

2025 Q3 Economic Factors and J&J Announcements

Below is a high-level summary of current macro-economic factors, notable announcements made this quarter, as well as public commentary made by management during the quarter and recent earnings calls. Any additional information included herein is provided as phasing considerations and should not be construed as guidance.

Phasing considerations:

In addition to the comments provided during the Q2 earnings call, please note the following:

- As a reminder, we acquired Shockwave in May of 2024. This marks the first full quarter where Shockwave is reflected in both current and prior year results, allowing for a direct comparison.
- For your convenience, as we progress through 2025, we have attached QTD and FY segment P&Ls for 2024.

Macro-economic factors:

- Supply Chain / Inflationary Pressures: Elevated [inflation rates](#) continued throughout Q3 with July CPI at 2.7% and August CPI at 2.9%.
- Interest Rates: The [Federal Funds Rate](#) continues to impact the financing cost of our commercial paper as well as interest income on our cash position.
- Tariffs: in Q2 we noted a 2025 impact of \$200M, exclusively related to our MedTech business, based on tariff information known at that time. We continue to monitor tariffs and their potential impact to our business.
- Global Affairs: As described in our [Form 10-K](#) risk factors, we have experienced, and expect to continue to experience, impacts to the Company's business resulting from the Russia-Ukraine war, rising conflict in the Middle East as well as increasing tensions between the U.S. and China.
- Foreign Exchange: We don't offer guidance or predictions on currency movements, but as highlighted by Joe during the Q2 2025 [earnings call](#), we utilized the Euro Spot Rate relative to the U.S. dollar as of mid-July of 1.17 to give a sense of the potential impact on Full Year 2025 guidance. The [Euro Spot Rate](#) averaged 1.17 in July, 1.16 in August, and 1.18 through mid-September. As a reminder, our results are based on a basket of currencies, of which, not all align to the Euro.

Conference participation

J&J conference participation (transcripts and webcasts) throughout the quarter can be found [here](#). Transcripts for the events below have been attached for your convenience.

- [Wells Fargo 2025 Healthcare Conference](#): Tim Schmid - Executive Vice President Worldwide Chairman, MedTech, fireside chat with Larry Biegelsen - Wells Fargo Securities, LLC, Analyst
- [Morgan Stanley 23rd Annual Global Healthcare Conference](#): Joaquin Duato - Chairman and Chief Executive Officer and John Reed - Executive Vice President, Innovative Medicine, Research and Development, fireside chat with Terence Flynn – Morgan Stanley, Analyst

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Announcements

Press releases issued during the quarter can be found on the [J&J Media Center](#), [Innovative Medicine Newsroom](#), and [MedTech News & Events](#) page.

- **M&A:** N/A
- **Talc:** please visit factsabouttalc.com for the latest company statements
- **Innovative Medicine:**
 - **Alzheimer's:** [AAIC curtain raiser](#)
 - **DARZALEX:** [EC approval for smoldering multiple myeloma](#)
 - **Fetal immunology:** [ISUOG curtain raiser](#)
 - **Icotrokinra:** [US FDA NDA submission](#); [Phase 3 ICONIC studies](#)
 - **IMBRUVICA:** [EC approval in frontline MCL](#)
 - **INLEXZO (TAR-200):** [US FDA Approval](#); [US FDA Priority Review for TAR-200 NDA](#)
 - **RYBREVENT+LAZCLUZE:** [Phase 3 MARIPOSA resistance data](#); [Phase 3 MARIPOSA OS data](#)
 - **TECVAYLI & DARZALEX FASPRO:** [Phase 2 MajesTEC efficacy data](#)
 - **TREMFYA:** [US FDA supplemental sBLA submission](#); [UC SubQ approval](#)
 - **Other:** [2025 Psych Congress abstracts](#)
- **MedTech:**
 - **Abiomed:** [DanGer Shock Data](#)
 - **EP:** [VARIPURE Substudy of SECURE results](#)
 - **ORTHO:** [VIRTUGUIDE™ Launch](#)
 - **Shockwave:** [Javelin Launch in Europe](#)
- **Other Notable Announcements:**
 - **Organizational announcement:** [John Morikis, Retired Chairman, President and Chief Executive Officer of The Sherwin-Williams Company, is elected to the Johnson & Johnson Board of Directors](#)

J&J earnings calls:

- **Q2 2025 earnings call:** Full year 2025 Operational Sales Guidance excluding the COVID-19 Vaccine of \$92.7B - \$93.1B or 4.5% - 5.0% and Adjusted Operational Earnings Per Share of \$10.63 - \$10.73 or 6.5% - 7.5% was provided on our Q2 2025 Earnings Call. Please see the below 2025 Phasing Considerations slide from the earnings presentation. For your convenience, the final Q2 2025 earnings transcript and presentation are attached. Full Q2 2025 earnings call operational commentary and key drivers can be listened to [here](#) and the Q2 2025 10-Q can be found [here](#).

Phasing Considerations

Anticipate second half operational¹ sales growth higher than the first half

Innovative Medicine

- Expect more pronounced impact from newly launched products as the year progresses
- STELARA biosimilar competition to accelerate; HUMIRA erosion curve remains the best proxy²
- Negative impact of Part D re-design, as a percent to sales, will be consistently applied throughout the year³

MedTech

- Expect acceleration of newly launched products; full year impact of Shockwave acquisition
- Lapping of prior year quarterly comparators to be considered
- Normalized procedure volume and seasonality

P&L

- One-time items impacting EPS last year:
 - Benefit of Kenvue dividend in the first two quarters
 - Higher interest income prior to Shockwave acquisition in May
 - Monetization of royalty rights in Q3
 - IPR&D expense associated with NM-26 Bi-specific antibody acquisition (Q3) and V-Wave acquisition (Q4)

J&J

¹ Non-GAAP measure; excludes the impact of translational currency; see reconciliation schedules on the Investor Relations section of the [company's website](#)

² Once faced with material biosimilar competition, with the additive impact of Part D re-design

³ Products negatively impacted include STELARA, INVEGA long acting injectables, EYLEA, OPSUMIT, UPTRAVI, TREMEYA and IMBRIVICA, partially offset by a favorable impact in XARELTO

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- **Q3 2024 earnings call:** For ease of reference, below are related sales and EPS absolute figures and growth rates for Q3 2024. Full Q3 2024 operational commentary, key drivers, and one-timers can be listened to [here](#) and the Q3 2024 10-Q can be found [here](#). For your convenience, the final Q3 2024 earnings transcript and presentation are attached.
 - Enterprise: \$22.5B, 6.3% operational sales growth and 5.4% adjusted operational sales growth
 - Enterprise sales highlights can be found on page 4 of the final Q3 2024 earnings transcript attached
 - P&L highlights can be found on pages 5-6 of the final Q3 2024 earnings transcript attached
 - Innovative Medicine: \$14.6B, 6.3% operational sales growth
 - Innovative Medicine sales highlights can be found on page 4 of the final Q3 2024 earnings transcript attached
 - MedTech: \$7.9B, 6.4% operational sales growth
 - MedTech sales highlights can be found on page 5 of the final Q3 2024 earnings transcript attached

Earnings before provision for taxes on income by segment

Innovative Medicine

2024

(Unaudited; Dollar in millions)

	As reported									
	Q1		Q2		Q3		Q4		YTD	
	Amount	% to Sales	Amount	% to Sales	Amount	% to Sales	Amount	% to Sales	Amount	% to Sales
Sales to customers	\$13,562	100.0	\$14,490	100.0	\$14,580	100.0	\$14,332	100.0	\$56,964	100.0
Cost of products sold (COGS)	3,370	24.8	3,603	24.9	3,549	24.3	3,514	24.5	14,036	24.6
Selling, marketing and administrative expenses (SM&A)	2,438	18.0	2,665	18.4	2,491	17.1	3,312	23.1	10,906	19.1
Research and development expense (R&D)	2,896	21.4	2,722	18.8	4,213	28.9	3,698	25.8	13,529	23.8
Other segment items ¹	(111)	(0.8)	41	0.2	(155)	(1.0)	(201)	(1.4)	(426)	(0.7)
Reported segment income before tax	\$4,969	36.6	\$5,459	37.7	\$4,482	30.7	\$4,009	28.0	\$18,919	33.2

	Adjusted									
	Q1		Q2		Q3		Q4		YTD	
	Amount	% to Sales	Amount	% to Sales	Amount	% to Sales	Amount	% to Sales	Amount	% to Sales
Sales to customers	\$13,562	100.0	\$14,490	100.0	\$14,580	100.0	\$14,332	100.0	\$56,964	100.0
Cost of products sold (COGS)	2,670	19.7	2,905	20.0	2,852	19.6	2,829	19.7	11,256	19.8
Selling, marketing and administrative expenses (SM&A)	2,438	18.0	2,665	18.4	2,491	17.0	3,312	23.1	10,906	19.1
Research and development expense (R&D)	2,889	21.3	2,712	18.7	4,211	28.9	3,692	25.8	13,504	23.7
Other segment items ²	(247)	(1.9)	(254)	(1.7)	(495)	(3.4)	(158)	(1.1)	(1,154)	(2.0)
Adjusted segment income before tax ³	\$5,812	42.9	\$6,462	44.6	\$5,521	37.9	\$4,657	32.5	\$22,452	39.4

¹ Other segment items for each reportable segment include charges related to other income and expenses, restructuring activities and impairment charges related to in-process research and development

² Other segment items for each reportable segment include charges related to other income and expenses

³ Non-GAAP measure; excludes intangible amortization expense and special items; see reconciliation schedules on the Investor Relations section of the [company's website](#)

Earnings before provision for taxes on income by segment

MedTech

2024

(Unaudited; Dollar in millions)

	As reported									
	Q1		Q2		Q3		Q4		YTD	
	Amount	% to Sales	Amount	% to Sales	Amount	% to Sales	Amount	% to Sales	Amount	% to Sales
Sales to customers	\$7,821	100.0	\$7,957	100.0	\$7,891	100.0	\$8,188	100.0	\$31,857	100.0
Cost of products sold (COGS)	3,120	39.9	3,248	40.8	3,381	42.8	3,596	44.0	13,345	42.0
Selling, marketing and administrative expenses (SM&A)	2,582	33.0	2,671	33.6	2,723	34.5	2,836	34.6	10,812	33.9
Research and development expense (R&D)	646	8.3	718	9.0	739	9.4	1,600	19.5	3,703	11.6
Other segment items ¹	(47)	(0.6)	231	2.9	(11)	(0.1)	84	1.0	257	0.8
Reported segment income before tax	\$1,520	19.4	\$1,089	13.7	\$1,059	13.4	\$72	0.9	\$3,740	11.7

	Adjusted									
	Q1		Q2		Q3		Q4		YTD	
	Amount	% to Sales	Amount	% to Sales	Amount	% to Sales	Amount	% to Sales	Amount	% to Sales
Sales to customers	\$7,821	100.0	\$7,957	100.0	\$7,891	100.0	\$8,188	100.0	\$31,857	100.0
Cost of products sold (COGS)	2,713	34.7	2,754	34.6	2,727	34.5	2,928	35.8	11,122	34.9
Selling, marketing and administrative expenses (SM&A)	2,578	33.0	2,666	33.5	2,720	34.5	2,832	34.6	10,796	33.9
Research and development expense (R&D)	601	7.7	670	8.4	684	8.7	1,575	19.2	3,530	11.1
Other segment items ²	(132)	(1.8)	(181)	(2.2)	(141)	(1.8)	(33)	(0.4)	(487)	(1.5)
Adjusted segment income before tax ³	\$2,061	26.4	\$2,048	25.7	\$1,901	24.1	\$886	10.8	\$6,896	21.6

¹ Other segment items for each reportable segment include charges related to other income and expenses, restructuring activities and impairment charges related to in-process research and development

² Other segment items for each reportable segment include charges related to other income and expenses

³ Non-GAAP measure; excludes intangible amortization expense and special items; see reconciliation schedules on the Investor Relations section of the [company's website](#)