

Dear Sir or Madam,

Novartis values our constructive and solutions-oriented dialogue over the years, including in moments of complexity. Germany represents a key location for Novartis, where we continue to work collaboratively with policymakers toward shared goals to help patients, advance science, and drive economic growth.

Against this backdrop, we would like to share directly and transparently our serious concerns regarding the potential impact of measures set forth in the draft Statutory Health Insurance Contribution Stabilization Act (GKV-BStabG) on Novartis' future investments in Germany. This includes future investments in both manufacturing as well as our clinical trial footprint.

In our assessment, the provisions in the draft Act, notably the dynamic rebate and tenders for patent-protected products, fundamentally undermine market predictability, which deteriorates economic growth and the ability to provide German patients with the potential to live longer, healthier lives. In the current circumstances, we do not believe there is a sustainably favorable environment to proceed responsibly with new investments.

We fully recognize the efforts currently underway to ensure the sustainability of the healthcare system and your ability to support patients. At the same time, we have witnessed a dramatic deterioration of the investment climate in Germany. When we announced our plans to establish a Radioligand Therapy (RLT) manufacturing site in Halle, the decision was taken within a very different, pro-innovation economic and policy framework.

The Halle project is a long-term commitment in a complex, highly specialized and fast-evolving field of oncology, where investment decisions require a high degree of predictability over many years. This site is intended to provide access to medicine for even more European patients by strengthening our overall production network and helping us develop the therapeutic platform for other indications. Our ambition has been to further focus on Germany as a location for new technologies, such as RLT.

Beyond manufacturing, Novartis' contributions to clinical research in Germany are industry-leading, investing in the largest clinical trial footprint of any pharmaceutical company in the country for the past 15 years. We are currently conducting 149 clinical trials involving 7,500 patients, including 36 early development studies. However, we no longer see conditions that would be supportive of further investments in either clinical trials or manufacturing in Germany, based on the current draft legislation.

We want to avoid a future in which Germany is no longer an economic and innovation powerhouse. We would welcome the opportunity to discuss with you at the earliest opportunity how the GKV-BStabG and the broader policy framework may evolve, and

how we can continue working together in support of patients and medical innovation in Germany.