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OVERVIEW:

Company Summary

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CONFERENCE CALL PARTICIPANTS

Chris Schott *JP Morgan - Analyst*

PRESENTATION

Chris Schott - *JP Morgan - Analyst*

Good morning, everybody. I'm Chris Schott at JP Morgan and it's my pleasure to be hosting this fireside discussion with Joaquin Duato, Chairman and CEO of J&J. Joaquin, Happy New Year. Thanks for joining us. A lot to go through and some particularly big M&A news today. So, I thought maybe just to open up the conversation as we're embarking on a new year, we would love to just hear about your top priorities for J&J as we enter 2025.

Joaquin Duato - *Johnson & Johnson - Chairman of the Board, Chief Executive Officer*

Thank you. I'm happy to be here today with all of you in a day with important announcements.

Chris Schott - *JP Morgan - Analyst*

Yeah. Absolutely.

Joaquin Duato - *Johnson & Johnson - Chairman of the Board, Chief Executive Officer*

The priorities of J&J do not change with the calendar year, we manage for the long term. So when I think about my priorities for the long term, are about continue to amplify the elements that have made Johnson & Johnson successful during more than 100 years. And when I think about that, there are two elements that are at the base of our success. One is having a clear North Star, a clear purpose with our Credo. The other one is our model of being broadly diversifying healthcare. Those are the two elements that are at the foundation of the Johnson & Johnson success over the years.

Our credo unites the employees of Johnson & Johnson around the world and gives us the energy to continue to be able to change to meet patient needs. And our broadly diversified model in healthcare means that we can go where medicine is going and that we can constantly remind ourselves as we have done over time.

We are not a one trick pony company, that's not who we are. We are broadly justifying healthcare, and we have a span of capabilities at Johnson & Johnson that helps us being able to address the patient journey end to end. So that combination of purpose and broadly based in healthcare is the one that has enabled us to be successful over more than 100 years.

Now, there's also other advantages to our model. One is that we have the financial strength to be able to do deals like Intra-Cellular that we announced today, which, by the way, it's going to lift our sales growth versus what is considered today in the analyst models immediately and through the rest of the decade. It gives us the financial resiliency in order to be able to navigate multiple business cycles as we have done in the past and as we will do in 2025 and it also has some internal advantages.

When it comes to horizontal capabilities like technology, we have more breadth and scale, we can run the company more efficiently. And sometimes we have the opportunity to combine our capabilities to come up with medicines, products that combine both MedTech and pharmaceuticals. One example of that is our targeted release system, TARIS, in bladder cancer that I'm sure will have more opportunities to discuss. That's a medical

device drug combination that we have guided that is going to be more than a $5 billion product. So there are a number of reasons for which we believe we are successful.

Now, I understand that in the short term we also have to be top performer in our Innovative Medicine group and top tier in our MedTech group. And I'm sure those are things that you're going to ask me more questions down the road, right? But that's the reasons of our enduring success.

QUESTIONS AND ANSWERS

Chris Schott - *JP Morgan - Analyst*

Right. About a year ago you put out a annual top line growth target of 5% to 7% 2025 through 2030 for the total company. What is your comfort today with hitting that target? And what do you see as the key drivers of getting to that type of growth rate?

Joaquin Duato - *Johnson & Johnson - Chairman of the Board, Chief Executive Officer*

Thank you. We are very confident in the guidance of 5% to 7% compounded average growth from 2025 to 2030. And deals like Intra-Cellular, as I said, solidify our conviction that analyst models should lift up based on the additional growth that Intra-Cellular is going to bring. We are focused on high growth markets with high unmet medical need. In Innovative Medicine, we're focused in Oncology, in Immunology, in Neuroscience. When it comes to our medical technology side, we're focused in Cardiology, in Vision, in Surgical robotics. So we are focused on markets that do have significant unmet medical need and high growth potential in terms of the number of patients.

Our approach is disease-centric. So we are trying to go end to end in the disease. We can give you examples of that what we are doing in multiple myeloma. We have the most complete end to end portfolio in multiple myeloma. What we are doing in inflammatory bowel disease, it's TREMFYA in inflammatory bowel disease, but we are following up with our oral IL-23 Icotrokinra and we are continuing with our co-antibody therapeutic. So we are building entire regimens.

When it comes to MedTech, in heart failure, we're working with our heart pumps and also with Atrial Shunts. In atrial fibrillation, we have a suite of ablation, which is a match. And also, we are working in Left Atrial Appendage Elimination. So that's the strategy going into markets with high medical need, high growth and then try to build end to end regimens in that context and it's working really well.

When it comes -- and I deep dive in the numbers, in Innovative Medicine, we have guided from 5% to 7%, as you were mentioning, from 2025 to 2030. By the end of the decade, we have communicated we'll have 10 assets with peak year sales in excess of $5 billion. 70% of our assets in the pipeline today are already in Phase 3. So it's already derisked. So we are very confident about our ability to be able to deliver 5% to 7% growth in our Innovative Medicine group and Caplyta that we will talk later, will be another asset which we see with potential of more than $5 billion.

When it comes to our MedTech business, we also have guided that we plan to grow at the top end of our markets, and we see our markets growing between 5% to 7%. What we are doing in MedTech is to move also into high growth markets. In 2018, we had 20% of our sales into high growth markets as defined of more than 5%. Now, we have 50% of our sales in high growth markets. We anticipate that by 2027 a third of our sales will come from new products.

We see, in the context of MedTech, significant potential in robotics. We are working with our surgical robotics with VELYS. We are working also with our soft tissue robotic system, OTTAVA, and we are investing in one of the highest growth markets that we see also in MedTech, which is interventional cardiology.

Through the acquisitions of Abiomed in heart failure, Shockwave in calcified arterial, V-Wave in atrial shunts, Laminar in Left Atrial Appendage Elimination, we are creating a suite of products that is going to give us the strength to be able to continue to deliver growth in the higher end of our markets. So that's the vision of how we are confident on the fact that we'll be able to deliver above market growth in our business and how we'll be able to deliver this 5% to 7% compounded average growth from '25 to 2030.

Chris Schott - *JP Morgan - Analyst*

Great. Maybe turning to the big news of the day, the acquisition of ITCI. [Would you just help] highlight a little bit more on what brought you to that asset and how you see Caplyta fitting into the broader J&J portfolio?

Joaquin Duato - *Johnson & Johnson - Chairman of the Board, Chief Executive Officer*

Thank you. So we have commented many times that one of our core areas is Neuroscience. It's an area of high unmet medical need. Millions of patients have the disorders that Intra-Cellular and Caplyta address, bipolar disorder, schizophrenia, major depressive disorder. And it's an area of high growth that requires innovation to continue to address patient needs. So it's clearly on strategy. And it -- also it's a catalyst of growth in the short term and in the long term. So it's clearly the type of criteria that we have stated consistently that guides our M&A efforts.

We believe, as I said before, that Caplyta is going to be more than a $5 billion asset and also that this acquisition will help us having sales above today's analyst expectations. Today and in the rest of the decade, Caplyta, it's one pill once a day, approved already in bipolar disorder one and two as adjunctive therapy and monotherapy. It's also approved in treating schizophrenia in adults and is under review by the US FDA for major depressive disorder.

So those are three areas, bipolar disorder, schizophrenia, major depressive disorder that are of high unmet medical need in which Caplyta could become a new standard of care. And we know this area very well. We've been in this area for 70 years. We are also market leaders in long-actings, and we feel very confident that we're going to be able to expand the use of Caplyta.

In addition to Caplyta, we have another Phase 2 asset in development which is being developed in generalized anxiety disorders and also in psychosis related to Alzheimer's and a pipeline of other assets that are already on that. It's going to complement our portfolio in Neuroscience.

So we see this clearly as a catalyst for short term and long-term growth, something that is going to lift our sales versus the analyst models and it resides exactly at the sweet spot of being able to identify an asset that makes a difference in a high – in an area of high unmet medical need where we do have existing capabilities.

Chris Schott - *JP Morgan - Analyst*

Right. All sounds great for the long term. One of the nearer term questions we get I think is around the 3% growth target for J&J for 2025. Can you just go through some of the pushes and pulls that give you confidence in that target for -- as we think about this?

Joaquin Duato - *Johnson & Johnson - Chairman of the Board, Chief Executive Officer*

Thank you. We are very confident in our guidance that we gave in our enterprise business review of growing, as Johnson & Johnson, 3% in 2025. So I have expressed my confidence in all the calls, and I want to express my confidence back again today, we're very confident in being able to grow 3% in 2025. And acquisitions like Intra-Cellular only reinforce our confidence.

If I go by segment of the business, what are the drivers of that into 2025? Evidently, the drivers are our existing portfolio, DARZALEX, CARVYKTI, TECVAYLI and TALVEY in multiple myeloma; ERLEADA in prostate cancer; SPRAVATO, which is going to get an approval in immunotherapy in 2025. And then very importantly, TREMFYA in psoriasis and in IBD. We have the approval in ulcerative colitis and we are launching ulcerative colitis as we speak and we're planning to launch Crohn's Disease in 2025.

And then also importantly, RYBREVANT and LAZCLUZE that was approved earlier last year and that we have shared data -- important data, practice changing data of overall survival versus the existing standard of care, which is Osimertinib, median, about more than a year of overall survival. So those are going to be important components of our growth that are approved products. They are in the market today.

Now, beyond that we will have also good news from our pipeline in 2025. Let me start with the -- filing an approval of nipocalimab, our FcRn blocker in myasthenia gravis we filed last year. So we are expecting the approval in 2025.

Very importantly, the -- we have started our rolling submission of TAR-200, our targeted release system in non-muscle invasive high risk BCD unresponsive bladder cancer. And we are using the real time submission with the US FDA. To remind everybody, we also had, in that indication, breakthrough designation by the US FDA. This is going to be a very important product for us that we will discuss later. And then finally, you are going to see, in 2025, additional data on our oral IL-23 blocker, Icotrokinra.

We presented top line data on psoriasis, Phase 3 data. You will see also comparative data versus Sotyktu in 2025 and also Phase 2 data in ulcerative colitis. So it's good from the point of view of the products we have today, but it's going to even get better with these three new assets, nipocalimab, Icotrokinra and TARIS-200 in the year.

When it comes to MedTech, we continue to progress with the acquisitions of a Abiomed and Shockwave. We're making inroads clearly into interventional cardiology, both in the area of heart failure and calcified arterial disease. Both acquisitions are performing ahead of our deal model.

We continue to grow in our markets of biosurgery and at the same time in wound closure, in biosurgery, we are launching new hemostats. In wound closure, we constantly innovate delivering mid single digit growth. Now we are launching barbed sutures. And together with that, our Vision franchise is in the middle of being able to launch a new intraocular lens, a premium intraocular lens called TECNIS, and we are launching in the US and outside of the US. So we feel confident that we are going to be able to continue to grow in MedTech.

Specifically, when it comes to one of the questions you may have, is our leading franchise in atrial fibrillation, we are launching VARIPULSE. We just got the approval of our Dual Energy Catheter in Europe, and we are planning to continue to expand our PFA suite with more catheters.

PFA and atrial fibrillation treatment is a combination of multiple elements. They generate a suite of catheters and the mapping system, and we aim to have a leading one both in radio frequency and in PFA. So those are elements that make us optimistic about 2025.

But there are other elements that make us optimistic too. One is that we think we are on our way of being able to have final solution in the talc litigation. We'll see that in the hearing in February and that's positive news too that goes way to 2025. So we have provided guidance, P&L guidance about how things will look like in 2025 and part of that was given in Q3.

Now, I have to -- I have to also caution you about what we commented in the Q3. Since we commented in the Q3, the exchange rate of the dollar has changed and has changed significantly towards all major currencies with the strengthening of the dollar, especially versus the euro. So when we were talking about our guidance for 2025 or how we see 2025 in the Q3, we were talking about an exchange rate of $1.09. Today, the exchange rate I think is $1.02.

So this is something that we have to take into consideration when you are planning your models for next year. Just as a reference, $0.01 less in the exchange rate, it's about $0.05 in our EPS. So I know you're a great analyst and you're going to be able to look at these models, but I think it's important that everybody understands the impact of exchange rate in all US-based multinationals and that just the exchange rate -- EUR dollar has changed from $1.09 that we were in the third quarter to $1.02 and that does have an impact on all US-based multinationals.

Chris Schott - *JP Morgan - Analyst*

But the underlying kind of operational piece, you're feeling very --?

Joaquin Duato - *Johnson & Johnson - Chairman of the Board, Chief Executive Officer*

Absolutely. We are feeling absolutely great about the underlying operational piece. So operationally, we have no concerns there. I think it's important to update the models to reflect the change in the exchange rate. So we feel very confident, as I said, on our ability to deliver 3% growth for Johnson & Johnson in 2025.

Chris Schott - *JP Morgan - Analyst*

Maybe just pivoting a little bit to some of the administration dynamics. Just first of all, you went through the initial IRA price negotiation discussions last year as a company. Maybe just what are some of your main takeaways from that process and kind of where J&J ended up with those discussions?

Joaquin Duato - *Johnson & Johnson - Chairman of the Board, Chief Executive Officer*

Yeah, the first thing that I wanted to reinforce is that when I provide the guidance for 2025 and the guidance from '25 to 2030 of 3% in 2025, 5% to 7% from 2025 to 2030, we are already including the impact of IRA. So that's already included the impact of our -- in our guidance, as well as the impact of Part D redesign. So that's already including our guidance. The products that were impacted by IRA, which are XARELTO, IMBRUVICA and – STELARA.

Chris Schott - *JP Morgan - Analyst*

What was the one you had the -- you had XARELTO in there too.

Joaquin Duato - *Johnson & Johnson - Chairman of the Board, Chief Executive Officer*

So those are products that are not core to our growth. So it was XARELTO, STELARA and IMBRUVICA. So they are products that are not core to our growth. So we feel confident about being able to deliver in our estimates. And we are excited about the potential that we have with the products that we have seen before. So I want to reassure investors that all that -- it's already included in our short term and long term guidance and we are looking forward to focus on the real growth drivers that we have in our portfolio.

Chris Schott - *JP Morgan - Analyst*

And just with the new administration coming in this year, just how are you thinking about the potential for change within the healthcare regulatory environment? I guess, what's top of mind for you?

Joaquin Duato - *Johnson & Johnson - Chairman of the Board, Chief Executive Officer*

It's -- look, we have worked with 24 different Presidential administrations and we are willing to work with every Presidential administration. We worked with the past Trump administration before and we are looking forward to work with this administration too. So it's difficult for me to estimate what's going to happen.

What I can tell you is that we are going to be willing to be able to discuss how we can have a pro innovation, pro access policies here in the US and our ability to work with multiple administrations is being demonstrated. So we plan to work with all administrations.

Chris Schott - *JP Morgan - Analyst*

Maybe pivoting to the pharma business. No more detail. Just immunology first. STELARA is facing biosimilars this year, it's one of your largest products. Latest on erosion curve and how we should think about analogies to think about as STELARA starts to see competition.

Joaquin Duato - *Johnson & Johnson - Chairman of the Board, Chief Executive Officer*

So again, rest assured that the erosion of STELARA, it's already embedded in our guidance. But I think the best estimate to try to foresee the erosion of STELARA, given the changes that have occurred in the biosimilar market since we have REMICADE going out of patent, it's clearly the Humira erosion curve. So that's the one we have guided and that's the one that I would recommend people to use as a proxy, as an analogue of how the STELARA biosimilar entry could affect us.

Now, when you talk about that, I immediately have to tell you, we are very excited about our possibilities in immunology with our pipeline in immunology. We are launching TREMFYA in inflammatory bowel disease, it's already approved in ulcerative colitis. We expect the approval in Crohn's Disease in 2025. We are very excited about sharing our data on Icotrokinra, both in psoriasis and in ulcerative colitis; in this case, in Phase 2. And staying in immunology, next year we will be launching also nipocalimab. This year we will launch nipocalimab in myasthenia gravis. We just received a priority review. So we are very excited about the possibilities that we have in immunology to create a standard of care that is better than STELARA and that is a driver of our confidence in our guidance.

Chris Schott - *JP Morgan - Analyst*

Just one thought there. Just as I think about the IL-23 market, TREMFYA versus the oral IL-23, how do you see those two playing off against each other?

Joaquin Duato - *Johnson & Johnson - Chairman of the Board, Chief Executive Officer*

That's a great question. We believe that the availability of an oral IL-23 that has the efficacy and the safety of a biosimilar, but the patient preference of an oral, it's going to be a game changer in this market. Why is that and why do I say that? Because generally speaking, patients prefer orals and we have a number of proof points.

For example, we recruited the oral IL-23 trials in a third of the time that trials in this area take us. So normally, when you have trials recruiting faster, that's a good predictor of the success of a medicine of a patient preference. So we feel very confident on the ability to be able to change the market with the oral that has the efficacy and the safety similar to a biologic.

You're going to see some data this year as I described before, and we believe that there's still about 5 million patients that because of different situations connected with not having orals that are as effective as a biosimilar are not receiving advanced treatment.

So I believe that this is not only going to compete with the existing treatments both in the oral and in the injectable space, but most importantly is going to bring more patients that have psoriasis or IBD into treatment due to the availability of disorder.

Chris Schott - *JP Morgan - Analyst*

Right. Maybe looking at one of your big franchises, myeloma seems like one of these end-to-end opportunities that you were talking about earlier. Just talk about the prospects for growth when you think about the portfolio of assets the companies put together.

Joaquin Duato - *Johnson & Johnson - Chairman of the Board, Chief Executive Officer*

Absolutely. Multiple myeloma is a great example of our disease-centric approach. During the last decade, more than half of the treatments in multiple myeloma have been developed by Johnson & Johnson. And I'm proud that this is one of the examples in which we have been able to change the conversation from treating to progression, to treating to cure. Not only that, we have even take things a step further and we have gone into disease interception in multiple myeloma. We just filed in the smoldering myeloma both in the US and in the EMEA late last year. So this is an area where really our disease centric approach shines.

We see our multiple myeloma franchise becoming a $25 billion franchise by the end of the decade. We see about 50% share of Johnson & Johnson regimens by the end of the decade. And our goal is to have a Johnson & Johnson regimen for every line of therapy in multi myeloma. So what is the foundation of our existing franchise today? DARZALEX. We see continued growth of DARZALEX in newly diagnosed multiple myeloma. We have strong overall survival data there. CARVYKTI, CARVYKTI is doing very well. You saw in the third quarter sequential growth of more than 50%. We're expanding our manufacturing capacity.

We have presented data, CARTITUDE-4, in two prior lines with very strong overall survival data. And then we are also having increased penetration of our bispecifics, TALVEY and TECVAYLI. Physicians are getting more confident with them. They are using them in the community. And we have Phase 3 studies that are going to move both TALVEY and TECVAYLI into early lines of therapy into second line. Today, there was a publication in the New England Journal of Medicine with excellent results combining TECVAYLI and TALVEY.

So I'm very confident on our multiple myeloma franchise and our ability to continue to drive growth there. I think we have an unrivaled one, but we are not staying there. We're also developing the next generation of treatments in multiple myeloma and we are going into the clinic with a trispecific antibody combining GPR5CD (sic - "GPRC5D") and also BCMA with CD3. So that's going to be the next generation of treatments and we are going to lead not only today but also moving into the next decade.

Chris Schott - *JP Morgan - Analyst*

Right. Maybe one last one on the pharma side. You also have a broad portfolio of assets and pipeline. Where do you see the most significant disconnects between J&J's internal view and how The Street is thinking about the pharma business?

Joaquin Duato - *Johnson & Johnson - Chairman of the Board, Chief Executive Officer*

Thank you. I hope now with the acquisition of Intra-Cellular, we are able to leave The Street view of our pharma business. But there's three major assets where I see a disconnect and those are three core assets in our portfolio. One is RYBREVANT and LAZCLUZ. Okay. Clearly, I mean, we've been able to show overall survival versus the current standard of care of a year or more in a disease like lung cancer where life expectancy is three years, this is a change in practice data.

We are in the process of having the review of our sub-q formulation and we believe this is going to be eventually the standard of care in treating first line EGFR-mutated non small cell lung cancer. And this is something that is still underestimated in The Street models.

Beyond that, we see RYBREVANT playing a role also in other cMet or EGFR-mutated cancers like in colorectal or in head and neck, and we plan to go into phase three in those two cancers as RYBREVANT. So that's one that is underestimated. And as a reminder, RYBREVANT and LAZCLUZ are two different medicines that are built separately.

If I go to the second one, it's TREMFYA in IBD, clearly, that's underestimated. We have best-in-class efficacy in ulcerative colitis with a much and much endoscopic remission. We have, in Crohn's Disease, the only double-blind head to head comparative trial with bio naive and bio-experienced patients. And we are the only ones that are going to be able to provide a full sub-q regimen. So you won't have to do two prescriptions IV and sub-q, you will be able to have a full sub-q regimen. So we feel very strong about the potential of TREMFYA.

To give you some reference. If you use STELARA as the analogue, STELARA sales were 75% in IBD, 25% in psoriasis and psoriatic arthritis. TREMFYA sales, 12-month sales, today only in psoriasis and psoriatic arthritis are $3.5 billion. So if I make that equation, TREMFYA is going to be more than a $10 billion product, that's not in any analyst models. I think there is a disconnect between TREMFYA because if you use STELARA as an analogue, your total sales of TREMFYA should be at least three times your psoriasis and psoriatic arthritis sales.

Then finally the other one that there's a big disconnect in part because there's lack of understanding of how the product is going to work, it's TARIS-200, our targeted release system. Still people -- some people are thinking it's going to be a medical device. No, this is being filed as a medicine and it's going to be billed and reimbursed as a medicine.

So TAR-200, what is the population that goes into bladder cancer? There is about 600,000 newly diagnosed bladder cancer patients and about 400,000 that relapse. So in total, you're talking about a population of about a million people per year, about 70% of them are non-muscle invasive bladder cancer and the majority of them are high risk. So that's exactly the population that we are addressing with our SunRISe program. Our first indication, it's going to be in non-muscle invasive high risk bladder cancer in patients that are BCG unresponsive.

As I said, that indication has already breakthrough designation. It's been accepted and it's in the process of being filed in a rolling submission to the real time oncology review and we think this is going to be a game changer in the treatment of bladder cancer. I have been myself in urology offices to see firsthand how TARIS was implanted and I can tell you it takes about three minutes to implant TARIS in the bladder and it takes about a minute to be able to remove TARIS .

It doesn't require any particular conservation, you can have it at room temperature, and it fits squarely in the orology workflow. So we feel very confident that the full suite of TARIS, it's going to be more than a $5 billion product. So those three assets in itself have significant disconnect with The Street. I'm confident that as we get those assets approved and data flows and you start to see the commercial results, this is going to change -- help in moving analyst expectations above where they are today and gaining more confidence in our ability to deliver in 2025 and also in the rest of the decade.

Chris Schott - *JP Morgan - Analyst*

Maybe pivoting over to MedTech. I know improving the growth prospects and kind of positioning this franchise was one of your key priorities during your tenure as CEO. A few years into this process, we'd just like to get your sense of where we are in that process? Kind of like what inning in the -- of repositioning do you feel J&J is at this point?

Joaquin Duato - *Johnson & Johnson - Chairman of the Board, Chief Executive Officer*

Thank you. So as I said before, our goal with MedTech was to be able to grow at the top of our markets. In essence, become more competitive, and we are doing that both organically and inorganically. We are moving into higher growth markets. We are launching new products. Now, 50% of our sales are going to be in markets that are growing more than 5%. By 2027, we plan to have a third of our sales in new products.

What are the catalysts of that? A number of them. One is in orthopedics, launching our full suite of VELYS products. Now we don't have a VELYS knee replacement robot. We have hip navigation with VELYS. And this year -- this past year, we got the approval of the [Uni-Knee] and also VELYS SPINE. So that's helping us being more competitive in the orthopedics space.

If I move into the surgical space, we continue to make progress in our wound closure franchise. We continue to make progress in our biosurgical franchise with launching new hemostats and very importantly, we are making progress with the development of OTTAVA. We filed the IDE for OTTAVA, our soft tissue robotic systems, in the fourth quarter last year, and that's going to be a key priority for us entering into the surgical robotics market.

In the area of Vision, I commented before that we are launching a new intraocular lens, and we continue to build in our leading position in contact lenses. And finally, look, our growth driver of cardiovascular. We are fully committed to be the leaders today and into the future in the area of atrial fibrillation. We have a strong position in RF. We have the best mapping system in the market. We have the best group of mappers and we are developing a portfolio of PFA catheters.

We have launched VARIPULSE in Europe and we are in limited market release here in the US. We just got the approval of our Dual Energy Catheter with PFA in Europe. So we are fully committed to remaining a leader in this area. And in the meantime, we are very satisfied with what we are doing with the acquisitions of Abiomed and Shockwave, both of them are performing above market, showing that we take it very seriously that when we deploy capital, we are going to hit the expectations.

In the case of Abiomed, growth is driven by Impella CP, which is the main state of the CP of the heart failure solutions in Abiomed, but we are also launching our surgical pump, which is Impella 5.5 and also our right-side pump, which is Impella RP Flex. This year, we had 2 very good news in Abiomed. One was the publication in the New England Journal of Medicine of the DanGer trial, which is the first trial that is able to show a survival benefit in cardiogenic shock, and that is going to reinforce how the use of Impella in these settings improves cardiovascular outcomes.

And also, we presented at TCT data on our study on Impella ECP, which is the Impella smaller French 90 French for insertion, which was extremely positive. So I'm very confident on the continuation of the success of Abiomed into the future. I think they are doing a wonderful job, and we want to continue to do that.

When it comes to Shockwave, we're delivering again ahead of the deal model, we are even launching two new products as we speak, two new catheters, one E8, which is for below-the-knee peripheral arterial disease. Another one is Javelin for peripheral arterial disease in lesions which are difficult to close. So we have a strong position there in calcified arterial disease, and we plan to build into that.

And finally, I'm excited about V-Wave and atrial shunts which is another important contribution in interventional cardiology. And we are working hard to have a solution in atrial appendage. We have a program through the acquisition of Laminar in Left Atrial Appendage Elimination that we plan to eventually come to market and participate in this important area. So overall, I see multiple growth drivers in the future. And today, for our MedTech business, being able to deliver in our aspiration to grow at the top end of our markets, that means between 5% to 7%.

Chris Schott - *JP Morgan - Analyst*

Maybe just one quick comment on VARIPULSE some of the recent news. What should we be watching there? And what are the next steps to think about?

Joaquin Duato - *Johnson & Johnson - Chairman of the Board, Chief Executive Officer*

Thank you. So we are in a limited market release in the US in an external evaluation and in the process of the external evaluation, we have identified a number of neurovascular side effects, four cases in particular. In an abundance of caution, we have decided to stop our external evaluation as we communicated. And that's why we do an external evaluation to be sure that we have the right configuration.

I have to be clear that VARIPULSE is approved outside of the US in certain countries, we continue our commercialization of VARIPULSE outside of the US, and we're working very hard to be able to identify the root cause and bring VARIPULSE back into the US external evaluation.

Patient safety for us, it's the most important priority. And in abundance of caution, we are in connection with the investigators and the medical advisers that were working in the user external valuation. We are actually doing right that. We are fully committed to developing the best overall portfolio in PFA as well as in RF. And keep in mind, this is not only about one catheter, this is about the combination of your generator, your suite of catheters, your mapping system and your mappers. So we are fully committed to remain leaders in ablation in atrial fibrillation, both in RF and in PFA.

Chris Schott - *JP Morgan - Analyst*

Great. Maybe in the last couple of minutes here. Obviously, we're coming off a big announcement of a deal today, but just the latest priorities for J&J as we think both MedTech and pharma from here. What should we be thinking about in terms of priorities for you as you think about kind of further expanding the portfolio via BD?

Joaquin Duato - *Johnson & Johnson - Chairman of the Board, Chief Executive Officer*

BD. So first of all, M&A and R&D are the ways we create significant value, and we build our pipeline. It's not only about M&A. Sometimes we talk about M&A, but it's also about R&D. In the last two years, '23 and '24, we invested north of $30 billion in internal R&D. So it's a combination of both things. We have the financial strength to be able to have the optionality to do multiple deals. And at the same time, address all other capital allocation priorities like dividends.

So when you think about deals moving forward, Intra-Cellular has been an important demonstration of what we do. But I also have to explain to everybody that these deals do not happen every day. And as a matter of fact, for us, larger deals are more outliers. The majority of the value that we create is through smaller deals, tuck-ins where we can use our scale. In the last year, we did 75 smaller deals. And that's where we create the majority of our value.

So I want you to think about that in that context. Some of these smaller deals are the ones that are behind, for example, oral IL-23 or our targeted release system TARIS. Those were deals that when we announced them, didn't make any headlines. So that's where we are creating our value.

And to end on that, I'm very focused on making sure that we continue with the successful integration of Abiomed, but also the successful integration of Shockwave and Intra-Cellular into our company. Those are high-quality companies with high-quality teams, with high-quality portfolios and it's a process on both sides. We bring our expertise, but we also learn from them, and I'm very proud of how we are integrating these companies, and that's a key priority for me today, making sure that we deliver on the premise of these three acquisitions.

Chris Schott - *JP Morgan - Analyst*

Excellent. Well, I think we're just out of time. Joaquin, thanks so much for joining us. Really appreciate the comments today.

Joaquin Duato - *Johnson & Johnson - Chairman of the Board, Chief Executive Officer*

Thank you.

Chris Schott - *JP Morgan - Analyst*

Thank you.
