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OVERVIEW:

Company Summary

LSEG DATA & ANALYTICS

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PRESENTATION

Operator

Good morning and welcome to Johnson & Johnson's first-quarter 2026 earnings conference call. (Operator Instructions) This call is being recorded. (Operator Instructions)

I will now turn the call over to Johnson & Johnson. You may begin.

Darren Snellgrove - *Johnson & Johnson - Vice President - Investor Relations*

Hello, everyone. This is Darren Snellgrove, Vice President of Investor Relations for Johnson & Johnson. Welcome to our company's review of business results for the first quarter of 2026, and our financial outlook for the full year.

First, a few logistics: as a reminder, today's presentation and associated schedules are available on the Investor Relations section of the Johnson & Johnson website at investor.jnj.com. Please note that this presentation contains forward-looking statements regarding, among other things, the company's future operating and financial performance, market position, and business strategy.

You are cautioned not to rely on these forward-looking statements, which are based on the current expectations of future events using the information available as of the date of this recording and are subject to certain risks and uncertainties that may cause the company's actual results to differ materially from those projected. The description of these risks, uncertainties and other factors can be found in our SEC filings, including our 2025 Form 10-K, which is available at investor.jnj.com and on the SEC's website.

Additionally, several of the products and compounds discussed today are being developed in collaboration with strategic partners or licensed from other companies. This slide acknowledges those relationships.

Moving to today's agenda, Joaquin Duato, our Chairman and CEO, will discuss our business performance and growth drivers. I will then review the first-quarter sales and P&L results. Joe Wolk, our CFO, will then close by sharing an overview of our capital allocation priorities and updated guidance for 2026.

Jennifer Taubert, Executive Vice President, Worldwide Chairman, Innovative Medicine; John Reed, Executive Vice President, Innovative Medicine Research and Development; and Tim Schmid, Executive Vice President, Worldwide Chairman, MedTech, will be joining us for Q&A. To ensure we provide enough time to address your questions, we anticipate the webcast will last approximately 60 minutes.

With that, I will now turn the call over to Joaquin.

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

Good morning, everyone, and thank you for joining us. We said 2026 would be a year of accelerated growth and impact for Johnson & Johnson. And with our strong Q1 performance, including our beat on consensus and raised guidance, you can see we are delivering on that promise.

In the first three months of the year, we delivered operational sales growth of 6.4%. Our focus on areas of high innovation, high unmet need, and high growth is delivering results today and for the future. Across each of our six key businesses: Oncology, Immunology, Neuroscience, Cardiovascular, Surgery, and Vision, we have multiple differentiated assets to drive sustained growth and a strong competitive advantage.

Our success is fueled by the strongest portfolio and pipeline in the history of Johnson & Johnson. We currently have 28 platforms or products that generate at least $1 billion in annual revenue and we are aiming to add even more. Our unique combination of Innovative Medicine and MedTech, together with strong execution and industry-leading investment in innovation, is delivering resilient growth. We are on track to meet our 2026 target of $100 billion in annual revenue for the first time and we are confident our progress will continue to improve into 2027, with line of sight to double-digit growth by the end of the decade.

Let's start with Innovative Medicine where we delivered operational sales growth of 7.4% in the quarter with 10 brands growing double digits. In Oncology, we are aiming to cure and treat more cancers with the world's leading portfolio and pipeline.

DARZALEX remains the gold standard in multiple myeloma and our number-one product with sales of $4 billion and operational sales growth of 18%. CARVYKTI, TECVAYLI, and TALVEY also continue to deliver high double-digit growth reflecting the importance of our multiple myeloma portfolio across the full treatment journey. Progress in our pipeline accelerated in Q1 with the FDA approval of TECVAYLI plus DARZALEX FASPRO for relapsed or refractory multiple myeloma. That positions the regimen as a potential new standard of care as early as second line.

In solid tumors, RYBREVANT FASPRO received FDA approval for subcutaneous monthly dosing for patients with EGFR mutated non-small cell lung cancer. RYBREVANT also received FDA breakthrough therapy designation in advanced head and neck cancer with new data showing 56% overall response rate in first-line recurrent or metastatic head and neck cancer when combined with immunotherapy. The treatment is being further evaluated in the ongoing Phase 3 OrigAMI-5 study. And in high-risk non-muscle invasive bladder cancer, INLEXZO is outperforming all recent launches based on unique patients treated in the first 6 months post approval.

In Immunology, we continue to raise the bar in a category we have built for more than three decades from single innovations like REMICADE and STELARA to now a dual powerhouse of ICOTYDE and TREMFYA. TREMFYA had another very strong quarter with sales up 64%. It continues to be the fastest-growing IL-23 therapy in the U.S. and is now the share leader for new patient starts in inflammatory bowel disease. And with last month's FDA approval of ICOTYDE for the first-line treatment of plaque psoriasis, we are once again transforming the standard

of care for immunology patients. ICOTYDE is the first and only IL-23 targeted oral peptide and has the potential to fundamentally change how psoriatic disease is treated by offering a convenient once-daily pill.

The full launch of ICOTYDE took place the same day as approval with the first patient receiving treatment that very day. While it is just the beginning, we're already seeing strong demand through our patient hub. Together, ICOTYDE and TREMFYA create a complementary category shaping portfolio. ICOTYDE is the first choice systemic treatment and TREMFYA is the first-choice biologic treatment for patients with moderate to severe plaque psoriasis.

ICOTYDE has the potential to be one of our largest products ever. TREMFYA is projected to deliver more than $10 billion in peak year sales. In neuroscience, we are focused on meaningfully improving outcomes in mental health. The US launch of CAPLYTA in adjunctive major depressive disorder is building momentum and SPRAVATO continues its strong growth trajectory.

Now, let's turn to MedTech, where we reported Q1 operational sales growth of 4.6% with growth across all of our key focus areas. In Cardiovascular, we are investing in the growing need for complex interventions. Johnson & Johnson is the market leader in heart recovery, circulatory restoration, and electrophysiology, and we continue to deliver sustained growth. In heart recovery, Abiomed had another strong quarter as did Shockwave in circulatory restoration. And in electrophysiology, VARIPULSE our pulsed field ablation platform for atrial fibrillation keeps building momentum.

Our confidence of continued leadership in electrophysiology was further strengthened by our recent launch of VARIPULSE Pro in Europe, with 5 times faster ablation, which helps streamline procedures and improve efficiency. As well as our recent VARIPURE 12 month data presented just a few days ago, we show a strong safety profile with zero reported strokes.

We also continue to receive strong feedback in Europe for our Dual Energy THERMOCOOL SMARTTOUCH SF Catheter, which we expect to launch in the US later this year, having recently submitted a complete platform to FDA. And finally, we recently announced 12-month data for OMNYPULSE, our large focal-tip PFA catheter, showing positive outcomes, no safety events, and 100% procedural success rate.

In Surgery, our strong performance reflects the deep levels of trust and our expanding presence in the operating room. In Q1, we made progress on our OTTAVA robotic surgical system, and we are building on our recent De Novo filing for approval with a second Investigational Device Exemption trial now underway for inguinal hernia repair.

In Vision, we are restoring sight to its healthiest state with expanding access globally for our ACUVUE OASYS MAX disposable lenses for presbyopia and astigmatism and our TECNIS intraocular lenses. Most significantly, we received FDA approval of TECNIS PURESEE, the first and only extended-depth-of-focus intraocular lens in the US to maintain contract sensitivity comparable to a monofocal lens. 97% of patients reported no very bothersome visual disturbances like halos or glare.

As you can see, we are off to a fast start in 2026, building momentum that will accelerate our impact and growth throughout the year and for the balance of the decade. The depth of our portfolio and pipeline has never been stronger, and I'm confident we'll continue to deliver on our commitments for 2026 and beyond.

And with that, I will turn the call back over to Darren.

Darren Snellgrove - *Johnson & Johnson - Vice President - Investor Relations*

Thank you, Joaquin. Moving to our financial results, unless otherwise stated, the percentages quoted represent operational results and therefore, exclude the impact of currency translation. Starting with Q1 2026 sales results, worldwide sales were $24.1 billion for the quarter. Sales increased 6.4% despite an approximate 540 basis point headwind from STELARA. Excluding STELARA, Johnson & Johnson grew double digits for the quarter. Growth in the US was 8.3% and 3.9% outside of the US. Acquisitions and divestitures had a net positive impact on worldwide growth of 110 basis points primarily driven by the Intra-Cellular acquisition.

Now, turning to earnings, for the quarter, net earnings were $5.2 billion and diluted earnings per share were $2.14 versus $4.54 a year ago. Adjusted net earnings for the quarter were $6.6 billion, and adjusted diluted earnings per share were $2.70, representing a decrease of 1.4% and 2.5%, respectively, compared to the first quarter of 2025.

I will now comment on business sales performance in the quarter focusing on the six key areas where meaningful innovation is driving our performance and fueling long-term growth, beginning with Innovative Medicine where our financial results reflect the depth of our expertise and innovation in areas of high unmet need across Oncology, Immunology and Neuroscience.

Worldwide sales of $15.4 billion increased 7.4% despite an approximate 920 basis point headwind from STELARA, which underscores the continued strength of our key brands and new launches. Growth in the US was 9.6% and 4.3% outside of the US. Acquisitions and divestitures had a net positive impact of 180 basis points on worldwide growth primarily due to the Intra-Cellular acquisition.

In Oncology, starting with multiple myeloma, DARZALEX growth was 17.8%, primarily driven by strong share gains of 5.9 points across all lines of therapy with nearly 12 points in the frontline setting as well as market growth. CARVYKTI achieved sales of approximately $600 million with growth of 57.4%, driven by share gains and continued site expansion.

TECVAYLI growth was 30.1% with sequential growth of 14.2%, driven by launch uptake and share gains from expansion in the community setting as well as the US approval of TECVAYLI plus DARZALEX FASPRO. TALVEY growth was 72.8%, driven by share gains through expansion in the community setting.

In Lung Cancer, RYBREVANT plus LAZCLUZE delivered sales of $257 million and growth of 80.5%, driven by continued launch uptake in all regions, share gains and rapid uptake in RYBREVANT FASPRO. Share gains in both the first and second lines continue to drive strong sequential growth of 18.8%.

In Prostate Cancer, ERLEADA delivered strong growth of 16.2% due to continued share gains and market growth. Within Immunology, TREMFYA delivered impressive growth of 63.8%. Our IBD launch is driving significant momentum, and we continue to see share gains across all indications as well as market growth. STELARA declined 61.7% driven by share loss due to biosimilar competition, increasing adoption of novel classes and unfavorable patient mix.

In Neuroscience, SPRAVATO grew 44.5% driven by continued strong demand from physicians and patients. CAPLYTA, which was acquired in Q2 of 2025 as part of the Intra-Cellular acquisition, delivered sales of $270 million for the quarter, with continued strong momentum in our aMDD launch. Since aMDD approval in the US, CAPLYTA has had its highest ever new patient start volumes across all indications.

Now moving to MedTech, where we delivered growth across each of our key focus areas, Cardiovascular, Surgery, and Vision. Worldwide sales of $8.6 billion increased 4.6%, with growth of 5.9% in the US and 3.2% outside of the US. Divestitures had a net negative impact of 10 basis points on worldwide growth.

In Cardiovascular, electrophysiology delivered growth of 9.5%, driven by our newly launched products, including VARIPULSE and commercial execution. Abiomed delivered growth of 14.4%, with continued strong adoption of the Impella technology. Shockwave delivered strong double-digit growth of 18.1% driven by continued adoption of coronary and peripheral products.

Surgery grew 1.2% despite a negative impact of approximately 30 basis points from divestitures. Growth was driven by strength of the portfolio and commercial execution in biosurgery and wound closure, partially offset by planned surgery transformation impacts and competitive pressures in energy and endocutters, as well as VBP in China across the portfolio.

In Vision, contact lenses and other products grew 2.7%, driven by strong performance in the ACUVUE OASYS 1-Day family of products, as well as strategic price actions, further solidifying our leadership position. Surgical Vision grew 6%, driven by new product innovations, robust demand for premium IOLs and strong commercial execution, partially offset by competitive pressures in the US. Orthopaedics growth this quarter was 3.2%, primarily driven by new product launches and strong commercial execution.

Now, turning to our consolidated statement of earnings for the first quarter of 2026. I'd like to highlight a few noteworthy items that have changed compared to the same quarter of last year. Cost of goods sold deleveraged by 10 basis points, driven by the impact of tariffs and other operational drivers in the MedTech business, an unfavorable mix in the Innovative Medicine business. This was partially offset by favorable translational currency in the Innovative Medicine business.

Selling, marketing, and administrative expense deleveraged by 180 basis points, driven by heavier investment in new launches early in the year and increased investment related to the acquisition of Intra-Cellular in the Innovative Medicine business. Research and development remained flat at 14.7% of sales. Interest income and expense was a net expense of $43 million as compared to $128 million of income in the first quarter of 2025. The decrease in income was driven by a lower average cash balance and a higher average debt balance. Other income and expense was a net expense of $294 million as compared to $7.3 billion of income in the first quarter of 2025, with the change primarily driven by the approximate $7 billion talc reserve reversal in the first quarter of 2025.

Tax rate on a GAAP basis in the first quarter of 2026 was 12.6% compared to 19.3% in the first quarter of 2025. This was primarily driven by the reversal of the talc settlement accrual in the first quarter of 2025, which did not reoccur and discrete tax benefits associated with employee equity programs in the first quarter of 2026. Lastly, I'll direct your attention to the box section of the slide, where we have also provided our income before tax, net earnings, and earnings per share adjusted to exclude the impact of intangible amortization expense and special items.

Now, let's look at adjusted income before tax by segment for the quarter. Innovative Medicine margin declined from 42.5% to 39.7%, primarily driven by heavier investment in new launches early in the year. Unfavorable product mix and certain favorable one-time items recorded in 2025, partially offset by favorable translational currency.

MedTech margin declined from 25.9% to 22.3% primarily driven by the impact of tariffs in cost of products sold and certain favorable one-time items recorded in 2025. As a result, adjusted income before tax for the enterprise as a percentage of sales decreased from 36.6% to 32.5%.

This concludes the sales and earnings portion of the call, and I will now turn the call over to Joe.

Joseph Wolk - *Johnson & Johnson - Chief Financial Officer, Executive Vice President*

Thanks, Darren. Hello, everyone. We appreciate you joining us today. As Joaquin noted, we are seeing good momentum across our business, powered by our industry-leading portfolio, sustained investment in innovation, and disciplined execution. We continue to advance our pipeline by bringing innovative new treatments to patients, which will meaningfully improve patient outcomes and fortify future performance, giving us a clear line of sight to double-digit growth by the end of the decade.

Turning to cash and capital allocation, we ended the first quarter with approximately $22 billion of cash and marketable securities and $55 billion of debt for a net debt of approximately $33 billion. Free cash flow in the first quarter was approximately $1.5 billion. Clearly, this suggests a run rate below our full-year projection as Q1 reflects payment timing changes on certain US rebate programs and increased US capital expenditures. However, these were expected, and we remain confident in our full-year free cash flow outlook of approximately $21 billion.

Our strong financial position and cash flow generation provides a competitive advantage, enabling us to maintain a consistent approach to capital allocation and investment in future innovation. Since announcing our plans to invest $55 billion in US-based manufacturing technology and research and development through early 2029, we are well on our way to reaching that target. Through the end of 2025, we invested roughly $12 billion or 22% of the $55 billion with significant investment already underway in 2026.

Our manufacturing investments include facilities in North Carolina and Pennsylvania, and we will have more announcements to come in upcoming quarters. Lastly, we recognize our shareholders value a growing dividend. Today, we were pleased to announce the Board of Directors' authorization for a 3.1% increase to an annual rate of $5.36 per share, our 64th consecutive year of dividend growth. Turning now

to full year 2026 guidance. We are increasing our operational sales guidance to be in the range of 5.9% to 6.9%, with a midpoint of $100.2 billion or 6.4%.

As noted last quarter, our financial calendar in 2026 includes a 53rd week, which provides a benefit of approximately 100 basis points. We do not speculate on future currency movements and last quarter, we utilized the euro spot rate relative to the US dollar of $1.17. As of last week, the euro spot rate to the US dollar has stayed relatively flat, with modest benefit from other major currencies. As a result, we estimate reported sales growth between 6.5% to 7.5% with a midpoint of $100.8 billion or 7%.

Turning to other notable items on the P&L, we are maintaining our guidance for adjusted pretax operating margin to improve by at least 50 basis points in 2026. This will be driven by continued operating efficiencies with a portion reinvested to support new product launches and further strengthen the pipeline. As today's Q1 results reflect, heavier investment is planned to occur in the first half of the year.

As a reminder, our pretax operating margin guidance takes into account the costs from the 53rd week of operations and the announced voluntary agreement with the US government to improve access to medicines and lower cost to US patients. We are maintaining our guidance for net interest expense, net other income and the effective tax rate for the full year.

Turning to adjusted operational earnings per share, we are increasing our guidance by $0.02 to a range of $11.30 to $11.50, representing 5.7% growth at the midpoint. As such, we now expect reported adjusted earnings per share of $11.55 at the midpoint or a growth of 7.1%.

I'll now shift to some qualitative considerations on phasing for your models. As noted last quarter, we anticipate fairly consistent operational sales growth throughout the year with a higher fourth quarter due to the benefit from the 53rd week referenced earlier. In Innovative Medicine, the depth and strength of our portfolio will continue to drive accelerating growth this year. We expect contributions from our newly launched products across Oncology, Immunology, and Neuroscience to increase throughout the year.

As Joaquin mentioned, we are excited by the launch of ICOTYDE as well as that of INLEXZO, our innovative new therapy for certain types of bladder cancer, which had sales slightly above $30 million in the quarter. On April 1, we received a permanent J-code for INLEXZO reimbursement, which will enable broader patient access and serve as an important catalyst for growth.

In Neuroscience, CAPLYTA continued to build momentum following its FDA approval in adjunctive major depressive disorder with new patient starts and total continuing patient growth outpacing the market. We believe this performance supports CAPLYTA's peak annual sales potential of greater than $5 billion, and we look forward to sharing additional data in bipolar mania later this year.

In MedTech, our focus this year is on accelerating the adoption of our recently launched products. ETHICON 4000, our next-generation surgical stapler launched in the US in 2025 and is expected to launch in Europe shortly. In Vision, we continue to expand the TECNIS platform globally and look forward to the US launch of TECNIS PureSee intraocular lens, which enables surgeons to address cataract-related vision loss and presbyopia in a single procedure.

In electrophysiology, VARIPULSE Pro is an innovative step forward, introducing a new faster pulse sequence that reduces ablation time by 85%. We do anticipate some second half impact from volume-based procurement in China for electrophysiology products, which has been factored into our full-year guidance.

The Orthopaedics business under the leadership of Namal Nawana, delivered a strong first quarter with encouraging momentum across key platforms. We are continuing to make targeted investments in the business and working towards a mid-2027 separation. We look forward to sharing further updates later this year. And as stated last October, we are evaluating all separation vehicles that create shareholder value and set up the DePuy Synthes business for long-term success.

Turning to our pipeline, we have many important catalysts that we are looking forward to in 2026. In Innovative Medicine, we expect regulatory approval for TREMFYA for the inhibition of structural joint damage for patients with psoriatic arthritis. As this chart indicates, we also have many important upcoming data presentations across Oncology, Immunology, and Neuroscience, including ERLEADA in localized

and locally advanced high-risk prostate cancer, INLEXZO in high-risk non-muscle invasive bladder cancer; JNJ-4804 in ulcerative colitis and Crohn's disease; and CAPLYTA in bipolar mania. In MedTech, we anticipate the following approvals and regulatory submissions: OTTAVA Robotic Surgical System, VARIPULSE Pro in the US, ETHIZIA in biosurgery, and the Dual Energy THERMOCOOL SMARTTOUCH SF catheter in the US.

Before we move to Q&A, we'd like to thank our colleagues around the world for delivering another solid quarter. Their execution continues to optimize our portfolio, advance our pipeline, and deliver on our mission of improving and saving lives. Our diversified portfolio, robust pipeline, and strong financial foundation position us to drive accelerating and sustainable growth while creating near- and long-term value for shareholders.

Speaking of long term, we look forward to providing an in-depth look at our long-term strategy and the driving forces behind our path to double-digit growth. Please mark your calendars for December 8, the date of our Enterprise Business Review.

With that, we are happy to take your questions. Kevin, can you please open the call for Q&A.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions) Terence Flynn, Morgan Stanley.

Terence Flynn - *Morgan Stanley - Analyst*

Great, thanks for taking the question and congrats on all the progress. I had a two-part one on ICOTYDE. I was just wondering if you can remind us of how you're positioning that drug in the market now that we have full details on the label and pricing? And also, how should we think about the ramp of reimbursement coverage there and any sampling plans?

Jennifer Taubert - *Johnson & Johnson - Executive Vice President, Worldwide Chairman, Pharmaceuticals*

Thanks. Well, good morning, Terence. Hello, everyone. And I just wanted to start with a big thanks to the entire Innovative Medicine team throughout the world, really strong results in the first quarter with over $15 billion in net sales 7.4% operational growth. Really importantly, 10 key brands delivering double-digit growth. And if you take a look at what is now 96% of our business that is not including STELARA, we actually grew at 16.6%, so really nice accelerating growth across the portfolio.

So I'm thrilled to talk about ICOTYDE, really one of our outstanding products. And I've got to tell you it's off to a very fast start. The product was approved back in March. And we're really, really happy with what we believe is a very differentiated label for the product as the first and only targeted oral peptide that precisely blocks the IL-23 receptor.

ICOTYDE, maybe as a reminder, delivers complete skin clearance, favorable safety and the simplicity of a once-daily pill, and we think it's got the potential to become one of our biggest products. So we were day one launch ready for the product. And in fact, first patient was actually on medication within 24 hours of approval. We're seeing very strong early enthusiasm from both physicians and patients that reinforce our confidence in the potential for this product. A number of us were out at the AAD meeting as well.

And the KOL receptivity to the strength and the simplicity of the label has been really encouraging things like no lab monitoring, the TB language that reflects the physician clinical judgment, no black box or drug interactions, really is giving us good confidence that this is going to be really the preferred choice and first choice for systemic therapy.

In terms of early uptake, we're seeing so far about 1,500 patients already that prescriptions have been written for that are going into access and patient support service center, so already 1,500 and already over 1,000 unique customers that are writing. In terms of payers, our goal is to have both early and broad access. And we're in the middle of very, very positive conversations with them to try to drive that early and very broad access, so more to come on that.

In terms of the positioning, I can't think of a better portfolio than being able to have both ICOTYDE and TREMFYA for our folks and really for patients, so with ICOTYDE being the first and only targeted oral peptide is really going to become the preferred first-line systemic therapy. We know there are so many patients that keep cycling and cycling on topical therapies.

Now, the International Psoriasis Foundation guidelines have changed so that patients after two topicals and trials of four weeks each really become eligible for systemic and advanced therapies. And so we think ICOTYDE fits right in this sweet spot as that first choice systemic.

Likewise, TREMFYA holds a really unique and distinct position as well. And that really is the first choice biologic. And so TREMFYA is both structurally and functionally different from the other IL-23s. We've been able to demonstrate really durable complete skin clearance and in our case here, it's the first and only IL-23 that's got significant inhibition of structural damage.

So we think it's really the first choice biologic, especially in patients that have active or suspected PSA or psoriatic arthritis. So we think that with that one, two punch, we have got the portfolio for psoriatic disease in patients and are really excited about both agents going forward.

John Reed - *Johnson & Johnson - Executive Vice President - Pharmaceuticals, R&D*

Maybe I would just add one other thing, John Reed here, our study of ICOTYDE in psoriatic arthritis should read out later this year. That's important given that about a third of patients with psoriasis also develop psoriatic arthritis. And the studies in inflammatory bowel diseases, Crohn's and colitis are off and rolling that Phase 3 program.

Operator

Larry Biegelsen, Wells Fargo.

Lawrence Biegelsen - *Wells Fargo Securities LLC - Analyst*

Good morning. Thanks for taking the question and congrats on a nice start to the year here. Tim, sentiment in the medical device space is relatively low right now because of a number of headwinds and concerns. You posted a respectable growth rate this quarter, but it was slightly below the Q4 growth rate and the comp in Q1 was relatively easy. So my question is, what are you seeing in your end markets? And how are you thinking about the remainder of the year?

Tim Schmid - *Johnson & Johnson - Executive Vice President, Worldwide Chairman of MedTech*

Let me jump right in and say that, as you know, we've been very clear, Larry, in articulating our strategy, which is focused on higher growth and higher innovation markets, and that includes our deliberate choice to prioritize our three focus areas of Cardiovascular, Vision, and Surgery as we separate Ortho. And I can confidently say that, that strategy is working.

And in short, while we're navigating a dynamic world and market like everybody else for us, Q1 unfolded as we expected the year to start seasonally quieter but operationally solid, and this was also not a one business or one region quarter, as you've seen by the results, we saw growth across the board. And overall, we're pleased with the 4.6% operational growth, especially given that Q1 is typically our most seasonally subdued quarter.

And I think it's also worth noting, Larry, that while there were some easier year-over-year comparisons this by no means drove the quarter. Specifically, the 210 basis points of onetime impact we referenced in Q1 of last year, which you will recall was a bit of a noisy quarter were almost entirely related to the items that occurred in 2024. And so those prior year events temporarily depressed the year-over-year growth rate, creating a lighter comparator but they did not affect on the underlying dollar sales. And so one-time items from 2024 fully lapped last year, and our Q1 performance reflects underlying operational execution and normal seasonality rather than any benefit from prior one-timers.

So I'd say in summary, Larry, overall, Q1 played out largely as we anticipated, balancing normal seasonality with solid execution. And most importantly, nothing in the quarter changes our confidence in further acceleration as we look towards Q2 and the remainder of 2026.

And we've got a lot of growth catalysts to be proud of. What I will say in terms of the underlying market is that it's solid and underlying demand is what we expected. Now, we did see some procedural softness early in the quarter, but nothing that we would define really as material while certain regions, particularly here in the US, you will recall, we experienced some periods of severe weather in late January and early February. That was largely consistent with normal seasonal patterns and while there was some localized impact on procedure volumes due to poor weather in parts of the business, we would not categorize them as material or meaningful at an overall level.

And so what I'm proud of is our teams are highly experienced in managing these types of short-term disruptions and our supply chain, our clinical support and commercial teams work closely with healthcare providers to maintain continuity of service and support patient care. And so in short, Larry, a strong quarter for us, consistent with our expectations, and we believe strongly in the robustness of our end markets. Thank you.

Operator

Asad Haider, Goldman Sachs.

Asad Haider - *Goldman Sachs Group Inc - Analyst*

Great. Congrats on yet another solid quarter. For Joaquin, just going back to the goal of double-digit top line growth towards the end of the decade, that's still not something that's getting reflected in consensus models. And in light of your comment earlier that ICOTYDE could be one of your largest products ever, that would suggest an opportunity of at least $10 billion. So any updated views on what you see as the key product variances versus the Street looking towards the end of the decade? And related, how important is the BD lever in that growth algorithm?

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

Thank you very much. And look, again, as you can see, we are off to a fast start with momentum that will accelerate throughout the year in 2027. And as you mentioned, with line of sight to double-digit growth by the end of the decade. And I think it's a fair question. How is that possible for a company that this year in 2026 is going to deliver more than $100 billion.

This is grounded in reality, as a matter of fact, it's already happening today. If you look at the first quarter of 2026, we are already delivering double-digit growth as total Johnson & Johnson when you exclude the STELARA. So it's already happening today. And it's based on our portfolio and pipeline, the strongest in our history.

And also, as the decade progresses we are going to see increasing impact in our revenue of our new product launches that are largely derisked. In particular, as you mentioned, there's still an underestimation of the potential of ICOTYDE, in psoriatic arthritis and IBD, the potential of RYBREVANT in non-small cell lung cancer, head and neck, where we got breakthrough designation and colorectal cancer and finally, the potential of INLEXZO in high-risk non-muscle invasive bladder cancer.

By the way, INLEXZO got the J-code earlier in April. So I believe those are three particular products that remain underestimated that are already marketed. The same is true in MedTech where launches, especially in Cardiovascular, including our next-generation PFA catheters and Impella ECP, along with OTTAVA in robotic surgery are not yet fully reflected as well as the fact that the separation of Orthopaedics will further lift our growth rates. So I think you -- when you take into consideration all those factors, you are going to get into a similar conclusion of double-digit growth by the end of the decade.

Further, I would say that the strong sales growth will also drive operating leverage that will be further amplified when the US. DARZALEX royalties roll off in 2029. So taken together, this creates what some of you have called the cleanest growth story in healthcare. And we are going to be providing additional details in our Enterprise Business Review that will take place in December as we have announced today. Regarding BD, let me be clear, all these numbers do not include business development. This is based in the strong portfolio pipeline that we have today that is largely derisked, which increases the confidence in our ability to get there.

When it comes to business development, I mean, that remains an important part of our capital allocation. As a matter of fact, I would say we have been ahead of the curve in our investments in M&A with the acquisitions during the last 2.5 years of Abiomed, Shockwave, and Intra-Cellular.

As I have commented in multiple times, our sweet spot remains early-stage deals like the one we did earlier this year with Halda Therapeutics, which brings a new platform in our Oncology business. And at the same, I have to say that given the situation that I just described, our priority from a capital allocation perspective, our priority is to invest behind our portfolio of new product launches and our promising pipeline programs. So that's our priority today.

We remain opportunistic from a business development standpoint but we do not depend on M&A to be able to deliver on that promise. So in summary, we see both revenue growth and operating margins improving and we reaffirm that we have line of sight to double-digit growth by the end of the decade.

Operator

Chris Schott, JPMorgan.

Christopher Schott - *JPMorgan Chase & Co - Analyst*

Congrats on the progress. I just had a two-parter coming back to ICOTYDE. Maybe the first one, you mentioned 1,500 prescriptions so far. Is there any color on where those customers are coming from as we think about new patients versus those switching off orals versus those switching off injectables? And then just on the bigger picture view of ICOTYDE, as you mentioned, potential for the drug to become one of the company's largest ever. The pathway to get there, should we think about this as a similar dynamic to TREMFYA that skews more towards IBD versus psoriasis or is this one that could have more balanced sales by indication given, as you mentioned, the frontline potential of the drug in the psoriasis setting?

Jennifer Taubert - *Johnson & Johnson - Executive Vice President, Worldwide Chairman, Pharmaceuticals*

Chris, thanks so much for the question. So in terms of the early information on ICOTYDE. Obviously, it is really early. So we're still getting information and I can tell you that there's a broad range of prescribers for ICOTYDE as we look across the medical community. We don't yet have data that is specific to exactly where that's coming from, what is exactly new, what they're switching off of, et cetera.

So hopefully, we'll have greater granularity on that at our next call, next quarter. So obviously, it's pretty new and hot off the press. I think as we take a look at ICOTYDE, ICOTYDE is going to fit in psoriasis really firmly in that systemic first-line therapy area. And that is also a great opportunity there for market expansion. If you think there are so many patients that are cycling on topicals, they are resistant to moving into biologics for a number of reasons, whether it's needle phobia, perceptions around safety profile and things.

We think not only given the size of the current systemic market and having significant impact there, but really being able to expand that broader is going to be key for ICOTYDE's success. I also think when you think about IBD and having an oral agent, we've got to see the studies pan out. But based on our goals there, we think that, that's going to be a similar very, very large opportunity. I think here, we're going to see maybe more of a balanced scenario given the strength that we really anticipate having in psoriasis, but I think both segments, both psoriatic disease and inflammatory bowel diseases are going to be very big offer a lot of potential and promise for ICOTYDE.

John Reed - *Johnson & Johnson - Executive Vice President - Pharmaceuticals, R&D*

Yes, Chris, maybe just one other comment on that is that across most autoimmune diseases, about 70% to 80% of patients who are eligible for our biologics are not taking one. And so that's why we really think about this market expansion opportunity to offer patients the convenience of a highly effective very safe once a day pill.

Operator

Shagun Singh, RBC Capital Markets.

Shagun Singh - *RBC Capital Markets Inc - Analyst*

I wanted to touch on some of your growth drivers within the Medical Device business. Abiomed post-ACC, some of our checks are suggesting that within the high-risk population, we could see up to a 30% reduction. How does that compare with your expectation? And it looks like the IDL space is looking to get increasingly more competitive. So how do you manage your market leadership position in that space? And then overall, as I think about all the drivers that you mentioned within medical devices, should we think about MedTech as a high single-digit growth contributor towards the double-digit growth that you've called out for total company by the end of the decade?

Tim Schmid - *Johnson & Johnson - Executive Vice President, Worldwide Chairman of MedTech*

Shagun, thank you for the question. And there's a lot in there. Let me try and unpack it. Firstly, we are really excited to be now significantly embedded in the cardiovascular space beyond the leadership position we hold in electrophysiology and with the acquisitions of both Abiomed and Shockwave, we've added to high-growth, high-margin businesses with tremendous trajectory for the future. Abiomed, as you know, grew 14%, almost 15% in the first quarter, and this is really driven by rapid adoption of Impella 5.5 and CP and what excites me most going forward is Abiomed's robust pipeline of not only technologies, but ongoing clinical studies showing the benefits of this technology.

And you will know that in August of last year, we saw a new data from the DanGer Shock randomized controlled trial published in the New England Journal of Medicine, and this really confirmed the long-term survival benefit of Impella. These results found that up to 10 years when compared to the standard of care, routine use of Impella in patients who had a STEMI heart attack with cardiogenic shock lead to an absolute mortality reduction of 16.3%.

And to put this in context, when compared with the control arm of 10 years, Impella CP patients gained an average of 600 additional days alive. I mean, that is compelling. And so while you're always going to see new data and new studies come about, we believe that our evidence base for the products we have and the indications we have today are absolutely solid and will continue to drive performance in a category where we don't have line of sight to any significant competitor for the foreseeable future.

I'll turn to Shockwave, 18.1% in the first quarter, and we're very pleased with that performance. The IVL market is one we completely have created ourselves through the acquisition of Shockwave and we continue to advance our leadership position. Now clearly, competition is coming. Competition is going to come to any space that is attractive and certainly one as attractive as IVL. But there's 3 reasons that we have confidence in our portfolio and our future.

And the first thing really is our portfolio. The second is evidence, and it's our presence. And over the past 7 years, we've had -- we've earned the reputation of an innovative disruptor, launching 9 -- yes, 9 new coronary and peripheral catheters that have introduced a new standard of care when it comes to safely and effectively treating calcified lesions. And as a result, Shockwave IVL has become the preferred treatment strategy in most calcium cases worldwide where it has been used in now more than 1 million cases around the world, and global expansion has also increased since the acquisition as we had transitioned 10 markets to direct sales forces.

We've expanded our presence to now cover 17 markets globally with J&J representatives where we can leverage our scale and the broader J&J organization to drive government relations and address any legal and market access opportunities. And while we will never take any competitor for granted, new competitive entrants into the IVL market, validate really Shockwave's robust portfolio in leading specific solutions.

And while competitors are introducing some of the versions to our first-generation products from 2017, we're introducing our fifth generation coronary peripheral devices in 2026 and a single catheter offering will be difficult to compete against Shockwave's portfolio strategy and the improvements we've made over the years to reset the standard of IVL.

And while new competitors are completing their first regulatory required clinical studies, we're continuing to invest millions in robust real-world clinical evidence with nearly 25,000 patient outcomes published across 600 journals to date, demonstrating our unique safety profile exclusively associated with Shockwave's ultrasonic acoustic platform and what physicians also appreciate is our compact easy-to-use and rechargeable generators, which require minimal capital expenditure. And back to the point of presence, these generators provide widespread access to Shockwave's IVL technology and they're available in almost every cath lab across the United States, and we actually have more than two generators in over 1,700 US hospitals, and so very difficult for competitors to unseat us.

Most importantly, I'd say is we remain hyper-focused on continuing to earn our innovative disruptor reputation with plans to launch at least one new IVL catheter per year that we expect will redefine the future of IVL in new indications and new disease states. And this year, we will launch our C2 Aero new coronary catheter, which from the early feedback we've got from physicians is going to be another standout product. I think to your final point around long-term prospects. We're excited about our growth profile and the catalysts we have to continue to accelerate MedTech from a mid-single-digit player into a higher single-digit player as we move towards the end of the decade. I will point to some big catalysts, especially in our surgery business.

Surgery is one of our larger portfolios. We are a dominant leader, both in the open and laparoscopic space. And we have an expectation to play a big role in the robotics space. As you know, we've submitted OTTAVA for approval. And assuming everything plays out, we expect that by the end of this year, we will be launching not one but two new surgical robotic programs, both with OTTAVA and MONARCH for urology.

Now, what we don't expect those programs to be significantly accretive to growth in the short term, they certainly will be accretive as we move to the back half of the decade. So another good example of an important catalyst that will take us from a mid-single-digit player into a higher single-digit player as we look to the back half of the decade.

Operator

Alexandria Hammond, Wolfe Research.

Alexandria Hammond - *Wolfe Research LLC - Equity Analyst*

A few more on ICOTYDE. Can you walk us through the investments you guys are making on prescriber and patient education? And how important do you think advertising will be to kind of engage those new patients who might be nervous to start on a systemic therapy? And then just as a follow-up as well, with ICONIC-ASCEND trial set to read out imminently, how important could this result be those ongoing commercial discussions?

John Reed - *Johnson & Johnson - Executive Vice President - Pharmaceuticals, R&D*

The study ADVANCE, in the head-to-head against the TYK2 inhibitor is, I think, just illustrates the best-in-disease profile for ICOTYDE in terms of having both that high-level efficacy combined with safety in the once-a-day pill. How much the direct-to-consumer is going to matter, I'm going to let Jennifer answer that question.

Jennifer Taubert - *Johnson & Johnson - Executive Vice President, Worldwide Chairman, Pharmaceuticals*

Alex, it's safe to say that we are investing big in ICOTYDE to make sure that this brand can do all that it can do for patients. I think that the ease and the simplicity when you combine the clinical profile, the safety, the efficacy and then the ease of the product, we really believe that we've got a winner. And so we're investing to really get off to a very strong launch, that's with all of the appropriate field teams.

Additionally, we've invested and built out what we believe are really best-in-class patient access and support services to help patients get on the medicine both get on and be able to stay on. And then we're continuing to evaluate the best way to make sure that both the clinicians, all the appropriate healthcare providers and patients are aware of this important offering, so probably more to come on that, but please know that we're investing to win in this area.

Operator

Joanne Wuensch, Citibank.

Joanne Wuensch - *Citi Infrastructure Investments LLC - Analyst*

Very nice start to the year. I'm going to pause for a moment on the ophthalmology franchise, in particular, your views on the US surgical and US contact lens market. I'm curious in particular about the almost 3% decline in the US Surgical in the quarter and how to think about that recovery throughout the remainder of the year?

Tim Schmid - *Johnson & Johnson - Executive Vice President, Worldwide Chairman of MedTech*

Joanne, thank you for the question. Vision overall, delivered a solid first quarter with sales growth of 3.6%, which is really consistent with our expectations. You will recall that business tends to be slower in the first couple of quarters and then accelerate throughout the year. We've seen that over the last couple and certainly, 2025 was no exception. Keep in mind that Q1 is typically our lowest quarter, and we're confident that we will see acceleration through the remainder of the year.

If you break it down into the two component businesses, contact lens grew 2.7%, driven by the ACUVUE OASYS 1-day family. And especially, as you heard earlier from Joaquin, the MAX multifocal products, and these latest launches really complete our family of daily disposables and are solidifying our leadership in the category with exceptional comfort, clarity and stability. And when I look to Surgical Vision, we grew 6%, driven by normal seasonality.

We continue to see strong global momentum in premium IOLs led by TECNIS Odyssey and PureSee where we're outpacing the market globally, and this premium segment remains a key driver of value and differentiation. I think to your pointed question on US performance, if we look at Surgical Vision growth in the quarter, it was offset in the US due to competitive pressures as new entrants came into the market, which is not unexpected given the fierce stature of this portfolio. We also continue to expect some seasonality in our business as growth won't always be linear. That said, we remain confident in our clinical position with TECNIS Odyssey.

And as we prepare for the launch of TECNIS PureSee in the US later this year. And we have seen extremely strong uptake of TECNIS PureSee globally, nearly half -- it's actually almost 0.5 million eyes worldwide have already experienced a clearer uninterrupted vision with

this premium IOL and TECNIS PureSee, which received FDA approval, this quarter is the first and only US FDA-approved extended depth of focus IOL with no warning on loss of contrast sensitivity, which is a huge game changer for physicians and the comfort they have in recommending an IOL.

In fact, 97% of patients reported no bothersome visual disturbances like halos or glares, which can often occur with other IOLs and we're really excited about the launch of PureSee here in the US, which will give surgeons an important new lens option for their patients. And as we continue to focus on the premiumization of our portfolio, we firmly believe that the combination of TECNIS Odyssey, which is in the market and now TECNIS PureSee will be a key driver of value and differentiation. On the back of this, we can confidently say that we expect accelerated growth in the back half of the year for our Surgical Vision business and Vision overall, including here in the US. So thank you again for the question.

Operator

David Risinger, Leerink Partners.

David Risinger - *Leerink Partners LLC - Analyst*

So my question is on JNJ-4804 the coantibody. Could you talk about your vision for its role in IBD treatment paradigms and the readouts that we should be focused on? And then since others have asked multiple questions. Joe, could you just share the IMAAVY sales like you did in the first quarter for INLEXZO?

John Reed - *Johnson & Johnson - Executive Vice President - Pharmaceuticals, R&D*

Yes. Thanks for the question about 4804. So just to remind the audience, this is our coantibody therapeutic that combines guselkumab, our IL-23 inhibitor, also known as TREMFYA together with our TNF inhibitor, golimumab and we are in a position to potentially be the first with a coantibody therapeutic in the IBD space.

Now, even with the best of therapies, more than half of patients with IBD do not achieve a complete remission, and so we see for patients where monotherapy is not getting the job done to then offer this dual therapy, the combined therapy is a fixed dose combination.

So the Phase 2 data on that in both Crohn's and Colitis, there were two separate studies will be presented in the coming year at a medical conference, so you'll have an opportunity to see the details of the data there, and that will provide more insights into the specifics around the most ideal patient populations for this kind of co-antibody therapeutic.

But we're really excited to move this forward now with pace. The Phase 3 programs are underway and really excited to then try to break through these efficacy ceilings that have limited how many of these patients who battle with inflammatory bowel disease are able to achieve a complete remission and really get that mucosal healing from their therapy.

Darren Snellgrove - *Johnson & Johnson - Vice President - Investor Relations*

David, thanks for the extra question there. We actually don't disclose the IMAAVY sales at this point in time. So more to come on that. We actually have time for one last question.

Operator

Matt Miksic, Barclays.

Matthew Miksic - *Barclays Services Corp - Analyst*

Great. And congrats again on a really impressive quarter and start to the year. So you mentioned INLEXZO a couple of times, and I know you've talked at length about it in the past. Just wondering if you could give us a sense of what the commercialization plan and rollout looks like for that, given it's a slightly different delivery mechanism than many of your other therapeutics and kind of where you are with that? Any metrics you can provide would be great. And thanks again.

Jennifer Taubert - *Johnson & Johnson - Executive Vice President, Worldwide Chairman, Pharmaceuticals*

Sure. So maybe as a reminder, despite recent advances in bladder cancer, unmet need in that area really remains significant and this is for bladder sparing options. There's almost 600,000 new patients diagnosed each year and another 400,000 that are recurring, so really, really big market opportunity.

We've launched INLEXZO into the BCG unresponsive population and are really excited to be able to move forward in the coming years and to be able to broaden that population. As a reminder, we really designed the product to fit seamlessly into urology practice so that, relatively speaking, easy to insert and to retrieve and fits very, very nicely into practice.

So how is the product doing? So INLEXZO's outperforming all the recent launches in the non-muscle invasive bladder cancer space. And that's based on kind of the unique patients that were treated in our first six months post approval. One in five eligible patients are starting on an INLEXZO regimen during the first quarter.

And then what I think you really want to know is following our J-code approval which came at the beginning of April. What we saw in the first week was actually a over 50% increase in new patient insertions and the second week that we have under our belt, we actually saw that jump up to almost 90% increase in new patient insertion. So consistent with what we've articulated on our expectations for this product once there's certainty on reimbursement following the J-code, we're seeing play out in practice so far in the first couple of weeks. So very, very excited in that -- in the BCG unresponsive space and look to broaden that into broader populations

John Reed - *Johnson & Johnson - Executive Vice President - Pharmaceuticals, R&D*

Yes. Just to remind with INLEXZO, we achieved the highest complete response rates ever seen for a therapy for non-muscle invasive bladder cancer achieved breakthrough designation from the FDA as well as the rapid review from FDA and in Japan, the PDMA accepted our submission based on the single-arm data, they've never previously accepted a submission based on single arm data just showing how exciting these data are and how much unmet need there is.

I would also draw your attention to INLEXZO is just the beginning. Right behind that, we have the ERDA, intravascular drug-releasing system, this has erdafitinib. That is a small molecule targeted therapy that addresses the intermediate risk non-muscle invasive bladder cancer population. There, we achieved in the biomarker-defined population, complete response rates north of 90%. And that device also custom designed to deliver that payload delivers medicine for three months compared to INLEXZO, which is three weeks. So we just keep getting better and better as we do the next iteration, the next iteration around this intravascular drug-releasing system.

Jennifer Taubert - *Johnson & Johnson - Executive Vice President, Worldwide Chairman, Pharmaceuticals*

And then in terms of our go-to-market model, this really represents the best of Johnson & Johnson and something that only a company like Johnson & Johnson with both an Innovative Medicine and a MedTech business. can do and bring to market. So in addition to the product that we've developed and the reimbursement and access support and that the sort of excellence that's coming out of the Innovative Medicine business, we've really been able to tap into MedTech and their world-class training institutes, their modular training that can literally go to the site of care. And so we're deploying that throughout the United States to make sure that urologists and their practices are up to speed

on INLEXZO and fully trained to begin insertion for their patients as they deem fit. So really bringing the best of Johnson & Johnson to bear for this product.

Darren Snellgrove - *Johnson & Johnson - Vice President - Investor Relations*

Great. Okay. Thanks, Matt, and thanks to everyone for your questions and your continued interest in our company. I'll now turn the call over to Joaquin for some brief closing remarks.

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

Thank you, everybody, for joining us today. As you have heard, Johnson & Johnson has the strongest portfolio and pipeline in our history, and we are relentlessly focused on innovation that is delivering real impact for patients. With our Q1 performance, we are off to a strong start, reinforcing our confidence in the year ahead and our ability to raise the standard of care in our six key focus areas.

Thank you for your interest in Johnson & Johnson. We'll see you at our EBR late December, too, to give you more details on these new products that you were asking, and enjoy the rest of your day.

Operator

Thank you. This concludes today's Johnson & Johnson's first-quarter 2026 earnings conference call. You may now disconnect.
