-off FAQ- French \(PDF 0.1 MB\)](#)

[Department of Finance Canada Comfort Letter \(PDF 0.1 MB\)](#)

[Download the Canada and Quebec Tax Election Example Letters \(ZIP 0.1 MB\)](#)

What is the amount and timing of the next dividend payment?

A dividend of CHF 3.50 per share was approved at the Annual General Meeting that was held on March 07, 2025. The dividend will be paid as from March 13, 2025. The last trading day with entitlement to receive the dividend was March 10, 2025. As from March 11, 2025, the shares are traded ex-dividend.

Is the dividend on the Novartis ordinary share and the Novartis ADR the same?

Yes, however, since ADR holders will receive their dividend in US dollars, the amount received will be impacted by currency exchange rates, as well as by a handling fee (historically, \$0.01 per share) associated with the ADR dividend. An estimate of the amount of the US dollar dividend for the ADR will be calculated on the day of the dividend announcement based on that day's exchange rates. The actual exchange rate will be determined once all funds are received and exchanged by J.P. Morgan, the depositary bank.

Will the rate recently announced for the ADRs change between now and the ADR payment date?

Yes, the preliminary announcement only provides an estimated rate based on a current FX rate. The actual rate will be determined when the Swiss francs are converted to US dollars once all the funds are received by J.P. Morgan.

Will the dividend on the Novartis ADR be paid out on the Swiss payment date of March 13, 2025?

No, the dividend on the Novartis ADR will be paid out only after a tax reclaim has been completed and once any such reclaimed funds have been received by J.P. Morgan from the Swiss Tax Authorities. Once the funds are received and converted into US dollars a payment will be made shortly thereafter to any ADR holders entitled thereto. The ADR Payment date is estimated to be on or around April 23, 2025.

Will the entire dividend amount be converted into US dollars after the Swiss tax reclaim has been completed?

No. On the Swiss payment date 65% of the dividend is received by JP Morgan. This amount will be converted into US dollars at or after such time.

Why can't J.P. Morgan receive all of the funds on the Swiss payment date?

The Swiss Tax Authorities require that a tax reclaim be completed prior to each payment for any amounts due above and beyond the non-treaty amount. Investors must certify and elect their entitlement and provide necessary disclosure documentation as required by the treaty between the US and Switzerland based upon their tax status.

Why is there a delay to get the reclaim funds back from the Swiss Tax Authorities?

Holders of ADRs entitled to receive the dividend are not able to elect until after the ADR record date which is just one (1) day prior to the Swiss payment date. Eligible holders of ADRs are given 10 days to complete and submit their election. Once any reclaims are submitted to the Swiss Tax Authorities it takes approximately 15 days for such authorities to process the reclaim.

When will the final/definitive rate and ADR Payment Date be determined?

The final/definitive rate and ADR Payment Date will be determined once all of the funds that comprise the dividend are received by J.P Morgan and converted into US dollars.

Will another announcement be made once the tax reclaim funds are received?

Yes, once all the funds have been received and converted, and the final/definitive rate is determined, a new announcement will be made by J.P Morgan.

How does the tax reclaim process work?

There is a process for banks and brokers within Depository Trust Company to elect their clients' correct tax status electronically and to provide documentation on behalf of their clients. J.P. Morgan elects on behalf of registered holders based upon their tax status. Please contact J.P. Morgan / GlobeTax Services Inc. in New York at phone: +1 212 747 9100 or email: SwitzerlandESP@globetax.com for further questions.

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